Taxing Wages 2019

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Taxing Wages 2019

The OECD's *Taxing Wages 2019* provides unique information for each of the 36 OECD countries on the income taxes paid by workers, their social security contributions, the transfers they receive in the form of cash benefits, as well as the social security contributions and payroll taxes paid by their employers. Results reported include the marginal and average tax burden for one- and two-earner households, and the implied total labour costs for employers.

This brochure summarises the main results of this edition by:

- presenting an analysis of the average tax wedge in OECD countries in 2018, the changes from the previous year and the trends between 2000 and 2018 for a selection of household types that are covered in *Taxing Wages 2019*.
- presenting a brief analysis of the net personal average tax rate for a single average worker across OECD countries for 2018.

The tax wedge

Tax wedge for the average worker

Table 1 shows that the tax wedge between total labour costs to the employer and the corresponding net take-home pay for single workers without children, at average earnings levels, varied widely across OECD countries in 2018 (see column 1). While in Austria, Belgium, France, Germany, Hungary and Italy, the tax wedge is 45% or more, it is lower than 20% in Chile, Mexico and New Zealand. The highest tax wedge is observed in Belgium (52.7%) and the lowest in Chile (7.0%). Table 1 shows that the average tax wedge in OECD countries was 36.1% in 2018.

The changes in tax wedge between 2017 and 2018 for the average worker without children are described in column 2 of Table 1. The OECD average decreased by 0.16 percentage points. Among OECD member countries, the tax wedge increased in 22 countries and fell in 14. Decreases of more than one percentage point were observed in Estonia (2.54 percentage points), the United States (2.19 percentage points), Hungary (1.11 percentage points) and Belgium (1.09 percentage points). There were no increases exceeding one percentage point and the largest increase was observed in Korea (0.49 percentage points).

Box 1: The Tax Wedge

Taxing Wages 2019 presents several measures of taxation on labour. Most emphasis is given to the **tax wedge** – a measure of the difference between labour costs to the employer and the corresponding net take-home pay of the employee – which is calculated by expressing the sum of personal income tax, employee and employer social security contributions plus any payroll taxes, minus any benefits received by the employee, as a percentage of labour costs. Employer social security contributions and (in some countries) payroll taxes are added to gross wage earnings of employees in order to determine a measure of total labour costs. However, it should be recognised that this measure may be less than the true labour costs faced by employers because, for example, employers may also have to make *non-tax compulsory payments*.[1] The average tax wedge measures that part of labour costs which is taken in tax and social security contributions net of cash benefits. In contrast, the marginal tax wedge measures that part of an increase of total labour costs that is paid in taxes and social security contributions less cash benefits.

1. Non-tax compulsory payments are requited and unrequited compulsory payments to privately-managed funds, welfare agencies or social insurance schemes outside general governments and to public enterprises (http://www.oecd.org/tax/tax-policy/tax-database.htm#NTCP).

TABLE 1. COMPARISON OF TOTAL TAX WEDGE FOR THE AVERAGE WORKER

As % of labour costs, 2018

Country[1]	Total Tax wedge 2018 (1)	Annual change, 2018/17 (in percentage points)[2]			
		Tax wedge (2)	Income tax (3)	Employee SSC (4)	Employer SSC[3] (5)
Belgium	52.7	-1.09	-0.37	0.11	-0.83
Germany	49.5	-0.09	0.06	-0.12	-0.04
Italy	47.9	0.20	0.20	0.00	0.00
France	47.6	0.04	1.36	-1.87	0.55
Austria	47.6	0.21	0.31	0.02	-0.12
Hungary	45.0	-1.11	0.25	0.31	-1.67
Czech Republic	43.7	0.38	0.38	0.00	0.00
Slovenia	43.3	0.34	0.34	0.00	0.00
Sweden	43.1	0.13	0.14	-0.01	0.00
Latvia	42.3	-0.60	-1.29	0.37	0.32
Finland	42.3	-0.40	-0.21	0.43	-0.62
Slovak Republic	41.7	0.14	0.27	0.02	-0.15
Greece	40.9	0.15	0.15	0.00	0.00
Portugal	40.7	-0.69	-0.69	0.00	0.00
Lithuania	40.6	-0.44	-0.44	0.00	0.00
Spain	39.4	0.13	0.13	0.00	0.00
Turkey	38.9	-0.13	-0.13	0.00	0.00
Luxembourg	38.2	0.37	0.44	0.01	-0.08
Netherlands	37.7	0.31	0.23	-0.16	0.24
Estonia	36.5	-2.54	-2.54	0.00	0.00
Norway	35.8	-0.13	-0.13	0.00	0.00
Poland	35.8	0.09	0.09	0.00	0.00
Denmark	35.7	-0.15	-0.19	0.00	0.00
Iceland	33.2	0.16	0.17	-0.01	0.00
Ireland	32.7	0.12	0.04	0.00	0.08
Japan	32.6	0.12	0.03	0.02	0.07
United Kingdom	30.9	-0.11	-0.05	-0.02	-0.03
Canada	30.7	0.11	0.21	-0.03	-0.07
United States	29.6	-2.19	-2.14	0.00	-0.06
Australia	28.9	0.27	0.27	0.00	0.00
Korea	23.0	0.49	0.34	0.08	0.07
Israel	22.4	0.36	0.30	0.04	0.02
Switzerland	22.2	0.14	0.14	0.00	0.00
Mexico	19.7	-0.71	-0.76	0.00	0.05
New Zealand	18.4	0.30	0.30	0.00	0.00
Chile	7.0	0.01	0.01	0.00	0.00
Unweighted average					
OECD Average	36.1	-0.16	-0.08	-0.02	-0.06

Notes: Single individual without children at the income level of the average worker.

