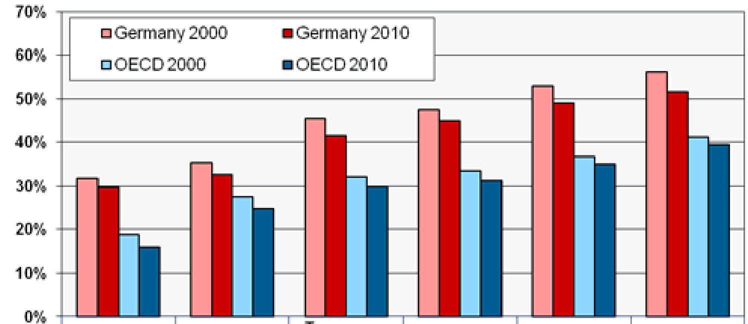
Taxing Wages: Country note for Germany

Germany is among the OECD countries with the highest tax and social security burden on labour income, despite reductions in the average tax burden over the past 11 years. The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) is more than 11 percentage points higher than the OECD average for all family types except one-earner married couples with 2 children at average earnings, for whom the tax wedge is just under 8 percentage points higher. The tax wedge is particularly high ¬– more than 13 percentage points above the OECD average – for single taxpayers at low and average earnings and for single parents with 2 children and low earnings.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Germany 2000	31.7%	35.3%	45.4%	47.5%	52.9%	56.3%
Germany 2010	29.7%	32.6%	41.4%	44.9%	49.1%	51.5%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

All family types have benefited from tax and SSC cuts implemented over the past 11 years. Single taxpayers with high incomes benefited most. The tax wedge decreased the least for single parents.

download the above graph and data for all OECD countries (xls/729kB)

Compared to 2009, the overall tax burden decreased in 2010 for all household types analysed in the Taxing Wages Report. The tax wedge decreased the most for single employees with average earnings; their wedge narrowed by 1.8 percentage points to 49.1% of total labour costs. Two-earner married couples with 2 children where one spouse earns the average wage and the other spouse earns 67% of the average saw their tax wedge decline by 1.7 percentage points to 41.4% of labour costs.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Germany was EUR 41 750.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Germany: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Germany and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

Top of page

Français

Follow us

E-mail Alerts Blogs

Search

BETTER POLICIES FOR BETTER LIVES

Newsroom (Home)

News releases

Upcoming events

Publications and statistics

Secretary-General speeches

Multimedia

OECD in the news

Contact us

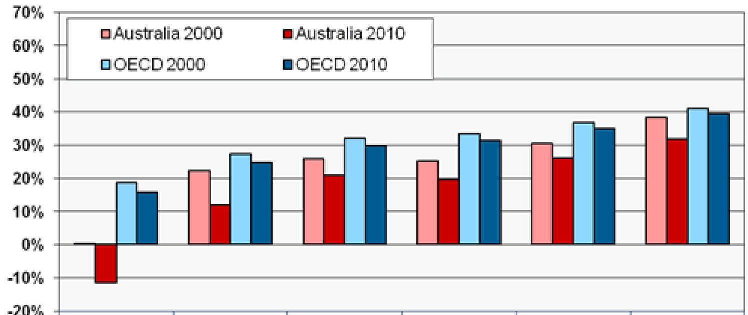
Home: Newsroom >

Taxing Wages: Country note for Australia

Send Print

Australia is among the OECD countries that levy a low tax burden on labour income. The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) was below the OECD average for all family types in 2000; the difference with the OECD average has increased over the past 11 years as Australia has reduced the tax wedge significantly. The tax wedge is about 8 to 13 percentage points below the OECD average for most families. Lone parents with 2 children at low earnings face a tax wedge that is more than 27 percentage points below the average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Australia 2000	0.0%	22.4%	26.0%	25.3%	30.4%	38.3%
Australia 2010	-11.4%	12.1%	21.0%	19.7%	26.2%	31.7%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge decreased strongly for all family types as a result of tax cuts implemented over the past 11 years. One-earner married couples with 2 children at average earnings and lone parents with 2 children at low earnings benefited the most, with drops of more than 10 percentage points.

download the above graph and data for all OECD countries (xls/729kB)

Compared to 2009, the overall tax burden increased in 2010 for families with children and decreased marginally for single individuals with high earnings. The tax wedge changed the most for two-earner couples with 2 children where one spouse earns the average wage and the other earns 67% of the average wage. Their tax wedge increased by 1.2 percentage points to 21.0% of the total cost to the employer of employing that person (total labour costs). For lone parents with 2 children and 67% of the average wage the tax wedge increased by 0.4 percentage points but remains negative at 11.4% of total labour costs, which means that they receive more transfers from the government than the taxes they pay. The tax wedge remained unchanged for single taxpayers with the average wage and 67% of the average wage, at 26.2% and 19.7% of labour costs, respectively.

Employers in Australia are required to make contributions to the private pension plans of their employees under the Superannuation Guarantee scheme; a discussion of these “non-tax compulsory payments (NTCPs)” is included in the OECD Tax Database.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Australia was AUD 62 772.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Australia: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Australia and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

Top of page

Newsroom (Home)

- News releases
- Upcoming events
- Publications and statistics
- Secretary-General speeches
- Multimedia
- OECD in the news
- Contact us

