25 July 2024

INCOME STATISTICS AT THE LOCAL LEVEL

Reported income on Personal Income Tax (IRS) indicators

2022

70 MUNICIPALITIES WITH MEDIAN INCOME VALUE PER TAXABLE PERSON HIGHER THAN THE COUNTRY

In 2022, the median value of the gross reported income less personal income tax paid per taxable person was 10,679 € in Portugal. 70 municipalities had median income values higher than the national reference. The municipalities with median values above 12,500 € were Oeiras (15,190 €), Lisboa (13,809 €), Alcochete (12,874 €), Cascais (12,843 €) and Coimbra (12,557 €).

The income according to the classification of urban area (see Box on pages 15 and 16 of this press release) was, in 2022, higher in predominantly urban areas (11,179 €) than in medium urban areas (9,971 €) or in predominantly rural areas (9,447 €).

The median net income per person[1] increased by 5.4% compared to the previous year. All municipalities, with the exception of Odemira, increased the median value of income per taxable person and in 228 of the municipalities this increase was higher than the country. Between 2021 and 2022 there was an increase in the annual rate of change of the median income value in 87% of municipalities (258 out of 298 with available information). In 233 municipalities, the acceleration in income was greater than or equal to that observed in the country (0.6 percentage points).

In 2022, the Gini coefficient of net income per person was 35.7% in Portugal (36.1% in 2021). In 32 municipalities inequality in income distribution was higher than in the country, with the municipalities of Lisboa (42.5%), Vila do Porto (42.0%), Porto (41.8%), Lagoa (40.8%) and Cascais (40.3%) standing out. Between 2021 and 2022, 239 municipalities showed a decrease in the asymmetry of net income per person, with the municipality of Campo Maior registering the highest decrease (-3.2 p.p.).

Statistics Portugal releases 'Income statistics at the local level' for the year 2022, calculated on fiscal data from the Tax and Customs Authority (AT) related to the Settlement note of Personal Income Tax (IRS – Modelo 3) and obtained under a collaboration agreement between the two entities.

This initiative is part of the development framework of the **National Data Infrastructure (IND)** at Statistics Portugal, which is the corollary of a path that has been pursued in recent years for integrating data from different sources.

[1] For the purpose of simplifying the language, this press release uses the term 'Net income per person', which corresponds to 'Gross reported income less personal income tax paid per taxable person'.

With this edition, Statistics Portugal begins the dissemination of the results of 'Income statistics at the local level' according to the new Nomenclature of Territorial Units for Statistics: NUTS 2024. The results according to this new NUTS version have been calculated and are available for the series starting in 2018.

The results presented are based on the values of 'Gross reported income', of 'Personal income paid tax' and the derived variable of 'Gross reported income less personal income paid tax' by tax household and by taxable person. The analysis focuses on the year of 2022, last year with information provided to Statistics Portugal, although the publication also provides information for the years 2020 and 2021.

In the publication, the results are structured in summary sheets for municipalities with 2,000 or more taxable persons and for the 26 NUTS 3 sub-regions of the country. However, starting with this edition, information is also available for parishes with 2,000 or more taxable persons at www.ine.pt, in the option Products, Statistical Data, Database.

The `Income statistics at the local level' is integrated in StatsLab – Statistics in development. The statistics presented in this area are distinguished by two characteristics: i) they are part of projects for new statistical products which are still under development; ii) but which already contain useful information for economic and social analysis.

1. Characterization of income distribution and inequalities at local level

In 2022, the median net income per person was 10,679 € in Portugal. Grande Lisboa (12,366 €), Península de Setúbal (11,741 €), Região de Coimbra (10,881 €), Região de Leiria (10,859 €), Alentejo Central (10,804 €), Região de Aveiro (10,789 €) and the autonomous regions of Açores (10,776 €) and of Madeira (10,763 €) were the sub-regions with the highest median incomes, higher than the national reference. On the other hand, the Alto Tâmega e Barroso (8,859 €) and Tâmega e Sousa (9,195 €) sub-regions had the lowest median incomes, below 9,500 € per taxpayer.

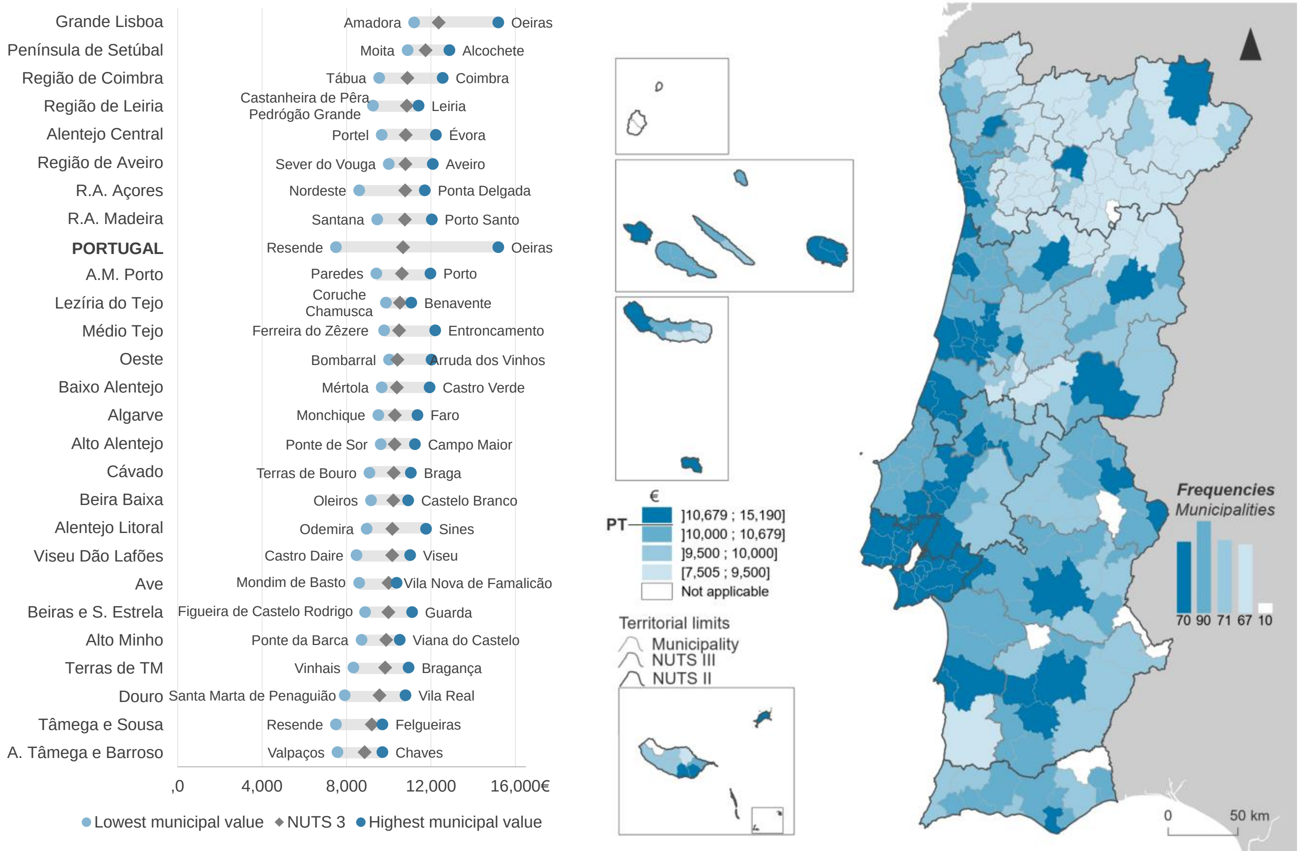
The municipal analysis of the median net income per person showed 70 municipalities (one more than in 2021) with values above the national reference. These included all the municipalities of Grande Lisboa (nine municipalities) and Península de Setúbal (nine municipalities), with Oeiras (15,190 €), Lisboa (13,809 €), Alcochete (12,874 €), Cascais (12,843 €) and Coimbra (12,557 €) having the highest median values in the country.