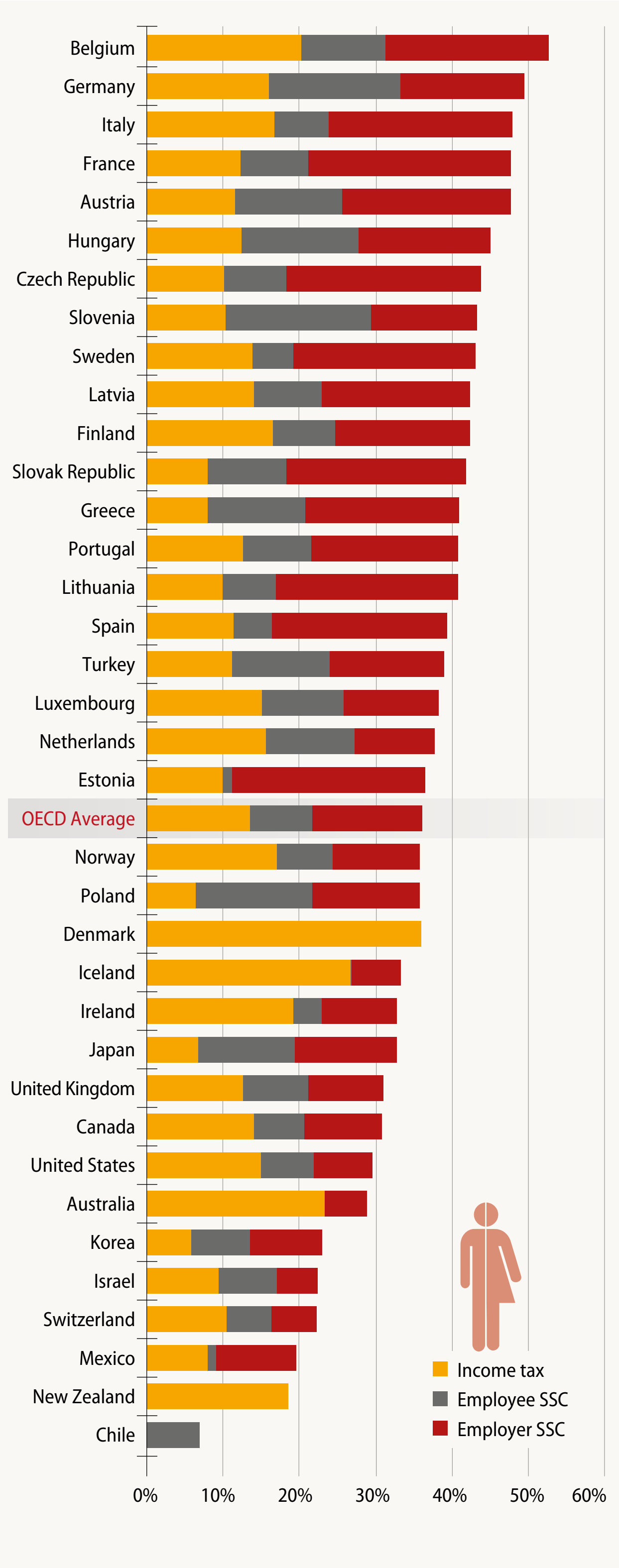
1. Countries ranked by decreasing total tax wedge.
2. Due to rounding, the changes in tax wedge in column (2) may differ by one-hundredth of a percentage point from the sum of columns (3)-(5). For Denmark, the Green Check (cash benefit) contributes to the difference as it is not included in columns (3)-(5).
3. Includes payroll taxes where applicable.

Source: Data from *Taxing Wages 2019* (OECD), http://oe.cd/TaxingWages.

The highest tax wedge is observed in Belgium (52.7%) and the lowest in Chile (7.0%). The OECD average tax wedge was 36.1% of labour costs in 2018.

FIGURE 1. **INCOME TAX PLUS EMPLOYEE AND EMPLOYER SOCIAL SECURITY CONTRIBUTIONS, 2018**

As % of labour costs



Note: Single individual without children at the income level of the average worker. Includes payroll taxes where applicable.

Source: Data from *Taxing Wages 2019* (OECD), http://oe.cd/TaxingWages.

In general, the rises in tax wedge rates were driven by higher income taxes (see column 3). This was the major factor in 20 of the countries showing an overall increase. The largest increase in personal income taxes as a percentage of labour costs was in France (1.36 percentage points), largely due to an increase of 1.7 percentage points in the surtax rate (*Contribution Sociale Généralisée*), but the increase in personal income taxes was mostly offset by reduced social security contributions.

