1 Overview

This chapter presents the main results of the analysis of the taxation of labour income across OECD member countries in 2020. 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 plus employer social security contributions together with any payroll tax, minus benefits as a percentage of labour costs. The calculations also focus on the net personal average tax rate. This is the term used when the personal income tax and employee social security contributions net of cash benefits are expressed as a percentage of gross wage earnings. The analysis focuses on the single worker, with no children, at average earnings and makes a comparison with the single earner married couple with two children, at the same income level. A complementary analysis focuses on the two earner couple with two children, where one spouse earns the average wage and the other 67% of it.

This Report provides unique information for each of the 37 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[1], and the implied total labour costs for employers. These data are widely used in academic research and in the formulation and evaluation of social and economic policies. The taxpayer-specific detail in this Report complements the information provided annually in *Revenue Statistics*, a publication providing internationally comparative data on tax levels and tax structures in OECD countries. The methodology followed in this Report is described briefly in the introduction section below and in more detail in the Annex.

The tables and charts present estimates of tax burdens and of the tax 'wedge' between labour costs and net take-home pay for eight illustrative household types on comparable levels of income. The key results for 2020 are summarised in the second section below. Part I of the Report presents more detailed results for 2020, together with comparable results for 2019 and discusses the changes between the two years. Part I of the Report also reviews historical changes in tax burdens between 2000 and 2020.

The present chapter 1 begins with an introduction to the *Taxing Wages* methodology that is followed by a review of the results of tax burden indicators for 2020. The review includes the tax wedge and the personal average tax rates results for a single worker, without children, earning the average wage, and also the corresponding indicators for a one-earner couple at the average wage level and a two-earner couple where one spouse earns the average wage and the other 67% of it, and assumes that both couples have two children. Finally, the chapter ends with a section on the change in the average wage levels by country and the industry classification on which they are based.

The report covers the period of crisis related to the COVID-19 pandemic. We pay particular attention to the changes made to tax and benefit systems in response to the pandemic. Only measures that are relevant for the *Taxing Wages* publication are considered. In particular, these measures are changes in personal income tax (central and local/state levels), social security contributions, payroll taxes and cash benefits paid to workers. Consistent with the approach in *Taxing Wages*, these measures must affect the majority of full-time workers that are covered within the sectors B to N in ISIC rev 4. Further detailed information on the methodology is given in the Special Feature. Furthermore, detailed information on the COVID-19 related measures are given within the country chapters in the Part II of the report.

Introduction

This section briefly introduces the methodology employed for *Taxing Wages*, which focuses on full-time 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). This covers both manual and non-manual workers for 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).[2] Further details are provided in Table 1.8 as well as in the Annex of this Report. Additional assumptions are made about the personal circumstances of these wage earners in order to determine their tax/benefit position.

In *Taxing Wages*, 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 – is not taken into account. The transfers included are those paid by general government as cash benefits, 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 2020 are those for the tax year 2020-2021. 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 2020 in respect of Australia has been defined to mean its tax year 2019-2020.

Taxing Wages 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 plus employer social security contributions together with any payroll tax, minus benefits 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. The average tax wedge measures identify that part of total labour costs which is taken in tax and social security contributions net of cash benefits. In contrast, the marginal tax wedge measures identify that part of an increase of total labour costs that is paid in taxes and social security contributions less cash benefits. However, it should be notified that this measure only includes payments that are classified as taxes. Employees and employers may also have to make non-tax compulsory payments (NTCPs)[3] that may increase the indicators that are presented in the *Taxing Wages* publication. An accompanying paper to *Taxing Wages* that is available on the *OECD Tax Database* presents "compulsory payment indicators" that combine the burden of taxes and NTCPs: http://www.oecd.org/tax/tax-policy/non-tax-compulsory-payments.pdf.

The calculations also focus on the personal average tax rate and the net personal average tax rate. The personal average tax rate is the term used when the personal income tax and employee social security contributions are expressed as a percentage of gross wage earnings. The net personal average tax rate corresponds to the above measure net of cash benefits. The net personal marginal tax rate shows that part of an increase of gross wage earnings that is paid in personal income tax and employee social security contributions net of cash benefits.

Review of results for 2020

Tax Wedge

Table 1.1 shows that the tax wedge between the 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 2020 (see column 1). While in Austria, Belgium, France, Germany and Italy, the tax wedge was more than 45%, it was lower than 20% in Chile, Colombia and New Zealand. The highest tax wedge is observed in Belgium (51.5%) and the lowest in Colombia (0.0%). In Colombia, the single worker at the average wage level did not pay personal income taxes in 2020, whereas their contributions to pension, health and employment risk insurances are considered to be non-tax compulsory payments (NTCPs)[4] and therefore are not counted as taxes in the *Taxing Wages* calculations. Table 1.1 shows that the average tax wedge in OECD countries was 34.6% in 2020.

The changes in tax wedge between 2019 and 2020 for the average worker without children are described in column 2 of Table 1.1. The OECD average decreased by 0.39 percentage points. The decrease was significant compared to those observed in the previous years. Since the start of the production of the report (2000), the largest decreases in the OECD tax wedge for the average worker without children were observed in 2008 (0.48 percentage points) and in 2009 (0.52 percentage points), in the context of the Global Financial Crisis. Among the OECD member countries, the tax wedge increased in seven countries and fell in 29. The tax wedge remained at the same level for the average worker in Colombia between

2019 and 2020. The increases were comparatively small and none of them exceeded one percentage point. The largest increase was observed in Australia (0.42 percentage points). In contrast, there were decreases exceeding one percentage point in the United States (1.37 percentage points) and Italy (1.91 percentage points).

In general, the rises in tax wedge were driven by higher income tax (see column 3). This was the major factor for most of the countries showing an overall increase, the exception being Korea. For the latter, the increase in the tax wedge was due to higher employee and employer SSCs as a percentage of labour costs, whereas income tax slightly decreased.

In 21 of the 29 OECD countries that saw a decrease in the tax wedge, the decrease was derived for the most part from lower income taxes (Austria, Belgium, Chile, the Czech Republic, Denmark, Estonia, France, Germany, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Mexico, Poland, the Slovak Republic, Slovenia, Spain and Switzerland). In Austria and Lithuania, there were changes related to the COVID-19 crisis. In Austria, a marginal tax rate within the income tax schedule was reduced. In Lithuania, the tax-exempt amount was increased. In other countries with a decreasing tax wedge due to lower income tax, there were changes in the income tax system that were not related to the COVID-19 crisis and that affected the income taxes at the average wage level. In France, Poland and Slovenia, there was a reduction in one or more income tax rates within the income tax schedules. In Italy, the income tax reduction was due to a temporary additional PAYE tax credit that was introduced in 2020.[5] In Japan, there was a tax relief reform in 2020.

In five other OECD countries with decreasing tax wedges, the changes were mostly driven by lower SSCs (Finland, Greece, Hungary, the Netherlands and the United Kingdom). Employer SSCs as a percentage of labour costs decreased by more than one percentage point in Finland (1.26 percentage points) and Hungary (1.41 percentage points). In Finland, the employer SSC rate was reduced by 1.8 percentage points in 2020 (from 20.49% to 18.69%). In Hungary, the employer SSC rate dropped by 2 percentage points in July 2020, from 17.5% to 15.5%. Although the measure resulted from a permanent change in labour taxation in Hungary, the timing was closely linked to the COVID-19 crisis. In Greece, both employee and employer SSC rates decreased between June 2019 and June 2020 from 15.75% to 15.33% and from 24.81% to 24.33%, respectively, leading to a decrease in both employee and employer SSCs (0.24 and 0.25 percentage points respectively). In the United Kingdom, employee SSCs decreased for the single average worker due to an increase in the income exempt limit in 2020. In the Netherlands, employee SSCs were reduced by increased tax credits.

In Iceland, the decreasing tax wedge derived from an even reduction in income taxes and employer SSCs as a percentage of labour costs.

In two countries, decreases in the tax wedge were also driven by cash benefit payments to the single worker at the average wage level. In Canada, the decline in the tax wedge resulted from a one-time special payment through the Goods and Services Tax credit that was delivered on 9 April 2020, in response to the COVID-19 crisis, and that was treated as a cash benefit in the Taxing Wages calculations. The cash benefit represented a change of 0.04 percentage points in the tax wedge. In the United States, the decrease in the tax wedge was mainly due to the Economic Impact Payment (EIP) that was part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) in response to the COVID-19 pandemic. The EIP was a tax credit that could be claimed on the 2020 tax return filed in 2021. An advance payment of the credit was made in 2020 and treated as a cash benefit in the Taxing Wages calculations. The cash benefit represented a change of 1.84 percentage points in the tax wedge.