In addition to the municipalities in these two regions, 16 municipalities in the Centro, 11 in the Oeste and Vale do Tejo, nine in the Alentejo, seven in the Norte, five in the Região Autónoma dos Açores, three in Região Autónoma da Madeira and Faro in the Algarve also exceeded the country's value. A group of municipalities, mainly in the Norte region, had lower values of less than 9,500 €.

In the case of Área Metropolitana do Porto, three contiguous municipalities stood out for having high median values – Porto (11,975 €), Maia (11,914 €) and Matosinhos (11,514 €).

Lezíria do Tejo was the sub-region with the lowest difference of median net income per person between municipalities (1,197 €): the lowest value was registered in the municipalities of Chamusca and Coruche (9,870 € in both) and the highest in Benavente (11,067 €). Grande Lisboa recorded the greatest disparity in income between municipalities (3,990 €): the lowest value was in Amadora (€11,200 €) and the highest in Oeiras (15,190 €).

Figure 1. **Median value of gross reported income less personal income paid tax per taxable person, Portugal, NUTS 3 and municipalities, 2022**



Note: Results are presented for the territorial units with 2 000 or more taxable persons.

In 2022, the 20% of taxable persons with the lowest net incomes recorded values of up to 6,486 €, which corresponded to around 61% of the median value (10,679 €) and 36% of the income value of the 80th percentile (17,942 €).

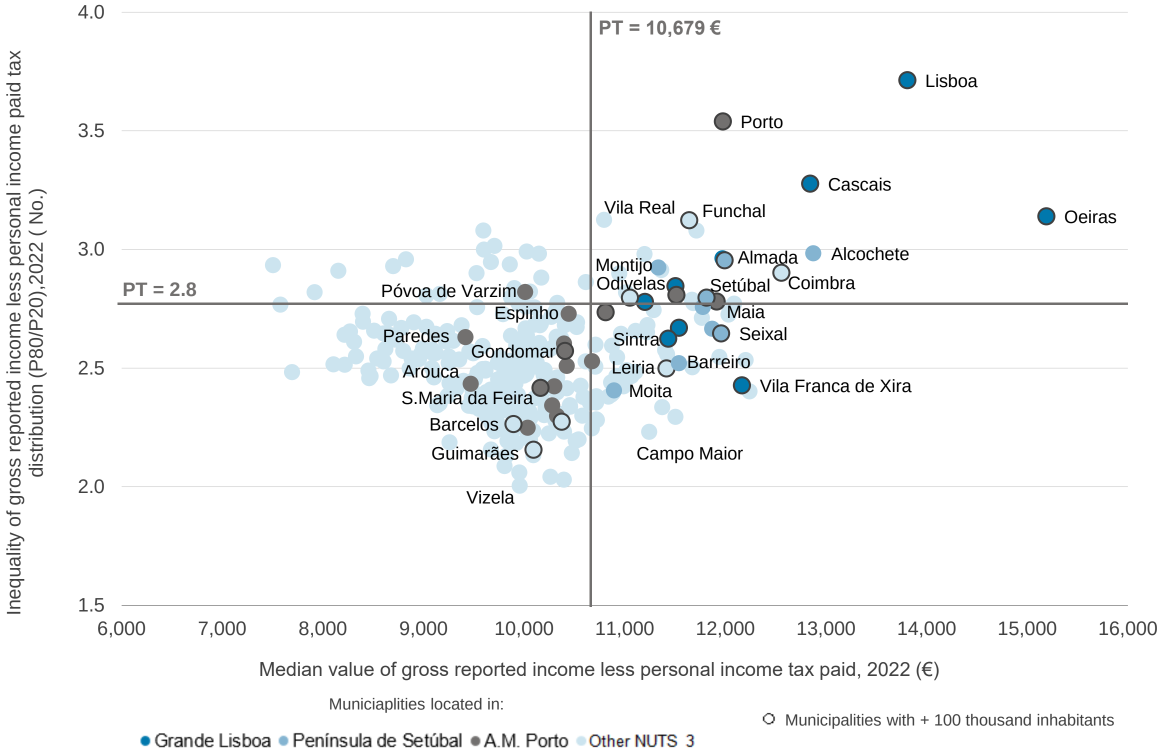
At sub-regional level, the value of the 20th percentile of net income per person ranged from 4,898 € in Alto Tâmega e Barroso to 7,332 € in Alentejo Central. On the opposite side of the income distribution, the 80th percentile was highest in Grande Lisboa (22,247 €) and lowest in Tâmega e Sousa (13,016 €).

In 2022, the P80/P20[2] ratio of net income per person was 2.8 in Portugal (the same value as in 2021) and 29 municipalities had a value higher than this reference. Of this group, 15 also recorded median values higher than the national reference, with Lisboa (3.7) and Porto (3.5) standing out as having the highest P80/P20 ratios in the country.

Thus, taking this indicator as a reference, the municipality of Lisboa showed the greatest disparity in income distribution in the country: the 20% of taxable persons with the highest net income recorded values of 27,552 € or more, while the 20% of taxable persons with the lowest income recorded values of up to 7,421 €. In Oeiras, the municipality with the highest median net income in the country, the P80/P20 ratio was 3.1 (27,107 € vs. 8,635 €). The municipality with the lowest P80/P20 ratio was Vizela (2.0).

Figure 2 also shows a group of 43 municipalities with a higher median net income than in the country, but less income asymmetry between the taxable person in the 80th percentile and the taxable person in the 20th percentile than in the country.

Figure 2. **Median and inequality of gross reported income less personal income paid tax distribution of taxable persons (P80/P20), Portugal and municipalities, 2022**



Note: Results are presented for the territorial units with 2 000 or more taxable persons.

[2] Indicator of income distribution inequality that reflects the number of times that the income of the taxable person in the 80th percentile is higher than the income of the taxable person in the 20th percentile.

The Gini coefficient is an inequality indicator of the income distribution that aims to summarize in a single value the asymmetry of this distribution. It takes values between 0 (when all the persons have equal income) and 100 (if all the income is concentrated in a single person).

In 2022, the Gini coefficient of net income per person was 35.7% in Portugal, showing a reduction in the inequality of income distribution compared to 2021 (36.1%).