Decreases in the tax wedge were also derived for the most part from lower income taxes in 10 OECD countries (Denmark, Estonia, Finland, Latvia, Lithuania, Mexico, Norway, Portugal, Turkey and the United States). Income tax as a percentage of labour costs decreased by more than one percentage point in three of those countries: Latvia (1.29 percentage points) due to the introduction of a tax allowance and a progressive income tax schedule; the United States (2.14 percentage points) as a result of a higher basic tax allowance and lower marginal income tax rates; and Estonia (2.54 percentage points) due to a higher basic tax allowance. In three other OECD countries (Belgium, Germany and Hungary), the decreasing tax wedges were mostly driven by lower social security contributions. Employer social security contributions as a percentage of labour costs decreased in Belgium (0.83 percentage points) and in Hungary (1.67 percentage points), where the total contribution rate declined respectively from 32.19% to 27.14% and from 22.0% to 19.5% in 2018. In the United Kingdom, income taxes and the sum of employee and employer social security contributions evenly decreased as percentages of labour costs (both by 0.05 percentage points).

Figure 1 shows the constituent components of the tax wedge in 2018, i.e. income tax, employee and employer social security contributions (including payroll taxes where applicable), as a percentage of labour costs for the average worker without children.

The percentage of labour costs paid in income tax varies considerably within OECD countries. The lowest figures are in Chile (zero) and Korea (5.8%). The highest values are in Denmark (35.8%), with Australia, Belgium and Iceland all over 20%. The percentage of labour costs paid in employee social security contributions also varies widely, ranging from zero in Australia, Denmark and New Zealand to 17.3% in Germany and 19.0% in Slovenia. Employers in France pay 26.5% of labour costs in social security contributions, the highest amongst OECD countries. The corresponding figures are also 20% or more in 10 other countries – Austria, Belgium, the

Czech Republic, Estonia, Greece, Italy, Lithuania, the Slovak Republic, Spain and Sweden.

As a percentage of labour costs, the total of employee and employer social security contributions exceeds 20% in more than half of the OECD countries. It also represents at least one-third of labour costs in eight OECD countries: Austria, the Czech Republic, France, Germany, Greece, Hungary, the Slovak Republic and Slovenia.

Single compared to one-earner couple taxpayers

Table 2 compares the tax wedges for a one-earner married couple with two children and a single individual without children, at average earnings levels. These tax wedges varied widely across OECD countries in 2018 (see columns 1 and 2). The size of the tax wedge for the couple with children is generally lower than the one observed for the individual without children, since many OECD countries provide a fiscal benefit to households with children through advantageous tax treatment and/or cash benefits. Hence, the OECD average tax wedge for the one-earner couple with two children was 26.6% compared to 36.1% for the single average worker.

The tax savings realised by a one-earner married couple compared to a single worker were greater than 20% of labour costs in Luxembourg, and greater than 15% of labour costs in seven other countries – Belgium, Canada, the Czech Republic, Germany, Ireland, New Zealand and Slovenia. The tax burdens of one-earner married couples and single workers on the average wage were the same in Chile and Mexico and differed by less than three percentage points in Israel, Korea and Turkey (see columns 1 and 2).

In 27 of the 36 OECD countries, there was only a small change (not exceeding plus or minus one percentage point) in the tax wedge of an average one-earner married couple with two children between 2017 and 2018 (see column 3). There was no change in Chile. There was an increase of greater than one percentage point only in Poland (10.33 percentage points) as a result of reduced income-tested child benefit payments. In contrast, the tax wedge for families fell by more than one percentage point in seven countries: Greece (1.08 percentage points), Belgium (1.09 percentage points), Hungary (1.13 percentage points), Estonia and the United States (both 2.41 percentage points), Lithuania (2.50 percentage points) and New Zealand (4.52 percentage points). The decreases in the tax wedge resulted from the introduction of, or increases in, tax provisions or cash benefits for dependent children in Greece, Hungary, Lithuania, New Zealand and the United States. By comparison, the decrease in the tax wedge of a single taxpayer without children at the average wage level was greater than one percentage point in four OECD countries (Belgium, Estonia, Hungary and the United States). Detailed explanations on the latter are given in the section on the tax wedge.

A comparison of the changes in tax wedges between 2017 and 2018 for one-earner married couples with two children and single persons without children, at the average wage level, is shown in column 5 of Table 2. The fiscal preference for families increased in 11 OECD countries: Chile, the Czech Republic, France, Greece, Hungary, Iceland, Lithuania, New Zealand, Sweden, Turkey and the United States. Additionally, the effects of changes in the tax system on the tax wedge were of the same magnitude for both household types in Belgium and Mexico. In seven countries: Chile, Hungary, Japan, Luxembourg, Spain, Switzerland and Turkey, the fiscal preference for families increased or decreased by 0.05 percentage points or less.

