

Foreword

This annual publication, *Taxing Wages*,¹ provides details of taxes paid on wages in the 38 member countries of the OECD. The information contained in the Report covers the personal income tax and social security contributions paid by employees, the social security contributions and payroll taxes paid by their employers and cash benefits received by families. The objective of the Report is to illustrate how personal income taxes, social security contributions and payroll taxes are calculated and to examine how these levies and cash family benefits impact on net household incomes. The results also allow quantitative cross-country comparisons of labour cost levels and of the overall tax and benefit position of single persons and families.

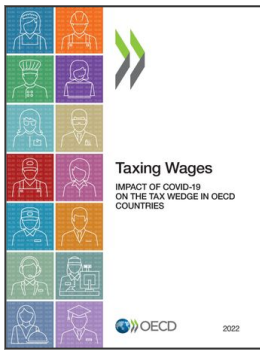
The Report shows the amount of taxes, social security contributions, payroll taxes and cash benefits for eight household types, which differ by income level and household composition. It also presents the resulting average and marginal tax rates. Average tax rates show the share of gross wage earnings or total labour costs which are taken in personal income taxes (before and after cash benefits), social security contributions and payroll taxes. Marginal tax rates show the share of an increase in gross earnings or total labour costs that is paid in these levies.

The focus of the Report is the presentation of new data on the tax/benefit position of employees in 2021. In addition, the new data is compared with corresponding data for the year 2020. The average worker is designated as a full-time employee (including manual and non-manual) in either industry sectors B-N inclusive with reference to the International Standard Industrial Classification of All Economic Activities, Revision 4 (ISIC Rev.4) or industry sectors C-K inclusive with reference to the International Standard Industrial Classification of All Economic Activities, Revision 3 (ISIC Rev.3).

The Report is structured as follows:

- Part I (Tax burden comparisons and trends) includes 6 chapters:
 - Chapter 1 contains an overview of the main results for 2021.
 - Chapter 2 contains the Special Feature on “The impact of COVID-19 on the tax wedge in OECD countries”.
 - Chapter 3 reviews the main results for 2021, which are summarised in comparative tables and figures included at the end of that chapter.
 - Chapter 4 presents a graphical exposition of the estimated tax burden on labour income in 2021 for gross wage earnings between 50% and 250% of the average wage.
 - Chapter 5 reviews the main results for 2020, which are summarised in the comparative tables at the end of the chapter and compares them with the 2021 figures.
 - Chapter 6 focuses on the historical trends in the tax burden for the period 2000-2021.
- Part II contains individual country tables specifying the wage levels considered and the associated tax burdens for eight separate household types, together with descriptions of each country’s tax/benefit system.
- The Annex describes the methodology and its limitations.

The Report has been prepared by the OECD's Centre for Tax Policy and Administration (CTPA). Each chapter was shared with the Working Party No.2 on Tax Policy Analysis and Tax Statistics (WP2) for review and comment. Data was confirmed by the individual Member concerned. The Report was led by Leonie Cedano and Dominique Paturet under the supervision of Michelle Harding, Head of the Tax Data and Statistical Analysis Unit, and of Alexander Pick. The Special Feature was authored by Alexander Pick with statistical and analytical support from Leonie Cedano. The authors would like to acknowledge Michael Sharratt for his role in data management and dissemination and Marie-Aur lie Elkurd for the publication formatting. The authors would also like to thank other colleagues in CTPA for their support and valuable comments: David Bradbury, Bert Brys, Karena Garnier, Natalie Lagorce, Pascal Saint-Amans and Carrie Tyler. The authors would also like to thank the delegates of WP2 for their inputs. This document has been produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.



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