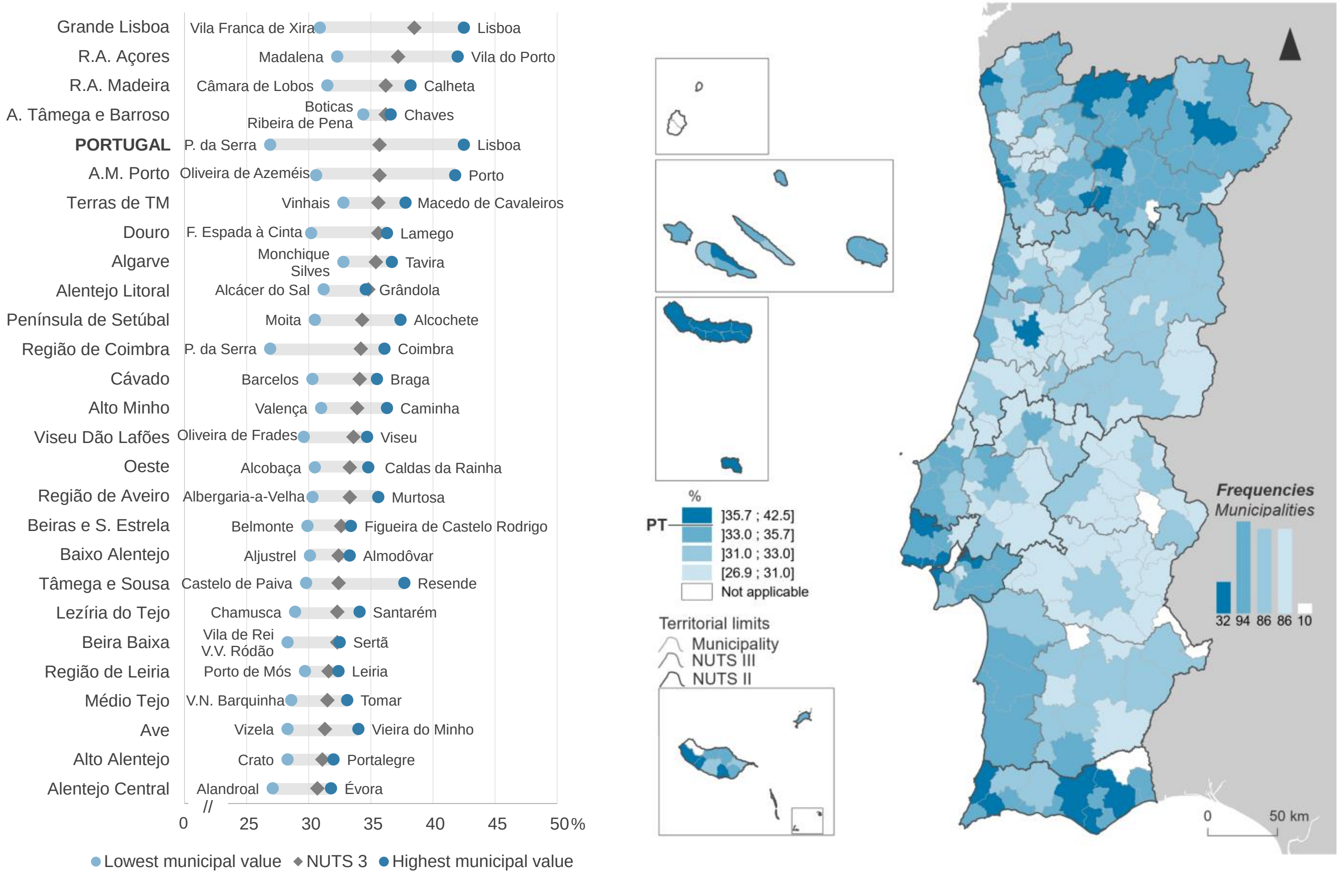
Grande Lisboa (38.5%), the autonomous regions of Açores (37.2%) and Madeira (36.2%), Alto Tâmega e Barroso (36.2%) and Área Metropolitana do Porto (35.7%) recorded Gini coefficients equal to or higher than the national value, suggesting greater inequality in income distribution. On the other hand, Alentejo Central (30.7%) had the lowest level of income concentration among the country's 26 NUTS 3 sub-regions.

The analysis of the municipal pattern of the Gini coefficient shows a group of 32 municipalities with values higher than the national reference: 9 municipalities in the Norte region (Porto, Macedo de Cavaleiros, Resende, Chaves, Caminha, Lamego, Matosinhos, Vila Real and Montalegre), eight in the Região Autónoma dos Açores (Vila do Porto, Lagoa, Vila Franca do Campo, Ponta Delgada, São Roque do Pico, Povoação, Ribeira Grande and Nordeste), five from the Algarve (Tavira, Loulé, Faro, Lagos and Aljezur), four from Grande Lisboa (Lisboa, Cascais, Oeiras and Mafra), three from the Região Autónoma da Madeira (Calheta, Funchal and Ponta do Sol), the municipalities of Alcochete and Almada from the Península de Setúbal and Coimbra from Centro. In the Alentejo and Oeste e Vale do Tejo regions, no municipality recorded values higher than the national level.

The municipalities of Lisboa (42.5%), Vila do Porto (42.0%), Porto (41.8%), Lagoa (40.8%) and Cascais (40.3%) stood out with results above 40%. The municipalities with the lowest levels of income inequality were mainly located in the interior of the Centro, Oeste and Vale do Tejo and Alentejo regions, with the municipality of Pampilhosa da Serra (26.9%) registering the lowest Gini coefficient in the country.

Alto Tâmega e Barroso was the sub-region with the lowest range of the Gini coefficient between municipalities: the lowest value was recorded in the municipalities of Boticas and Ribeira de Pena (34.4% in both) and the highest in Chaves (36.6%). Conversely, the greatest differences between municipalities were found in Grande Lisboa, between the municipalities of Lisboa (42.5%) and Vila Franca de Xira (30.9%) and in Área Metropolitana do Porto, between the municipalities of Porto(42.0%) and Oliveira de Azeméis (30.6%).

Figure 3. Gini coefficient of gross reported income less personal income tax paid by taxable person, Portugal, NUTS 3 and municipalities, 2022

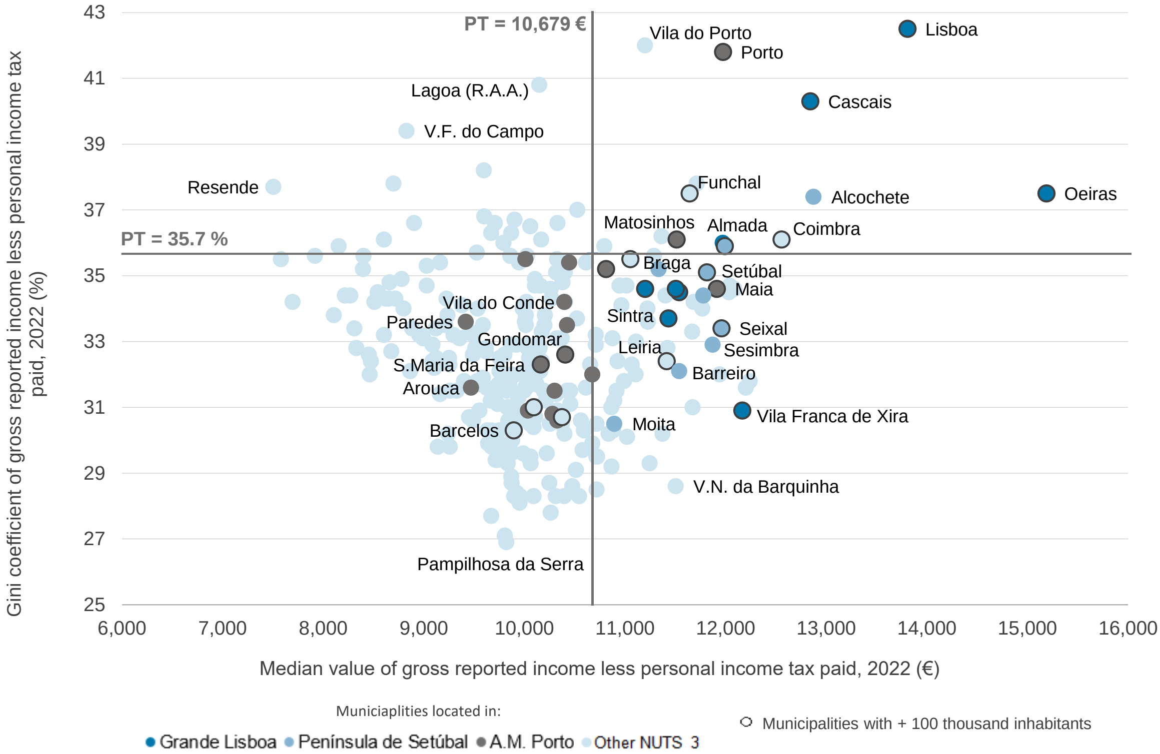


Note: Results are presented for the territorial units with 2 000 or more taxable persons.

In 2022, of the 32 municipalities with Gini coefficients higher than the national value, 14 also recorded median net income per person higher than the national reference: Lisboa, Cascais, Oeiras and Mafra (from Grande Lisboa), Alcochete and Almada (from Península de Setúbal), Porto and Matosinhos (from Área Metropolitana do Porto), Vila do Porto and Ponta Delgada (from Região Autónoma dos Açores), Funchal (from Região Autónoma da Madeira), Faro (from Algarve), Coimbra (from Região de Coimbra) and Vila Real (from Douro). The most common pattern in the combined reading of these two indicators shows 209 municipalities with Gini coefficients and median income values simultaneously below the country's value.

Figure 4 also shows a group of 56 municipalities with a higher median net income but a lower concentration of income than in the country, including 7 of the 9 municipalities in the Península de Setúbal and 5 of the 9 municipalities in Grande Lisboa.

