1 Overview

This chapter presents and analyses the main indicators of labour taxation across OECD countries in 2023. Most emphasis is given to the tax wedge, which measures the difference between labour costs to the employer and the corresponding net take-home pay of the employee. The chapter also examines the net personal average tax rate, which expresses personal income tax and employee social security contributions net of cash benefits as a percentage of gross wage earnings. The analysis focuses on a single worker with no children at average earnings; a one-earner married couple with two children, at the same income level; and a two-earner couple with two children, where one spouse earns the average wage and the other 67% thereof. The chapter also includes analysis of changes in the average wage in OECD countries in 2023.

This Report provides unique information for the 38 OECD countries on the income taxes paid by workers, their social security contributions (SSCs), the transfers they receive in the form of cash benefits, as well as the SSCs and payroll taxes paid by their employers. The taxpayer-specific detail in this Report complements the information provided annually in *Revenue Statistics*, which provides internationally comparable data on tax levels and tax structures in OECD countries.

Part I of the Report presents detailed information about the effective tax rates on labour income in OECD countries in 2023 for eight illustrative household types earning comparable levels of income as well as the implied total labour costs for employers. It also provides detailed analysis of changes in effective tax rates between 2022 and 2023 as well as changes since 2000. Part II provides detailed information on labour taxation systems in OECD countries. The methodology followed in this Report is explained in the Annex.

This chapter begins with an introduction to the *Taxing Wages* methodology, which is followed by a review of the indicators of effective tax rates across OECD countries in 2023. The review analyses the tax wedge and the personal average tax rates for a single worker without children who earns the average wage. It also examines the corresponding indicators for a one-earner couple earning the average wage with two children and a two-earner married couple, also with two children, where one spouse earns the average wage and the other 67% thereof. The chapter concludes by analysing changes in nominal and real average wages as well as changes in post-tax income by country in 2023 and by setting out the industry classification on which the wage data is based.

Introduction

The *Taxing Wages* methodology 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).[1] 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 and benefit position.

In *Taxing Wages*, the term ‘tax’ includes personal income tax, SSCs and payroll taxes (which are aggregated with employer SSCs 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 – such as corporate income tax, net wealth tax and consumption taxes – are 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 2023 are those for the tax year 2023-2024. However, in Australia, where the tax year starts in July, a ‘backward-looking’ approach is adopted to present more reliable results; the year 2023 in respect of Australia is the 2022-2023 tax year.

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. This indicator is calculated by expressing the sum of personal income tax, employee plus employer SSCs together with any payroll tax, minus benefits as a percentage of labour costs. Employer SSCs 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 that part of total labour costs which is taken in tax and SSCs net of cash benefits. In contrast, the marginal tax wedge measures that part of an *increase* in total labour costs that is paid in taxes and SSCs less cash benefits. The tax wedge only includes payments that are classified as taxes according to the OECD Interpretative Guide. Employees and employers may also have to make non-tax compulsory payments (NTCPs)[2] that may affect the indicators presented in this Report, such as the tax wedge. An accompanying paper to *Taxing Wages* presents “compulsory payment indicators” that combine taxes and NTCPs. This is available at the *OECD Tax* Database: https://www.oecd.org/tax/tax-policy/tax-database/non-tax-compulsory-payments.pdf.

This Report also includes analysis of 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 SSCs 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* in gross wage earnings that is paid in personal income tax and employee SSCs net of cash benefits.

Taxation of single workers

The 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 the average wage level, varied widely across OECD countries in 2023 (see column 1). While the tax wedge exceeded 45% of labour costs in Austria, Belgium, France, Germany and Italy, it was lower than 20% in Chile and Colombia. The largest tax wedge was observed in Belgium (52.7%) and the lowest in Colombia (0.0%). In Colombia, a single worker earning the average wage did not pay personal income taxes in 2023, while their contributions to pension, health and employment risk insurance are considered to be NTCPs[3] and therefore not counted as taxes in the *Taxing Wages* models. Table 1.1 shows that the average tax wedge as a percentage of labour costs in OECD countries was 34.8% in 2023.

Changes in the tax wedge as a percentage of labour costs between 2022 and 2023 for a single worker earning the average wage without children are described in column 2 of Table 1.1. The OECD average tax wedge for this household type increased by 0.13 percentage points (p.p.) in 2023, having increased by 0.10 p.p. in 2022 compared to 2021. Between 2022 and 2023, the tax wedge increased in 23 OECD countries and fell in thirteen, while remaining the same in two (Chile and Hungary).

Hungary is the only OECD country where there was no change in the thresholds, rates and amounts for personal income tax, SSCs or cash transfers, implying that changes in the tax wedge were attributable solely to a change in the average wage. In Greece, Italy, Japan and Poland, there was no change in the rules concerning personal income taxes, while there were adjustments to other components of the tax wedge. More in general, policy changes in 2023 (whether reforms or parametric adjustments) affected at least one of the components of the tax wedge in almost all countries. This makes it difficult to ascribe changes in the average tax wedge in a specific country to either a change in policies or in average earnings, especially since some policy rates might be automatically indexed following the growth of wages (OECD, 2023[1]).