TABLE 2. **COMPARISON OF TOTAL TAX WEDGE FOR SINGLE AND ONE-EARNER COUPLE TAXPAYERS, 2018**

As % of labour costs

Country[1]	Family[2] Total Tax wedge 2018 (1)	Single[3] Total Tax wedge 2018 (2)	Annual change, 2018/17 (in percentage points) Family Tax wedge (3)	Single Tax wedge (4)	Difference between single and family (4)-(3) (5)
France	39.4	47.6	-0.07	0.04	0.11
Italy	39.1	47.9	0.53	0.20	-0.33
Greece	37.9	40.9	-1.08	0.15	1.23
Sweden	37.9	43.1	-0.36	0.13	0.49
Finland	37.8	42.3	-0.29	-0.40	-0.11
Austria	37.4	47.6	0.32	0.21	-0.12
Belgium	37.3	52.7	-1.09	-1.09	0.00
Turkey	37.2	38.9	-0.15	-0.13	0.03
Germany	34.4	49.5	0.05	-0.09	-0.14
Spain	33.9	39.4	0.17	0.13	-0.05
Lithuania	33.2	40.6	-2.50	-0.44	2.06
Netherlands	32.6	37.7	0.53	0.31	-0.22
Norway	32.4	35.8	0.89	-0.13	-1.03
Latvia	32.3	42.3	-0.43	-0.60	-0.17
Slovak Republic	30.3	41.7	0.75	0.14	-0.61
Hungary	30.3	45.0	-1.13	-1.11	0.02
Portugal	29.0	40.7	0.19	-0.69	-0.88
Japan	27.4	32.6	0.17	0.12	-0.05
Estonia	26.6	36.5	-2.41	-2.54	-0.13
United Kingdom	26.2	30.9	-0.04	-0.11	-0.07
Czech Republic	25.5	43.7	-0.35	0.38	0.72
Slovenia	25.2	43.3	0.81	0.34	-0.47
Denmark	25.2	35.7	0.04	-0.15	-0.18
Australia	21.5	28.9	0.82	0.27	-0.55
Iceland	21.5	33.2	-0.87	0.16	1.03
Korea	21.0	23.0	0.59	0.49	-0.10
Poland	20.9	35.8	10.33	0.09	-10.24
Israel	19.9	22.4	0.44	0.36	-0.08
Mexico	19.7	19.7	-0.71	-0.71	0.00
United States	18.5	29.6	-2.41	-2.19	0.22
Ireland	17.3	32.7	0.37	0.12	-0.25
Luxembourg	17.0	38.2	0.42	0.37	-0.05
Canada	11.7	30.7	0.97	0.11	-0.86
Switzerland	9.8	22.2	0.19	0.14	-0.05
Chile	7.0	7.0	0.00	0.01	0.01
New Zealand	1.9	18.4	-4.52	0.30	4.82
Unweighted average					
OECD Average	**26.6**	**36.1**	**0.00**	**-0.16**	**-0.17**

Notes:

1. Countries ranked by decreasing tax wedge of the family.
2. One earner married couple with two children and earnings at the average wage level.
3. Single individual without children and earnings at the average wage level.

Source: Data from *Taxing Wages 2019* (OECD), http://oe.cd/TaxingWages.

In all OECD countries, the tax wedge for families on average earnings with children was either lower or, in two cases, the same, as the average single earner without children.

Tax wedge for two-earner couples

The preceding analysis focuses on two households with comparable levels of income: the single worker at 100% of the average wage, and the married couple with one earner at 100% of the average wage, with two children. This section extends the discussion to include a third household type: the two-earner married couple, earning 100% and 67% of the average wage, with two children.

For this household type, the OECD average tax wedge as a percentage of labour costs for the household was 30.8% in 2018 (Figure 2 and Table 3). Belgium had a tax wedge of 45.1%, which was the highest among the OECD countries. The other countries with tax wedges exceeding 40% were Austria (40.3%), Italy (41.7%), France (42.4%) and Germany (42.6%). At the other extreme, the lowest tax wedge was observed in Chile (6.7%). The other countries with tax wedges of less than 20% were Israel and Switzerland (both 16.1%), New Zealand (17.1%) and Mexico (18.2%).

