How is the panel constructed?

- Replace names and administrative identifiers in tax and trader records with non-intelligent identifiers.
- Identify each entity that provides a Corporate Income Tax (CIT) return as a firm.
- Link CIT return data provided per financial (tax) year with associated Value-added Tax (VAT) and Pay-as-you-earn (PAYE) records, as well as commodity-level import and export records.
- Derive the number of jobs and full-year-equivalent jobs associated with a firm for each of its financial years from employers’ PAYE records for all individuals who receive payment from them.

Points to note:
- The tax and trade data in the current panel was extracted in 2014 and covers late 2007 to 2014. The data for later years is less complete.
- Not all CIT returns will be associated with PAYE, VAT or trader records. On the other hand, more than one PAYE or VAT registration may be associated with a single CIT-registered entity.
- Firms that have not been active may submit CIT returns, and which thus show zero turnover and costs.
- The firm’s financial year may not coincide with the tax year for Personal Income Tax (March – February), and this needs to be considered in deriving the number of jobs associated with the firm during its financial year.
- Tax forms change over time, as do the variables available and definitions thereof. Variable naming conventions were developed enabling comparisons over time.
- Firms with sales, capital stock and non-zero cost of sales may be associated with a single CIT-registered entity.
- Firms with capital stock, cost of sales and linked labour data are identified in deriving the number of jobs associated with the firm during its financial year.
- Proportion of turnover to QFS sales (2013) is shown.
- Proportion of jobs to jobs in QES.
- Proportion of sales in panel to QFS sales (2013) is shown.
- Proportion of turnover to QFS is shown.
- Proportion of jobs to jobs in QES is shown.
- Proportion of sales in panel to QFS is shown.
- Proportion of turnover to QFS is shown.
- Points to note:
  - The comparisons exclude agriculture and community and social services.
  - Employees cannot be distinguished from recipients of pensions in PAYE and trade data.
  - The QES excludes firms that are not VAT active.

How does the firm-level panel compare with other firm data?

- The sales (turnover) for firms in the panel were aggregated to compare with the aggregates of the Quarterly Financial Survey (QFS).
- This was done for all firms, as well as for those firms with key variables required for productivity analysis (sales, cost of sales, capital, labour information).
- Although many records do not contain these variables, the aggregate sales, costs, and labor data are comparable to the QFS. However, large differences emerge when turnover is examined by sector.

What advantages does the firm panel hold for research?

- The combining of different administrative records provides a richer set of variables on a firm than is typically available from a sample survey, e.g. both the turnover and employee numbers of a firm may be used in examining firm behaviour in relation to firm size.
- Tax and trade administrative records naturally yield longitudinal firm data enabling investigation into firm dynamics. The period covered by the panel will grow with time.
- Because the administrative records cover the full population of tax active firms, rare ‘events’ or behaviours are represented in the panel data, e.g. the uptake of an infrequently used tax incentive, such as learnerships.