Increases in the tax wedge ranged from 0.03 p.p. in Switzerland to 2.14 p.p. in Australia. The increase in the tax wedge was larger than 0.5 p.p. in six countries, while only Australia and Luxembourg recorded an increase larger than 1 p.p. In Australia, this was due to the cessation of a tax credit (the Low and Middle Income Tax Offset [LMITO]) and the fact that nominal earnings increased while earnings thresholds in the tax schedule remained the same in nominal terms. Similarly, an increase in nominal earnings while the tax schedule did not change explains the increase in Luxembourg. The decreases observed in OECD countries in 2023 were all smaller than -1 p.p., ranging from -0.01 p.p. in Canada to -0.98 p.p. in Mexico.

In the majority of countries where the tax wedge increased, the rise was driven by higher personal income tax as a percentage of labour costs (see column 3 of Table 1.1). In some countries, such as the examples of Australia and Luxembourg noted above, this was due to increases in the nominal average wage between 2022 and 2023. Higher average wages increase personal income tax through the progressivity of income tax systems if income tax thresholds increase by less than average earnings (OECD, 2023[1]). In other countries, the higher personal income tax was primarily the result of a higher proportion of earnings becoming subject to tax while the value of tax allowances and tax credits fell relative to earnings.

In Finland, Japan and Korea, the increase in the tax wedge was mostly due to higher employee or employer SSCs as a percentage of labour costs. In Finland, employee and employer SSCs increased due to increases in the employee health insurance contribution for medical care (from 0.53% to 0.60%), in the employee health insurance contribution for daily allowance (from 1.18% to 1.36%), and in the employers' contribution rate (from 21.12% to 21.20%). In Japan, the unemployment insurance contribution rate increased both for the employee (from 0.3% to 0.5%) and for the employer (from 0.6% to 0.85%) in 2023. In Korea, the contribution rate for national health insurance at the average wage increased from 3.923836% in 2022 to 3.9991145% in 2023.

In eight of the thirteen OECD countries where the tax wedge decreased as a percentage of labour costs, the decrease was mostly derived from lower personal income tax (Belgium, Canada, Germany, Iceland, Ireland, Mexico, Sweden and the United States).

Decreases in the tax wedge were smaller than 0.50 p.p. in Germany (-0.49 p.p.), Iceland (-0.39 p.p.), the United Kingdom (-0.33 p.p.), Israel (-0.27 p.p.), Sweden (-0.26 p.p.), Belgium (-0.24 p.p.), France (-0.17 p.p.) and Canada (-0.01 p.p.). Changes in tax reliefs, tax credits or tax schedules contributed to the decreases in these countries, with the exception of France, where the decrease was mostly due to a decrease in employer and employee SSCs.

In Ireland, an increase in the earnings thresholds within the tax schedule and more generous tax reliefs with respect to 2022 contributed to a decrease in the tax wedge of -0.52 p.p. In the United States, earnings thresholds in the tax schedule increased by more than average earnings, leading to a decrease in the tax wedge of -0.52 p.p. In Costa Rica, the -0.62 p.p. drop in the tax wedge resulted from a reduction in the total employer contribution rate (from 26.50% to 25.17%). In the Netherlands, a reduction of the tax rates in the first two income brackets of the tax schedule and in employee SSCs caused the tax wedge to decline by -0.68 p.p. In Mexico, changes in the tax schedule and an increase in the Holiday Bonus tax allowance, which rose from 25% of six days to 25% of twelve days of the worker's wage, led to a decrease of -0.98 p.p.in the tax wedge.

Table 1.2 and Figure 1.1 show the components of the tax wedge in 2023: personal income tax, employee SSCs and employer SSCs (including payroll taxes where applicable), as a percentage of labour costs for the average worker without children. Labour costs in Table 1.2 are expressed in US dollars with equivalent purchasing power.

The percentage of labour costs paid in personal income tax varied considerably across OECD countries in 2023. The lowest figures were in Colombia and Costa Rica (both 0.0%) and Chile (0.1%), with Czechia, Greece, Japan, Korea, Mexico, Poland and the Slovak Republic also below 10%. The highest share was in Denmark (35.8%), with Australia, Belgium, Iceland, Ireland and New Zealand also above 20%. The percentage of labour costs paid in employee SSCs also varied widely, ranging from 0.0% in Australia, Colombia, Denmark and New Zealand to 19.0% in Slovenia and 19.2% in Lithuania. Employers in France paid 26.6% of labour costs in SSCs, the highest amongst OECD countries. Employer SSCs accounted for more than 20% of labour costs in nine other countries: Austria, Belgium, Costa Rica, Czechia, Estonia, Italy, the Slovak Republic, Spain and Sweden.