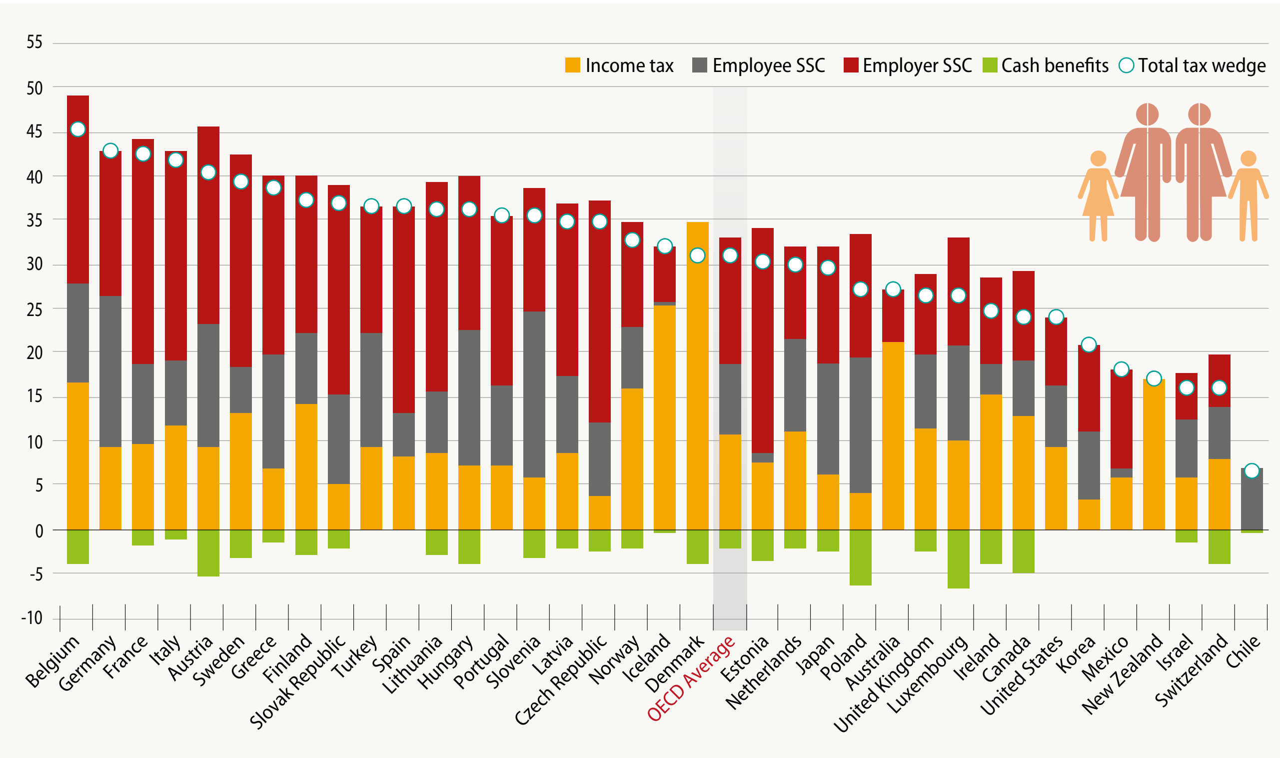
Figure 2 shows the average tax wedge and its components as a percentage of labour costs for the two-earner couple for 2018. On average, across OECD countries, income tax represented 10.57% of the labour costs and the sum of the employee's and employer's social security contributions represented 22.46% of this. The OECD tax wedge is net of cash benefits, which represented 2.22% of labour costs in 2018.

The cash benefits that are considered in the Taxing Wages publication are those universally paid to workers in respect of dependent children between the ages of six to eleven inclusive. In-work benefits that are paid to workers regardless of their family situation are also included in the calculations. For the observed two-earner couple, Denmark paid an income-tested cash benefit (the Green Check) that also benefited childless single workers.

Compared to 2017, the OECD average tax wedge of the two-earner couple decreased by 0.21 percentage points in 2018, as indicated in Table 3 (column 2), although it increased for 19 out of the 36 OECD countries and decreased for 16 others. The tax wedge for the two-earner couple remained unchanged for Germany. There were no increases of more than one percentage point.

FIGURE 2. **INCOME TAX PLUS EMPLOYEE AND EMPLOYER SOCIAL SECURITY CONTRIBUTIONS LESS CASH BENEFITS, 2018**

For two-earner couples with two children, as % of labour costs



Note: Two-earner married couple, one at 100% and the other at 67% of the average wage, with 2 children. Includes payroll taxes where applicable.

Source: Data from *Taxing Wages 2019* (OECD), http://oe.cd/TaxingWages.

TABLE 3. **COMPARISON OF TOTAL TAX WEDGE FOR TWO-EARNER COUPLES WITH CHILDREN, 2018**

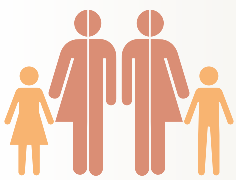
As % of labour costs

Country[1]	Total Tax wedge 2018 (1)	Annual change, 2018/17 (in percentage points)[2]				
		Tax wedge (2)	Income tax (3)	Employee SSC (4)	Employer SSC[3] (5)	Cash benefits (6)
Belgium	45.1	-1.20	-0.60	0.08	-0.68	0.01
Germany	42.6	0.00	0.15	-0.12	-0.04	0.00
France	42.4	0.23	1.43	-1.91	0.67	-0.04
Italy	41.7	0.32	0.26	0.00	0.00	-0.06
Austria	40.3	0.27	0.32	0.02	-0.12	-0.05
Sweden	39.1	-0.17	0.12	0.00	0.00	0.29
Greece	38.4	-0.54	0.17	0.00	0.00	0.71
Finland	37.1	-0.26	-0.10	0.43	-0.62	-0.03
Slovak Republic	36.7	0.41	0.42	0.02	-0.15	-0.11
Turkey	36.4	0.18	-0.18	-0.06	0.42	0.00
Spain	36.3	0.15	0.15	0.00	0.00	0.00
Lithuania	36.3	-0.27	2.69	0.00	0.00	2.95
Hungary	36.2	-1.12	-0.09	0.31	-1.67	-0.33
Portugal	35.5	-0.77	-0.77	0.00	0.00	0.00
Slovenia	35.4	0.28	0.13	0.00	0.00	-0.14
Latvia	34.9	-1.56	-1.99	0.37	0.32	0.26
Czech Republic	34.8	-0.21	0.50	0.00	0.00	0.71
Norway	32.5	-0.08	-0.14	0.00	0.00	-0.06
Iceland	31.9	0.13	0.20	-0.01	0.00	0.06
Denmark	31.0	-0.06	-0.19	0.00	0.00	-0.14
Estonia	30.3	-3.57	-3.49	0.00	0.00	0.09
Netherlands	29.9	0.36	0.16	-0.06	0.24	-0.01
Japan	29.6	0.14	0.02	0.02	0.07	-0.02
Poland	27.1	0.10	0.26	0.00	0.00	0.16
Australia	27.0	0.35	0.35	0.00	0.00	0.00
United Kingdom	26.5	-0.08	-0.06	-0.03	-0.03	-0.05
Luxembourg	26.3	0.49	0.41	0.01	-0.08	-0.14
Ireland	24.7	0.29	0.10	0.00	0.08	-0.11
Canada	24.1	0.27	0.17	-0.01	-0.05	-0.16
United States	23.9	-2.58	-2.52	0.01	-0.07	0.00
Korea	20.7	0.57	0.42	0.08	0.07	0.00
Mexico	18.2	-0.45	-0.51	0.00	0.07	0.00
New Zealand	17.1	0.21	0.21	0.00	0.00	0.00
Israel	16.1	0.30	0.18	0.05	0.02	-0.05
Switzerland	16.1	0.21	0.15	0.00	0.00	-0.05
Chile	6.7	-0.01	0.00	0.00	0.00	0.01
Unweighted average						
OECD Average	**30.8**	**-0.21**	**-0.05**	**-0.02**	**-0.04**	**0.10**

