

Italy

| Italy | 2004 | | | | |
|--|--|-------|-------|-------|-------|
| | The tax/benefit position of single persons | | | | |
| | Wage level (per cent of APW) | 67 | 100 | 167 | 67 |
| | Number of children | none | none | none | 2 |
| 1. Gross wage earnings | | 15122 | 22683 | 37805 | 15122 |
| 2. Standard tax allowances | | | | | |
| Basic allowance | | | | | |
| Married or head of family | | | | | |
| Dependent children | | | | | |
| Deduction for social security contributions and income taxes | | 7092 | 5806 | 3474 | 7092 |
| Work-related expenses | | | | | |
| Other | | | | | |
| | Total | 7092 | 5806 | 3474 | 7092 |
| 3. Tax credits or cash transfers included in taxable income | | 0 | 0 | 0 | 0 |
| 4. Central government taxable income (1 - 2 + 3) | | 8030 | 16877 | 34331 | 8030 |
| 5. Central government income tax liability (exclusive of tax credits) | | 1847 | 3994 | 9301 | 1847 |
| 6. Tax credits | | | | | |
| Basic credit | | 0 | 0 | 235 | 0 |
| Married or head of family | | 0 | 0 | 0 | 0 |
| Children | | 0 | 0 | 0 | 1063 |
| Other | | | | | |
| | Total | 0 | 0 | 235 | 1063 |
| 7. Central government income tax finally paid (5-6) | | 1847 | 3994 | 9066 | 784 |
| 8. State and local taxes | | 151 | 227 | 378 | 151 |
| 9. Employees' compulsory social security contributions | | | | | |
| Gross earnings | | 1390 | 2085 | 3474 | 1390 |
| Taxable income | | | | | |
| | Total | 1390 | 2085 | 3474 | 1390 |
| 10. Total payments to general government (7 + 8 + 9) | | 3388 | 6305 | 12918 | 2325 |
| 11. Cash transfers from general government | | | | | |
| For head of family | | | | | |
| For two children | | 0 | 0 | 0 | 1977 |
| | Total | 0 | 0 | 0 | 1977 |
| 12. Take-home pay (1-10+11) | | 11734 | 16378 | 24887 | 14774 |
| 13. Employer's compulsory social security contributions | | 5002 | 7504 | 12506 | 5002 |
| 14. Average rates | | | | | |
| Income tax | | 13.2% | 18.6% | 25.0% | 6.2% |
| Employees' social security contributions | | 9.2% | 9.2% | 9.2% | 9.2% |
| Total payments less cash transfers | | 22.4% | 27.8% | 34.2% | 2.3% |
| Total tax wedge including employer's social security contributions | | 41.7% | 45.7% | 50.5% | 26.6% |
| 15. Marginal rates | | | | | |
| Total payments less cash transfers: Principal earner | | 37.1% | 44.1% | 45.6% | 37.1% |
| Total payments less cash transfers: Spouse | | n.a. | n.a. | n.a. | n.a. |
| Total tax wedge: Principal earner | | 52.7% | 58.0% | 59.1% | 52.7% |
| Total tax wedge: Spouse | | n.a. | n.a. | n.a. | n.a. |