As a percentage of labour costs, the total of employee and employer SSCs exceeded 20% in 23 OECD countries. It represented at least one-third of labour costs in Austria, Czechia, France and Germany.

Table 1.1. Comparison of total tax wedge, 2023

As % of labour costs

Country[1]	Total Tax wedge 2023 (1)	Annual change, 2023/2022 (in percentage points)[2]			
		Tax wedge (2)	Income tax (3)	Employee SSC (4)	Employer SSC[3] (5)
Belgium	52.7	-0.24	-0.24	0.00	0.00
Germany	47.9	-0.49	-1.05	0.11	0.01
Austria	47.2	0.29	-0.27	0.03	-0.18
France	46.8	-0.17	0.02	-0.08	-0.11
Italy	45.1	0.05	2.36	-2.32	0.00
Finland	43.5	0.42	0.17	0.19	0.05
Slovenia	43.3	0.43	0.43	0.00	0.00
Portugal	42.3	0.14	0.14	0.00	0.00
Sweden	42.1	-0.26	-0.26	-0.01	0.00
Slovak Republic	41.6	0.10	0.10	0.00	0.00
Luxembourg	41.3	1.39	1.39	0.00	0.00
Hungary	41.2	0.00	0.00	0.00	0.00
Latvia	41.1	0.61	0.62	0.00	0.00
Spain	40.2	0.62	0.27	0.06	0.30
Czechia	40.2	0.33	0.33	0.00	0.00
Estonia	39.4	0.23	0.23	0.00	0.00
Lithuania	38.9	0.54	0.54	0.00	0.00
Greece	38.5	0.44	0.58	-0.08	-0.07
Türkiye	38.4	0.22	0.22	0.00	0.00
Denmark	36.4	0.06	0.03	0.00	-0.02
Norway	36.4	0.18	0.27	-0.09	0.00
Netherlands	35.1	-0.68	-0.15	-0.55	0.02
Ireland	35.1	-0.52	-0.52	0.00	0.00
Poland	34.3	0.50	0.50	0.00	-0.01
Japan	33.0	0.36	0.03	0.15	0.19
Canada	31.9	-0.01	-0.23	0.11	0.12
Iceland	31.7	-0.39	-0.38	0.00	0.00
United Kingdom	31.3	-0.33	0.39	-0.41	-0.32
United States	29.9	-0.52	-0.51	0.00	-0.02
Australia	29.2	2.14	1.53	0.00	0.62
Costa Rica	28.6	-0.62	0.00	0.22	-0.84
Korea	24.6	0.11	-0.06	0.11	0.06
Switzerland	23.5	0.03	0.03	0.00	0.00
Israel	23.2	-0.27	0.05	-0.22	-0.10
New Zealand	21.1	0.92	0.92	0.00	0.00
Mexico	20.0	-0.98	-1.16	-0.02	0.20
Chile	7.1	0.15	0.15	0.00	0.00
Colombia	0.0	0.00	0.00	0.00	0.00
OECD Average	**34.8**	**0.13**	**0.17**	**-0.07**	**0.00**

Note: Table shows results for a single individual without children at the income level of the average worker.

1. Countries ranked by decreasing total tax wedge.
2. Due to rounding, changes in the tax wedge in column (2) may differ by one-hundredth of a percentage point from the sum of columns (3)-(5). Although not included in columns (3)-(5), cash benefits contribute to the difference in Austria, Denmark and Germany. Lower cash benefits as a share of labour costs contributed to an increase of 0.72 p.p. in Austria's tax wedge in 2023, to an increase of 0.06 p.p. in Denmark's and to an increase of 0.43 p.p. in Germany's.
3. Includes payroll taxes where applicable.

Source: Country submissions, (OECD[2]) Economic Outlook Volume 2023 Issue 2.

Table 1.2. Income tax plus employee and employer social security contributions, 2023