Table 1.2 and Figure 1.1 show the constituent components of the tax wedge in 2020, 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 labour costs in Table 1.2 are expressed in US dollars with equivalent purchasing power.

The percentage of labour costs paid in income tax varies considerably across OECD countries. The lowest figures are in Colombia (zero) and Chile (0.03%), with Greece, Israel, Japan, Korea, Mexico, Poland and the Slovak Republic also below 10%. The highest values are in Denmark (35.3%), with Australia and Iceland also over 20%. The percentage of labour costs paid in employee social security contributions also varies widely, ranging from zero in Australia, Colombia, Denmark and New Zealand to 19.0% in Slovenia and 19.2% in Lithuania. Employers in France pay 26.6% of labour costs in social security contributions, the highest amongst OECD countries. The corresponding figures are also more than 20% in eight other countries – Austria, Belgium, the Czech Republic, Estonia, Italy, 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 five OECD countries: Austria, the Czech Republic, France, Germany and the Slovak Republic.

Table 1.1. Comparison of total tax wedge

As % of labour costs, 2020

Country[1]	Total Tax wedge 2020 (1)	Annual change, 2020/19 (in percentage points)[2]			
		Tax wedge (2)	Income tax (3)	Employee SSC (4)	Employer SSC[3] (5)
Belgium	51.5	-0.76	-0.73	-0.01	-0.02
Germany	49.0	-0.28	-0.35	0.03	0.03
Austria	47.3	-0.56	-0.49	0.02	-0.09
France	46.6	-0.56	-0.55	0.00	-0.01
Italy	46.0	-1.91	-1.91	0.00	0.00
Czech Republic	43.9	-0.03	-0.03	0.00	0.00
Hungary	43.6	-0.94	0.21	0.26	-1.41
Slovenia	42.9	-0.55	-0.55	0.00	0.00
Sweden	42.7	0.09	0.08	0.01	0.00
Latvia	41.8	-0.62	-0.62	0.00	0.00
Portugal	41.3	0.06	0.06	0.00	0.00
Slovak Republic	41.2	-0.62	-0.50	0.02	-0.15
Finland	41.2	-0.92	-0.09	0.43	-1.26
Greece	40.1	-0.80	-0.32	-0.24	-0.25
Turkey	39.7	0.09	0.09	0.00	0.00
Spain	39.3	-0.12	-0.12	0.00	0.00
Luxembourg	37.5	-0.92	-0.87	0.00	-0.04
Lithuania	36.9	-0.76	-0.76	0.00	0.00
Estonia	36.9	-0.13	-0.13	0.00	0.00
Netherlands	36.4	-0.54	-0.06	-0.59	0.11
Norway	35.8	0.04	0.04	0.00	0.00
Denmark	35.2	-0.25	-0.26	0.00	0.00
Poland	34.8	-0.76	-0.76	0.00	0.00
Japan	32.7	-0.02	-0.03	0.00	0.02
Ireland	32.3	-0.86	-0.94	0.00	0.08
Iceland	32.3	-0.44	-0.22	0.00	-0.22
United Kingdom	30.8	-0.10	0.09	-0.19	0.00
Canada	30.4	-0.15	-0.08	0.06	-0.08
Australia	28.4	0.42	0.42	0.00	0.00
United States	28.3	-1.37	0.50	0.00	-0.03
Korea	23.3	0.31	-0.09	0.24	0.16
Israel	22.4	-0.53	-0.25	-0.19	-0.09
Switzerland	22.1	-0.22	-0.49	0.13	0.13
Mexico	20.2	-0.01	-0.13	-0.01	0.14
New Zealand	19.1	0.34	0.34	0.00	0.00
Chile	7.0	-0.01	-0.01	0.00	0.00
Colombia	0.0	0.00	0.00	0.00	0.00
Unweighted average					
OECD Average	34.6	-0.39	-0.26	0.00	-0.08

Note: 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 Canada, Denmark and the United States, cash benefits contribute to the difference as they are not included in columns (3)-(5).
3. Includes payroll taxes where applicable.
Sources: Country submissions, OECD Economic Outlook Volume 2020 issue2.

StatLink https://stat.link/tjlb4f

Table 1.2. Income tax plus employee and employer social security contributions

As % of labour costs, 2020

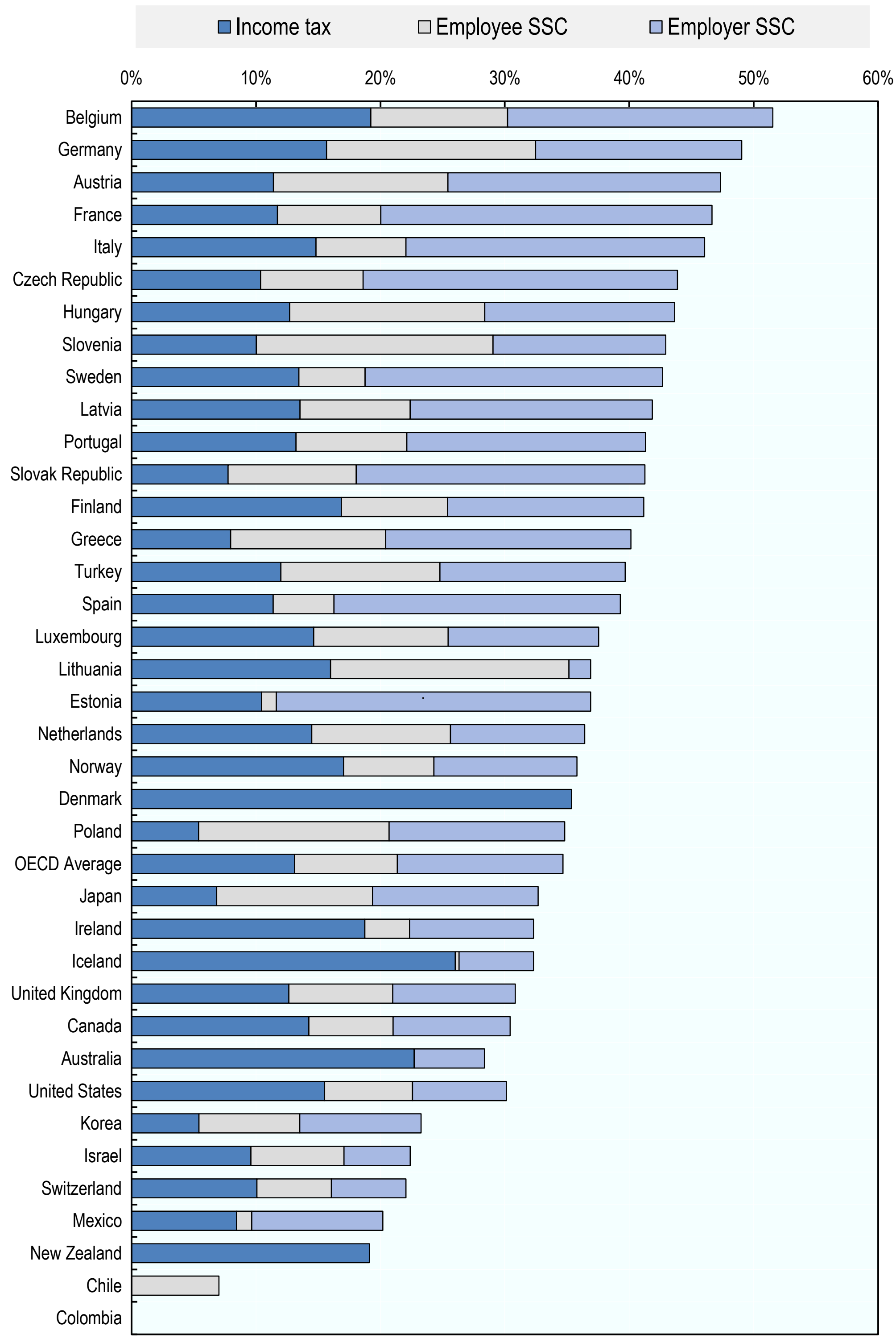
Country[1]	Total tax wedge[2] (1)	Income tax (2)	Social security contributions employee (3)	Social security contributions employer[3] (4)	Labour costs[4] (5)
Germany	49.0	15.7	16.8	16.6	84 456
Austria	47.3	11.4	14.0	21.9	81 902
Switzerland	22.1	10.1	6.0	6.0	81 822
Belgium	51.5	19.2	11.0	21.3	80 965
Netherlands	36.4	14.5	11.1	10.8	77 594
Luxembourg	37.5	14.6	10.8	12.1	76 211
Norway	35.8	17.0	7.3	11.5	71 456
France	46.6	11.7	8.3	26.6	70 841
Iceland	32.3	26.0	0.3	6.0	70 117
Sweden	42.7	13.4	5.3	23.9	69 879
Australia	28.4	22.7	0.0	5.6	67 199
United States	28.3	15.5	7.1	7.6	65 145
Denmark	35.2	35.3	0.0	0.0	64 948
United Kingdom	30.8	12.6	8.4	9.8	64 161
Ireland	32.3	18.8	3.6	10.0	64 086
Finland	41.2	16.9	8.6	15.7	63 713
Japan	32.7	6.8	12.5	13.3	59 166
Korea	23.3	5.4	8.1	9.7	59 031
Italy	46.0	14.8	7.2	24.0	58 889
Spain	39.3	11.4	4.9	23.0	55 937
Canada	30.4	14.3	6.8	9.4	53 570
Greece	40.1	8.0	12.5	19.7	48 262
Israel	22.4	9.6	7.5	5.3	45 112
New Zealand	19.1	19.1	0.0	0.0	43 493
Turkey	39.7	12.0	12.8	14.9	43 447
Czech Republic	43.9	10.4	8.2	25.3	42 302
Estonia	36.9	10.4	1.2	25.3	42 136
Slovenia	42.9	10.0	19.0	13.9	41 541
Portugal	41.3	13.2	8.9	19.2	41 504
Hungary	43.6	12.7	15.7	15.3	40 247
Poland	34.8	5.4	15.3	14.1	39 515
Lithuania	36.9	16.0	19.2	1.8	37 109
Slovak Republic	41.2	7.8	10.3	23.2	33 784
Latvia	41.8	13.5	8.9	19.4	32 802
Chile	7.0	0.0	7.0	0.0	24 050
Mexico	20.2	8.4	1.2	10.5	15 555
Colombia	0.0	0.0	0.0	0.0	11 961
Unweighted average					
OECD Average	34.6	13.1	8.3	13.3	54 700