| Italy | 2004 | | | | |
|--|---|-------|--------|--------|--------|
| | The tax/benefit position of married couples | | | | |
| | Wage level (per cent of APW) | 100-0 | 100-33 | 100-67 | 100-33 |
| | Number of children | 2 | 2 | 2 | none |
| 1. Gross wage earnings | | 22683 | 30244 | 37805 | 30244 |
| 2. Standard tax allowances | | | | | |
| Basic allowance | | | | | |
| Married or head of family | | | | | |
| Dependent children | | | | | |
| Deduction for social security contributions and income taxes | | 5806 | 13367 | 12898 | 13367 |
| Work-related expenses | | | | | |
| Other | | | | | |
| | Total | 5806 | 13367 | 12898 | 13367 |
| 3. Tax credits or cash transfers included in taxable income | | 0 | 0 | 0 | 0 |
| 4. Central government taxable income (1 - 2 + 3) | | 16877 | 16877 | 24907 | 16877 |
| 5. Central government income tax liability (exclusive of tax credits) | | 3994 | 3994 | 5841 | 3994 |
| 6. Tax credits | | | | | |
| Basic credit | | 0 | 0 | 0 | 0 |
| Married or head of family | | 497 | 0 | 0 | 0 |
| Children | | 1033 | 1033 | 1033 | 0 |
| Other | | | | | |
| | Total | 1530 | 1033 | 1033 | 0 |
| 7. Central government income tax finally paid (5-6) | | 2465 | 2961 | 4808 | 3994 |
| 8. State and local taxes | | 227 | 227 | 378 | 227 |
| 9. Employees' compulsory social security contributions | | | | | |
| Gross earnings | | 2085 | 2779 | 3474 | 2779 |
| Taxable income | | | | | |
| | Total | 2085 | 2779 | 3474 | 2779 |
| 10. Total payments to general government (7 + 8 + 9) | | 4776 | 5967 | 8660 | 7000 |
| 11. Cash transfers from general government | | | | | |
| For head of family | | | | | |
| For two children | | 1339 | 465 | 279 | 0 |
| | Total | 1339 | 465 | 279 | 0 |
| 12. Take-home pay (1-10+11) | | 19246 | 24741 | 29424 | 23244 |
| 13. Employer's compulsory social security contributions | | 7504 | 10005 | 12506 | 10005 |
| 14. Average rates | | | | | |
| Income tax | | 11.9% | 10.5% | 13.7% | 14.0% |
| Employees' social security contributions | | 9.2% | 9.2% | 9.2% | 9.2% |
| Total payments less cash transfers | | 15.2% | 18.2% | 22.2% | 23.1% |
| Total tax wedge including employer's social security contributions | | 36.2% | 38.5% | 41.5% | 42.2% |
| 15. Marginal rates | | | | | |
| Total payments less cash transfers: Principal earner | | 44.1% | 44.1% | 44.1% | 44.1% |
| Total payments less cash transfers: Spouse | | 27.3% | 9.2% | 37.1% | 9.2% |
| Total tax wedge: Principal earner | | 58.0% | 58.0% | 58.0% | 58.0% |
| Total tax wedge: Spouse | | 45.4% | 31.8% | 52.7% | 31.8% |

The national currency is the euro (EUR). In 2004, EUR 0.81 was equal to USD 1 (average of eleven months daily exchange rates). In that year the Average Production Worker earned EUR 22 683 (Secretariat estimate).

1. Personal income tax

1.1. Central government income tax

1.11. Tax unit

Spouses are taxed separately.

1.12. Tax allowances and tax credits

1.121. Standard tax credits

- *Dependent spouse*: Provided that the spouse's income does not exceed EUR 2 840.51 a tax credit is allowed, according to income brackets as follows:

| Income brackets (EUR) | Tax credit (EUR) |
|-----------------------|------------------|
| 0-15 494.00 | 546.18 |
| 15 494.01-30 987.00 | 496.60 |
| 30 987.01-51 646.00 | 459.42 |
| 51 646.01 and over | 422.23 |

- *Children*: A tax credit, that varies according to the number of children, is granted to parents. If the spouse is not dependent, the tax credit is shared between the parents according to a percentage agreed to by them. If the spouse is dependent the tax credit is due in full to only one parent. The calculations for this Report assume that the spouse's share of the credit can vary depending upon the tax liability up to 100 per cent.