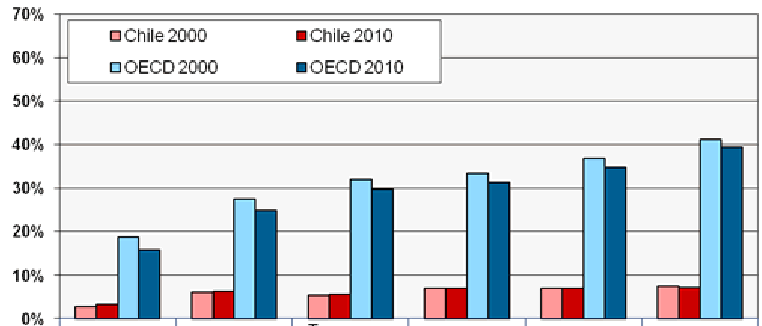
Home: Newsroom >

Taxing Wages: Country note for Chile

Send Print

Chile is among the OECD countries that levy the lowest tax and social security burden on labour income. Single employees take home 93% of what they cost to their employer ("total labour costs"), regardless of their earnings level. In fact, the average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) is the lowest among OECD countries for single employees with low to high earnings and for couples with 2 children where one spouse earns the average wage and the other spouse earns 67% of the average. For these family types the tax wedge is about 24 to 32 percentage points lower than the OECD average. The tax wedge for one-earner couples with 2 children and average earnings is only lower in New Zealand. For these family types, the tax wedge is almost 19 percentage points lower than the OECD average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Chile 2000	2.8%	6.1%	5.3%	7.0%	7.0%	7.4%
Chile 2010	3.3%	6.2%	5.5%	7.0%	7.0%	7.1%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge has remained fairly constant over the past 11 years. It has slightly declined for single workers with high earnings, and slightly increased for single parents with low earnings.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the overall tax burden remained fairly constant for all types of households analysed in the Taxing Wages Report. For single employees with average earnings the tax wedge remained at 7.0% of total labour costs. Some family types face even lower tax burdens. For example, the tax wedge of a lone parent with 2 children and 67% of the average wage remained at 3.3% of total labour costs.

Employees and employers in Chile are required to make contributions to privately-managed pension and insurance funds. These "non-tax compulsory payments (NTCPs)" strongly increase the overall tax burden. E.g., the tax wedge for single workers at average earnings increases from 7.0% to 22.8% if these NTCPs are also taken into account. More information on these NTCPs in Chile and other OECD countries is included in the OECD Tax Database.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Chile was CLP 4 724 939.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Chile: 2000-2009

Chile, which is a new member of the OECD, is not included within the Special Feature of the 2010 edition of Taxing Wages as no fully finalized Taxing Wages models were available when the Special Feature was written.

More Information

A detailed description of the tax system in Chile and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

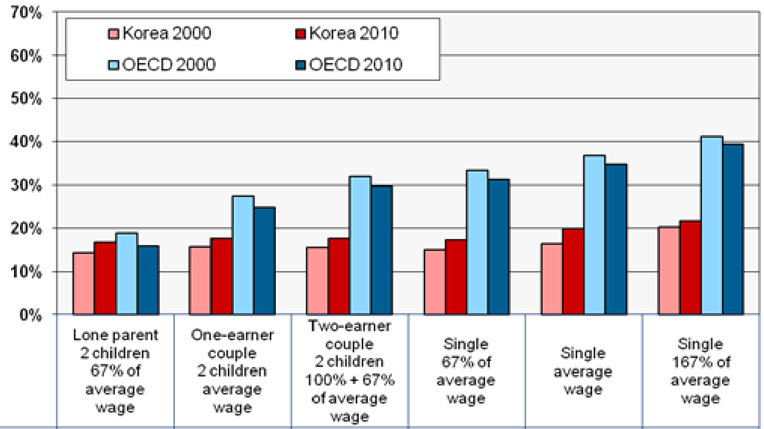
Top of page

 Terms & Conditions Privacy Policy Powered by Vignette MyOECD Site Map Contact Us

Taxing Wages: Country note for Korea

Korea is among the OECD countries with the lowest tax burden on labour income. In 2000, the average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) was considerably below the OECD average for all household types. The difference has narrowed over the past 11 years but the tax wedge remains below the OECD average for all family types, except lone parents with low earnings. For them, the tax wedge is about 1 percentage point higher than the OECD average. In contrast, single taxpayers with 167% of the average wage face the third lowest tax burden among OECD countries, almost 18 percentage points below the average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Korea 2000	14.3%	15.6%	15.4%	15.0%	16.3%	20.2%
Korea 2010	16.7%	17.5%	17.6%	17.3%	19.8%	21.6%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge increased for all households as a result of tax reforms implemented over the past 11 years. The average tax wedge increased the most for single taxpayers with average earnings.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the tax wedge increased moderately for all family types analised in the Taxing Wages Report except for single earners with 167% of the average wage. For them, the tax wedge narrowed by 0.2 percentage points to 21.6% of the total labour costs. Single-earner couples with 2 children at average earnings saw their tax wedge increase by 0.6 percentage points to 17.5% of total labour costs. For other family types the tax wedge increased by up to 0.5 percentage points.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Korea was KRW 35 396 501.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Korea: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Korea and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

Top of page

Newsroom (Home)

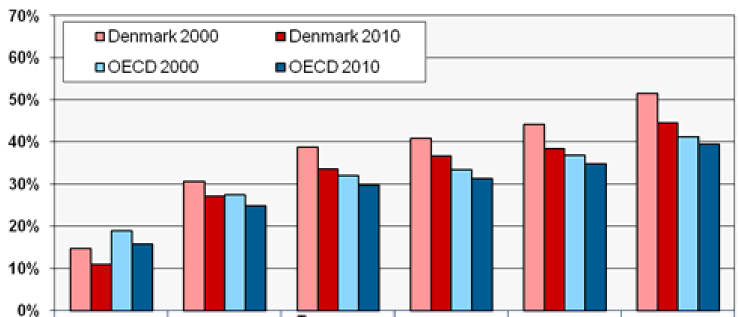
- News releases
- Upcoming events
- Publications and statistics
- Secretary-General speeches
- Multimedia
- OECD in the news
- Contact us