Note: Single individual without children at the income level of the average worker.
1. Countries ranked by decreasing labour costs.
2. Due to rounding, the total in column (1) may differ by one tenth of a percentage point from the sum of columns (2)-(4). For Canada, Denmark and the United States, cash benefits contribute to the difference as they are not included in columns (2)-(4).
3. Includes payroll taxes where applicable.
4. US dollars with equal purchasing power.
Sources: Country submissions, OECD Economic Outlook Volume 2020 issue 2.

StatLink https://stat.link/9zwyni

Figure 1.1. Income tax plus employee and employer social security contributions, 2020

As a % of labour costs



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

StatLink https://stat.link/z629v5

Personal average tax rates

The personal average tax rate is defined as income tax plus employee social security contributions as a percentage of gross wage earnings. Table 1.3 and Figure 1.2 show the personal average tax rates in 2020 for a single worker without children at the average earnings level. The average workers' gross wage earnings figures in Table 1.3 are expressed in terms of US dollars with equivalent purchasing power. Figure 1.2 provides a graphical representation of the personal average tax rate decomposed between income tax and employee social security contributions.

Table 1.3 and Figure 1.2 show that on average, the personal average tax rate for a single worker at average earnings in OECD countries was 24.9% in 2020. Germany had the highest rate at 38.9% of gross earnings; with Belgium, Denmark and Lithuania being the only other countries with rates of more than 35%. Chile, Colombia and Mexico had the lowest personal average tax rates at 7.0%, 0.0% and 10.8% of gross average earnings respectively. The personal average tax rate was zero for Colombia as the single worker did not pay personal income tax at the average wage level in 2020. Moreover, contributions to pension, health and employment risk insurance in Colombia are considered to be non-tax compulsory payments (NTCPs)[6] and are not counted as taxes in the *Taxing Wages* calculations.

The impact of taxes and benefits on a worker's take-home pay varies greatly among OECD countries. Such wide variations in the size and make-up of tax wedges, in part, reflect differences in:

The overall ratio of aggregate tax revenues to Gross Domestic Product; and,

The share of personal income tax and social security contributions in national tax mixes.

The mix of income tax and social security contributions paid out of gross wage earnings also varies greatly between countries as illustrated in Figure 1.2.

In 2020, the share of income tax within the personal average tax rate was higher than the share of the employee social security contributions for 24 of the 37 OECD member countries. No employee social security contributions were levied in Australia, Colombia, Denmark and New Zealand and their levels were at 4% or less of gross earnings in Estonia, Iceland, Ireland and Mexico. In contrast, the single worker at the average wage level paid substantially more (i.e., more than six percentage points) in employee social security contributions than in personal income tax in four countries – Chile, Japan, Poland and Slovenia. In five countries – the Czech Republic, Germany, Israel, Korea and Turkey – the shares of personal income tax and employee social security contributions as percentages of gross earnings were very close (i.e., differences of 3 percentage points or less).

Table 1.3. Income tax plus employee social security contributions, 2020

As % of gross wage earnings

Country[1]	Total payment[2] (1)	Income tax (2)	Employee social security contributions (3)	Gross wage earnings[3] (4)
Switzerland	17.1	10.7	6.4	76 918
Germany	38.9	18.8	20.1	70 454
Netherlands	28.7	16.2	12.5	69 213
Luxembourg	28.9	16.7	12.3	66 993
Iceland	28.0	27.7	0.3	65 930
Denmark	35.3	35.3	0.0	64 948
Austria	32.6	14.6	18.0	63 956
Belgium	38.4	24.5	14.0	63 704
Australia	24.1	24.1	0.0	63 415
Norway	27.5	19.3	8.2	63 236
United States	24.4	16.8	7.7	60 220
United Kingdom	23.3	14.0	9.3	57 855
Ireland	24.8	20.8	4.0	57 709
Finland	30.2	20.0	10.2	53 680
Korea	15.0	6.0	9.0	53 284
Sweden	24.7	17.7	7.0	53 173
France	27.3	16.0	11.3	51 985
Japan	22.3	7.9	14.5	51 288
Canada	23.2	15.7	7.5	48 536
Italy	29.0	19.5	9.5	44 755
New Zealand	19.1	19.1	0.0	43 493
Spain	21.1	14.8	6.4	43 062
Israel	18.0	10.1	7.9	42 703
Greece	25.4	9.9	15.5	38 755
Turkey	29.1	14.1	15.0	36 976
Lithuania	35.8	16.3	19.5	36 456
Slovenia	33.7	11.6	22.1	35 781
Hungary	33.5	15.0	18.5	34 107
Poland	24.1	6.3	17.8	33 939
Portugal	27.4	16.4	11.0	33 539
Czech Republic	24.9	13.9	11.0	31 616
Estonia	15.6	14.0	1.6	31 492
Latvia	27.8	16.8	11.0	26 427
Slovak Republic	23.5	10.1	13.4	25 948
Chile	7.0	0.0	7.0	24 050
Mexico	10.8	9.4	1.4	13 917
Colombia	0.0	0.0	0.0	11 961
Unweighted average				
OECD Average	24.9	15.1	9.7	47 175