Notes: Two-earner married couple, one at 100% and the other at 67% of the average wage, with 2 children.

1. Countries ranked by decreasing total tax wedge.
2. Due to rounding, the changes in tax wedge in column (2) may differ by one hundredth of a percentage point from the sum of columns (3)-(6).
3. Includes payroll taxes where applicable.

Source: Data from *Taxing Wages 2019* (OECD), http://oe.cd/TaxingWages.



In half of OECD countries, the impact of cash benefits on the tax wedge of working families is as significant as the impact of income taxes and social security contributions.

increases in income tax or social security contributions were augmented or alleviated by changes in cash benefits. In Ireland, the decrease in cash benefits as a percentage of labour costs represented more than one third of the total increase in the tax wedge. In Iceland and Poland, the increase in cash benefits as a percentage of labour costs offset the impact of increasing income taxes.

Besides, for five of those countries with an overall increase, the changes were less than 0.20 percentage points. In contrast, decreases of more than one percentage point were observed for five countries: Hungary (1.12 percentage points), Belgium (1.20 percentage points), Latvia (1.56 percentage points), the United States (2.58 percentage points) and Estonia (3.57 percentage points).

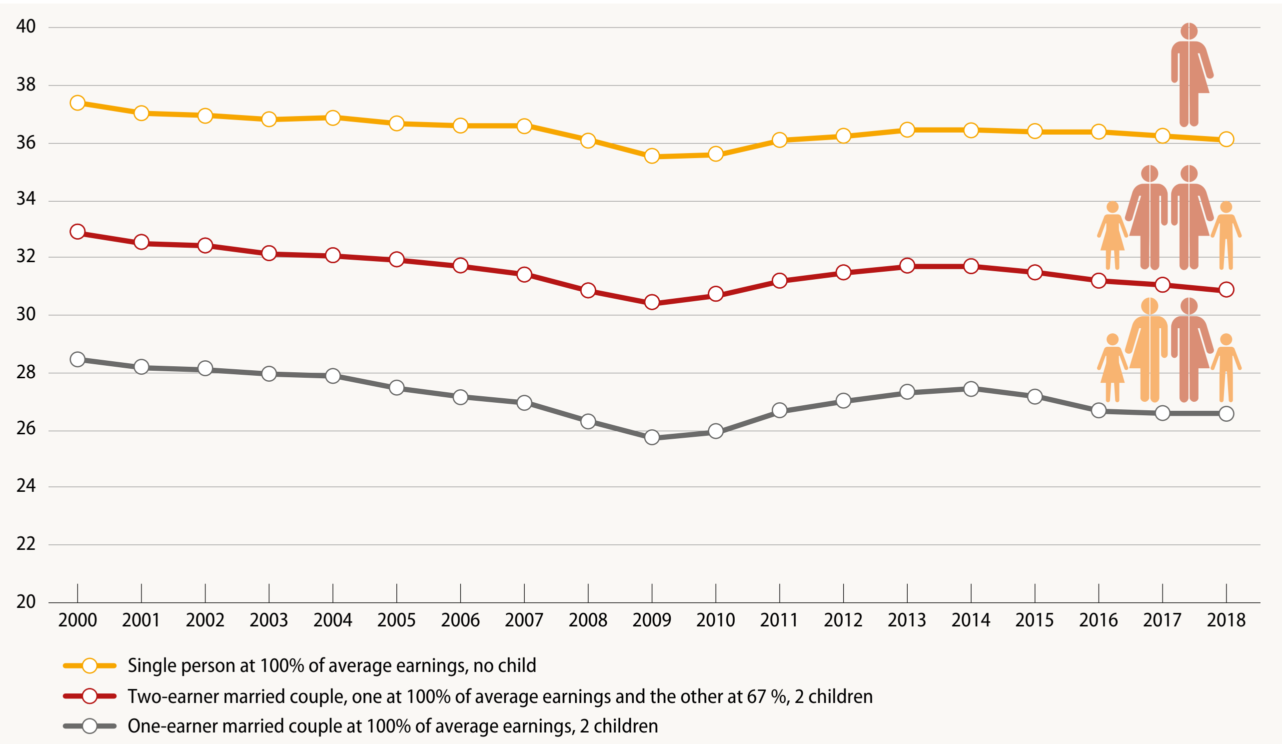
In most countries with an increasing tax wedge, the change was mainly driven by higher income taxes. They accounted for the whole increase in the tax wedge in 15 countries: Australia, Austria, Canada, France, Iceland, Israel, Italy, Korea, Luxembourg, New Zealand, Poland, the Slovak Republic, Slovenia, Spain and Switzerland. In contrast, increasing total social security contributions were the main factor in Japan and Turkey. In Ireland and the Netherlands, income tax and total social security contributions increased evenly. However, most of those