Figure 4. **Median and Gini coefficient of gross reported income less personal income tax paid by taxable person, Portugal and municipalities, 2022**



Note: Results are presented for the territorial units with 2 000 or more taxable persons.

For the municipalities of Lisboa and Porto, the values per parish are presented below.

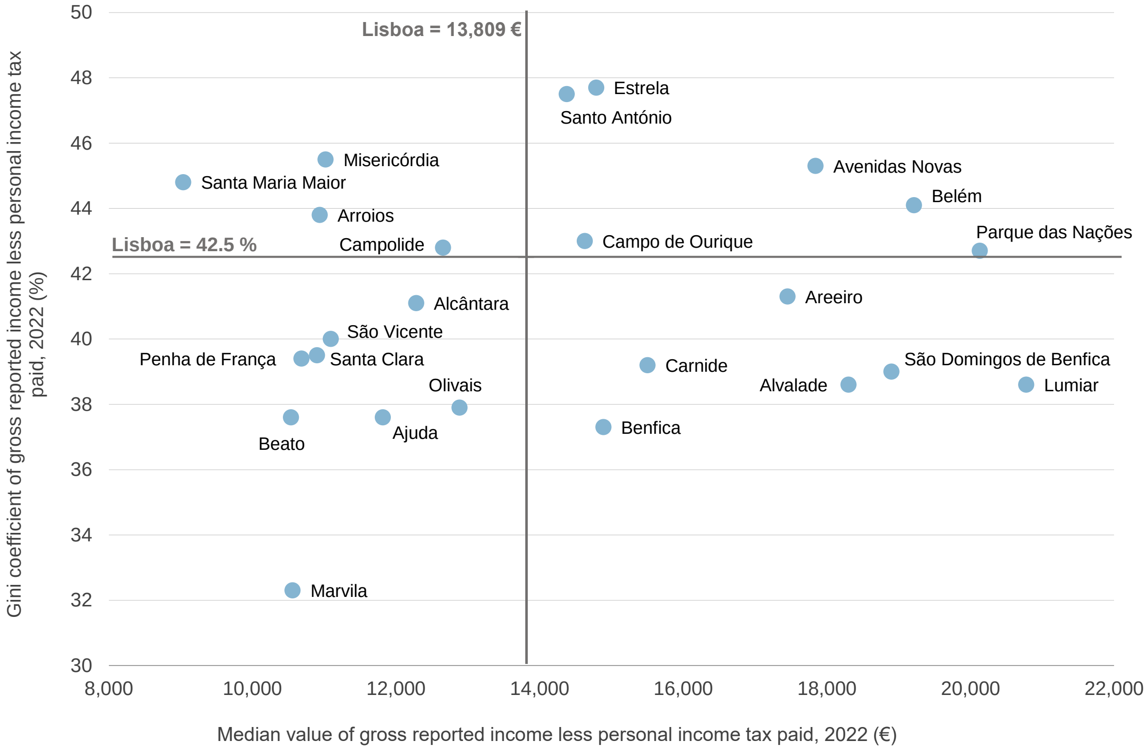
In 2022, 12 of the 24 parishes of Lisboa had higher median net incomes per person than the municipality (13,809 €), with the parishes of Lumiar (20,777 €) and Parque das Nações (20,129 €) having the highest values.

Of the 12 parishes with median incomes higher than Lisboa, six also had Gini coefficients of net income per person higher than the municipality's (42.5%): Parque das Nações (20,129 € and 42.7%, respectively), Belém (19,212 € and 44.1%), Avenidas Novas (17,841 € and 45.3%), Estrela (14,787 € and 47.7%), Campo de Ourique (14,629 € and 43.0%) and Santo António (14,377 € and 47.5%).

The parishes of Misericórdia, Santa Maria Maior, Arroios and Campolide had higher levels of inequality than Lisboa but lower median income values than the municipality.

In 2022, Marvila was the parish with the lowest Gini coefficient (32.3%) and Estrela had the highest (47.7%).

Figure 5. Median and Gini coefficient of gross reported income less personal income tax paid by taxable person, Lisboa and parishes, 2022



Note: Results are presented for the territorial units with 2 000 or more taxable persons.

Figure 6. Median value of gross reported income less personal income paid tax per taxable person, Lisboa and parishes, 2022

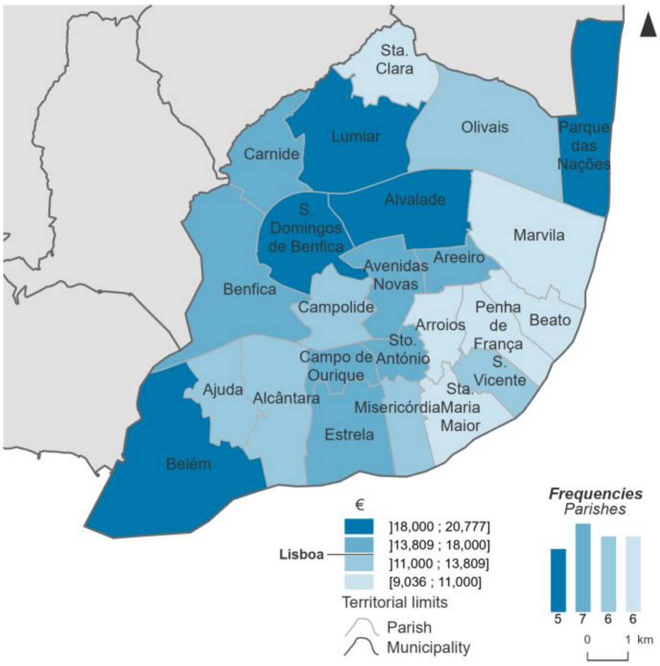
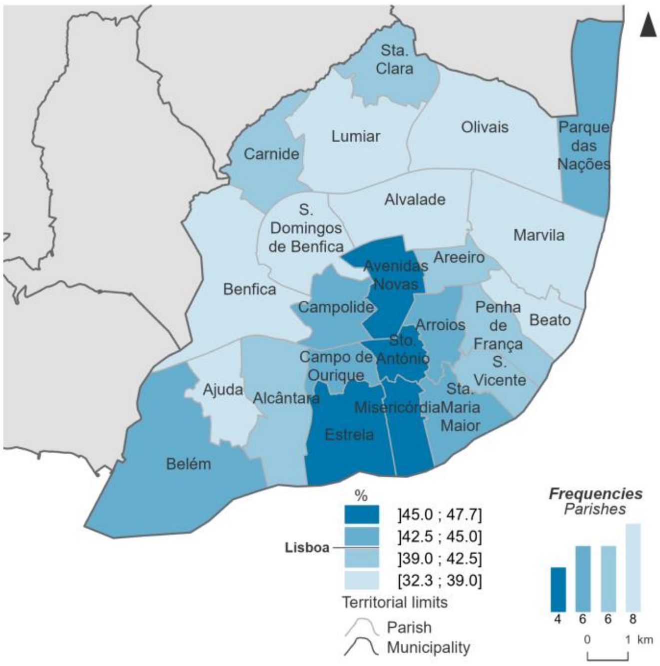


Figure 7. Gini coefficient of gross reported income less personal income tax paid by taxable person, Lisboa and parishes, 2022