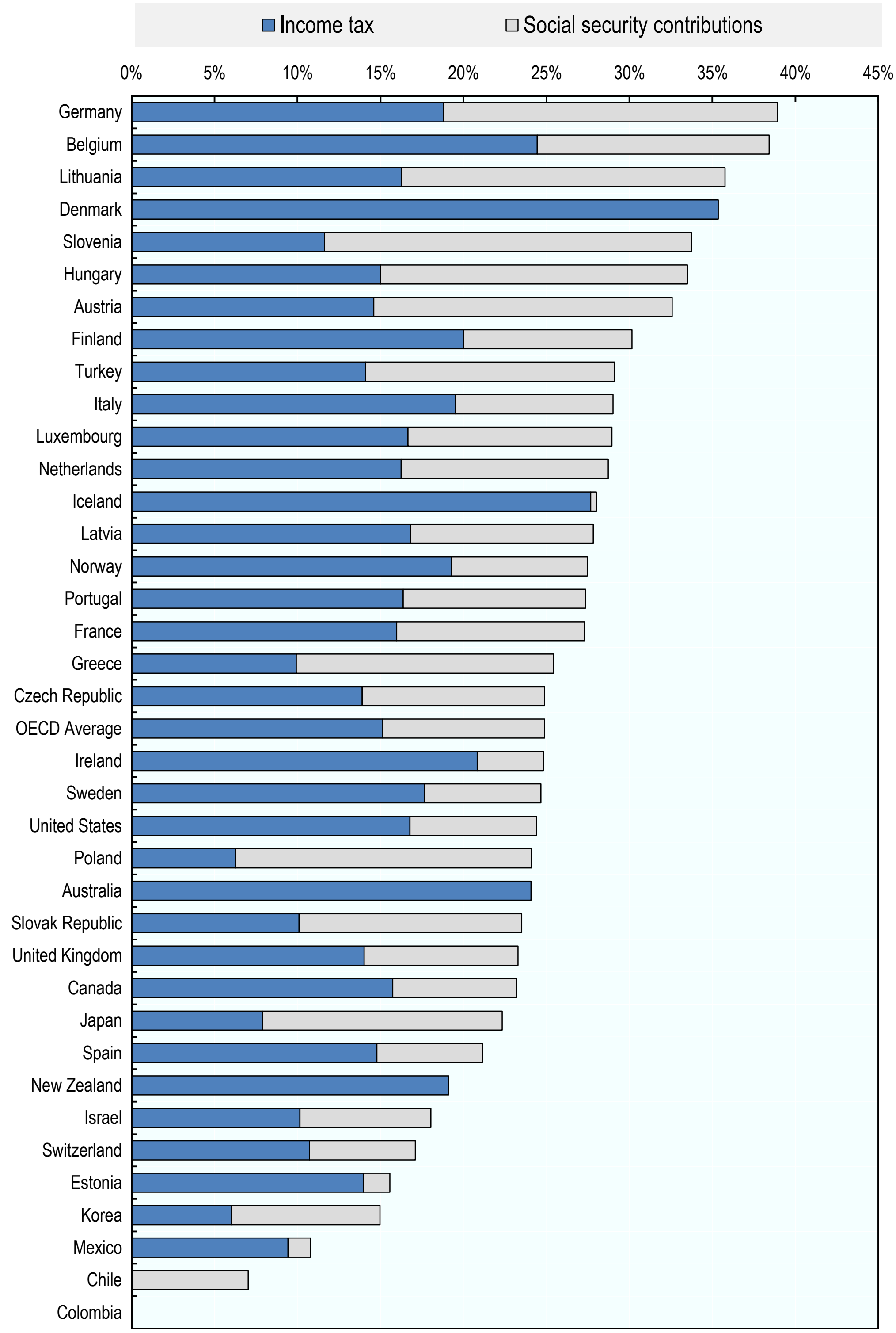
Note: Single individual at the income level of the average worker, without children.

1. Countries ranked by decreasing gross wage earnings.
2. Due to rounding total may differ by one tenth of a percentage point from aggregate of columns for income tax and social security contributions
3. US dollars with equal purchasing power.

Sources: Country submissions, OECD Economic Outlook Volume 2020 issue 2.

StatLink https://stat.link/569y1q

Figure 1.2. Percentage of gross wage earnings paid in income tax and employee social security contributions, 2020



Notes: Countries ranked by decreasing tax burden.
Single workers at the income level of the average worker.

StatLink https://stat.link/xjmd8o

Single versus one-earner couple taxpayers

Table 1.4 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 2020 (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 24.4% compared to 34.6% for the single average worker. This gap has widened (by 0.7 percentage points) since 2019.

The tax savings realised by a one-earner married couple with two children compared to a single worker without children were greater than 20% of labour costs in Canada, Luxembourg and Poland, and more than 15% of labour costs in seven other countries – Austria, Belgium, the Czech Republic, Germany, Ireland, Lithuania and Slovenia. The tax burdens of one-earner married couples and single workers on the average wage were the same in Mexico and differed by three percentage points or less in Chile (0.03%), Greece, Israel and Turkey (see columns 1 and 2).

In 19 of the 37 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 2019 and 2020 (see column 3). There was no change in Chile only. There was an increase of more than one percentage point in New Zealand (1.58 percentage points) resulting entirely from a lower income related cash benefit payment in 2020. There were decreases of one percentage point or more in 16 countries – Austria, Belgium, Canada, Colombia, Finland, Germany, Iceland, Ireland, Italy, Korea, Latvia, Lithuania, Luxembourg, the Netherlands, Poland and the United States. For most of those countries, the changes in the tax wedge resulted from the introduction of, or changes in, tax provisions or cash benefits for dependent children. Several of these countries introduced measures related to the COVID-19 crisis in 2020. In Austria (1.66 percentage points), there was a change in the income tax schedule (reduced income tax rate) in response to the COVID-19 crisis. In addition, an extra child benefit was paid in response to the COVID-19 crisis. In Lithuania (9.88 percentage points), as previously mentioned, the tax-exempt amount was increased in response to the COVID-19 crisis and also a one-off child benefit payment was made to families in response to the COVID-19 crisis. Extra or one-off cash benefit or tax provision payments in response to the COVID-19 crisis were also made in Canada (2.10 percentage points), Germany (1.38 percentage points), Iceland (1.27 percentage points), Korea (2.06 percentage points) and the United States (4.62 percentage points). Detailed explanations on COVID-19 related measures are given in the country details in Part II of the report.

A comparison of the changes in tax wedges between 2019 and 2020 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 1.4. The fiscal preference for families increased in 27 OECD countries: Australia, Austria, Belgium, Canada, Colombia, Czech Republic, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, the Slovak Republic, Spain, Switzerland 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 only in Mexico. In four countries: Chile, Denmark, Portugal and the United Kingdom; the fiscal preference for families decreased, by less than 0.03 percentage points in each country.

Table 1.4. Comparison of total tax wedge for single and one-earner couple taxpayers, 2020