OECD tax wedge trends since 2000

The OECD tax wedge for the single average worker, the one-earner married couple on the average wage with two children and the two-earner married couple with total wage earnings at 167% of the average wage and two children have declined since 2000 (see Figure 3). The tax burden trend is similar for the three household types, with the lowest tax wedge seen in 2009 for each of these cases. For the average single worker, the tax wedge decreased from 37.4% in 2000 to 36.1% in 2018, after having reached its lowest level in 2009, at 35.5%. For the one-earner married couple on the average wage with two children, the tax wedge declined between 2000 and 2018, from 28.5% to 26.6% after having reached its lowest level of 25.7% in 2009. Finally, for the two-earner married couple on 167% of the average wage with two children, the tax wedge changed from 32.8% in 2000 to 30.8% in 2018, with the lowest rate being 30.4% in 2009.

FIGURE 3. **OECD TAX WEDGES SINCE 2000**

For three household types, as % of labour costs



Source: Data from *Taxing Wages 2019* (OECD), http://oe.cd/TaxingWages.

The net personal average tax rate

Taxing Wages 2019 presents a second main indicator, which measures income tax plus employee social security contributions less cash benefits as a percentage of gross wage earnings; i.e. the **net personal average tax rate**. On average, the net personal average tax rate for a single worker at average earnings in OECD countries was 25.5% in 2018 (see Figure 4). In other words, disposable or after tax income[2] represented 74.5% of the gross wage earnings for the single average worker. Belgium had the highest net personal average tax rate at 39.8% of gross wages, with Denmark and Germany being the only other countries with rates of more than 35%. Chile and Mexico had the lowest net personal average tax rates at 7.0% and 10.2% of gross average earnings respectively. Korea and Estonia were the only other countries with a rate of 15% or less. *Taxing Wages 2019* also shows the net personal average tax rates for other household types with or without children.

2. The Taxing Wages indicators focus on the structure of income tax systems on disposable income. To assess the overall impact of the government sector on people's welfare other factors such as indirect taxes (e.g. VAT) should also be taken into account, as should other forms of income (e.g. capital income). In addition, non-tax compulsory payments that affect households' disposable incomes are not included in the calculations presented in the publication, but further analyses on those payments are presented in the online report: https://oe.cd/tax-database-ntcp.

Box 2: **Methodology**

The analysis in *Taxing Wages 2019* focuses on full-time private sector employees. It is assumed that their annual income from employment is equal to a given percentage of the average full-time adult gross wage earnings for each OECD economy, referred to as the average wage (AW).