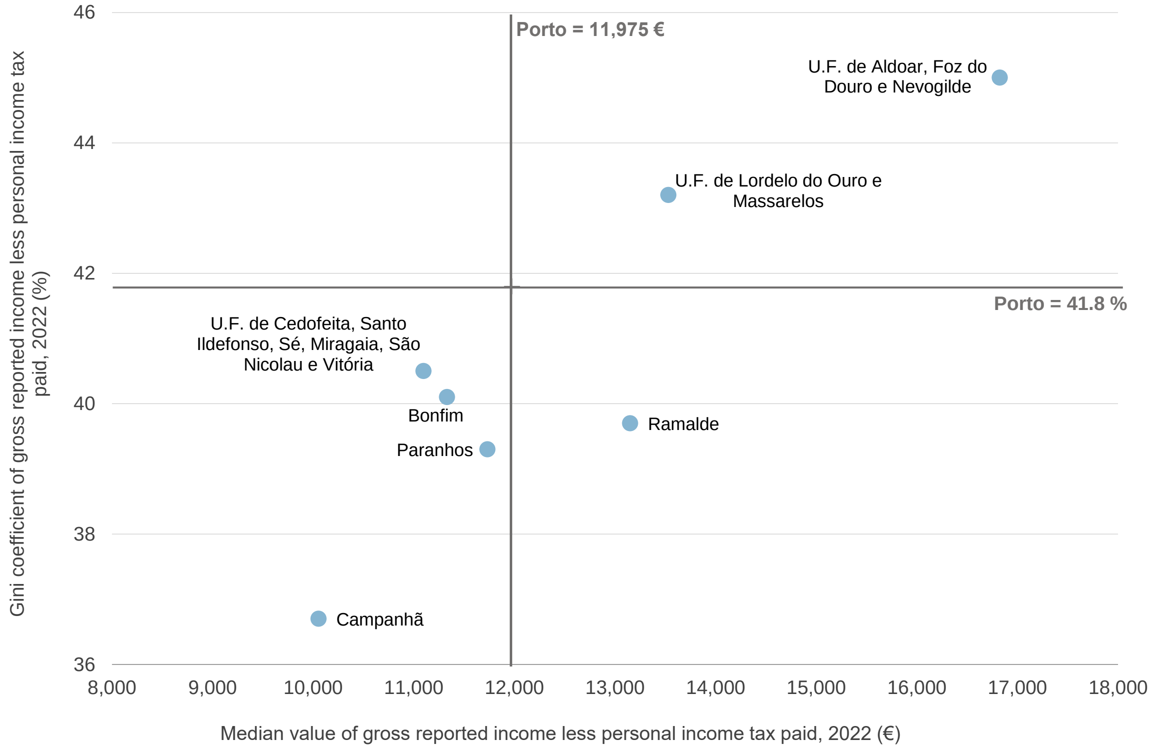
Note: Results are presented for the territorial units with 2 000 or more taxable persons.

In 2022, the União de freguesias de Aldoar, Foz do Douro e Nevogilde (16,824 € and 45.0%) and the União de freguesias de Lordelo do Ouro e Massarelos (13,531 € and 43.2%) stood out for having both the highest median incomes and the highest Gini coefficients of net income per person among the seven parishes of the municipality of Porto (11,975 € and 41.8%).

The parishes of Paranhos, Bonfim, Campanhã and the União de freguesias de Cedofeita, Santo Ildefonso, Sé, Miragaia, São Nicolau e Vitória had both lower median incomes and lower levels of inequality than Porto.

Ramalde (13,150 € and 39.7%) stood out from the other parishes of Porto for having a higher median value than the municipality but a lower level of inequality than the municipality.

Figure 8. Median and Gini coefficient of gross reported income less personal income tax paid by taxable person, Porto and parishes, 2022



Note: Results are presented for the territorial units with 2 000 or more taxable persons.

Figure 9. Median value of gross reported income less personal income paid tax per taxable person, Porto and parishes, 2022

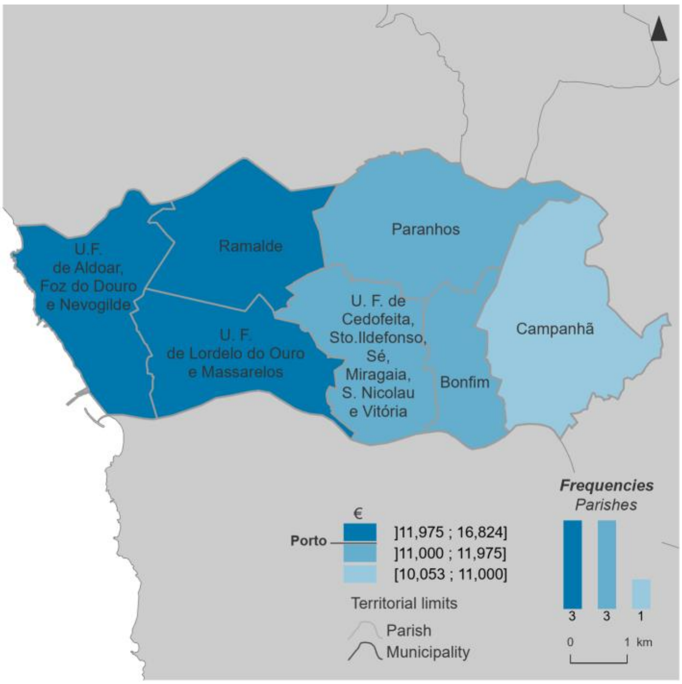
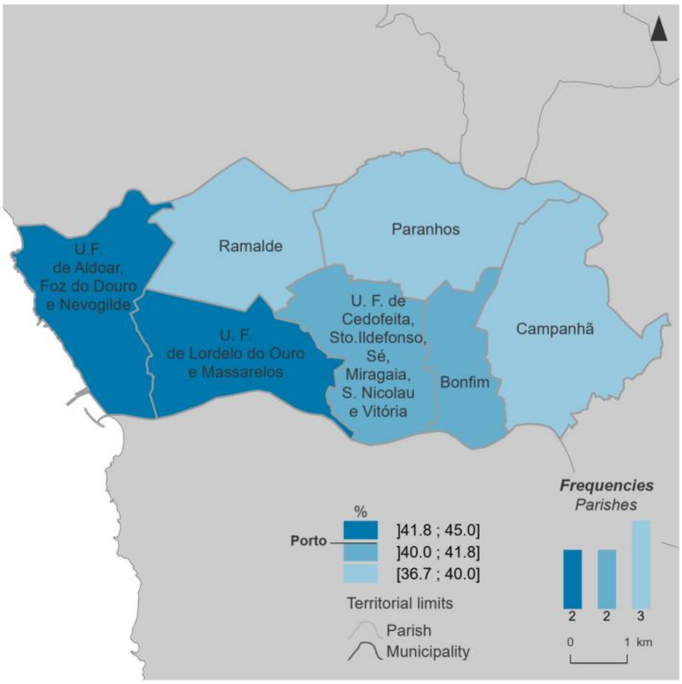


Figure 10. Gini coefficient of gross reported income less personal income tax paid by taxable person, Porto and parishes, 2022



Note: Results are presented for the territorial units with 2 000 or more taxable persons.

2. Evolution of income distribution and inequalities at local level: 2021 - 2022

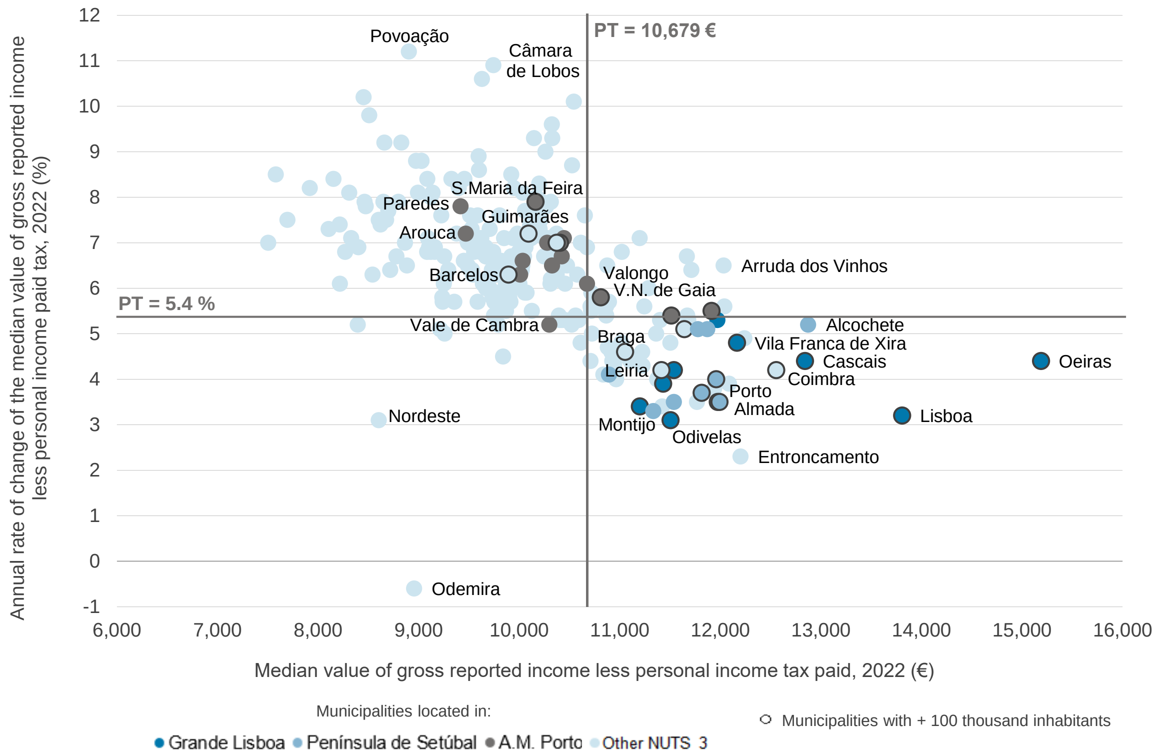
In 2022, the median net income per person increased by 5.4% compared to the previous year, in Portugal. All municipalities recorded positive annual rates of change in income, with the exception of the municipality of Odemira (-0.6%).

