

## DEALERS AND REVENUE ACCORDING TO VALUE ADDED TAX DATA

(Tables 18.1-18.3)

The population includes all active authorised dealers who must report on VAT in all economic industries as specified in the VAT Law.

### DEFINITIONS

*Dealer:* Whoever sells products and assets or supplies services on the condition that the dealer is not a non-profit firm or a financial institution. Consequently, the tables do not include banks, insurance companies, non-profit institutions, or general government and municipal institutions.

*Revenue from VAT at a rate of 0% due:* Turnover of transactions deriving mainly from sale of fruits and vegetables, supply of services to tourists and exports.

*Revenue on which VAT is due:* Turnover of transactions deriving from sale of products, supply of services in the country, or sale of a company's fixed assets, including all taxes due on the said products and services.

*Total revenue* includes revenue requiring VAT and revenue at a VAT rate of 0%. The classification by economic industries was based on the Standard Classification of All Economic Activities 1993. More detailed explanations were published in *Dealers and Revenue of Economic Industries according to Value Added Tax 1998-2000*, Current Briefings in Statistics, No. 32, 2001.

### SOURCES

The table was compiled according to reports submitted by a sample of active dealers to the VAT authorities. The sample was drawn in 1991 and is updated regularly - new dealers who opened VAT files during the year are added, and dealers that closed files are eliminated.

## MARKETING NETWORKS, CHAIN STORES AND DEPARTMENT STORES

(Table 18.4)

### DEFINITIONS AND EXPLANATIONS

Data are based on a census of stores whose sales are completely or mainly retail.

The survey population includes:

- Marketing networks.*
- Chain stores* belonging to commercial and industrial firms that own three or more separate shops at different locations, and which generally sell a uniform type of commodity (e.g., food, clothing, footwear, petrol); excluding car dealers.
- Department stores:* one store that sells various types of commodities in different departments (clothing, footwear, furniture, household utensils, etc.) and keeps separate accounts for each department.

*Value of sales:* the value of all commodities sold by the establishment during the year of the report (commodities owned by the establishment or commodities owned by others and sold on commission). These include cash and credit, sales after deduction of discounts and returns, at the prices paid by the purchaser (including indirect taxes and VAT, but excluding subsidies). Receipts for commodities sold before the reported period and down-payments on commodities sold after the reported period are not included.

Changes in the sales value at these stores do not necessarily reflect the changes in the sales value of consumption goods in all retail commerce. Such changes may occur when customers switch from other retail stores to the marketing networks in the survey for reasons such as: opening of new branches, acquisition of existing stores, special credit arrangements, etc.

*Value of sales index at constant prices* is obtained on the basis of monthly data series at current prices, after deflation of price changes based on the Consumer Price Index for each group of goods separately.

As of 1995, indices are based on 1995=100. Indices for previous years, which were based on 1990=100, are chained to the base 1995=100.

### SOURCES

The data on sales according to commodity group are obtained from questionnaires sent each month to the firms included in the survey population.

## SUPPLY OF DURABLE GOODS

(Table 18.5)

### DEFINITIONS AND EXPLANATIONS

Data on local production refer to the stage at which the goods leave the enterprise, and data on imports refer to the release of the goods by customs. Data on imports also include goods that are partially or fully exempt from customs duty.

The data refer to delivery of commodities to the market and not for sale to consumers. Delivery to the market may differ from sale to consumers because of changes in the stock of products carried by the merchants.

As of *Abstract* No. 46, 1995, the structure of this table is different. Data from imports are presented separately.

*Cars*: New passenger cars (excluding taxis)

*Televisions*: Household units, colour or black and white.

*Washing machines*: household units with a drum volume not exceeding 90 litres.

*Clothes dryers*: Household units with a dry clothing capacity not exceeding 10 kg.

*Dishwashers*: Household units.

*Refrigerators and deep freezers*: Household refrigerators with a maximum capacity of 525 litres and deep freezers with a capacity of up to 900 litres.

### SOURCES

Data on local production are collected from manufacturers and data on imports are obtained from the Customs and Excise Tax Department.

## Trade, Services, Transport and Communications Survey

(Table 18.6)

The table presents data on trade, services, transport and communications industries for 1997, and 1998. The data are based on a survey conducted every year. In addition, data on industries not covered by the survey were included in order to provide a more comprehensive picture of the above-mentioned industries in the economy. The data on these industries were obtained from other sources. The table includes dealers from the business sector, but does not include public and non-profit institutions in the above mentioned industries.

*Industries investigated in the survey*:

All trade industries

Restaurants and dining services

Transport and storage services

Communications services

Financial and insurance agents

Real estate

Business services

Education business services

Health and welfare business services

Personal, social and other services

*Industries not investigated in the survey*:

Banks

Insurance companies

Accommodation services

Sale of food, fruits and vegetables at stands and open-air markets

Private tutorial services

Services to households by individuals.

### Survey Population and Sample

The sample of trade, services, transport and communications survey consisted of a sub-sample out of the sample used to obtain data on dealers and revenue by VAT. The population of active dealers obtained from the VAT files includes authorized dealers, partnerships for VAT purposes (file consolidation), small dealers, and self-employed persons.

### The Survey Period

The survey period relates to fiscal years 1997, and 1998 (from January 1 to December 31 each year).

### DEFINITIONS AND EXPLANATIONS

The *classification* of the survey industries is according to the Standard Industrial Classification of all Economic Activities, 1993.

For definitions of *dealers and revenue*, see the paragraph on dealers and revenue according to VAT data.

*Revenue* in trade industries is defined as the value of sales at current prices during the financial year, plus commission fees received in return for goods sold and not owned by the business. Revenue also includes income from other economic industries such as: services, leasing of buildings etc, and income from capital gains.