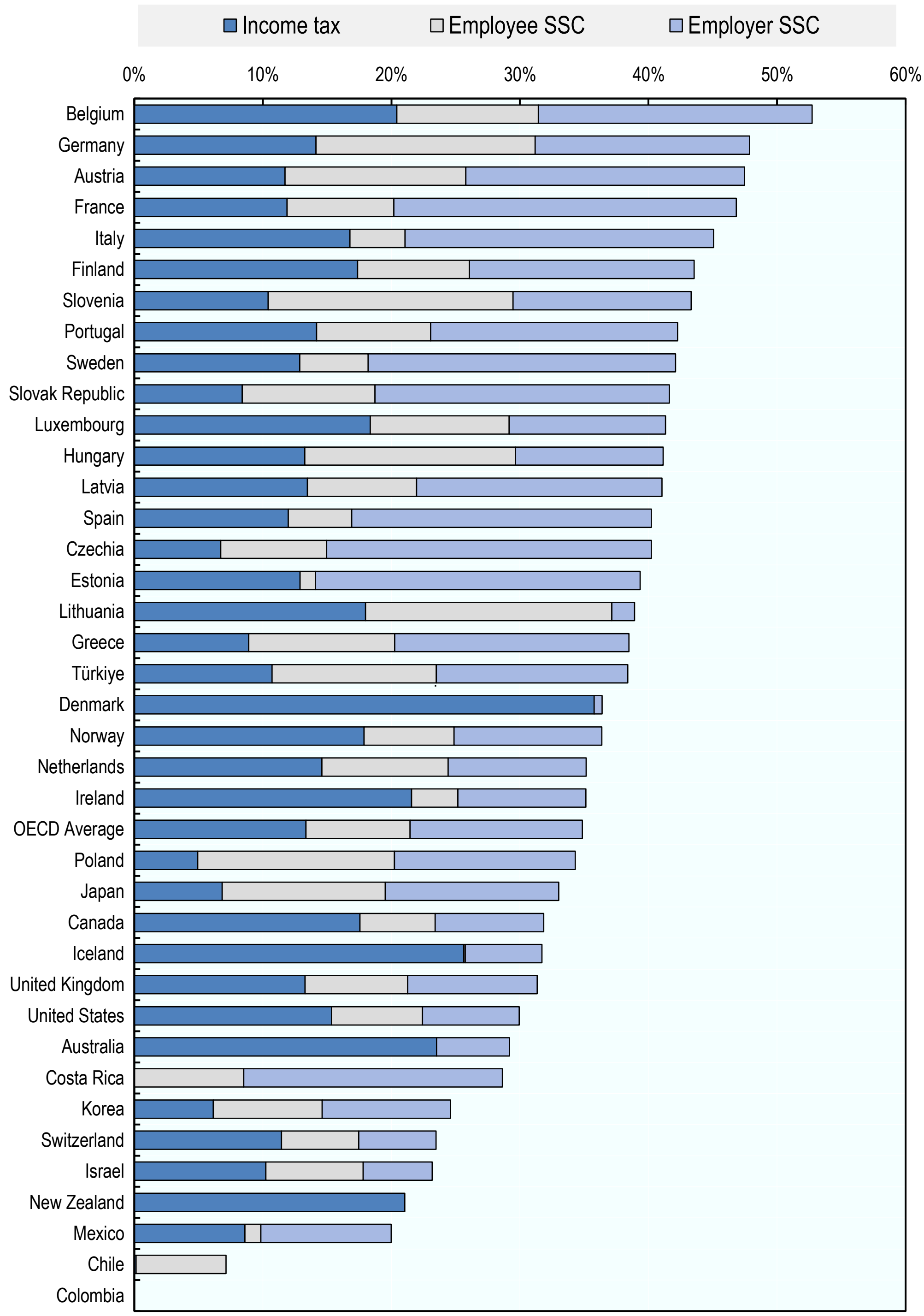
As % of labour costs

Country[1]	Total tax wedge[2] (1)	Income tax (2)	Social security contributions		Labour costs[4] (5)
			employee (3)	employer[3] (4)	
Switzerland	23.5	11.4	6.0	6.0	106 452
Belgium	52.7	20.4	11.0	21.3	103 494
Germany	47.9	14.1	17.1	16.7	97 722
Austria	47.2	11.7	14.1	21.7	97 182
Luxembourg	41.3	18.4	10.8	12.2	95 331
Norway	36.4	17.9	7.0	11.5	93 654
Netherlands	35.1	14.6	9.8	10.7	87 599
Ireland	35.1	21.6	3.6	10.0	85 515
France	46.8	11.9	8.3	26.6	83 034
Denmark	36.4	35.8	0.0	0.6	82 890
Iceland	31.7	25.6	0.1	6.0	81 460
Canada	31.9	17.6	5.8	8.4	79 844
Finland	43.5	17.4	8.7	17.5	78 577
United Kingdom	31.3	13.3	8.0	10.1	76 883
Sweden	42.1	12.9	5.3	23.9	75 218
Australia	29.2	23.5	0.0	5.7	74 379
Korea	24.6	6.2	8.5	10.0	74 208
United States	29.9	15.3	7.1	7.5	72 731
Italy	45.1	16.8	4.3	24.0	69 388
Spain	40.2	12.0	4.9	23.3	63 683
Japan	33.0	6.8	12.7	13.5	62 051
Türkiye	38.4	10.7	12.8	14.9	54 063
Greece	38.5	8.9	11.3	18.2	53 612
Slovenia	43.3	10.4	19.0	13.9	52 785
Israel	23.2	10.2	7.6	5.4	52 035
New Zealand	21.1	21.1	0.0	0.0	51 149
Czechia	40.2	6.7	8.2	25.3	51 007
Portugal	42.3	14.2	8.9	19.2	50 796
Poland	34.3	4.9	15.3	14.1	49 681
Estonia	39.4	12.9	1.2	25.3	48 237
Lithuania	38.9	18.0	19.2	1.8	46 950
Hungary	41.2	13.3	16.4	11.5	45 105
Latvia	41.1	13.5	8.5	19.1	43 318
Slovak Republic	41.6	8.4	10.3	22.9	38 744
Costa Rica	28.6	0.0	8.5	20.1	34 666
Chile	7.1	0.1	7.0	0.0	29 325
Mexico	20.0	8.6	1.2	10.1	18 743
Colombia	0.0	0.0	0.0	0.0	16 615
OECD Average	**34.8**	**13.3**	**8.1**	**13.4**	**65 214**