Only 18 municipalities had both rates of change and median incomes higher than the national references: Vila Nova de Gaia, Maia and Vila Real from the Norte region, Soure, Lousã, Mealhada, Montemor-o-Velho and Ovar from the Centro, Arruda dos Vinhos and Torres Novas from Oeste e Vale do Tejo, Campo Maior and Aljustrel from Alentejo, the municipalities of Vila do Porto, Vila Praia da Vitória, Ponta Delgada and Angra do Heroísmo from the Região Autónoma dos Açores and Porto Santo and Santa Cruz from the Região Autónoma da Madeira.

In 2022, 210 municipalities had annual income growth rates higher than the country's, but median values below the national level.

In the group of 49 municipalities which, in 2022, had median income values above the national reference and annual growth rates lower than the country's were the nine municipalities of Grande Lisboa, the nine municipalities of Península de Setúbal and five other municipalities with more than 100 thousand inhabitants: Coimbra, Porto, Funchal, Leiria and Braga.

Figure 11. **Median value and annual rate of change of gross reported income less personal income paid tax per taxable person, Portugal and municipalities, 2022**



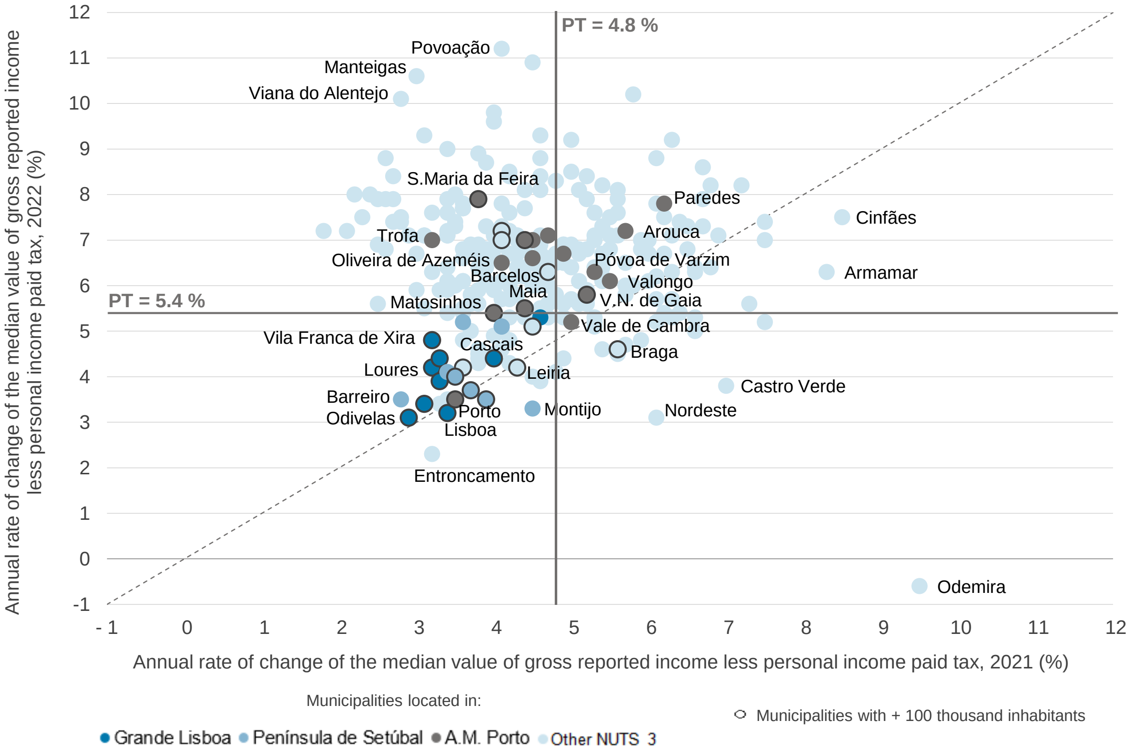
Note: Results are presented for the territorial units with 2 000 or more taxable persons.

Figure 12 displays the position of the municipalities in a referential that combines the annual rate of change of net income per person in 2021 (x-axis) and the annual rate of change in 2022 (y-axis). The bisector (dashed line) represents the equality of the rates of change.

In 2022, there was an increase in the median income's annual rate of change in 258 of the 298 municipalities with available information (municipalities above the bisector). The acceleration in income was greater than or equal to that observed at national level in 233 municipalities (values greater than or equal to 0.6 p.p.), with the municipalities of Manteigas, Viana do Alentejo and Povoação standing out with the highest increases, greater than 7.0 p.p., between 2021 and 2022. This group included 15 of the 17 municipalities in the Área Metropolitana do Porto, five of the nine municipalities in Grande Lisboa and five of the nine municipalities in the Península de Setúbal.

In the opposite direction, 36 municipalities registered a decrease in the annual rate of change of median net income per person (municipalities below the bisector) between 2021 and 2022, including four municipalities with more than 100 thousand inhabitants: Braga (-1.0 p.p.), Almada (- 0.4 p.p.), Lisboa (-0.2 p.p.) and Leiria (-0.1 p.p.).

Figure 12. Annual rate of change of gross reported income less personal income paid tax per taxable person, Portugal and municipalities, 2021 and 2022



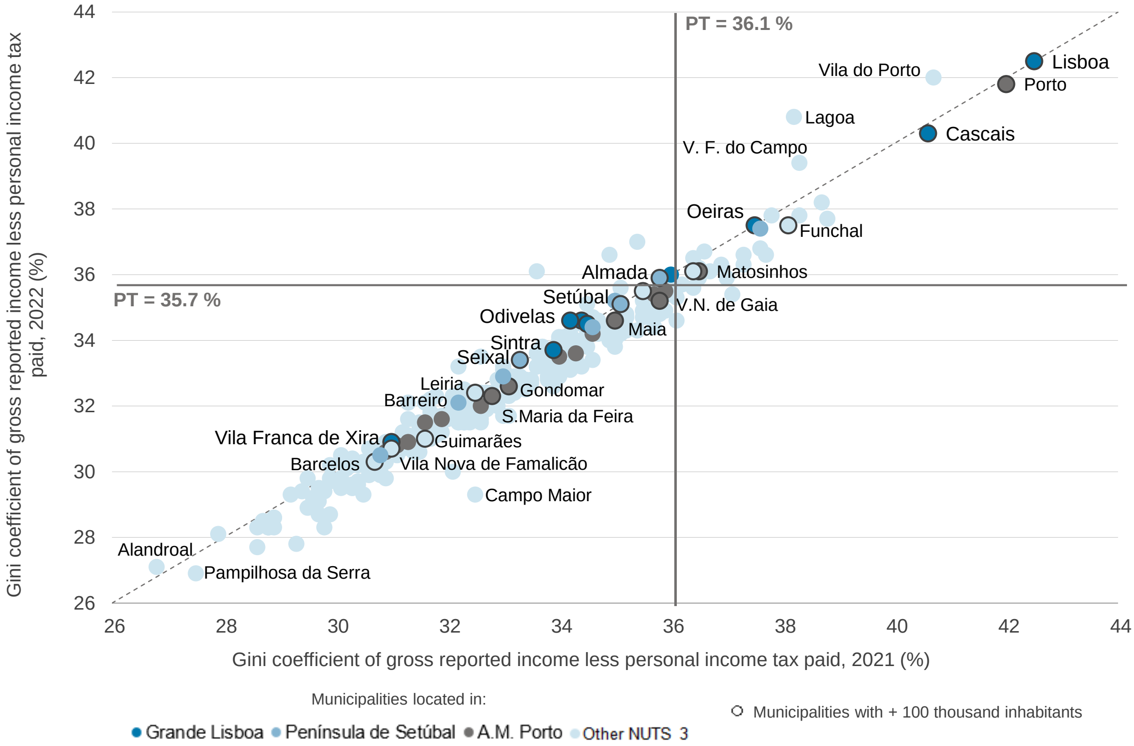
Note: Results are presented for the territorial units with 2 000 or more taxable persons.