Total tax credit allowed to parent with dependent children¹

| | |
|------------|---|
| 1 child | EUR 516.46 (income up to EUR 36 151.98) |
| | EUR 303.68 (income up to EUR 51 646) |
| | EUR 285.08 (income over EUR 51 646) |
| 2 children | EUR 1 032.92 (income up to EUR 41 316.55) |
| | EUR 640.42 (income up to EUR 51 646) |
| | EUR 570.16 (income over EUR 51 646) |
| 3 children | EUR 1 549.38 (income up to EUR 46 481.12) |
| | EUR 977.14 (income up to EUR 51 646) |
| | EUR 855.24 (income over EUR 51 646) |
| 4 children | EUR 2 065.84 |

1. The total tax credit is given as the sum of the credits allowed for each child (these may be different amounts depending on the level of income of the parents).

- If the taxpayer is a single parent the law provides for a tax credit for the first child equal to the most favourable between the credit for the dependent spouse and the child credit. For the other children the single parent is granted the ordinary child tax credit (see table above).
- *Other members of the family*: A tax credit of EUR 142.54 (up to EUR 51 646) or EUR 133.25 (over EUR 51 646) is granted for other dependents, provided the dependant's income does not exceed EUR 2 840.51. A dependent is deemed to be any person entitled to maintenance allowances (e.g., parents, mother and father-in-law) under civil law.
- *Tax allowances*: A reform of the personal income tax (IRPEF) has started with the 2003 Financial Law which introduces a "no tax area" that results from the calculation of income related tax allowances. This set of new measures leads to tax savings for low/middle income earners.
 - ❖ The standard allowance ("no tax area") is EUR 7 500.00.
 - ❖ The actual allowance granted to each individual depends on the value of a ratio that is defined as a function of net income and represented by the following formula:

$$(26\,000 + 7\,500 - \text{net income}) / 26\,000.$$

The way in which the actual allowance is to be computed is illustrated in the following table:

| | |
|----------------|---------------------------------------|
| Ratio > or = 1 | Actual allowance = standard allowance |
| 0 < ratio < 1 | Actual allowance = 7 500.00 * ratio |
| Ratio < or = 0 | Actual allowance = 0 |

- *Tax credits for employees*: The 2003 Financial Law provides that the tax credit for employees varies with income as follows:

| Income | Tax credit |
|-------------------------------------|------------|
| From EUR 27 000.00 to EUR 29 500.00 | EUR 130.00 |
| From EUR 29 500.01 to EUR 36 500.00 | EUR 235.00 |
| From EUR 36 500.01 to EUR 41 500.00 | EUR 180.00 |
| From EUR 41 500.01 to EUR 46 700.00 | EUR 130.00 |
| From EUR 46 700.01 to EUR 52 000.00 | EUR 25.00 |

- Social security contributions due by law.

1.122. Main non standard tax allowances and tax credits

- Other compulsory contributions.
- Periodical benefits allowed to the spouse fixed by judicial authority.
- Charitable donations to certain religious institutions (up to EUR 1 032.91).
- Medical and assistance expenses incurred by handicapped persons.
- Expenses to restore one's own residence at 36 per cent of full expenses, apportioned into 5 or 10 annual allowances of the same amount.
- Credit for leaseholders of principal residence (a sum of EUR 495.80 for income up to EUR 15 493.71 and a sum of EUR 247.90 for income up to EUR 30 987.41).

As to the following expenses, a tax credit of 19 per cent of each incurred expense is allowed:

- Mortgage loan interest (up to EUR 1 807.60 or EUR 3 165.20 according to circumstances).
- Most medical expenses that exceed EUR 129.11.
- Payments to insurance funds up to EUR 1 291.14.
- Expenses to attend secondary school and university courses; in case such courses are private, the expenses allowed cannot exceed those foreseen for State courses.
- Funeral charges up to EUR 1 549.37.
- Expenses for disabled persons.
- Donations to political parties (ranging from EUR 51.65 to EUR 103 291.38).
- Payments to foundations (up to EUR 2 065.83).

