

Indicator (definition)	Inequality of income distribution (income quintile share ratio): The ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile).
Eurostat Unit	Living conditions and social protection
Other Commission DGs	Employment, social affairs and equal opportunities
European Statistical System Working Group (WG)	WG Statistics on Living Conditions
Date	December 2010

1. Overall assessment of accuracy and comparability (Description of quality grades under the following link: http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general_information/quality_profiles/annex_enpdf/EN_1.0_&a=d)

A
 B
 C
 Indicator to be Developed

Data is collected since 2005 from reliable sources applying high standards with regard to the methodology and ensuring a high degree of comparability.

2. Objective and relevance of the indicator:

The main policy objective is to combat poverty and social exclusion. To this end common quantitative and qualitative indicators about income, poverty and social exclusion are to be established to promote better understanding and to improve the monitoring of social exclusion through exchanges of information and best practice. (European Council in Lisbon (2000) and European Council in Laeken (2001)).

A high level of social cohesion is a goal of the Sustainable Development Strategy and reducing inequalities contributes to this objective. Reducing income inequality helps diminish marginalisation of the most vulnerable and may also contribute to less accentuated social tensions due to inequality. The quintile ratio focuses on the measurement of the distance between the poorest and richest strata of society. It does not measure inequalities that occur in the middle segment or within the poorest or richest income segments, in contrast, for instance, to the Gini coefficient.

Restriction of the indicator's relevance and other characteristics which may lead to restrictions in using it in monitoring and reporting

3. Data availability: details

(**t₁**: earliest reference year available; **t₂**: latest reference year available in December 2010)

	Member States	Candidate and Acceding Countries	US and Japan	EEA-EFTA ¹
t ₁	1995: BE, DK, DE, IE, EL, ES, FR, IT, LU, NL, AT, PT, UK 1996: FI 1997: SE 2000: BG, EE, LV, LT, HU, MT, PL, RO, SI 2001: CZ 2003: CY 2005: SK	2002: TR 2003: HR	-	1997: NO 2004: IS
t ₂	2008: DK, IT, UK 2009: BE, BG, CZ, DE, EE,	2003: TR 2007: HR	-	2008: IS 2009: NO

¹ While being a member of the EFTA, Liechtenstein has complete or partial exemptions from several statistical requirements due to its size. Thus, Liechtenstein is excluded from this overview as most of the data for structural indicators are missing.

IE, EL, ES, FR, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE			
--	--	--	--

Comments (including information on time series):

The primary source of the data for 1995 to 2001 is the European Community Household Panel (ECHP) for the 15 EU Member States (Finland joined the project in 1996) and national databases (mainly from Household Budget Surveys) for the New Member States and Candidate Countries.

Its successor – EU -Statistics on Income and Living Conditions (EU-SILC) instrument was launched in 2003 on the basis of a 'gentleman's agreement' in six Member States (Belgium, Denmark, Greece, Ireland, Luxembourg, and Austria) as well as in Norway. From 2005 onwards EU-SILC covered the then EU-25 Member States plus Norway and Iceland. Bulgaria, Romania, Switzerland and Turkey have launched EU-SILC in 2007.

The first set of cross-sectional indicators from EU-SILC which covers all Member States will be available in December 2006.

During the transition between the end of ECHP and the start of EU-SILC, cross-sectional data required for the calculation of the indicator were provided by the National Statistical Institutes from national sources however due to the change of sources the time series contain breaks in series and provisional data.

4. Overall accuracy

- High Comparability is an over-riding dimension of EU-SILC data quality. The framework for comparability is established by Commission Regulation N° 1980/2003, which has set out standard definitions as accurately as possible to cover most of the cases that might be encountered in practice.
- Reference population, private household and household membership. Most countries follow the standard definitions. The deviations should have a marginal impact on comparability.
 - Income reference period. Different income reference periods are possible
 - Taxes reference period. Different strategies for compiling taxes are possible
- The impact of these differences has been qualified as minor by the methodological Task Force.
- Restricted
(sources, errors, methodology, etc.)

5. Comparability across countries

- High
Restricted From 2005 data can be considered as comparable across Member States.. Due to transition between end-ECHP and start-EU-SILC, there are breaks in series between 2001 and 2005. No comparable data available for US and Japan which use different sources and definitions.

6. Comparability over time

- High
Restricted The comparability over time starts in 2005 for EU Member States. Due to transition between end-ECHP and start-EU-SILC, there are breaks in series between 2001 and 2005.

7. Development perspective for improving the quality of this indicator (including as far as possible an indication of the burden on Member States and respondents.)

EU-SILC includes a flexible module to be changed each year to cover a particular area of interest. The module for each year is fixed in a Commission Regulation (see below).

8. Contribution to the coherence of the set/potential to qualify for an integrated policy analysis

ECHP was a pioneering social survey. Although some discrepancies remain, its replacement, EU-SILC, uses even higher standards of common methodology and quality control and is comparable for more countries. It is designed in a coherent way with the EU Labour Force Survey and applies an income definition compatible with national accounts.

Relevant European legislation:**The Framework Regulations:**

Regulation (EC) No 1177/2003 of the European Parliament and of the Council of 16 June 2003 concerning Community statistics on income and living conditions (EU-SILC)

Regulation (EC) N° 1553/2005 of European Parliament and Council of 7 September 2005 amending Regulation (EC) No 1177/2003 concerning Community statistics on income and living conditions (EU-SILC)

Implementing Commission Regulations:

Commission Regulation (EC) No 28/2004 of 5 January 2004 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards the detailed content of intermediate and final quality reports

Commission Regulation (EC) N° 676/2006 of 2 May 2006 amending the regulation (EC) 1980/2003 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards definitions and updated definitions

Implementing Commission Regulations on the annual modules:

Commission Regulation (EC) No 16/2004 of 6 January 2004 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards the list of target secondary variables relating to the "intergenerational transmission of poverty"

Commission Regulation (EC) No 13/2005 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning the target list of secondary variables relating to "social participation".

Regulation (EC) No 1553/2005 of the European Parliament and of the Council of 7 September 2005 amending Regulation (EC) No 1177/2003 concerning Community statistics on income and living conditions (EU-SILC).