As % of labour costs

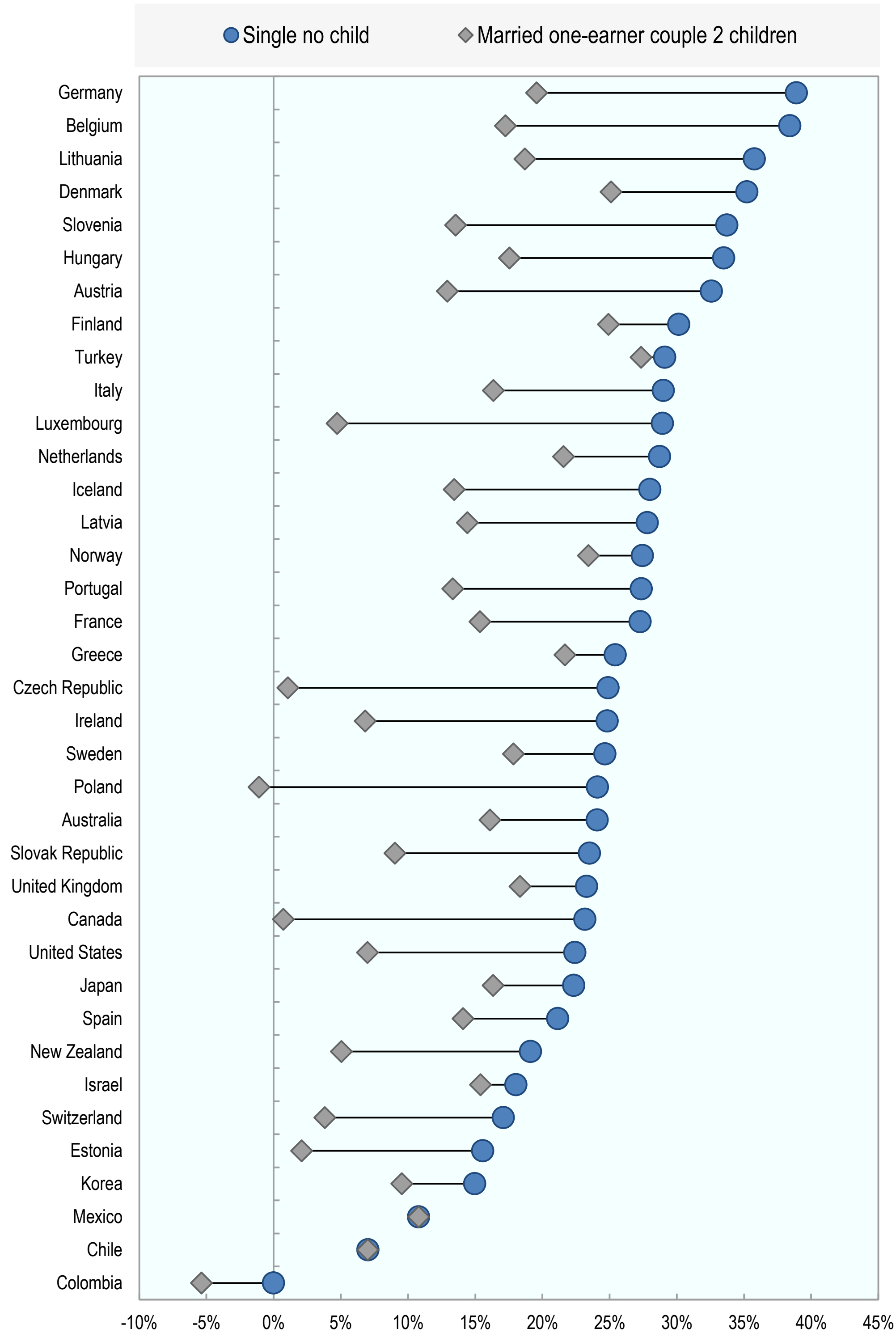
Country[1]	Family[2] Total Tax wedge 2020 (1)	Single[3] Total Tax wedge 2020 (2)	Annual change, 2020/19 (in percentage points)		
			Family Tax wedge (3)	Single Tax wedge (4)	Difference between single and family (4)-(3) (5)
Turkey	38.2	39.7	0.16	0.09	-0.08
France	37.9	46.6	-0.77	-0.56	0.21
Sweden	37.5	42.7	0.21	0.09	-0.12
Greece	37.1	40.1	-0.82	-0.80	0.02
Finland	36.7	41.2	-1.00	-0.92	0.07
Italy	36.4	46.0	-2.68	-1.91	0.77
Belgium	34.9	51.5	-1.71	-0.76	0.95
Spain	33.9	39.3	-0.16	-0.12	0.04
Germany	32.9	49.0	-1.38	-0.28	1.10
Norway	32.2	35.8	0.04	0.04	0.01
Austria	32.0	47.3	-1.66	-0.56	1.10
Latvia	31.1	41.8	-1.13	-0.62	0.51
Hungary	30.1	43.6	-0.22	-0.94	-0.72
Slovak Republic	30.1	41.2	-0.88	-0.62	0.25
Netherlands	30.0	36.4	-1.93	-0.54	1.39
Portugal	30.0	41.3	0.08	0.06	-0.02
Japan	27.5	32.7	-0.06	-0.02	0.04
Estonia	26.8	36.9	-0.24	-0.13	0.11
United Kingdom	26.4	30.8	-0.09	-0.10	-0.02
Czech Republic	26.1	43.9	-0.37	-0.03	0.34
Slovenia	25.5	42.9	-0.24	-0.55	-0.31
Denmark	25.1	35.2	-0.23	-0.25	-0.02
Australia	20.8	28.4	0.07	0.42	0.34
Mexico	20.2	20.2	-0.01	-0.01	0.00
Lithuania	20.1	36.9	-9.88	-0.76	9.12
Israel	19.9	22.4	-0.60	-0.53	0.07
Iceland	18.6	32.3	-1.27	-0.44	0.82
Korea	18.3	23.3	-2.06	0.31	2.36
Luxembourg	16.3	37.5	-1.12	-0.92	0.20
Ireland	16.1	32.3	-1.71	-0.86	0.85
United States	14.0	28.3	-4.62	-1.37	3.25
Poland	13.2	34.8	-4.32	-0.76	3.56
Canada	10.1	30.4	-2.10	-0.15	1.95
Switzerland	9.6	22.1	-0.37	-0.22	0.15
Chile	7.0	7.0	0.00	-0.01	-0.01
New Zealand	5.0	19.1	1.58	0.34	-1.24
Colombia	-5.4	0.0	-1.02	0.00	1.02
Unweighted average					
OECD Average	24.4	34.6	-1.15	-0.39	0.76

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.
Sources: Country submissions, OECD Economic Outlook Volume 2020 issue 2.

StatLink https://stat.link/k5wnz4

Figure 1.3. Income tax plus employee contributions less cash benefits, 2020

As % of gross wage earnings, by single and one-earner couple taxpayers



Notes: Countries ranked by decreasing rates for single taxpayer without children.
Household types: a single individual without children and earnings at the average wage level and a one earner married couple with two children and earnings at the average wage level.

StatLink https://stat.link/vg0bd3

Figure 1.3 compares the net personal average tax rate for the average worker between a single individual and a one-earner married couple with two children at the same income level. These results show the same pattern as the tax wedge results. This is because employer social security contributions, which are not taken into account in the former but included in the latter, are independent of household type. Due to tax reliefs and cash benefits for families with children, the one-earner married couple's disposable income was higher than the single individual's by more than 20% of earnings in six countries – Poland (25.2%), Luxembourg (24.2%), the Czech Republic (23.8%), Canada (22.4%), Belgium (21.2%) and Slovenia (20.2%). At the lower end of the spectrum, the disposable income of the one-earner married couple was higher than the single individual by less than 10% of earnings in 14 countries – Australia (8.0%), the Netherlands (7.2%), Spain (7.0%), Sweden (6.8%), Japan (6.0%), Korea and Colombia (5.4%), Finland (5.2%), the United Kingdom (5.0%), Norway (4.0%), Greece (3.8%), Israel (2.6%), Turkey (1.8%) and Chile (0.03%). The disposable income was the same for both household types in Mexico, as their net personal average tax rates were identical.

Tax on labour income 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 28.9% in 2020 (Figure 1.4 and Table 1.5). Belgium had a tax wedge of 43.4%, which was the highest among OECD countries. The other countries with tax wedges exceeding 40% were Italy (40.04 %),France (40.2%) and Germany (41.5%). At the other extreme, the lowest tax wedge was observed in Colombia (-6.4%). In Colombia, the tax wedge was negative as this household type did not pay income taxes at that level of earnings. The household paid contributions that are not considered to be taxes[7] and that are not included in the calculations. This household type received cash benefits that were paid on top of their wages, resulting in a negative tax wedge. The other countries with tax wedges of less than 20% were Korea (19.3%), Mexico (18.7%), New Zealand (17.6%), Israel (16.0%), Switzerland (15.7%) and Chile (6.6%).

Figure 1.4 shows the average tax wedge and its components as a percentage of labour costs for the two-earner couple for 2020. On average across OECD countries, income tax represented 10.2% of labour costs and the sum of the employees' and employers' social security contributions represented 21.4%. The OECD tax wedge is net of cash benefits, which represented 2.7% of labour costs in 2020.

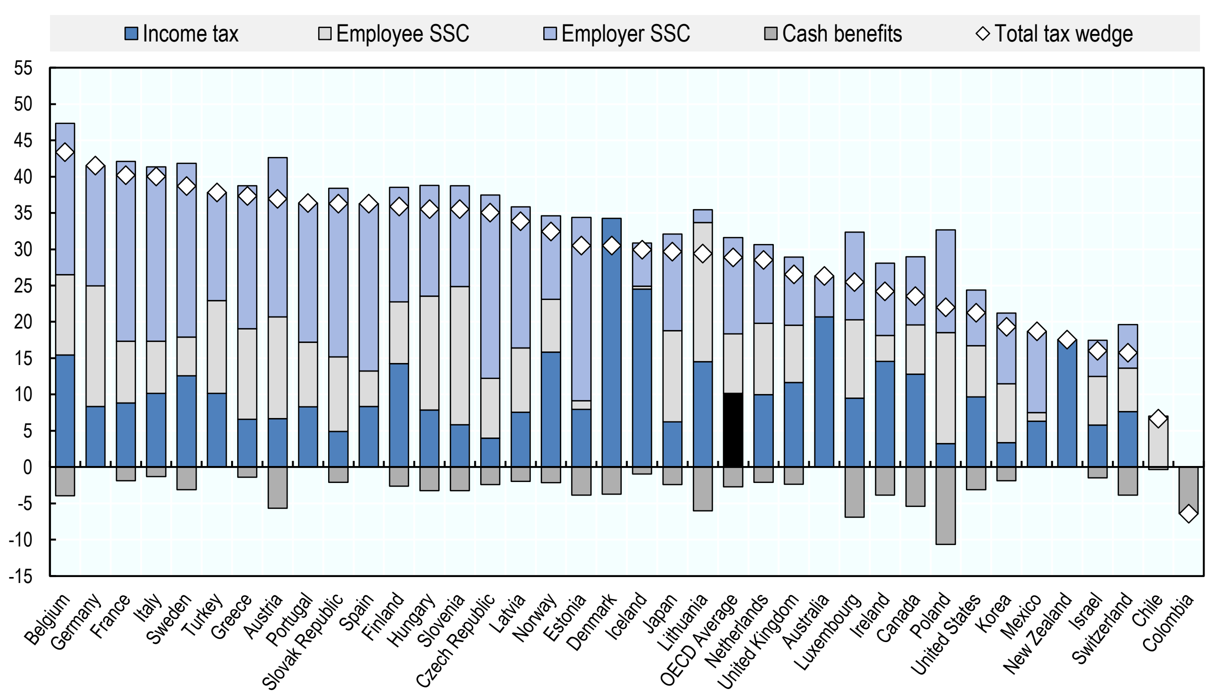
The cash benefits that are considered in the *Taxing Wages* publication are those universally paid to workers in respect of dependent children between the ages of six to eleven inclusive. In-work benefits that are paid to workers regardless of their family situation are also included in the calculations. For the observed two-earner couple, Denmark paid an income-tested cash benefit (the Green Check) that also benefited childless single workers. In response to the COVID-19 crisis, workers without children also received cash benefits in Canada and the United States as observed in the previous section on the tax wedge for the average single worker.