Note: Table shows results for a 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 Austria, cash benefits decrease the overall tax wedge by -0.24 p.p. although they are not included in columns (2)-(4).
3. Includes payroll taxes where applicable.
4. US dollars with equal purchasing power.
Source: Country submissions, (OECD[2]) Economic Outlook Volume 2023 Issue 2.

Figure 1.1. Income tax plus employee and employer social security contributions, 2023

As a % of labour costs



Notes: Figure shows results for a single individual without children at the income level of the average worker.
Includes payroll taxes where applicable.

StatLink https://stat.link/vxw4r6

Personal average tax rates

The personal average tax rate is defined as personal income tax plus employee SSCs as a percentage of gross wage earnings. Table 1.3 shows the personal average tax rates in 2023 for a single worker without children at the average wage level, with the average worker's gross wage earnings expressed in 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 SSCs.

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 2023. Belgium had the highest rate, at 39.9% of gross wage earnings; Denmark, Germany and Lithuania were the only other countries with rates above 35%. The lowest personal average tax rates were in Mexico (11.0%), Costa Rica (10.7%), Chile (7.1%) and Colombia (0.0%). 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 2023 as discussed above.[4]

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 the tax wedge in different countries, in part, reflect differences in:

- The overall ratio of aggregate tax revenues to Gross Domestic Product; and
- The share of personal income tax and SSCs in the national tax mix.

In 2023, the share of income tax within the personal average tax rate was higher than the share of employee SSCs for 23 of the 38 OECD countries. No employee SSCs were levied in Australia, Colombia, Denmark and New Zealand and their levels were at 4% of gross earnings or below in Estonia, Iceland, Ireland and Mexico. In contrast, the single worker at the average wage level paid substantially more in employee SSCs than in personal income tax (i.e., more than six p.p.) in five countries: Chile, Costa Rica, Japan, Poland and Slovenia. In seven countries – Czechia, Greece, Israel, Korea, Lithuania, the Slovak Republic and Türkiye – the respective shares of personal income tax and employee SSCs as a percentage of gross earnings were very close (i.e., differences of less than 3 p.p.).