1.13. Tax schedule

The following tax schedule is applied to taxable income:

| Bracket (EUR) | Rate (%) |
|--------------------------|----------|
| Up to 15 000 | 23 |
| Over 15 000 up to 29 000 | 29 |
| Over 29 000 up to 32 600 | 31 |
| Over 32 600 up to 70 000 | 39 |
| Over 70 000 | 45 |

1.2. State and local taxes

The “no tax area” is not taken into account for determining taxable income for the local surcharges. The local surcharges are computed with reference to the old definition of the tax base (taxable income without consideration to the “no tax area” allowance); these surcharges are, however, due only by taxpayers who pay the IRPEF.

Regional surcharge tax

This surcharge tax has been introduced in 1997. The tax is levied by each region on resident taxpayers’ total taxable income at a discretionary rate, which must fall within an established range. As from the year 2000 this range is 0.9 per cent – 1.4 per cent. For the year 2002 only seven regions have applied rates higher than 0.9 per cent. As from the tax year 2003 Regions are not permitted further increases in the rates. The figure given in the country tables under the heading “State and local tax” includes the Regional surcharge tax paid in the Region where the most representative city (Rome) is localized (Lazio – rate 0.9 per cent).

Local surcharge tax

This surcharge tax has been introduced in 1999. The tax may be levied by each local government at an initial rate that cannot exceed 0.2 per cent. If the tax is levied, the local government can increase the initial rate, on a yearly basis, up to a maximum of 0.5 per cent. Each yearly increase cannot exceed 0.2 per cent.

The figure given in the Country Tables under the heading “State and local tax” includes the local surcharge tax paid in the most representative city (Rome – rate 0.2 per cent).

2. Compulsory social security

2.1. Employee contributions

- Rate and ceiling:
 - ❖ The average rate charged to an employee is 9.19 per cent on earnings up to EUR 37 883.
 - ❖ The average rate charged to an employee is 10.19 per cent on earnings over EUR 37 883 and up to EUR 82 401.
 - ❖ For earnings exceeding EUR 82 401 the employee pays a fixed amount given by $(0.0919 \times 37\,883) + 0.1019 \times (82\,401 - 37\,883)$.
- Distinction by marital status or sex:
 - ❖ None.

2.2. Employer contributions

- Contributions taken into account for this Report amount to 33.08 per cent that is the rate applied to earnings up to EUR 82 401. For earnings exceeding EUR 82 401 the employer pays a fixed amount given by $0.3308 \times 82\,401$.

3. Universal cash transfers

3.1. Amount for spouse and for dependent children

Cash transfers are granted for family income that is:

- composed of at least 70 per cent wage and/or pension income;
- below a given threshold set by law each year.

Family income is the sum of the incomes of all individuals comprising the family.

Cash transfers are determined each year by INPS (Istituto Nazionale di Previdenza Sociale), the public body that collects and manages the social security contributions for dependent workers for the period beginning in July of that year (t) to June in the following year (t + 1) and relate to family income earned in the previous year (t - 1).

As such, the transfers granted in any given year t are determined by the family income in the previous two years. The following table provides a description of the calculations:

| Transfer granted in year t | Relevant amounts as given in INPS tables |
|----------------------------|--|
| January-June | The amount of cash transfers is that given in the INPS table published in July t - 1. The transfers are granted with reference to family income earned in year t - 2. |
| July-December | The amount of cash transfers is that given in the INPS table published in July t. The transfers are granted with reference to family income earned in year t - 1. |

For the purposes of *Taxing Wages*, the cash transfers that are calculated represent those amounts that would be received by the family based on their incomes for that year even though these amounts would only begin to be paid in July of the following year. Given that the INPS tables based on the income for 2004 are not available, the calculations for this year rely on the INPS tables for 2003 income.

4. Main changes

No changes have been introduced with respect to personal income tax regime entered into force in 2003.

5. Memorandum item

5.1. Identification of an APW

The data refer to the annual earnings of production workers in the manufacturing sector.