Home: Newsroom >

Taxing Wages: Country note for Denmark

Paralleling the average trend in OECD countries, Denmark has gradually decreased the tax and social security burden on labour over the past 11 years, and in 2010 personal income taxes were cut considerably. However, the tax burden on labour remains high compared to other OECD countries. Only for single parents with low earnings is the average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) below the OECD average. For other family types the tax wedge is about 2 to 5 percentage points above the OECD average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Denmark 2000	14.7%	30.7%	38.7%	40.8%	44.1%	51.4%
Denmark 2010	11.0%	27.1%	33.7%	36.7%	38.3%	44.5%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge decreased for all families as a result of the tax cuts implemented over the past 11 years. Single employees with average to high earnings benefited the most.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the tax burden decreased for all types of households analysed in the Taxing Wages Report as a result of personal income tax reform. For a single employee earning 167% of the average wage the tax wedge narrowed by 4 percentage points to 44.5% of total labour costs; it decreased by 1.9 percentage points to 11.0% for single parents with 2 children and 67% of the average wage. For a one-earner married couple with 2 children and average earnings the tax wedge decreased by 1.6 percentage points to 27.1% of total labour costs. For other family types the tax wedge decreased by 1.2 to 1.6 percentage points.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Denmark was DKK 374 625.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Denmark: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Denmark and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

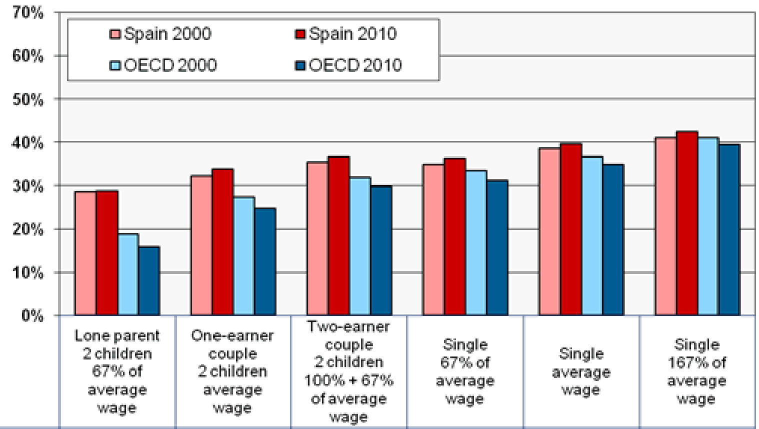
back to country list

Top of page

Taxing Wages: Country note for Spain

In Spain, the tax and social security burden on wage income has not changed much when comparing the tax wedges in 2010 with the values in 2000. The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) is above the OECD average for all family types. The difference with the OECD average is under 5 percentage points for single taxpayers at average and high earnings. The tax wedge for one-earner married couples with 2 children at average earnings is 9 percentage points higher than the OECD average. The difference is especially significant for lone parents with 2 children at 67% of the average wage; their tax wedge is 13 percentage points above the OECD average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Spain 2000	28.5%	32.3%	35.4%	34.8%	38.6%	41.0%
Spain 2010	28.8%	33.8%	36.6%	36.4%	39.6%	42.5%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge in Spain has remained relatively constant when comparing the 2010 values to the 2000 values. The change in the tax wedge ranges between +0.3 and +1.6 percentage points.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the overall tax burden increased for all the households included in the Taxing Wages Report. For single employees with an average wage the wedge between the total cost to the employer of employing a person ("total labour costs") and that person's net take-home pay increased by 1.4 percentage points to 39.6% of total labour costs. The tax wedge also increased by more than 1 percentage point for single taxpayers at 67% of the average wage (+2.0 percentage points), one-earner married couples with 2 children at average earnings (+1.4 percentage points) and two-earner married couples with 2 children where one spouse earns the average wage and the other spouse earns two-thirds of the average wage (+1.6 percentage points); the tax wedge for these families increased to 36.4%, 33.8% and 36.6% respectively.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Spain was EUR 24 421.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Spain: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350Kb)

More Information

A detailed description of the tax system in Spain and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

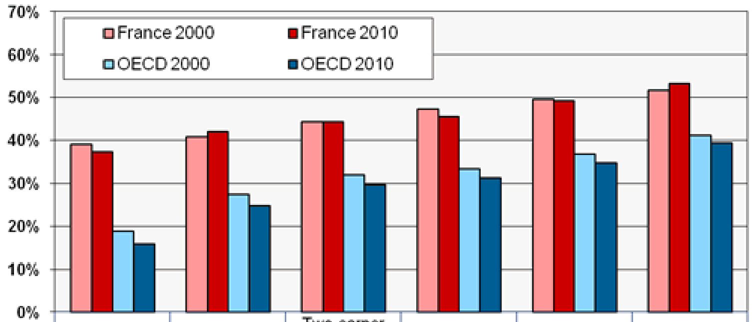
back to country list

Top of page

Taxing Wages: Country note for France

France is among the OECD countries with the highest tax and social security burden on labour income. Single taxpayers at average earnings take home only slightly more than 50% of what they cost to their employer ("total labour costs"); single taxpayers with high earnings take home even less than 47%. The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) in France is at least 13 percentage points above the OECD average for every family type, and the difference with the OECD average has widened relative to 2000. In France, lone parents with 2 children at 67% of the average wage face the highest tax wedge in the OECD; it is about 21 percentage points above the OECD average. One-earner couples with 2 children and average earnings also face the highest tax wedge in the OECD; it is more than 17 percentage points higher than the average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
France 2000	39.1%	40.7%	44.2%	47.4%	49.6%	51.7%
France 2010	37.2%	42.1%	44.3%	45.5%	49.3%	53.2%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

Single taxpayers with low to average earnings and lone parents at low earnings have benefited the most from tax changes implemented over the past 11 years. The tax wedge increased for one-earner married couples at average earnings with 2 children and for single taxpayers with high earnings.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the overall tax burden increased moderately for every family type included in the Taxing Wages Report. The tax wedge increased the most for married couples with 2 children where one spouse earns the average wage and the other spouse earns 33% of the average; their tax wedge increased by 1.5 percentage points to 45.4% of total labour costs. For single parents with 2 children and 67% of the average wage the tax wedge increased by 0.6 percentage points to 37.2% of total labour costs. Single employees with 67% of the average wage saw their tax wedge increase by 0.5 percentage points to 45.5% of labour costs.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for France was EUR 33 871.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in France: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in France and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

