

## Foreword

**T**his annual publication provides details of taxes paid on wages in all thirty-four 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 amounts of taxes, social security contributions, payroll taxes and cash benefits for eight family-types, which differ by income level and household composition. It also presents the resulting average and marginal tax rates. Average tax rates show that part 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 part of an increase of gross earnings or total labour costs that is paid in these levies.

The focus of the Report is the presentation of accurate estimates of the tax/benefit position of employees in 2012. In addition, the Report shows definitive data on the tax/benefit position of employees for the year 2011. It is important to note that, the average worker is designated as a full-time employee (including manual and non-manual) in either industry Sectors C-K inclusive with reference to the International Standard Industrial Classification of All Economic Activities, Revision 3 (ISIC Rev. 3) or industry Sectors B-N inclusive with reference to the International Standard Industrial Classification of All Economic Activities, Revision 4 (ISIC Rev. 4).\*\*

The Report is structured as follows:

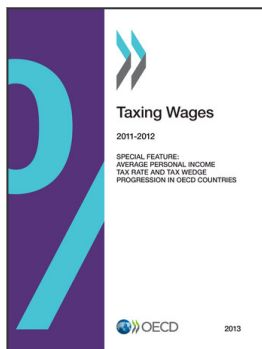
- The Overview at the start of the Report reviews the main results for 2012.
- Part I (International Comparisons) reviews the main results for 2012 and 2011 and is divided into three sections. The first section reviews the main results for 2012, which are summarised in comparative tables and figures included at the end of that section. The second section presents a graphical exposition of the estimated tax burden on labour income in 2012 for gross wage earnings between 50 per cent and 250 per cent of the average wage. The third section reviews the main results for 2011, which are summarized in the comparative tables at the end of that section and compares them with the 2012 figures.
- Part II focuses on the historical trends in the tax burden for the period 2000-12.
- Part III contains individual country tables specifying the wage levels considered and the associated tax burdens for eight separate family types, together with descriptions of each tax/benefit system.

\* Previous editions were published under the title *The Tax/Benefit Position of Employees* (1996-1998 editions) and *The Tax/Benefit Position of Production Workers* (editions published before 1996).

\*\* Annex B.2 presents historical series using the old definition of the average production worker (1979-2004).

- *Annex A describes the methodology and its limitations.*

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