Compared to 2019, the OECD average tax wedge of the two-earner couple decreased by 0.75 percentage points in 2020, as indicated in Table 1.5 (column 2) as a consequence of decreasing tax wedges in 31 out of 37 OECD countries. It increased in six countries only – Norway (0.07 percentage points), Portugal (0.09 percentage points), Sweden and Turkey (both by 0.16 percentage points), New Zealand (0.24 percentage points) and Australia (0.48 percentage points). In most countries with decreasing tax wedges for families with children between 2019 and 2020, the lower tax wedges resulted from changes in income tax systems and SSCs, as observed for the single workers, and also from increased cash benefits or tax provisions for dependent children between the two years. Decreases of more than one percentage point were observed in 15 countries – Poland (2.97 percentage points), the United States (2.78 percentage points), Lithuania (2.50 percentage points), Italy (1.75 percentage points), France (1.48 percentage points), Austria (1.33 percentage points), Latvia (1.31 percentage points), Luxembourg (1.30 percentage points), Belgium (1.23 percentage points), Colombia (1.22 percentage points), Ireland (1.20 percentage points), Iceland (1.13 percentage points), Greece and Korea (both by 1.11 percentage points) and Finland (1.10 percentage points). As observed for the one-earner couples with children in the previous section, among some of these countries, measures related to the COVID-19 crisis were introduced in 2020. Extra or one-off cash benefit or tax provision payments in response to the COVID-19 crisis were made to two-earner couples with children in Austria, Canada, Korea, Iceland, Lithuania and the United States. In addition to an extra child benefit payment in response to the COVID-19 crisis, a marginal income tax rate within the income tax schedule was reduced in Austria and a tax-exempt amount was increased in Lithuania. In Poland, which had the second largest increase in the cash benefit as a percentage of labour costs (2.24 percentage points) after the United States (3.12 percentage points) for two-earner couples with children, the increase was due to a reform of the family benefit system that was introduced in July 2019 and that was not related to the COVID-19 crisis.

Among the six countries where tax wedges increased for two-earner couples with children in 2020, the increase in income tax as a percentage of labour costs represented the bulk of the increase in the tax wedge in five of them: Norway (0.07 percentage points), Portugal (0.09 percentage points), Turkey (0.16 percentage points), New Zealand (0.24 percentage points) and Australia (0.48 percentage points). In Sweden, the increase in the tax wedge was mainly driven by higher income tax and reduced cash benefits as a percentage of labour costs (0.08 percentage points and -0.07 percentage points).

Figure 1.4. Income tax plus employee and employer social security contributions less cash benefits, 2020

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.

StatLink https://stat.link/nlhgis

Table 1.5. Comparison of total tax wedge for two-earner couples with children, 2020

As % of labour costs

Country[1]	Total Tax wedge 2020 (1)	Annual change, 2020/19 (in percentage points)[2]				
		Tax wedge (2)	Income tax (3)	Employee SSC (4)	Employer SSC[3] (5)	Cash benefits (6)
Belgium	43.4	-1.23	-0.87	0.06	-0.24	0.17
Germany	41.5	-0.92	-0.99	0.03	0.03	0.00
France	40.2	-1.48	-0.83	0.07	-0.66	0.07
Italy	40.0	-1.75	-1.66	0.00	0.00	0.09
Sweden	38.7	0.16	0.08	0.01	0.00	-0.07
Turkey	37.8	0.16	0.16	0.00	0.00	0.00
Greece	37.4	-1.11	-0.58	-0.24	-0.25	0.04
Austria	37.0	-1.33	-0.59	0.02	-0.09	0.67
Portugal	36.4	0.09	0.09	0.00	0.00	0.00
Slovak Republic	36.3	-0.82	-0.64	0.02	-0.15	0.05
Spain	36.3	-0.14	-0.14	0.00	0.00	0.00
Finland	35.9	-1.10	-0.17	0.37	-1.26	0.04
Hungary	35.6	-0.51	0.47	0.26	-1.41	-0.17
Slovenia	35.5	-0.17	-0.12	0.00	0.00	0.05
Czech Republic	35.1	-0.22	-0.21	0.00	0.00	0.02
Latvia	33.9	-1.31	-1.32	0.00	0.00	-0.02
Norway	32.5	0.07	0.07	0.00	0.00	0.00
Estonia	30.5	-0.17	-0.13	0.00	0.00	0.04
Denmark	30.5	-0.26	-0.26	0.00	0.00	-0.01
Iceland	29.9	-1.13	-0.33	0.00	-0.22	0.59
Japan	29.7	-0.03	-0.03	0.00	0.02	0.02
Lithuania	29.4	-2.50	-1.06	0.00	0.00	1.43
Netherlands	28.5	-0.48	-0.04	-0.63	0.11	-0.07
United Kingdom	26.5	-0.12	0.11	-0.23	0.00	0.00
Australia	26.3	0.48	0.48	0.00	0.00	0.00
Luxembourg	25.5	-1.30	-0.92	-0.01	-0.04	0.33
Ireland	24.2	-1.20	-1.12	0.00	0.08	0.16
Canada	23.5	-0.54	-0.15	0.13	-0.07	0.45
Poland	22.0	-2.97	-0.73	0.00	0.00	2.24
United States	21.3	-2.78	0.38	0.00	-0.03	3.12
Korea	19.3	-1.11	-0.10	0.24	0.16	1.41
Mexico	18.7	-0.13	-0.30	-0.01	0.18	0.00
New Zealand	17.6	0.24	0.24	0.00	0.00	0.00
Israel	16.0	-0.53	-0.15	-0.23	-0.11	0.04
Switzerland	15.7	-0.42	-0.51	0.13	0.13	0.17
Chile	6.6	-0.02	0.00	0.00	0.00	0.02
Colombia	-6.4	-1.22	0.00	0.00	0.00	1.22
Unweighted average						
OECD Average	28.9	-0.75	-0.32	0.00	-0.10	0.33

Note: 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.
Sources: Country submissions, OECD Economic Outlook Volume 2020 issue 2.