Top of page

Newsroom (Home)
- News releases
- Upcoming events
- Publications and statistics
- Secretary-General speeches
- Multimedia
- OECD in the news
- Contact us

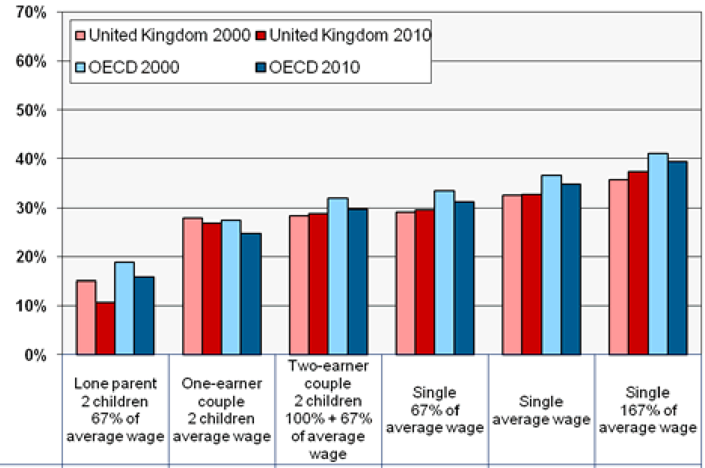
Home: Newsroom >

Taxing Wages: Country note for the United Kingdom

Send Print

In the United Kingdom, the tax and social security burden on labour income is close to the OECD average. Single taxpayers at average earnings take home more than 67% of what they cost to their employer ("total labour costs"). The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) for most family types is around 2 percentage points below the OECD average; lone parents with 2 children at low earnings are taxed at comparably lower rates (5 percentage points below the OECD average). Only one-earner married couples with 2 children at average earnings pay slightly more tax than on average in the OECD.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
United Kingdom 2000	15.0%	27.8%	28.3%	29.1%	32.6%	35.8%
United Kingdom 2010	10.7%	26.8%	28.8%	29.6%	32.7%	37.5%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge has remained relatively stable over the last 11 years for most family types. However, for lone parents with 2 children at low earnings it declined by about 4 percentage points and for single taxpayers at high earnings it increased by about 2 percentage points.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the overall tax burden increased for all types of households analysed in the Taxing Wages Report. For a single employee earning the average wage the tax wedge increased by 0.2 percentage points to 32.7% of labour costs. A single-earner married couple with 2 children at average wage earnings saw their tax wedge increase by 0.4 percentage points to 26.8% of labour costs. The tax burden increased the most for lone parents with 2 children at 67% of the average wage; their tax wedge increased by 1.5 percentage points to 10.7% of total labour costs.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for the United Kingdom was GBP 35 212.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in the United Kingdom: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in the United Kingdom and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

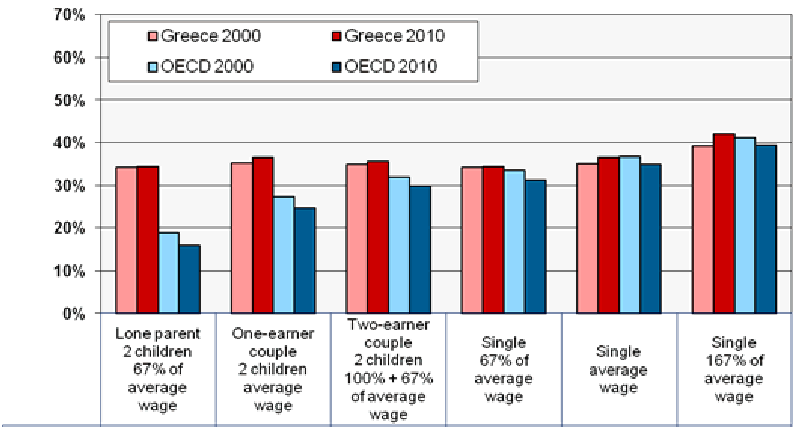
back to country list

Top of page

Taxing Wages: Country note for Greece

Greece is one of the OECD countries with the highest tax burden on labour income for one-income families with children. For lone parents with 2 children at 67% of the average wage, the average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) is more than 18 percentage points higher than the OECD average. For one-earner married couples with 2 children and average earnings the tax wedge is about 12 percentage points higher than the average. For other family types types the tax wedge is also higher than the OECD average but the differences are less significant.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Greece 2000	34.3%	35.3%	35.0%	34.3%	35.2%	39.2%
Greece 2010	34.4%	36.6%	35.7%	34.4%	36.6%	41.9%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge increased over the past 11 years for all family types. The tax wedge increased by 2.7 percentage points for high income single employees. On the other hand, the increases were marginal for single individuals with or without children at 67% of the average wage.

download the above graph and data for all OECD countries (xls/729kB)

The tax burden remained constant from 2009 to 2010 for single taxpayers, with or without children, earning 67% of the average wage. For all other family types in the Taxing Wages Report the tax burden declined. The tax wedge declined the most for one-earner couples with 2 children and average earnings; their wedge narrowed by 2 percentage points to 36.6%. For single employees earning the average wage the tax wedge narrowed by 1.6 percentage points, also to 36.6%.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Greece was EUR 17 524.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Greece: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Greece and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