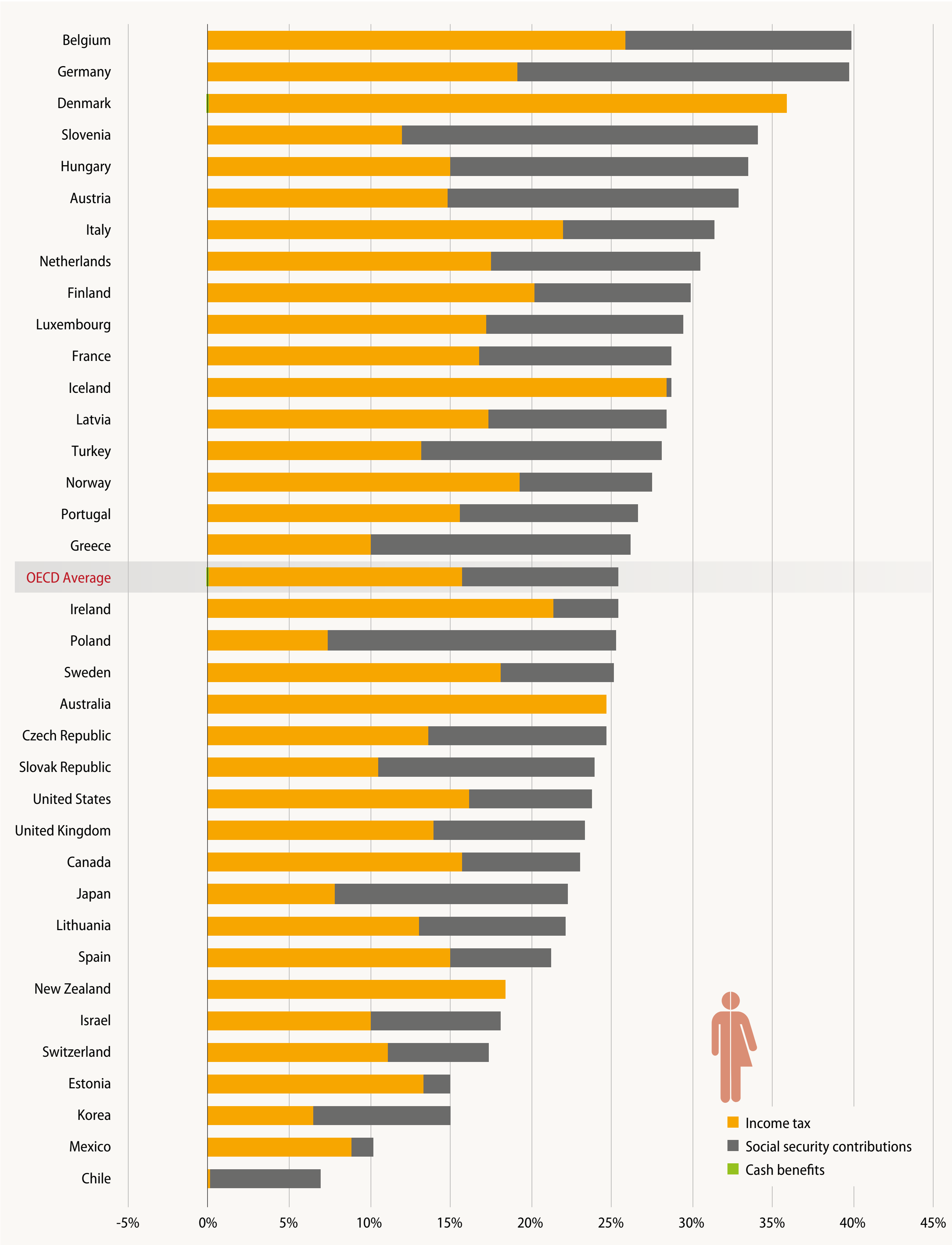
The term **tax** includes the personal income tax, social security contributions and payroll taxes (which are aggregated with employer social contributions in the calculation of tax rates) payable on gross wage earnings. Consequently, any income tax that might be due on non-wage income and other kinds of taxes – e.g. corporate income tax, net wealth tax and consumption taxes – are not taken into account. The benefits included are those paid by general government as cash transfers, usually in respect of dependent children.

For most OECD countries, the tax year is equivalent to the calendar year, the exceptions being Australia, New Zealand and the United Kingdom. In the case of New Zealand and the United Kingdom, where the tax year starts in April, the calculations apply a 'forward-looking' approach. This implies that, for example, the tax rates reported for 2018 are those for the tax year 2018-19. However, in Australia, where the tax year starts in July, it has been decided to take a 'backward looking' approach in order to present more reliable results. So, for example, the year 2018 in respect of Australia has been defined to mean its tax year 2017-2018.

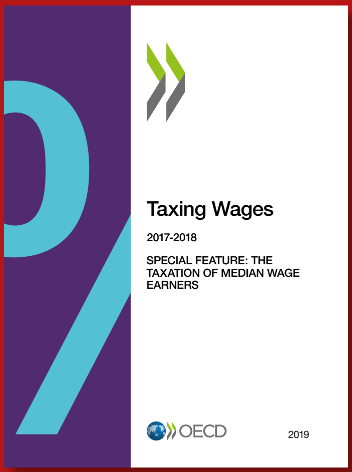
For information on the tax burden on other household types, please see *Taxing Wages 2019*. A full description of the methodology is set at in the *Taxing Wages 2019* Annex.

FIGURE 4. **INCOME TAX AND EMPLOYEE SOCIAL SECURITY CONTRIBUTIONS LESS CASH BENEFITS**

For a single worker on average wage, as % of gross wage earnings



Source: Data from *Taxing Wages 2019* (OECD), http://oe.cd/TaxingWages.



OECD (2019), *Taxing Wages 2019*, OECD Publishing, Paris

FURTHER READING

OECD, Non-tax compulsory payments (NTCPs) as an additional burden on labour income in 2018. https://oe.cd/taxing-wages-associated-materials

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OECD/IDB/CIAT (2016), *Taxing Wages in Latin America and the Caribbean 2016*, OECD Publishing, Paris. http://dx.doi.org/10.1787/9789264262607-en

Paturot, D. (2018), "Taxing wages: How taxes affect the disposable income of workers and wage costs of employers in OECD countries", *OECD Observer*, https://dx.doi.org/10.1787/dc903af5-en.

Paturot, D., K. Mellbye and B. Brys (2013), "Average Personal Income Tax Rate and Tax Wedge Progression in OECD Countries", *OECD Taxation Working Papers*, No. 15, OECD Publishing, Paris. http://dx.doi.org/10.1787/5k4c0vhzsq8v-en

OTHER STATISTICAL SOURCES

OECD Tax Database, http://oe.cd/tax-database

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