StatLink https://stat.link/4y8pgh

Table 1.6. Income tax plus employee social security contributions less cash benefits, 2020

For two-earner couples with two children, as % of gross wage earnings

Country[1]	Total payment[2] (1)	Income tax (2)	Employee social security contributions (3)	Cash benefits (4)	Gross wage earnings[3] (5)
Switzerland	10.4	8.1	6.4	4.1	128 453
Germany	29.9	10.0	19.9	0.0	117 658
Netherlands	19.9	11.2	11.0	2.4	115 586
Luxembourg	15.2	10.8	12.3	7.9	111 878
Iceland	25.5	26.1	0.4	1.0	110 103
Denmark	30.5	34.2	0.0	3.7	108 463
Austria	19.3	8.5	18.0	7.2	106 807
Belgium	28.5	19.5	14.0	5.0	106 386
Australia	21.9	21.9	0.0	0.0	105 902
Norway	23.7	17.9	8.2	2.4	105 604
United States	14.7	10.5	7.7	3.4	100 568
United Kingdom	19.0	12.8	8.7	2.6	96 618
Ireland	15.8	16.1	4.0	4.3	96 375
Finland	23.9	16.9	10.1	3.1	89 646
Korea	10.6	3.7	9.0	2.1	88 984
Sweden	19.4	16.5	7.0	4.1	88 798
France	20.6	11.7	11.3	2.5	86 816
Japan	18.9	7.2	14.5	2.8	85 651
Canada	15.6	14.1	7.5	6.0	81 055
Italy	21.1	13.3	9.5	1.7	74 742
New Zealand	17.6	17.6	0.0	0.0	72 633
Spain	17.2	10.9	6.4	0.0	71 913
Israel	11.6	6.1	7.1	1.6	71 314
Greece	22.0	8.2	15.5	1.7	71 193
Turkey	26.9	11.9	15.0	0.0	61 750
Lithuania	28.2	14.8	19.5	6.1	60 881
Slovenia	25.1	6.8	22.1	3.8	59 754
Hungary	24.0	9.3	18.5	3.8	56 959
Poland	9.2	3.8	17.8	12.4	56 678
Portugal	21.3	10.3	11.0	0.0	56 009
Czech Republic	13.1	5.3	11.0	3.3	52 799
Estonia	7.0	10.6	1.6	5.2	52 592
Latvia	17.9	9.4	11.0	2.5	44 133
Slovak Republic	17.1	6.4	13.4	2.7	43 333
Chile	6.6	0.0	7.0	0.4	40 163
Mexico	8.4	7.1	1.3	0.0	23 241
Colombia	-6.4	0.0	0.0	6.4	19 974
Unweighted average					
OECD Average	18.1	11.6	9.7	3.1	78 957

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 gross wage earnings.
2. Due to rounding total may differ by one tenth of a percentage point from aggregate of columns for income tax, social security contributions and cash benefits.
3. US dollars with equal purchasing power.
Sources: country submissions, OECD Economic Outlook Volume 2020 issue 2.

StatLink https://stat.link/nqcd0i

Regarding the net personal average tax rate as a percentage of gross earnings, the OECD average was 18.1% in 2020 for the two-earner couple with two children where one spouse earns the average wage and the other earns 67% of it. Table 1.6 shows the net personal average tax rates for the OECD countries and their components as a percentage of gross earnings. The household gross wage earnings figures in column 5 are expressed in terms of US dollars with equivalent purchasing power. Unlike the results shown in Table 1.3, in Table 1.6 cash benefits are taken into account and reduce the impact of the employees' income taxes and social security contributions (columns 2 plus 3 minus column 4).

The net personal average tax rate on the two-earner couple varied greatly among OECD countries in 2020, ranging from -6.4% in Colombia to 30.5% in Denmark. In Colombia, the tax wedge was negative as the household did not pay income taxes at that level of earnings. The household paid contributions that are not considered to be taxes[8] and that are not taken into account in the calculations. This household type received cash benefits that were paid on top of their wages, resulting in a negative net personal average tax rate. In other terms, the disposable income of the household after tax represented 106.4% of the couple's gross wage earnings in Colombia while it represented 69.5% in Denmark. In addition, the net personal average tax rate was less than 10% in Poland (9.2%), Mexico (8.4%), Estonia (7.0%), Chile (6.6%) as well as in Colombia.

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). 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: http://www.oecd.org/tax/tax-policy/non-tax-compuslory-payments.pdf.

Wages

Table 1.7 shows the gross wage earnings in national currency of the average worker in each OECD member country for 2019 and 2020. The figures for 2020 are estimated by the OECD Secretariat by applying the change in the compensation per employee in the total economy as presented in the *OECD Economic Outlook* (Volume 2020 issue 2) database to the final average wage values provided by OECD member countries. More information on the values of the average wage and the estimation methodology is included in the Annex of this Report.

The annual change in 2020 – shown in column 3 – varied between -13.3% in Colombia and 20.9% in Turkey. To a large extent, the changes in wage levels in 27 OECD countries reflect the inflation trends, whereas they went in opposite directions in 10 countries (Belgium, Colombia, the Czech Republic, Finland, France, Japan, Korea, Luxembourg, Mexico and Portugal)– see column 4 of Table 1.7. The annual change in real wage levels (before personal income tax and employee social security contributions) is within the range of -2% to +2% for 21 countries; see column 5 of Table 1.7. Sixteen countries show changes that are outside this range. Among those countries, the changes exceed 2% in the Netherlands (2.3%), Canada (2.7%), Australia (2.8%), Hungary (3.5%), the United States (5.0%), Lithuania (5.1%) and Turkey (7.9%). In contrast, they are below -2% in France (-3.1%), the Czech Republic, Ireland and Italy (all -3.8%), Switzerland (-4.0%), Belgium (- 4.6%), Mexico (-4.7%), Luxembourg (-4.8%) and Colombia (-15.5%).

In 23 out of the 37 OECD countries, the average single worker without children had higher real post-tax income in 2020 than in 2019, either because real wages before tax increased more or decreased less than personal average tax rates; or personal average tax rates decreased or remained unchanged while real wages before tax increased (see column 6).

In contrast, the average single worker without children had lower real post-tax income in 2020 in Belgium, Chile, Colombia, the Czech Republic, Finland, France, Japan, Korea, Luxembourg, Mexico, New Zealand, Norway, Spain and Switzerland:

- The real wage before tax decreased more than the personal average tax rate in Belgium, Chile, the Czech Republic, Finland, France, Japan, Luxembourg, Mexico, Spain and Switzerland.
- The real wage before tax decreased whereas the personal average tax rate increased in Korea and Norway.
- The real wage before tax decreased while the personal average tax rate remained unchanged in Colombia.
- The personal average tax rate increased more than the real wage before tax in New Zealand.

When comparing wage levels, it is important to note that the definition of average wage earnings can vary between countries due to data limitations. For instance, some countries do not include the wages earned by supervisory and managerial workers or do not exclude wage earnings from part-time workers (see Table A.4 in the Annex). Furthermore, caveats related to the average wage figures in 2020 are discussed in Chapter 2, the special feature.

Table 1.8 provides more information on whether the average wages for the years 2000 to 2020 are based on 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).

Most OECD countries have calculated average wage earnings on the basis of sectors B-N in the ISIC Rev. 4 Industry Classification at least since 2008. Some countries have revised the average wage values for prior years as well. Average wage values based on the ISIC Rev. 4 Classification or any variant are available for years back to 2000 for Australia, Canada, the Czech Republic, Estonia, Finland, Greece, Hungary, Iceland, Italy, Japan, Latvia, Lithuania, the Slovak Republic, Slovenia, Spain and Switzerland.

Australia (for all years) and New Zealand (from 2004 onwards) have provided values based on the 2006 ANZSIC industry classification, divisions B to N, which substantially overlaps the ISIC Rev.4, sectors B to N. For New Zealand, the years prior to 2004 continue to be based on sectors C-K in ANZSIC. Turkey has provided values based on the NACE Rev.2 classification sectors B-N from 2007 onwards. Values for the years prior to 2007 are based on the average production worker wage (ISIC rev.3.1, sector D). The average wages are not based on the sectors B-N in the ISIC Rev. 4 Industry Classification for the Netherlands (from 2012 onwards) and Mexico (all years).