5.2. Contributions by employers to private pension, health, etc. schemes

In addition to the mandatory social security contributions employers may pay contributions to private pension schemes (currently about forty pension funds). Employers contributions are included in the taxable income of the employee.

Employees may also choose to contribute to the pension funds with all or part of the retirement allowance that is otherwise withheld by the employers. In this case the employee can deduct from his taxable income an amount equal to twice the amount of the contribution paid to fund.

Employers contributions to private health insurance schemes are not included in the taxable income of the employee up to the limit of 3 615.20 euros.

2004 Parameter values

| | | | | | | | | |
|---|----------------|-------------------------------|----------------------|----------|-----------|----------|----------|--|
| Average earnings/yr | Ave_earn | 22 683 | Secretariat estimate | | | | | |
| Tax schedule | Tax_sch | 0.23 | 15 000.00 | | | | | |
| | | 0.29 | 29 000.00 | | | | | |
| | | 0.31 | 32 600.00 | | | | | |
| | | 0.39 | 70 000.00 | | | | | |
| | | 0.45 | 999 999 999.99 | | | | | |
| Standard tax allowances | b_all | 7 500.00 | | | | | | |
| Tax credits | | | | | | | | |
| Employment | emp_flat | 0 | | | | | | |
| | | emp_add | 0 | 0.00 | | | | |
| | | | 27 000.01 | 130.00 | | | | |
| | | | 29 500.01 | 235.00 | | | | |
| | | | 36 500.01 | 180.00 | | | | |
| 41 500.01 | 130.00 | | | | | | | |
| Spouse | Spouse_cred | 0 | 546.18 | | | | | |
| | | 15 494.01 | 496.60 | | | | | |
| | | 30 987.01 | 459.42 | | | | | |
| | | 51 646.01 | 422.23 | | | | | |
| | | 999 999 999.99 | 0 | | | | | |
| limit | Sp_crd_lim | 2 840.51 | | | | | | |
| Child credit | Child_credit_m | 0 | 516.46 | 1 032.92 | 1 549.38 | 2 065.84 | | |
| | | 36 151.98 | 303.68 | 1 032.92 | 1 549.38 | 2 065.84 | | |
| | | 41 316.55 | 303.68 | 640.41 | 1 549.38 | 2 065.84 | | |
| | | 46 481.12 | 303.68 | 640.41 | 977.14 | 2 065.84 | | |
| | | 51 645.7 | 285.08 | 570.16 | 855.24 | 2 065.84 | | |
| | | Child_credit_sp | 0 | 546.18 | 1 062.64 | 1 579.1 | 2 095.56 | |
| | | | 15 494.01 | 516.46 | 1 032.92 | 1 549.38 | 2 065.84 | |
| | | | 30 987.01 | 516.46 | 1 032.92 | 1 549.38 | 2 065.84 | |
| | | | 36 151.98 | 459.42 | 1 032.92 | 1 549.38 | 2 065.84 | |
| | | | 41 316.55 | 459.42 | 796.15 | 1 549.38 | 2 065.84 | |
| | | 46 481.12 | 459.42 | 796.15 | 1 132.88 | 2 065.84 | | |
| | | 51 645.7 | 422.23 | 707.31 | 992.39 | 2 065.84 | | |
| | | Regional and local tax | Reg_rt | 0.011 | | | | |
| | | Social security contributions | SSC_sch | 0.0919 | 37 883.00 | | | |
| | | | | 0.1019 | 82 401.00 | | | |
| 0.00 | 999 999 999.99 | | | | | | | |
| Employer contributions | Empr_sch | 0.3308 | 82 401.00 | | | | | |
| | | 0.00 | 999 999 999.99 | | | | | |
| Cash transfers: | | | | | | | | |
| family allowance sched. (t) married couple | trans_sch_m | 0 | 0.00 | 130.66 | 250.48 | | | |
| | | 11 989.56 | 0.00 | 114.65 | 220.53 | | | |
| | | 14 836.01 | 0.00 | 92.45 | 190.57 | | | |
| | | 17 681.91 | 0.00 | 65.59 | 158.04 | | | |
| | | 20 526.70 | 0.00 | 43.90 | 111.55 | | | |
| | | 23 373.71 | 0.00 | 25.82 | 81.60 | | | |
| | | 26 219.59 | 0.00 | 15.49 | 57.33 | | | |
| | | 29 066.60 | 0 | 15.49 | 38.73 | | | |
| | | 31 911.40 | 0 | 12.91 | 25.82 | | | |
| | | 34 757.30 | 0 | 12.91 | 25.82 | | | |
| | | 37 602.64 | 0 | 12.91 | 23.24 | | | |
| | | 40 450.21 | 0 | 0.00 | 23.24 | | | |
| | | 43 296.09 | 0 | 0.00 | 23.24 | | | |
| | | 46 142.56 | 0 | 0.00 | 0.00 | | | |
| | | 48 988.44 | 0 | 0.00 | 0.00 | | | |
| | | 51 835.46 | 0 | 0 | 0.00 | | | |
| | | 54 682.48 | 0 | 0 | 0.00 | | | |
| | | 999 999 999.99 | 0 | 0 | 0 | | | |

