1. INTRODUCTION

This publication presents data on Gross Domestic Product (GDP) by Income Approach for the year of 2015 to 2025. Data are presented by kind of economic activity at current prices. This statistics are compiled in accordance with the concepts and guidelines outlined in System of National Accounts 2008.

2. CONCEPTS OF GROSS DOMESTIC PRODUCT

GDP can be measured by using three approaches namely Production, Expenditure and Income Approach. Conceptually, GDP by these three approaches produce the same results.

Production Approach

GDP based on Production Approach is defined as the value of total production of goods and services produced in the economy after deducting the value of intermediate consumption. This approach is also known as the value added approach.

Expenditure Approach

GDP based on Expenditure Approach is the summation of Private Final Consumption, Government Final Consumption, Gross Fixed Capital Formation, Changes in Inventories and Valuables, Exports of goods and services minus Imports of goods and services. This approach measures value of goods and services used by final users on goods and services produced by resident.

Income Approach

GDP by Income Approach is the summation of all incomes accruing from production in the economy. Thus, this method enables factors of income and the return to factors of production to be measured by economic activity. The income components are Compensation of Employees, Gross Operating Surplus and Taxes less Subsidies on Production and Imports.

GDP by Income Approach is calculated as follows:

GDP by Income Approach = CE + GOS + (T - S)

where;

CE	-	Compensation of Employees
GOS	-	Gross Operating Surplus
(T - S)	-	Taxes less Subsidies on Production and Imports

3. COMPONENTS OF GDP BY INCOME APPROACH

Detail components of GDP by Income Approach are as follows:

GDP by Income Approach =

Compensation of Employees

- Salaries, wages, allowances, bonuses and commissions
- Payments in kind to paid employees: free medical attention, free accommodation, free food etc.
- Employer's social contribution

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Gross Operating Surplus

- Operating surplus
- Mixed income
- Consumption of fixed capital

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Taxes less Subsidies on Production and Imports

- Taxes on products
- Other taxes on production
- Subsidies on products
- Other subsidies on production

Compensation of Employees

Compensation of employees includes remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done during the accounting period.

Gross Operating Surplus

The operating surplus before deducting the consumption of fixed capital and mixed income.

Operating Surplus

Measures the surplus or deficit accruing from processes of production before deducting any explicit or implicit interest charges, rent or other property income payable on the financial assets, land or other natural resources required to carry on the production. By definition, operating surplus can only be earned by industries.

Mixed Income

Mixed income includes an unknown element of remuneration for work done by the owner of the enterprise, or other members of the household, as well as operating surplus accruing from the production.

Consumption of Fixed Capital

Consumption of fixed capital is defined as the decline in the current value of the stock of fixed assets owned and used by a producer during the course of the accounting period as a result of physical deterioration, normal obsolescence or nominal accidental damage.

Taxes less Subsidies on Production and Imports

Consists of taxes on products and other taxes on production less subsidies on product and other subsidies on production.

Taxes on Products

Taxes that are payable per unit of some goods or services and usually become payable when they are produced, delivered, sold, transferred or otherwise disposed by their producer. The tax may be a specific amount of money per unit of quantity of a good or service, or it may be calculated ad valorem as a specified percentage of the price per unit or value of the goods or services transacted. For example, sales taxes, excise taxes, import duties, export duties, etc.

Other Taxes on Production

Other taxes on production consist of all taxes except taxes on products that enterprises incur as a result of engaging in production such as taxes payable on land, fixed assets or labour employed in the production process or certain activities or transactions. Examples of other taxes on production are taxes payable by enterprises for business licenses, payroll taxes, stamp duties, etc.

Subsidies on Products

A subsidy payable per unit of a good or service. The subsidy may be a specific amount of money per unit of quantity of a good or service, or it may be calculated ad valorem as a specified percentage of the price per unit of the goods or services. A subsidy on products usually becomes payable when the good or service is produced, sold or imported, but it may be also payable in other circumstances such as when a good is transferred, leased, delivered or used for own consumption or own capital formation. The subsidy may be designed to influence resident enterprises' levels of production or the prices at which their outputs are sold.

Other Subsidies on Production

Consists of subsidies except subsidies on products that resident enterprises may receive as a consequence of engaging in production such as subsidies on payroll or workforce. The subsidy may be designed to influence the remuneration of the institutional units engaged in production.

4. METHOD OF ESTIMATION

The compilation of compensation of employees is based on census, surveys and administrative data obtained from various agencies. Taxes and subsidies are distributed by commodity using the structure of Supply and Use Tables 2015. Theoretically, the estimated GDP for three approaches should arrive at the same value. However, in practice, the estimated value by three approaches will not be equal as an imputation of different data sources. These differences are known as "Statistical Discrepancy" in National Accounts System. For GDP by Income Approach, statistical discrepancy is included in Gross Operating Surplus.

5. SCOPE AND COVERAGE

GDP by Income Approach is compiled by kind of economic activity based on Malaysia Standard Industrial Classification 2008 Ver. 1.0 which is aligned with the International Standard Industrial Classification Rev. 4.

6. PUBLICATION AND DATA REVISION

This publication presents the revision of the GDP by Income Approach for the year 2023 and 2024. The revisions were based on the latest data of census/ annual surveys and administrative data for those year. For year 2025, estimation was based on the quarterly data sources.

7. DATA SOURCES

Compilation of GDP by Income Approach was based on the following data sources:

Primary Data Sources	*Administrative Data Sources*
• *Supply and Use Tables 2015* • *Economic Census* • *Annual Economic Survey* • *Labour Force Survey* • *Salaries & Wages Survey* • *Monthly Manufacturing Survey* • *Quarterly Construction Survey* • *Wholesale & Retails Trade Census* • *Monthly Survey of Wholesale & Retail Trade* • *Quarterly Survey of Services*	• *Ministry of Finance Malaysia* • *Accountant General's Department of Malaysia* • *Financial Statements of the Federal Government, State Government, Local Authorities and Statutory Bodies* • *Royal Malaysian Customs Department* • *Employees Provident Fund (EPF)* • *Inland Revenue Board of Malaysia (IRBM)* • *Social Security Organisation (SOCSO)* • *Monthly Rubber Statistics Malaysia* • *Malaysian Rubber Board* • *Malaysian Palm Oil Board* • *Department of Veterinary Services* • *Department of Agriculture* • *Ministry of Agriculture and Food Security* • *Ministry of Plantation and Commodities* • *Malaysian Pineapple Industry Board* • *National Kenaf and Tobacco Board* • *Malaysian Pepper Board* • *Forestry Department of Peninsular Malaysia* • *Sabah Forestry Department* • *Forest Department Sarawak* • *Department of Fisheries Malaysia* • *Petroleum and Natural Gas Statistics* • *Central Bank of Malaysia* • *Retirement Fund Incorporated* • *Annual Report of Companies*