Table 1.3. Income tax plus employee social security contributions, 2023

As % of gross wage earnings

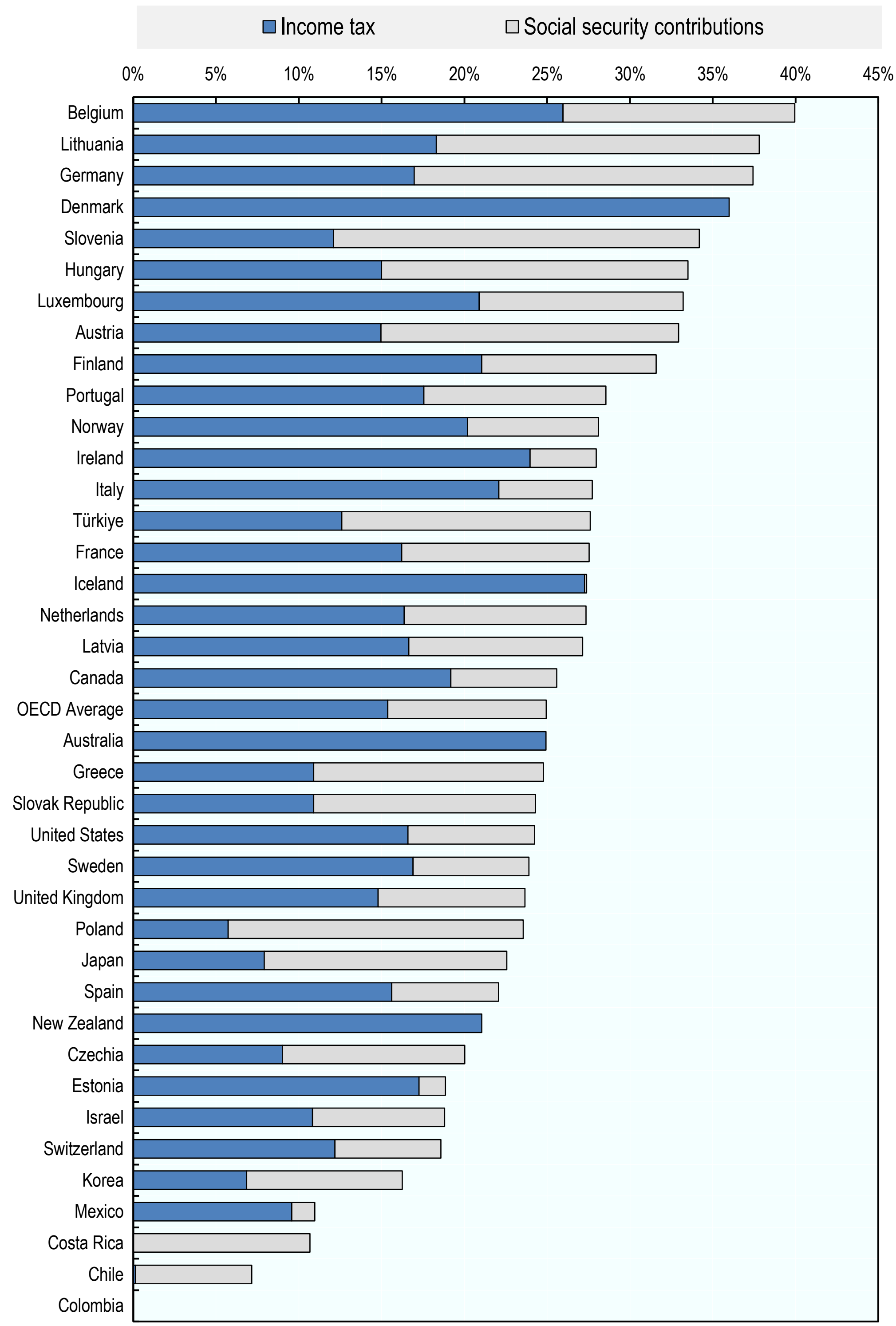
Country[1]	Total payment[2]	Income tax (2)	Employee social security contributions (3)	Gross wage earnings[3] (4)
Switzerland	18.6	12.2	6.4	100 048
Luxembourg	33.2	20.9	12.3	83 741
Norway	28.1	20.2	7.9	82 880
Denmark	36.0	36.0	0.0	82 383
Belgium	39.9	26.0	14.0	81 461
Germany	37.4	17.0	20.5	81 439
Netherlands	27.3	16.4	11.0	78 201
Ireland	28.0	24.0	4.0	77 006
Iceland	27.4	27.3	0.1	76 597
Austria	32.9	15.0	18.0	76 127
Canada	25.6	19.2	6.4	73 102
Australia	24.9	24.9	0.0	70 154
United Kingdom	23.7	14.8	8.9	69 143
United States	24.2	16.6	7.7	67 264
Korea	16.2	6.8	9.4	66 806
Finland	31.6	21.1	10.5	64 833
France	27.5	16.2	11.3	60 922
Sweden	23.9	16.9	7.0	57 235
Japan	22.6	7.9	14.7	53 673
Italy	27.7	22.1	5.6	52 734
New Zealand	21.1	21.1	0.0	51 149
Israel	18.8	10.8	8.0	49 235
Spain	22.1	15.6	6.5	48 836
Lithuania	37.8	18.3	19.5	46 124
Türkiye	27.6	12.6	15.0	46 011
Slovenia	34.2	12.1	22.1	45 465
Greece	24.8	10.9	13.9	43 840
Poland	23.6	5.7	17.8	42 696
Portugal	28.6	17.6	11.0	41 048
Hungary	33.5	15.0	18.5	39 916
Czechia	20.0	9.0	11.0	38 122
Estonia	18.9	17.3	1.6	36 052
Latvia	27.1	16.6	10.5	35 043
Slovak Republic	24.3	10.9	13.4	29 872
Chile	7.1	0.1	7.0	29 325
Costa Rica	10.7	0.0	10.7	27 695
Mexico	11.0	9.6	1.4	16 845
Colombia	0.0	0.0	0.0	16 615
OECD Average	**24.9**	**15.4**	**9.6**	**56 306**

Note: Table shows results for a 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.

Source: Country submissions, (OECD[2]) Economic Outlook Volume 2023 Issue 2.

Figure 1.2. Percentage of gross wage earnings paid in income tax and employee social security contributions, 2023



Notes: Countries ranked by decreasing tax burden.
Figure shows results for a single workers at the income level of the average worker.

StatLink https://stat.link/39q5sp

Single versus one-earner couple taxpayers

Many OECD countries provide a fiscal benefit to households with children through advantageous tax treatment and/or cash benefits. Table 1.4 compares the tax wedge as a percentage of labour costs for a one-earner married couple with two children with that of a single individual without children, at average wage levels. The tax wedge for the couple with children is generally smaller than that observed for the individual without children: the OECD average tax wedge as a percentage of labour costs for the one-earner married couple with two children was 25.7% in 2023, compared with 34.8% for the single average worker. This gap increased by 0.04 p.p. between 2022 and 2023 due to an increase in the average tax wedge for the single worker without children.[5]

The tax savings realised by a one-earner married couple with two children compared with a single worker without children equalled or exceeded 20% of labour costs in Luxembourg and the Slovak Republic, and exceeded 15% of labour costs in Belgium, Czechia and Poland. The tax wedge for one-earner married couples with two children was the same as for single workers on the average wage in Costa Rica, Mexico and Türkiye.