| | | | | | |
|-----------------------------|-------------|----------------|-------|--------|--------|
| family allowance sched. (t) | trans_sch_s | 0 | 99.68 | 184.89 | 412.13 |
| single parent | | 13 886.81 | 79.53 | 164.75 | 372.37 |
| | | 16 733.28 | 54.23 | 136.34 | 332.60 |
| | | 19 578.06 | 23.24 | 102.26 | 289.73 |
| | | 22 424.52 | 20.66 | 73.85 | 230.34 |
| | | 25 271.54 | 20.66 | 48.55 | 190.57 |
| | | 28 117.43 | 0 | 34.09 | 159.07 |
| | | 30 963.31 | 0 | 34.09 | 136.34 |
| | | 33 809.23 | 0 | 28.41 | 119.30 |
| | | 36 654.56 | 0 | 28.41 | 119.30 |
| | | 39 502.13 | 0 | 28.41 | 102.26 |
| | | 42 348.58 | 0 | 0 | 102.26 |
| | | 45 193.36 | 0 | 0 | 102.26 |
| | | 48 040.38 | 0 | 0 | 0 |
| | | 50 886.82 | 0 | 0 | 0 |
| | | 53 733.83 | 0 | 0 | 0 |
| | | 56 579.73 | 0 | 0 | 0 |
| | | 999 999 999.99 | 0 | 0 | 0 |

2004 Tax equations

The equations for the Italian system in 2004 are mostly repeated for each individual of a married couple. But the spouse credit is relevant only to the calculation for the principal earner and any child credit which the spouse is unable to use is transferred to the principal. This is shown by the Range indicator in the table below.

The functions which are used in the equations (Taper, MIN, Tax etc) are described in the technical note about tax equations. Variable names are defined in the table of parameters above, within the equations table, or are the standard variables “married” and “children”. A reference to a variable with the affix “_total” indicates the sum of the relevant variable values for the principal and spouse. And the affixes “_princ” and “_spouse” indicate the value for the principal and spouse, respectively. Equations for a single person are as shown for the principal, with “_spouse” values taken as 0.