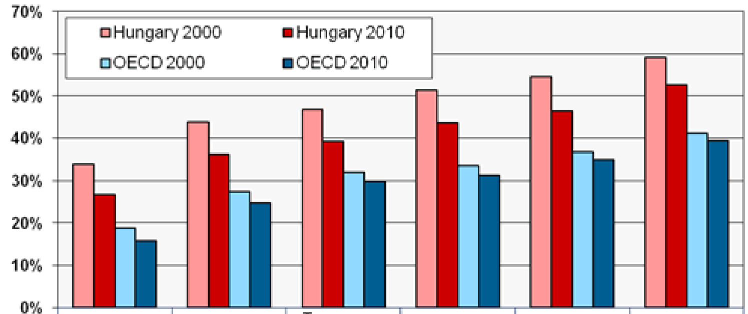
back to country list

Top of page

Taxing Wages: Country note for Hungary

Hungary is one of the countries where taxes and social security contributions on labour income have declined the most over the past 11 years. The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) narrowed by about 6 to 8 percentage points for every family type over this period. Nonetheless, the tax wedge is still about 9 to 13 percentage points higher than the OECD average for each of the families analysed in the Taxing Wages Report. Single taxpayers with average earnings take home less than 54% of what they cost to their employe ("total labour costs"); single taxpayers with high earnings take home less than 48%.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Hungary 2000	33.8%	43.9%	46.9%	51.4%	54.6%	59.1%
Hungary 2010	26.6%	36.3%	39.2%	43.6%	46.4%	52.7%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge has decreased for all family types over the past 11 years. Single taxpayers earning the average wage benefited most from the tax cuts implemented over this period.

download the above graph and data for all OECD countries (xls/729kB)

The overall tax burden decreased considerably from 2009 to 2010 for all types of households in the Taxing Wages Report as a result of personal income tax reform. For most types of households the tax wedges declined more in Hungary than in any other OECD country. The tax wedge narrowed the most for one-earner couples with 2 children and average earnings; their tax wedge decreased by 6.9 percentage points to 36.3% of total labour costs. Single taxpayers with the average wage saw their tax wedge narrow by 6.6 percentage points, to 46.4%. Single employees with 67% of the average wage experienced the smallest reduction to their tax wedge; it narrowed by 2.6 percentage points to 43.6%.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Hungary was HUF 2 445 172.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Hungary: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Hungary and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

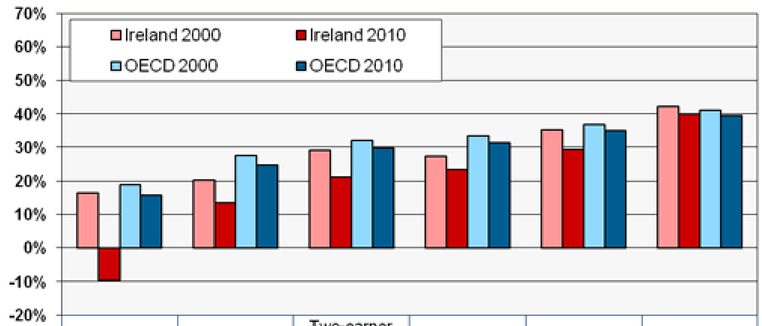
back to country list

Top of page

Taxing Wages: Country note for Ireland

Ireland is among the OECD countries that levy a low tax burden on labour income, particularly for single parents with low earnings. In 2000, the average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) was below the OECD average for all families types except high income singles. The difference with the OECD average has widened as Ireland reduced the tax wedge considerably over the past 11 years. This has been the case particulary for lone parents with 2 children and low earnings; their tax wedge declined by more than 25 percentage points and they now receive more in government transfers than the taxes they pay. The tax wedge is only lower for this type of household in Australia and New Zealand. High income singles are the only family type whose tax wedge is above the OECD average, but the difference is minimal.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Ireland 2000	16.4%	20.4%	29.1%	27.4%	35.2%	42.2%
Ireland 2010	-9.5%	13.4%	21.1%	23.4%	29.3%	39.9%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge decreased for all families as a result of tax cuts implemented over the past 11 years. Families with children and especially lone parents with children at low earning levels benefited the most.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the overall tax burden increased for all types of households analysed in the Taxing Wages Report except for lone parents with 2 children earning 67% of the average wage; their tax wedge declined by 1.2 percentage points to -9.5% of total labour costs. Single-earner married couples with 2 children at average earnings saw their tax wedge increase by 1.3 percentage points to 13.4% of labour costs. For other family types the tax wedge increased by 1.1 percentage points or less.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Ireland was EUR 39 555.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Ireland: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Ireland and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

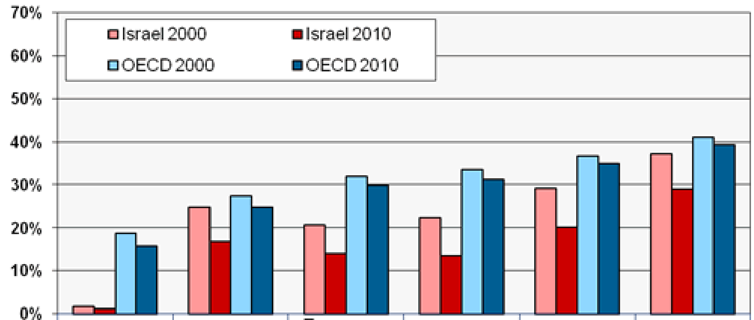
back to country list

Top of page

Taxing Wages: Country note for Israel

Israel is among the OECD countries with the lowest tax and social security burden on labour income. For single people earning 67% of the average wage the tax burden is the third lowest in the OECD. These taxpayers take home about 99% of what they cost to their employers ("total labour costs"). Their average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) is almost 15 percentage points below the OECD average. Couples with 2 children where one spouse earns the average wage and the other spouse earns 67% of the average wage also face the the third lowest tax wedge in the OECD, about 8 percentage points below the average. For all other family types in the Taxing Wages Report, the tax wedge is more than 10 percentage points below the OECD average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Israel 2000	1.7%	24.8%	20.7%	22.3%	29.0%	37.3%
Israel 2010	1.1%	16.9%	14.0%	13.5%	20.2%	29.0%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge has declined for all family types as a result of tax cuts implemented over the past 11 years. Single taxpayers have benefited the most, with reductions of more than 8 percentage points.

download the above graph and data for all OECD countries (xls/729kB)

The tax wedge remained fairly constant from 2009 to 2010 for the family types analised in Taxing Wages. For lone parents with 2 children and 67% of average earnings the tax wedge increased by 0.3 percentage points to 1.1% of total labour costs. For single employees earning 67% of the average wage the tax wedge increased by 0.2 percentage points to 13.5% of total labour costs. The tax wedge remained stable within 0.1 percentage points for all other household types.

