

Foreword

This annual publication, *Taxing Wages*,¹ provides details of taxes paid on wages in all 36 member countries of the OECD.² 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 household 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 new data on the tax/benefit position of employees in 2019. In addition, the new data is compared with corresponding data for the year 2018. 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:

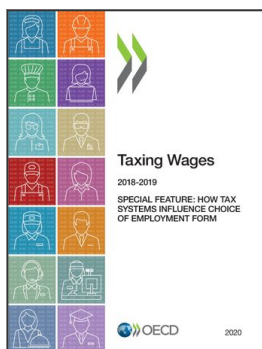
- Part I (Tax burden comparisons and trends) includes 6 chapters:
 - Chapter 1 contains an overview of the main results for 2019.
 - Chapter 2 contains the Special Feature on “How Tax Systems Influence Choice of Employment Form”.
 - Chapter 3 reviews the main results for 2019, which are summarised in comparative tables and figures included at the end of that section.
 - Chapter 4 presents a graphical exposition of the estimated tax burden on labour income in 2019 for gross wage earnings between 50% and 250% of the average wage.
 - Chapter 5 reviews the main results for 2018, which are summarised in the comparative tables at the end of the chapter and compares them with the 2019 figures.
 - Chapter 6 focuses on the historical trends in the tax burden for the period 2000-2019.
- 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 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) under the auspices of the Working Party No.2 on Tax Policy Analysis and Tax Statistics (WP2) of the Committee on Fiscal Affairs. The Report was led by Dominique Paturot under the supervision of Michelle Harding, Head of the Tax Data and Statistical Analysis Unit and written jointly with Anna Milanez who authored the Special Feature. The authors would also like to acknowledge Michael Sharratt for the data management and dissemination and Marie-Aurélie Elkurd for the publication formatting as well as other colleagues in CTPA: Leonie Beisemann, David Bradbury, Bert Brys, Karena Garnier, Natalie Lagorce, Pascal Saint-Amans, Hannah Simon and Carrie Tyler for their support and valuable comments. The authors would like to thank the delegates of Working Party No.2 on Tax Policy Analysis and Tax Statistics and the Committee on Fiscal Affairs 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.

Notes

¹ Earlier 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).

² On 25 May 2018, the OECD Council invited Colombia to become a Member. At the time of publication, the deposit of Colombia's instrument of accession to the OECD Convention was pending and therefore Colombia does not appear in the list of OECD Members and is not included in the OECD zone aggregates.



From:
Taxing Wages 2020

Access the complete publication at:
<https://doi.org/10.1787/047072cd-en>

Please cite this chapter as:

OECD (2020), "Foreword", in *Taxing Wages 2020*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/6baaa51c-en>

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