In 2022, the Gini coefficient of net income per person fell by 0.4 p.p. compared to 2021, thus showing a slight reduction in the inequality of income distribution. This reduction in inequality was also observed in 239 municipalities (municipalities below the bisector of the Gini coefficient of gross reported income less personal income tax paid by taxable persons in 2021 and 2022).

In 19 of the 27 municipalities with Gini coefficients higher than the national value in both years, there was a reduction in income asymmetry in 2022. The municipality of Campo Maior (-3.2 p.p.) had the greatest reduction in income distribution inequality.

On the other hand, there was an increase in income distribution inequality in 42 municipalities. These included 12 of the 16 municipalities with available information in the Região Autónoma dos Açores, with the municipalities of Lagoa (2.6 p.p.) and Nordeste (2.5 p.p.) recording the highest increases in the Gini coefficient in 2022.

Figure 13. Gini coefficient of gross reported income less personal income tax paid by taxable person, Portugal and municipalities, 2021 and 2022



Note: Results are presented for the territorial units with 2 000 or more taxable persons.

BOX: INCOME AND INEQUALITY CHARACTERIZATION BY CLASSIFICATION OF URBAN AREA[3]

In 2022, the predominantly urban areas (PUA) concentrated around 74% of taxable persons and around 79% of the value of net income. It was followed by the medium urban areas (MUA), which had around 14% of taxable persons and 12% of income, and the predominantly rural areas (PRA), which concentrated around 12% of taxable persons and 9% of income.

In Portugal, the median net income per person was highest in predominantly urban areas (11,179 €) and lowest in predominantly rural areas (9,447 €). Taking into account the 26 sub-regions of the country as a whole, the median income was also higher in urban areas (PUA) and lower in rural areas (PRA).

The exceptions to this pattern were the Península de Setúbal, where the median income was highest in the medium urban areas (12,489 €) and lowest in the predominantly rural areas (9,555 €) and in the Alentejo Litoral, where the median income per taxable person was lowest in the medium urban areas (8,874 €) and highest in the predominantly urban areas (11,592 €).

The highest median incomes, above 12,000 €, were registered in the predominantly urban areas of Grande Lisboa (12,402 €) and Região de Coimbra (12,032 €) and in the medium urban areas of Península de Setúbal (12,489 €).

In 2022, the asymmetry between urban and rural areas was most marked in the Douro (11,132 € and 8,125 €, respectively) and Terras de Trás-os-Montes (11,147 € and 8,147 €) sub-regions. By contrast, the Algarve was the sub-region in the country where the difference in median income between urban and rural areas was lowest (10,453 € and 9,870 €).

The Gini coefficient of net income per person according to the urban area classification showed that, with the exception of Ave, Tâmega e Sousa, Península de Setúbal and Alentejo Litoral, in the remaining sub-regions of the country the income inequality was comparatively higher in predominantly urban areas. The urban areas of Grande Lisboa (38.5%) and the Região Autónoma dos Açores (38.0%) stood out as having the highest values for this indicator.

In the sub-regions of Península de Setúbal and Alentejo Litoral, income inequality was more pronounced in the medium urban areas compared to the other categories of urbanization intensity. On the other hand, Ave and Tâmega e Sousa recorded higher Gini coefficients in rural areas.

Área Metropolitana do Porto registered the greatest asymmetry in the Gini coefficient between predominantly urban and rural territories (35.9% and 31.0%, respectively).

[3] The Classification of urban areas for statistical purposes of 2014 (TIPAU 2014) is a territorial nomenclature of the intensity of urbanization in Portugal through the tripartite and exhaustive classification of parishes in the national territory into three categories: Predominantly urban area (PUA), Medium urban area (MUA) and Predominantly rural area (PRA).

TIPAU 2014 was established in accordance with the 39th Decision of the Standing Section for Statistical Coordination of the Statistical Council published in the Diário da República, 2nd series, no. 144, of July 29, 2014, replacing the previous 2009 version. The methodology followed in TIPAU 2014 was based on an approach developed at the level of the statistical subsection and section of the 2011 Census and can be found at http://smi.ine.pt.

Figure 14. Median value of gross reported income less personal income paid tax per taxable person according to the Classification of urban areas, 2022

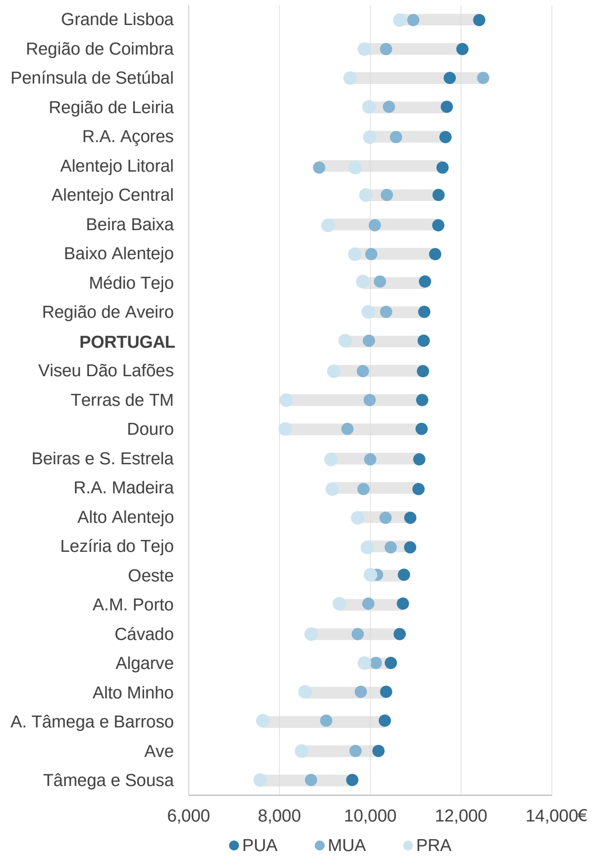
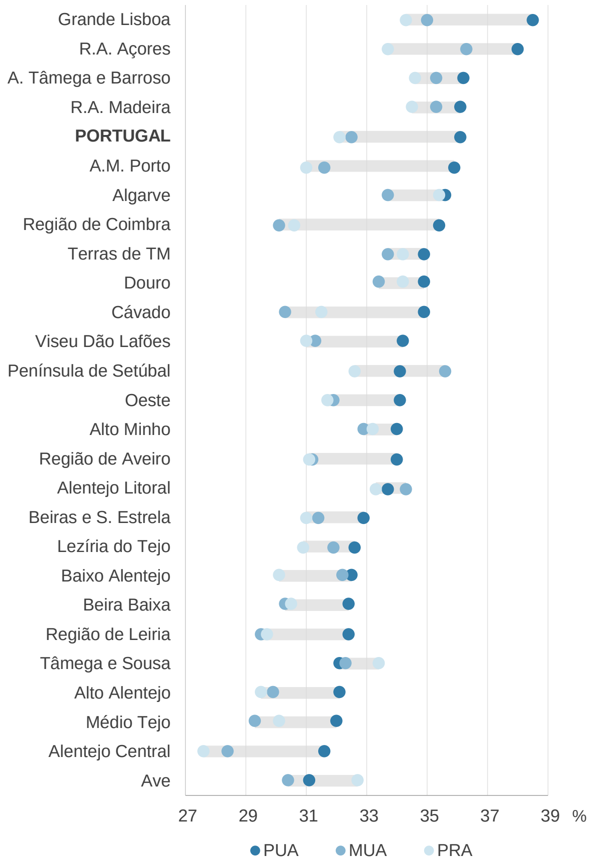


Figure 15. Gini coefficient of gross reported income less personal income tax paid by taxable person according to the Classification of urban areas, 2022



Note: Results are presented for the territorial units with 2 000 or more taxable persons.