Employees and employers in Israel are required to make contributions to a privately-managed pension fund. These "non-tax compulsory payments (NTCPs)" increase the overall tax burden. E.g., the tax wedge for single workers at average earnings increases from 20.2% to 25.1% if these NTCPs are also taken into account. More information on these NTCPs in Israel and other OECD countries is included in the OECD Tax Database.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Israel was ILS 118 155.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Israel: 2000-2009

Israel, which is a new member of the OECD, is not included within the Special Feature of the 2010 edition of Taxing Wages as no fully finalized Taxing Wages models were available when the Special Feature was written.

More Information

A detailed description of the tax system in Chile and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

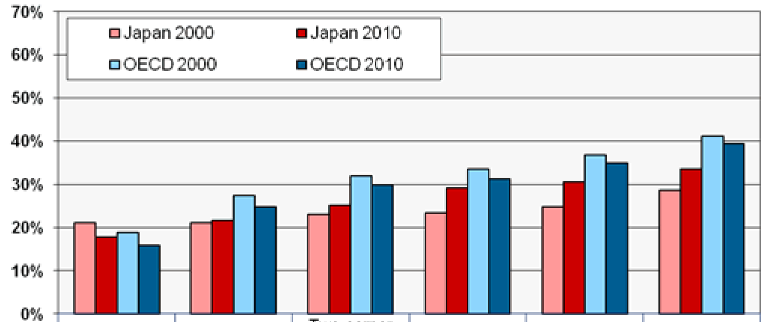
Top of page

 Terms & Conditions | Privacy Policy | Powered by Vignette | MyOECD | Site Map | Contact Us

Taxing Wages: Country note for Japan

The tax burden on labour income in Japan is relatively low among OECD countries, in spite of tax burden increases for most family types over the past 11 years. Single taxpayers at average earnings, for instance, take home about 70% of what they cost to their employer ("total labour costs"). The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) of single taxpayers earning 167% of the average wage is about 6 percentage points lower than the OECD average. Only lone parents with 2 children at 67% of the average wage face a tax wedge that is higher than the OECD average; however, the difference is less than 2 percentage points.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Japan 2000	21.0%	21.1%	23.0%	23.4%	24.8%	28.6%
Japan 2010	17.7%	21.6%	25.2%	29.1%	30.5%	33.5%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge increased for all family types over the past 11 years, except for low income lone parents, for whom the tax wedge narrowed. The tax wedge has increased the most forsingle taxpayers with low to average earnings.

download the above graph and data for all OECD countries (xls/729kB)

Compared to 2009, the tax burden increased for single individuals and decreased for families with children in 2010. For a single employee with average earnings the tax wedge increased by 1.4 percentage points to 30.5%. One-earner married couples with 2 children at average wage earnings saw their tax wedge decrease by 2 percentage points to 21.6%. The tax burden decreased the most for lone parents with 2 children and 67% of average earnings; their tax wedge narrowed by 3.7 percentage points to 17.7%.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Japan was JPY 4 861 937.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Japan: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Japan and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

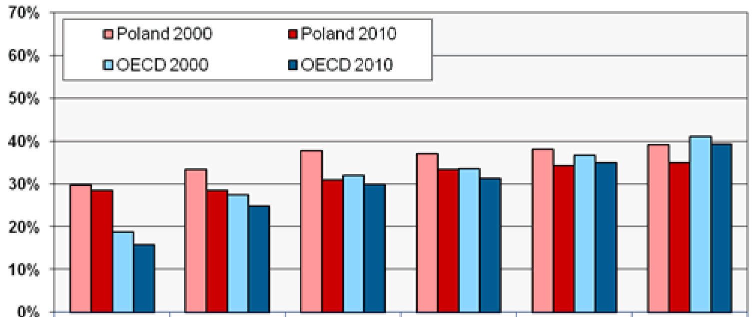
back to country list

Top of page

Taxing Wages: Country note for Poland

For most families in the Taxing Wages Report, the tax and social secuirity burden on labour income in Poland is close to the OECD average. However, for lone parents with 2 children and low earnings the average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) is almost 13 percentage points higher than the OECD average. On the other hand, single individuals with high earnings face a tax wedge that is about 4 percentage points lower than the OECD average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Poland 2000	29.7%	33.3%	37.7%	37.0%	38.2%	39.1%
Poland 2010	28.4%	28.4%	30.8%	33.3%	34.3%	35.0%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge decreased across the board over the past 11 years. It declined the most for dual-earner couples with children where one spouse earns the average wage and the other spouse earns 67% of the average wage and for one-earner couples with children and average earnings.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the tax wedge remained constant or increased modestly for the families analysed in Taxing Wages. For single employees with 67% of the average wage the tax wedge increased by 0.2 percentage points to 33.3% of total labour costs. The tax wedge increased the most for for two-earner couples with children where one spouse earns the average wage and the other spouse earns 33% of the average wage; their tax wedge increased by 0.4 percentage points to 29.5% of labour costs. The tax wedge remained unchanged for lone parents with 2 children and 67% of the average wage and for one-earner couples with average earnings, in both cases at 28.4% of labour costs.