The *output* in the trade industries is defined as the difference between the value of the sales of goods owned by the business and the value of purchases of goods intended for sale, plus commission fees received for goods sold but not owned by the dealer, with the addition of changes in the stock of goods. The output includes also incomes from other industries and does not include income from capital gains.

The *revenue of dining services* includes all income.

The *output of dining services* is defined as: revenue less expenditures for food included in data on the private consumption of food.

The *auxiliary transport industries* includes the travel and tourist agencies industry, in which the revenue includes payments for flight tickets and tour packages. In this industry, output is defined as revenue less cost of flight tickets and tour packages.

*Output of the rest of the industries surveyed* is defined as the value of income (revenue) from the main business industry and other business industries (excluding income from capital gains). Data on industry no. 73, "research and development," include estimates for start-up companies in addition to estimates for business firms.

*Labour Costs* include all of the payments on which income tax is due (before deduction of taxes) for employees listed on the payrolls, as well as other employee-related business expenses that do not appear on the payroll.

The *product* includes labour costs, gains (before income tax deduction), net financing expenses (interest value and linkage differences paid by the business, less interest and linkage differences received by the business), depreciation, royalties and concession fees.

#### **SOURCES OF DATA AND METHODS OF INVESTIGATION**

- a. Revenue data according to reports to VAT.
- b. Gain and loss reports for the 1997 and 1998 tax year, and supplements to the report that specify income and expenditures. The reports were collected from the income tax files of assessing officers in all the branches of the country.
- c. Number of employees, according to the employers' reports to the National Insurance Institute.

#### **SOURCES OF THE DATA NOT GATHERED IN THE SURVEY**

Bank services: based on data published every year by the Bank of Israel for banking corporates.

Insurance services: based on the data of the insurance supervisor in the Ministry of Finance.

Accommodation services: based on the CBS' survey "Hotels: Income, Expenditure and Product 1998" and imputation on other hotels, youth hostels, field schools and rural accommodations.

Sale of food in markets, private tutoring services, and services for households: based on imputation of data for national accounts and on other data existing at the Central Bureau of Statistics.

#### **EMPLOYED PERSONS**

The sub-sample of trade, services, transport and communications industries was matched with data from the National Insurance Institute in order to impute the number of employee posts for each business. Dealers who were not found in the card catalogue, and who did not record employee wages in their reports of profits and losses were regarded as self-employed persons with one employee.

## **Business Product and Labour Input in Business**

(Tables 18.7-18.8)

#### **DEFINITIONS**

Estimates of the business product and labour input of businesses by economic industry were included in the data on national accounts. The definition of the product and its components as well as the sources of data can be found in Chapter 14 - *National Accounts*.

The definition of employed persons and employees can be found in Chapter 12 - *Labour and Wages*.

*Business product*: The product of the whole economy, less the product of the government, local authorities, national institutions, the National Insurance Institute, and non-profit institutions that provide their services for a price which is economically insignificant, whose main expenditures are not financed by business, and less housing services.

*Labour inputs*: Estimates of changes in the number of employed persons and employees and the work hours of employed persons and employees in Israel were usually based on findings of the Labour Force survey in Israel.

Estimates for workers from the Palestinian Authority who are employed in Israel were based on data from the labour force survey conducted by the Palestinian Authority. Prior to 1996 the data were based on findings from family surveys in Judea, Samaria and the Gaza area as well as on data from the employment services.

The estimate of the number of foreign workers is derived from a calculation of the net number of arrivals to Israel from developing countries who are not tourists, new immigrants, diplomats, nor students.

In the following industries, labour input was calculated differently: Estimates of changes in the number of employees and work hours of employees in manufacturing were based on data from the *Survey of manufacturing and crafts*, for years that the survey was conducted and on indices of manufacturing for years for which no survey was conducted. Estimates of employment through temporary employment agencies and employees in the diamond industry were added to the above data. In addition, an estimate of employees from the Palestinian Authority who are not reported in the manufacturing indices was added to the employment estimate.

*In the dining and accommodation services industries* - data on employees in dining services are based on labour force surveys, with the addition of an estimate on workers without permits

from the Palestinian Authority as well as for foreign workers without permits. Data on workers in hotel services are based on the findings of a survey on accommodation services.

*In the business services industry*, data are based on labour force surveys for the industries belonging to the category business services except for the Research and Development industry (73) which is not included in the business sector. Estimates on workers from the Palestinian Authority and on foreign workers were added to these data.

## Information and Communications Technologies (ICT)

(Tables 18.9-18.10)

### DEFINITIONS

*Information and Communications Technologies* have been defined by the OECD, and include industries that produce hardware, and industries and firms that deal with software and with broadcasting and presentation of information. This definition includes the following industries: telecommunications equipment, electronic

components, and industrial equipment for control and supervision (excluding medical equipment). In addition, the definition includes service industries such as communications services, computer and related services (software), research and development services, and start-up companies.

Tables 18.9 and 18.10 present data on the output, gross domestic product, exports, employed persons, labour costs, and labour cost per employee in information and communication technologies. The relevant definitions appear in the chapters on *Manufacturing* and *National Accounts*.

### SOURCES

The data presented in Tables 18.9 and 18.10 were compiled from the manufacturing surveys and from the survey of trade, services, transport, and communications. Estimates for the years 2000-2001 were compiled from the index of manufacturing production, revenue of economic industries, NII employment data and from the balance of payment data.

## SELECTED PUBLICATIONS

### SPECIAL PUBLICATIONS

1164 Information and Communications Technologies (ICT), 1990-2000

### CURRENT BRIEFINGS IN STATISTICS

14, 1999 Trade, Services, Transport and Communication Survey, 1995  
32, 2001 Dealers and Revenue according to Value Added Tax Data, 1998-2000