The tax wedge of a one-earner married couple with two children increased by 0.08 p.p. on average and increased in 20 countries between 2022 and 2023 (see column 4). In 29 OECD countries, there was only a small change (not exceeding plus or minus one percentage point). There were increases of more than one percentage point in seven countries: Australia, Austria, Hungary, Latvia, Luxembourg, New Zealand and Poland.

In Australia, the increase of 2.22 p.p. in the tax wedge of an average one-earner married couple with two children was related to the cessation of the LMITO. In Austria (2.33 p.p.), the additional family allowance of EUR 180, the energy cost credit and the anti-inflation bonus were all discontinued in 2023, while the average amount of the “Klimabonus” decreased. In Hungary, the tax wedge increased by 1.38 p.p. in 2023 due to higher SSCs and because the basic amounts of the child tax allowance remained unchanged while household earnings increased. In Latvia (1.92 p.p.), the increase was due to the progressivity of the tax schedule: households paid higher taxes as the average wage rose while income thresholds remained unchanged.

In Luxembourg, the average tax wedge increased by 1.83 p.p. due to the progressivity of the tax system and higher employee and employer SSCs as a result of an increased average wage, while cash benefits for children remained unchanged. In New Zealand (up 3.03 p.p.), the tax wedge increased due to the discontinuation of the Cost of Living Payments introduced in 2022 and due to a decrease in the amount of Family Tax Credit received at this earnings level, since the threshold for the abatement did not change in 2023 while the average wage increased by 7.7%. In Poland (2.84 p.p.), the tax wedge increased due to the progressivity of the tax schedule, as earnings thresholds did not change while the average wage increased significantly (by 12.7% in nominal terms) in 2023.

There were decreases of one percentage point or more in the tax wedge of a one-earner married couple receiving the average wage with two children in two countries: the Netherlands and the Slovak Republic. In the Netherlands (-1.80 p.p.), the tax wedge decreased due to lower employee SSCs because of reductions in the health care benefit rates, higher child-related cash transfers and larger tax credits in 2023 relative to 2022. In the Slovak Republic (-10.79 p.p.), the average tax wedge decreased due to a temporary increase in the child tax credit and because of an increase in cash benefits for children.

A comparison of changes in the tax wedge between 2022 and 2023 for one-earner married couples with two children and single persons without children, at the average wage level, is shown in column 6 of Table 1.4. The fiscal preference for families increased in fourteen of the 38 OECD countries: Belgium, Canada, Chile, Colombia, Estonia, Germany, Ireland, Italy, Lithuania, the Netherlands, Norway, Slovak Republic, Slovenia and the United Kingdom.

Table 1.4. Comparison of total tax wedge for single and one-earner couple taxpayers, 2023