Employees and employers in Poland are required to make contributions to a privately-managed pension fund (through Zaklad Ubezpieczen Spolecznych - ZUS). These "non-tax compulsory payments (NTCPs)" strongly increase the overall tax burden. E.g., the tax wedge for single workers at average earnings increases from 34.3% to 39.4% if these NTCPs are also taken into account. More information on these NTCPs in Poland and other OECD countries is included in the OECD Tax Database

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Poland was PLN 37 665.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdensin Poland: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Poland and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

Top of page

Newsroom (Home)
- News releases
- Upcoming events
- Publications and statistics
- Secretary-General speeches
- Multimedia
- OECD in the news
- Contact us

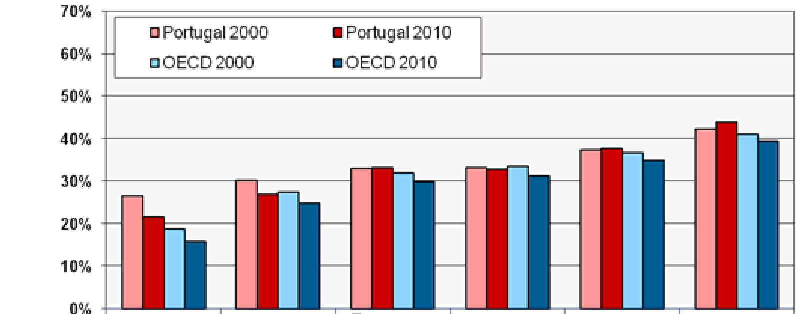
Home: Newsroom >

Taxing Wages: Country note for Portugal

Send Print

Portugal levies a tax and social security burden on labour income that is relatively high compared to the OECD average. For lone parents with low earnings the average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) is almost 6 percentage points above the OECD average. For single taxpayers with high earnings the tax wedge is about 4 percentage points above the OECD average. For other family types the difference with the average is less pronounced.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Portugal 2000	26.5%	30.2%	32.9%	33.2%	37.3%	42.3%
Portugal 2010	21.6%	26.9%	33.1%	32.8%	37.7%	43.8%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

Lone parents and single taxpayers with low earnings and single-earner couples with average earnings benefited from tax wedge reductions over the past 11 years. Other family types experienced modest increases in their tax wedge.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the tax wedge increased moderately for all household types in the Taxing Wages Report. For single employees with average earnings the tax wedge increased by 0.3 percentage points to 37.7% of total labour costs. One-earner couples with 2 children and average earnings saw their tax wedge increase also by 0.3 percentage points, to 26.9% of total labour costs. The tax wedge increased the most for single employees with 167% of the average wage; their tax wedge increased by 0.5 percentage points to 43.8% of total labour costs.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Portugal was EUR 17 556.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Portugal: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Portugal and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

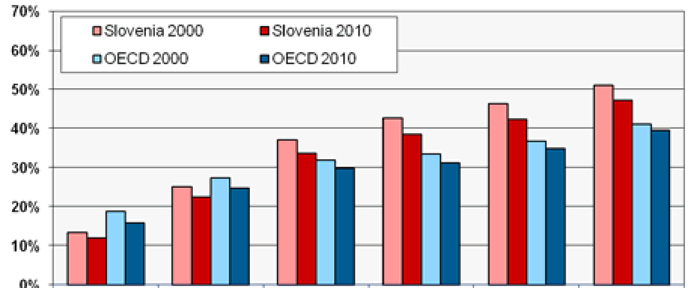
back to country list

Top of page

Taxing Wages: Country note for Slovenia

Slovenia is among the OECD countries that levy a high tax and social security contribution burden on the labour income of single taxpayers, although their tax burden has declined over the past 11 years. The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) of single employees is more than 7 percentage points above the OECD average regardless of their earnings level. On the other hand, the tax wedge of lone parents with 2 children and low earnings is 4 percentage points below the OECD average. For one-earner couples with average earnings the tax wedge is about 2 percentage points below the OECD average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Slovenia 2000	13.3%	25.0%	37.1%	42.6%	46.3%	51.0%
Slovenia 2010	11.8%	22.4%	33.8%	38.5%	42.4%	47.3%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge decreased for all family types over the past 11 years. Single taxpayers benefited the most, with reductions of about 4 percentage points.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the tax wedge changed moderately for all the family types in the Taxing Wages Report, but there was no consistent trend in the direction of the changes. The tax wedge narrowed by 0.4 percentage points to 33.8% of total labour costs for couples with two children where one spouse earns the average wage and the other spouse earns 67% of the average wage. Lone parents with 2 children and 67% of the average wage saw their tax wedge reduced by 0.5 percentage points to 11.8% of total labour costs. The tax wedge changed the most for single employees earning 67% of the average wage; their tax wedge narrowed by 1.3 percentage points to 38.5% of labour costs. For all other family types the tax wedge increased by 0.1 to 0.3 percentage points.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Slovenia was EUR 16 551.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Slovenia: 2000-2009

Slovenia, which is a new member of the OECD, is not included within the Special Feature of the 2010 edition of Taxing Wages as no fully finalized Taxing Wages models were available when the Special Feature was written.

More Information

A detailed description of the tax system in Chile and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

Top of page

Français

Follow us

E-mail Alerts Blogs

Search

BETTER POLICIES FOR BETTER LIVES

Newsroom (Home)

- News releases
- Upcoming events
- Publications and statistics
- Secretary-General speeches
- Multimedia
- OECD in the news
- Contact us