Table 1.7. Comparison of wage levels

Country	Gross wage in national currency		Annual change, 2020/19 (percentage)			
	2019 (1)	2020 (2)	Gross wage (3)	Inflation[1] (4)	Real wage before tax (5)	Change in personal average tax rate[2] (6)
Australia	87 766	90 861	3.5	0.7	2.8	1.9
Austria	48 398	48 658	0.5	1.3	-0.7	-1.9
Belgium	49 783	47 720	-4.1	0.5	-4.6	-2.4
Canada	55 459	57 292	3.3	0.6	2.7	-0.4
Chile	10 042 281	10 279 535	2.4	2.9	-0.5	-0.2
Colombia	18 499 302	16 033 240	-13.3	2.5	-15.5	0.0
Czech Republic	404 764	402 261	-0.6	3.3	-3.8	-0.2
Denmark	432 900	437 094	1.0	0.4	0.6	-0.7
Estonia	16 817	16 637	-1.1	-0.7	-0.4	-1.1
Finland	45 813	45 719	-0.2	0.5	-0.7	-0.2
France	39 196	38 188	-2.6	0.5	-3.1	-2.7
Germany	52 000	52 104	0.2	0.4	-0.2	-0.9
Greece	21 621	21 139	-2.2	-1.2	-1.1	-3.0
Hungary	4 677 521	5 011 590	7.1	3.5	3.5	0.0
Iceland	9 048 000	9 247 101	2.2	2.8	-0.6	-1.1
Ireland	48 722	46 685	-4.2	-0.4	-3.8	-3.9
Israel	161 028	157 093	-2.4	-0.5	-1.9	-2.6
Italy	31 472	30 233	-3.9	-0.1	-3.8	-8.0
Japan	5 221 704	5 185 181	-0.7	0.2	-0.9	-0.2
Korea	46 285 248	46 020 316	-0.6	0.5	-1.1	1.3
Latvia	12 804	12 913	0.8	0.1	0.7	-2.7
Lithuania	15 436	16 426	6.4	1.2	5.1	-2.1
Luxembourg	60 896	58 040	-4.7	0.1	-4.8	-3.4
Mexico	133 131	131 163	-1.5	3.4	-4.7	-1.3
Netherlands	53 054	54 843	3.4	1.0	2.3	-2.3
New Zealand	62 181	64 150	3.2	1.6	1.5	1.8
Norway	620 035	627 370	1.2	1.5	-0.3	0.2
Poland	58 779	60 915	3.6	3.4	0.2	-3.5
Portugal	19 331	19 478	0.8	-0.2	0.9	0.3
Slovak Republic	13 154	13 200	0.4	1.9	-1.5	-2.8
Slovenia	20 265	20 424	0.8	0.1	0.7	-1.9
Spain	27 292	26 934	-1.3	-0.3	-1.0	-0.7
Sweden	455 072	465 767	2.4	0.6	1.8	0.5
Switzerland	91 628	87 363	-4.7	-0.7	-4.0	-2.0
Turkey	61 841	74 751	20.9	12.0	7.9	0.4
United Kingdom	41 128	41 807	1.7	0.8	0.9	-0.5
United States	56 577	60 220	6.4	1.4	5.0	-6.1

1. Estimated percentage change in the total consumer price index.
2. Percentage change in the personal average tax rate of the average worker (single without children) between 2019 and 2020.
Sources: Country submissions, OECD Economic Outlook Volume 20120 issue 2.

StatLink https://stat.link/4up2hl

Table 1.8. Average Wage Industry Classification

	years for which ISIC Rev. 3.1 or any variant (Sectors C-K) has been used to calculate the AW	years for which ISIC Rev. 4 or any variant (Sectors B-N) has been used to calculate the AW
Australia[1]		2000-2020
Austria[2]	2004-2007	2008-2020
Belgium	2000-2007	2008-2020
Canada		2000-2020
Chile[3]	2000-2008	2009-2020
Colombia[4]	2000-2020	
Czech Republic		2000-2020
Denmark[5]	2000-2007	2008-2020
Estonia		2000-2020
Finland		2000-2020
France	2000-2007	2008-2020
Germany	2000-2005	2006-2020
Greece[6]		2000-2020
Hungary		2000-2020
Iceland[7]		2000-2020
Ireland[8]		2000-2020
Israel[9]	2000-2012	2013-2020
Italy		2000-2020
Japan		2000-2020
Korea[10]	2000-2007	2008-2020
Latvia[11]		2000-2020
Lithuania		2000-2020
Luxembourg	2000-2004	2005-2020
Mexico[12]		
Netherlands[13]	2000-2007	2008-2011
New Zealand[14]	2000-2003	2004-2020
Norway	2000-2008	2009-2020
Poland	2000-2006	2007-2020
Portugal	2000-2005	2006-2020
Slovak Republic[15]		2000-2020
Slovenia		2000-2020
Spain		2000-2020
Sweden	2000-2007	2008-2020
Switzerland		2000-2020
Turkey[16]		2007-2020
United Kingdom	2000-2007	2008-2020
United States	2000-2006	2007-2020

1. Australia: based on ANZSIC06 such that the categories substantially overlap with ISIC 4, sectors B-N.
2. Austria: 2000-2003 average wage values are not based on the NACE (ISIC) classification.
3. Chile: the values for 2000 to 2008 are estimates deriving from the annual changes in the average wages based on "CIIU Rev.3" (2009=100) between 2000 and 2008, and the average wage for 2009 based on CIIU Rev.4 (2016=100). From 2009, the values are based on ISIC4.CL2012 sectors B to R, excluding O (8422) "Defense Activities" and O (8423) "Public order and safety activities".
4. Colombia: average wage values based on ISIC rev. 3. The "Agriculture, hunting and forestry", "Other community, social and personal service activities" and "Activities not adequately defined" sectors are excluded.
5. Denmark: The AW values are based on sectors B-N and R-S (NACE rev 2).
6. Greece: the average annual earnings refer to full time employees for the sectors B to N of NACE Rev 2, including Division 95 and excluding Divisions 37, 39 and 75 for 2008 onwards.
7. Iceland: using national classification system that corresponds with the NACE rev. 2 classification system.
8. Ireland: Values from 2008 onwards are based on CSO table EHA05 for NACE rev.2 B-N. Values for prior years are the Secretariat's estimates, based on the growth rates of the average wages for sectors C to E in reference to NACE.
9. Israel: Information on data for Israel: http://oe.cd/israel-disclaimer.

10. Korea: average wage values are based on 6th Korean Standard Industrial Classification (KSIC) C-K for 2000-2001, 8th KISC C-M for 2002 to 2007. Average wage data of 2008 to 2010 is based on the 9th KISC B-N (samples of firms with five or more permanent employees). Average wage data of 2011 to 2019 is based on the 9th KISC B-N (samples of firms with one or more permanent employees). Average wage data of 2020 is based on the 10th KISC B-N (samples of firms with one or more permanent employees).
11. Latvia: Values are based on NACE rev.2 and cover the private sector that includes commercial companies with central or local government capital participation up to 50%, commercial companies of all types without central or local government capital participation, individual merchants, and peasant and fishermen farms with 50 and more employees.
12. Mexico: 2000-2020 AW values are based on the Mexican Classification of Economic Activities (Clasificación Mexicana de Actividades Económicas (CMAE)) which is based on one of the first versions of ISIC.
13. Netherlands: the average wages from 2012 onwards include all economic activities (sectors A to U from SBI2008). Values for the private sector only (sectors B to N) are not available.
14. New Zealand: see the note for Australia which applies from 2004.
15. Slovak Republic: average wage values based on SK NACE Rev. 2 classification (B to N) without the earnings of the self-employed. However, employment data used for the calculation of the weighted mean still include the self-employed.
16. Turkey: the average wage is based on the average production worker wage ISIC rev. 3.1 sector D for years 2000 to 2006.

StatLink https://stat.link/ms3wh1

Notes

[1] From the 2020 edition of *Taxing Wages*, the household types including spouses earning 33% of the average wage was replaced with household types where both spouses are at the average wage level and where one spouse is at the average wage level and the other at 67% of it.

[2] Not all national statistical agencies use ISIC Rev.3 or Rev.4 to classify industries. However, the Statistical Classification of Economic Activities in the European Community (NACE Rev.1 or Rev.2), the North American Industry Classification System (US NAICS 2012). The Australian and New Zealand Standard Industrial Classification (ANZSIC 2006) and the Korean Standard Industrial Classification (6th to 9th KISC) include a classification which broadly conforms either with industries C-K in ISIC Rev. 3 or industries B-N in ISIC Rev.4.

[3] 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).

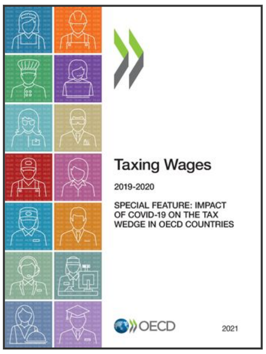
[4] In Colombia, the general social security system for healthcare is financed by public and private funds. The pension system is a hybrid of two different systems: a defined-contribution, fully-funded pension system; and a pay-as-you-go system. Each of those contributions are mandatory and more than 50% of total contributions are made to privately managed funds. Therefore, they are considered to be non-tax compulsory payments (NTCPs) (further information is available in the country details in Part II of the report). In addition, in Colombia, all payments for employment risk are made to privately managed funds and are considered to be NTCPs. Other countries also have NTCPs (please see http://www.oecd.org/tax/tax-policy/tax-database.htm#NTCP).

[5] The additional PAYE tax credit was finally included in the draft budget law for 2021 as measure introduced on permanent basis in Italian PIT system.

[6] See note 4.

[7] See note 4.

[8] See note 4.



From:
Taxing Wages 2021

Access the complete publication at:
https://doi.org/10.1787/83a87978-en

Please cite this chapter as:

OECD (2021), “Overview”, in *Taxing Wages 2021*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/164df2a1-en