

**11 October 2012**

## **Consumer Price Index at Constant Taxes (CPI - CT). Base 2011**

### **September 2012**

#### **Main results**

- The **annual change** of the Consumer Price Index at Constant Taxes (CPI-CT) for the month of September stands at **1.4%**.
- The **monthly change** of the Consumer Price Index at Constant Taxes (CPI-CT) is – **0.9%**.

The National Statistics Institute (INE) has been publishing the Consumer Price Index at Constant Taxes (CPI-CT) since September 2009. This has been presented and disseminated monthly as an index associated with the HICP, in response to the previous proposal of the European Commission.

In this context, the Regulations for the EU Commission for the preparation of the HICP-CT that made the calculation of this indicator compulsory for all the member countries were passed in the latest meeting of the **European Statistical System Committee (ESSC), held on 26 September 2012.**

As is customary when a methodological change is passed within the scope of the HICP, the INE included it in the CPI production. For this reason, from September onwards, the INE began to calculate the CPI-CT in accordance with the methodology recently passed at a European level for the calculation of the HICP-CT.

The goal of this indicator is to deduct the part that might be due to the modifications in the taxes levied on consumption from the change in prices. To this end, the change in the CPI is measured, under the assumption that these taxes have not changed since the reference point. Thus, when the taxes increase, a monthly negative change in the CPI-CT will indicate that the end consumer is not shouldering the entire increase in taxes. This means that a part of the tax change may be absorbed by the companies that have been involved in the production and distribution process of the goods and services.

Detailed information about the CPI-CT at aggregate and special aggregate levels is included in the tables annex. In the table corresponding to special aggregates, a new indicator has been included, the **CPI at constant taxes and subsidies**, which must be calculated keeping constant, not only taxes, but also subsidies considered in the CPI calculation, for example, those related to the consumption of medications or road tolls.

The CPI-CT will usually only change in a different way from the CPI when there are changes in the taxes considered in its calculation: Value Added Tax (VAT), taxes on fuel, taxes on tobacco, Vehicle Registration Tax and taxes on insurance premiums. Due to this, although the results of this indicator will be published monthly on the website, the INE will only issue related press releases when methodological innovations and/or changes in the taxes used in the calculation are significant.

### **Taxes considered in the CPI-CT**

The criteria used to determine which taxes are to be considered in the calculation of this indicator are the same as those used to calculate the HICP-CT:

- **Every tax exceeding 2% of the total value of the tax collection on products subject to be included in the calculation** must be considered.
- The taxes considered as a whole must cover at least **90% of the total tax collection on products subject to be included in the calculation.**

Following the aforementioned criteria, the taxes that will remain constant over time for the preparation of this indicator are: VAT, taxes on fuel, taxes on tobacco, Vehicle Registration Tax and taxes on insurance premiums.

Further information about the CPI-CT (at a subclass level) may be viewed at the following link:

<http://www.ine.es/jaxi/menu.do?type=pcaxis&path=%2Ft25/p138&file=inebase&L=1>