TECHNICAL NOTE

The 'Income statistics at the local level' have national coverage. The observed statistical unit is the tax household with gross reported income less personal income tax paid higher than zero.

With the IRS reform in 2015, and due to the increasing globalization of economic activity, the new concept of "partial tax residence" was introduced, being possible in each year that the taxpayer is considered resident in national territory only for a part of the year, if it remains more than 183 days, consecutively or not in national territory. These taxpayers may submit two IRS declarations, one as resident and one as non-resident. For the purposes of analysis, in these situations, it was decided to aggregate the information of the 'Gross reported income' and the 'Personal income paid tax'.

Following the mandatory online filing of the return, in force as of 2018, the information released is referenced to the municipality and parish of the taxpayer's tax address and non-residents are excluded from the target population for the study of income distributions (includes results from taxpayers with "partial tax residence"). This option is reflected in the data for 2018 and beyond.

'Income statistics at the local level' are based on administrative data, namely from the information of the Settlement note of Personal Income Tax (IRS – Modelo 3), obtained from the Tax and Customs Authority under a collaboration agreement with Statistics Portugal.

The results presented are based on the values of 'Gross reported income' of 'Personal income paid tax' and of the derived variable of 'Gross reported income less personal income paid tax' by tax household and by taxable person:

- Gross Reported Income - Income that corresponds to: 1) the value of the income not exempt, before any specific deduction for categories A (Dependent Labor) and H (Pensions); 2) the value of the net income, i.e. the value of the income after the respective deductions for the other categories;
- Personnal Income Tax Paid - Amount of tax corresponding to the tax due, i.e. the amount of tax levying net of the specific deductions foreseen in Personnal Income Tax and tax benefits, before deductions are made regarding payments on account of withholding taxes.

The annual value of gross reported income covers exclusively the income declared and which constitutes the tax base: Dependent labor (Category A), Business and professional income (Category B), Investment income (Category E), Rental income (Category F), Capital gains (Category G) and Pensions (Category H).

Since the Settlement note of Personal Income Tax (IRS – Modelo 3) does not allow a distinction between the income of taxable person A and B, it was assumed a uniform distribution of the income of the tax households in the presentation of results per taxable person. This option was based on a sensitivity analysis of the results to various working assumptions. It also took into account the article 69 of the Personal Income Tax Code - Family Quotient, which states that for taxable persons who are married and not legally separated from persons and goods or who are “de facto” united, as long as they opt for joint taxation, the rates corresponding to the taxable income divided by two are applied.

In the 'Income statistics at the local level', resulting from the use of administrative sources, it should be taken into account that: (i) the settlement notes generally don't include income for which the exemption of the IRS declaration is allowed, which tends to truncate the left-hand side of the income distribution; (ii) the concept associated with the unit of analysis 'Tax household' is distinct from the 'Private household' used in the Household Surveys; (iii) households benefit from other income that goes beyond the scope of the income declaration for IRS purposes; (iv) disposable income is also conditioned by other taxes and fees (e.g. municipal property tax) and Social Security contributions payable by the worker. Despite these constraints, the information provided in this edition allows to characterize the income distribution in the territory.

Based on the 'Gross reported income' and the Gross reported income less personal income paid tax by tax household and by taxable person the indicators - P80/P20 ratio, P90/P10 ratio and Gini coefficient - are computed for the characterization of the income distribution (see concepts).

To ensure the robustness of the results presented and to avoid excessive granularity of the information that may indicate individual situations, the indicators are presented for the territorial units whose target population comprises a minimum number of 2,000 taxable persons. The development of this statistical project will make it possible in the future to evaluate this working hypothesis and increase the detail at territorial level, if the quality of the statistics presented and the protection of statistical confidentiality are guaranteed.

ACRONYMS AND DESIGNATIONS

- **Concepts related to 'Income statistics at the local level'**

Tax household – Household consisting of: a) spouses not legally separated from persons and property, or unmarried partners, and their dependents; b) each spouse or former spouse, respectively, in cases of property and legal separation or nullity declaration, annulment or dissolution of marriage, and dependents in charge; (c) single parent and dependents; d) single adopter and dependents. Note: Dependents include a) the children, adoptees and stepchildren, minors not emancipated, as well as minors under guardianship; b) the adopted children and stepchildren, above legal age of majority, as well as those who until the age of majority were subject to the guardianship of any of the subjects to whom the household is responsible and are not more than 25 years old and do not receive annual income higher than the value of minimum monthly guaranteed salary; c) the above legal age children, adoptees, stepchildren and those subject to guardianship, who are unfit for work and to ear raise their own means of subsistence; d) the civil godchildren (IRS Code, Chapter I, Section II, Article 13).

Gini Coefficient – Inequality indicator in the income distribution that aims to summarize in a single value the asymmetry of this distribution, assuming values between 0 (when all individuals have equal income) and 100 (when all income is concentrated in a single individual).

The adopted formula for the Gini coefficient was: $G = \frac{2}{n^2\,\bar{x}} \sum_{i=1}^{n} i(x_i - \bar{x}) \times 100$ *where* x_i *represents the observed income value,* n *represents the number of observed values,* $\bar{x}$ *represents the mean of the income value and* i *represents the order of each observation when observations are ranked in increasing order of income value.*

Personnal Income Tax – Tax on the annual value of the income of residents in Portugal, regardless of where they were obtained, as well as on income obtained in Portugal by non-residents.

Personnal Income Tax Paid – Amount of tax corresponding to the tax due, i.e, the amount of tax levying net of the specific deductions foreseen in Personnal Income Tax and tax benefits before deductions are made regarding payments on account of withholding taxes.

P80/P20 ratio – Indicator of inequality in income distribution, expressed by the number of times the income of the unit of analysis (tax household or taxpayer) located in the 80th percentile is higher than the income of the unit of analysis in the 20th percentile.

P90/P10 ratio – Inequality indicator in income distribution, expressed by the number of times the income of the unit of analysis (tax household or taxable person) located in the 90th percentile is higher than the income of the unit of analysis in the 10th percentile.

Gross Reported Income – Income that corresponds to: 1) the value of the income not exempt, before any specific deduction for categories A (Dependent labor) and H (Pensions); 2) the value of the net income, i.e. the value of the income after the respective deductions for the other categories.

Taxable Income – Income that, for the purpose of Personnal Income Tax, corresponds to the total income received in the year, after deductions and allowed exemptions.

Taxable Person – Person living in Portugal as well as the one that, although not living in the country, obtains income there.

- **Other relevant concepts within the National Statistics System**

Private Household – A group of people living at the same dwelling, with either "de jure" or "de facto" family relationships, occupying the all or part of a dwelling; or a single person that fully or partly occupies a dwelling.

Disposable Income (household) – The balance of the secondary distribution of income account, which shows how the balance of the primary income of an institutional sector is allocated by redistribution: current taxes on income, wealth etc., social contributions and benefits (excluding social transfers in kind) and other current transfers.

Household Net Monetary Income – Monetary income received by the household as a whole and by each of its members, from work (employee income and income from self-employment), from other private income sources (capital and property income, private transfers received) and from pensions and other social transfers, net of income taxes and social security contributions.

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