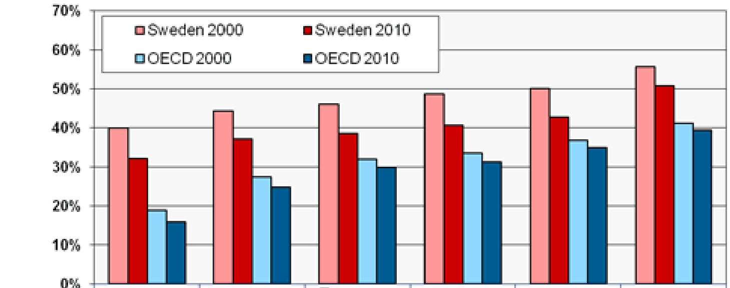
Home: Newsroom >

Taxing Wages: Country note for Sweden

Send Print

Sweden has significantly reduced the tax and social security burden on labour income over the past 11 years. Single taxpayers at high earnings, however, continue to take home less than 50% of what they cost to their employer ("total labour costs"). The difference with other OECD countries is the lowest for singles at average full-time earnings; these Swedish taxpayers face an average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) that is 7.8 percentage points above the OECD average. The tax wedge for lone parents with 2 children at 67% of the average wage continues to be especially high compared to the OECD average; the difference is over 16 percentage points.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
Sweden 2000	39.9%	44.3%	46.0%	48.6%	50.1%	55.7%
Sweden 2010	32.2%	37.1%	38.5%	40.6%	42.7%	50.8%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge strongly decreased for all families as a result of the tax cuts implemented over the past 11 years; For most families the tax wedge narrowed by more than 7 percentage points. Only single taxpayers at higher earnings experienced a smaller reduction, of about 5 percentage points.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the overall tax burden decreased for all types of households analysed in the Taxing Wages Report, but the average reduction was small. For single employees at average earnings the average tax wedge narrowed by 0.5 percentage points to 42.7% of total labour costs. A married couple with 2 children, one spouse earning the average wage, the other earning 67% of that, saw its tax wedge decrease by 0.6 percentage points to 38.5% of labour costs.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for Sweden was SEK 365 930.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in Sweden: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in Sweden and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

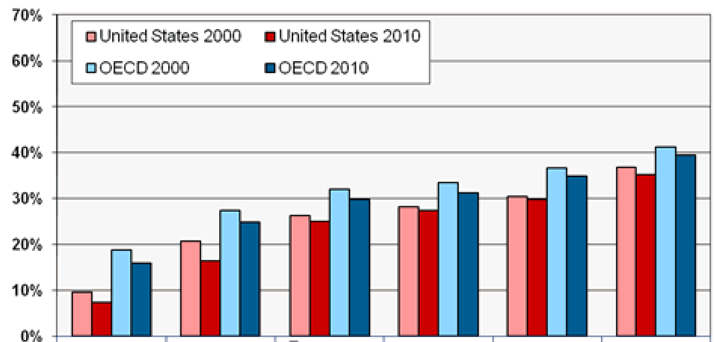
back to country list

Top of page

Taxing Wages: Country note for the United States

The United States is among the OECD countries that levy a low tax burden on labour income. Single taxpayers at average earnings, for instance, take home about 70% of what they cost to their employer ("total labour costs"). The average tax wedge (income taxes plus employee and employer social security contributions minus cash transfers as a percentage of total labour costs) is considerably below the OECD average for all family types. The tax wedge for lone parents with 2 children at low earnings and for one-earner married couples with 2 children at average earnings is more than 8 percentage points below the OECD average.

Tax Wedge in % of labour costs for different wage levels and household types, 2000 and 2010



	Lone parent 2 children 67% of average wage	One-earner couple 2 children average wage	Two-earner couple 2 children 100% + 67% of average wage	Single 67% of average wage	Single average wage	Single 167% of average wage
United States 2000	9.6%	20.6%	26.3%	28.3%	30.4%	36.8%
United States 2010	7.4%	16.3%	24.9%	27.5%	29.7%	35.2%
OECD 2000	18.8%	27.4%	32.0%	33.5%	36.7%	41.1%
OECD 2010	15.8%	24.8%	29.8%	31.3%	34.9%	39.4%

The tax wedge decreased for all family types over the past 11 years. The tax wedge decreased the most for lone parents with 2 children at low earnings and for one-earner married couples with 2 children at average earnings.

download the above graph and data for all OECD countries (xls/729kB)

From 2009 to 2010, the overall tax burden increased for all households analysed in the Taxing Wages Report, although on average the changes were small. For single employees with an average wage the tax wedge increased by 0.1 percentage point to 29.7% of total labour costs. For one-earner married couples with 2 children and average earnings the tax wedge increased by 1.1 percentage points to 16.3% of labour costs. The tax wedge increased the most for single parents with 2 children and 67% of the average wage; their tax wedge increased by 2.6 percentage points to 7.4% of labour costs.

The tax wedge in Taxing Wages is calculated on the basis of the average gross wage earnings of full-time employees in the private sector (including employees at management level). The corresponding 2010 annual average gross wage for the United States was USD 43 040.

Special Feature: Wage Income Tax Reforms and Changes in Tax Burdens in the United States: 2000-2009

The Special Feature of the 2010 edition of the Taxing Wages report calculates the changes over time in the tax burden on wage income ranging from 50% to 250% of the average wage by comparing the tax burden in 2009 with the tax burden in 2000 and calculates the respective contributions of changes in income taxes, employee social security contributions, employer social security contributions and cash benefits. The analysis focuses on changes in the average and marginal tax wedge as well as changes in the net personal average and marginal tax rate.

Change in the average tax wedge (2000 - 2009) (xls/1.5Mb)

Change in the marginal tax wedge (2000 - 2009) (xls/1.2Mb)

Change in net personal average tax rate (2000 - 2009) (xls/1.5Mb)

Change in net personal marginal tax rate (2000 - 2009) (xls/1.2Mb)

A guide for interpreting the attached special feature country charts (doc/350kB)

More Information

A detailed description of the tax system in the United States and the associated calculations for the tax wedge are included in Taxing Wages 2010.

Comparative analyses comparing country data can be found on our free online database OECD.StatExtracts, under: Public Sector, Taxation and Market Regulation > Taxation > Taxing wages.

Access to the complete dataset shown in the Taxing Wages report, including detailed country information, is through subscription. For details on how to subscribe please visit our "Getting Online Access" page at the OECD Library website.

How to obtain this publication

Readers can access the full version of Taxing Wages 2010 (Special Feature: Wage income Tax Reforms and Changes in Tax Burdens 2000-2009) by choosing from the following options:

- Subscribers and readers at subscribing institutions can access the online edition via OECD iLibrary, our online library.
- Non-subscribers can purchase the PDF e-book and/or paper copy via our Online Bookshop.
- Access by password for accredited journalists

back to country list

Top of page