| Line in country table and intermediate steps | Variable name | Range | Equation |
|--|---------------------|-------|--|
| 1. Earnings | earn | | |
| 2. Allowances: | tax_al1 | B | SSC |
| | tax_al2 | B | $(\text{earn} > 0) * \text{MIN}(\text{earn} - \text{tax_al1}, (\text{b_all} * \text{MIN}(1, (\text{MAX}((1 - (\text{earn} - \text{tax_al1} - \text{b_all}) / 26000), 0)))))$ |
| 3. Credits in taxable income | taxbl_cr | B | 0 |
| 4. CG taxable income | tax_inc_xal2 | B | $\text{earn} - \text{tax_al1}$ |
| | tax_inc | B | $\text{earn} - \text{tax_al1} - \text{tax_al2}$ |
| 5. CG tax before credits | CG_tax_excl | B | $\text{Tax}(\text{tax_inc}, \text{tax_sch})$ |
| 6. Tax credits | | | |
| Employment | emp_cr | B | $\text{MIN}((\text{emp_flat} + \text{VLOOKUP}(\text{tax_inc_xal2}, \text{emp_add}, 2)), \text{CG_tax_excl})$ |
| Spouse credit | spouse_cr | P | $\text{IF}(\text{Married}=1, \text{IF}(\text{tax_inc_xal2_spouse} > \text{Sp_crd_lim}, 0, \text{VLOOKUP}(\text{tax_inc_princ}, \text{Spouse_cred}, 2)), 0)$ |
| Child credit | child_cr_princ | P | $\text{IF}(\text{Married}=1, (\text{Children} > 0) * \text{VLOOKUP}(\text{tax_inc_xal2}, \text{Child_credit_m}, 1 + \text{Children}) * (1 - \text{child_crpct_spouse}), (\text{Children} > 0) * \text{VLOOKUP}(\text{tax_inc_xal2}, \text{Child_credit_sp}, 1 + \text{Children}))$ |
| | child_crfull_spouse | S | $(\text{Children} > 0) * (\text{spouse_cr} = 0) * \text{Married} * \text{VLOOKUP}(\text{tax_inc_xal2_spouse}, \text{Child_credit_m}, 1 + \text{Children})$ |
| | child_crpct_spouse | S | $\text{IF}(\text{child_crfull_spouse} > 0, \text{MIN}(1, (\text{CG_tax_excl_spouse} - \text{emp_cr_spouse}) / \text{child_crfull_spouse}), 0)$ |
| | child_cr_spouse | S | $\text{child_crfull_spouse} * \text{child_crpct_spouse}$ |
| Total | tax_cr | B | $\text{MIN}(\text{emp_cr} + \text{spouse_cr} + \text{child_cr}, \text{CG_tax_excl})$ |
| 7. CG tax | CG_tax | B | $\text{Positive}(\text{CG_tax_excl} - \text{tax_cr})$ |
| 8. State and local taxes | reg_rt | B | $\text{IF}(\text{CG_tax} > 0, \text{taxable_income} * \text{reg_rt}, 0)$ |
| 9. Employees' soc security | SSC | B | $\text{Tax}(\text{earn}, \text{SSC_sch})$ |
| 11. Cash transfers | | J | $((\text{Children} + \text{Married}) > 0) * 12 * \text{VLOOKUP}(\text{earn_total}, \text{IF}(\text{Married}, \text{trans_sch_m}, \text{trans_sch_s}), 1 + \text{Married} + \text{Children})$ |
| 13. Employer's soc security | SSC_empr | B | $\text{Tax}(\text{earn}, \text{Empr_sch})$ |

Key to range of equation:

B calculated separately for both principal earner and spouse.

P calculated for principal only (value taken as 0 for spouse calculation).

J calculated once only on a joint basis.

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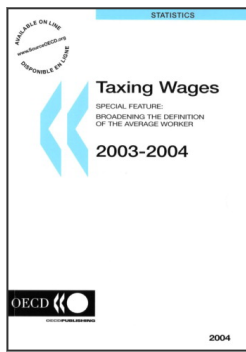
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From:
Taxing Wages 2004

Access the complete publication at:
https://doi.org/10.1787/tax_wages-2004-en

Please cite this chapter as:

OECD (2006), "Italy", in *Taxing Wages 2004*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/tax_wages-2004-19-en

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