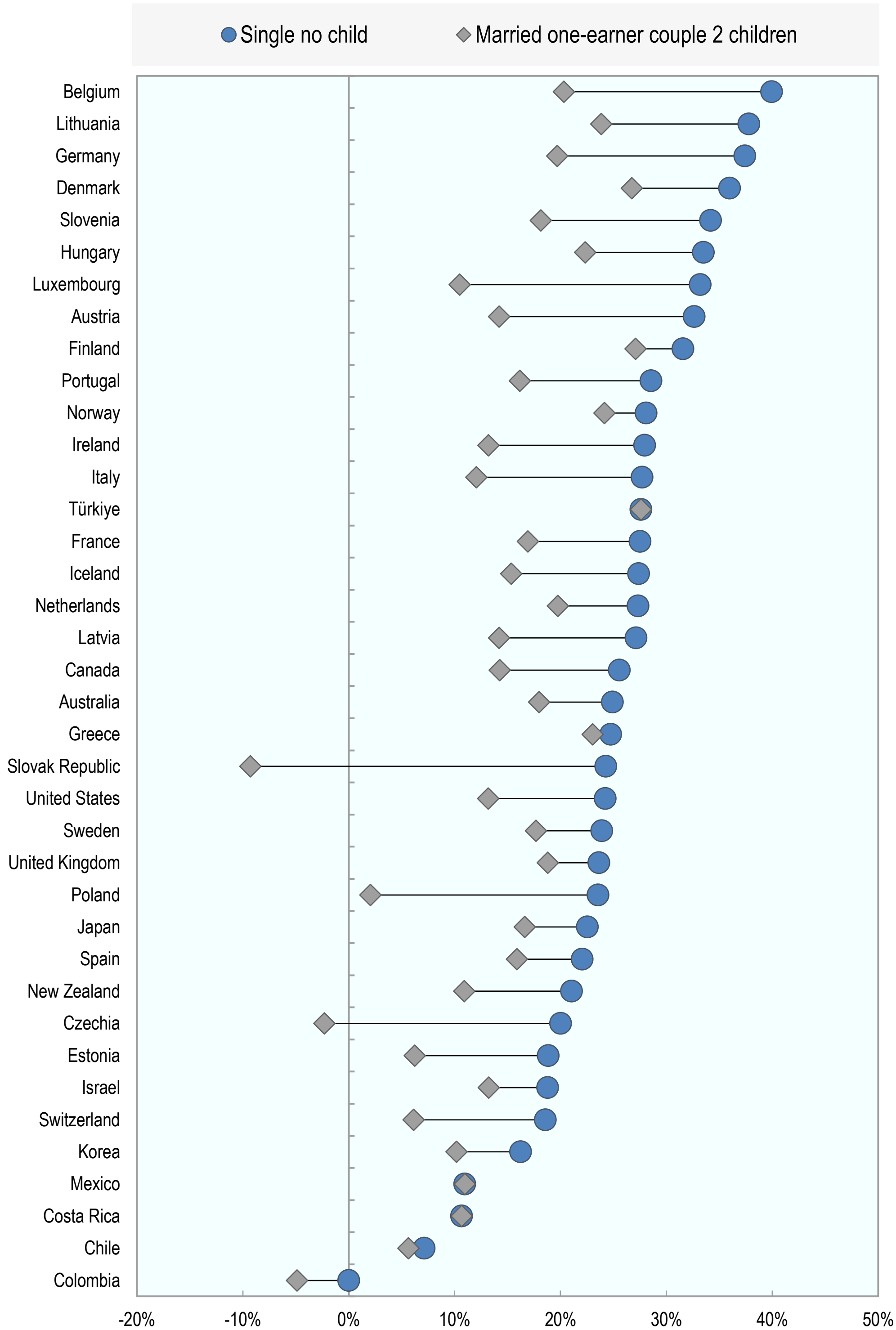
As % of labour costs

Country[1]	Family[2] total Tax wedge 2023 (1)	Single[3] total Tax wedge 2023 (2)	Fiscal preference for families (1)-(2) (3)	Annual change, 2023/22 (in percentage points)		
				Family tax wedge (4)	Single tax wedge (5)	Difference between single and family (5)-(4) (6)
Slovak Republic	15.7	41.6	-25.9	-10.79	0.10	10.89
Luxembourg	21.4	41.3	-20.0	1.83	1.39	-0.44
Poland	15.8	34.3	-18.5	2.84	0.50	-2.34
Czechia	23.5	40.2	-16.7	0.65	0.33	-0.32
Belgium	37.3	52.7	-15.4	-0.32	-0.24	0.08
Germany	33.1	47.9	-14.8	-0.68	-0.49	0.19
Austria	32.8	47.2	-14.4	2.33	0.29	-2.03
Slovenia	29.5	43.3	-13.8	0.42	0.43	0.01
Lithuania	25.2	38.9	-13.7	0.53	0.54	0.01
Ireland	21.8	35.1	-13.3	-0.54	-0.52	0.02
Italy	33.2	45.1	-11.9	-0.27	0.05	0.32
Switzerland	11.8	23.5	-11.7	0.10	0.03	-0.06
Iceland	20.4	31.7	-11.3	0.55	-0.39	-0.94
Latvia	30.6	41.1	-10.5	1.92	0.61	-1.30
Canada	21.5	31.9	-10.4	-0.12	-0.01	0.12
United States	19.7	29.9	-10.2	-0.14	-0.52	-0.38
New Zealand	10.9	21.1	-10.1	3.03	0.92	-2.11
Portugal	32.3	42.3	-10.0	0.32	0.14	-0.18
Hungary	31.3	41.2	-9.9	1.38	0.00	-1.38
Estonia	29.9	39.4	-9.4	-0.90	0.23	1.13
Denmark	27.2	36.4	-9.2	0.23	0.06	-0.17
France	39.1	46.8	-7.8	-0.16	-0.17	-0.01
Netherlands	28.3	35.1	-6.8	-1.80	-0.68	1.11
Australia	22.7	29.2	-6.5	2.22	2.14	-0.08
Korea	19.1	24.6	-5.5	0.37	0.11	-0.26
Israel	17.9	23.2	-5.3	-0.25	-0.27	-0.02
Japan	27.9	33.0	-5.1	0.46	0.36	-0.10
Colombia	-4.9	0.0	-4.9	-0.56	0.00	0.56
Sweden	37.4	42.1	-4.7	-0.09	-0.26	-0.17
Spain	35.5	40.2	-4.7	0.88	0.62	-0.26
United Kingdom	27.0	31.3	-4.4	-0.42	-0.33	0.08
Finland	39.8	43.5	-3.7	0.93	0.42	-0.51
Norway	32.9	36.4	-3.5	-0.05	0.18	0.23
Chile	5.7	7.1	-1.5	-0.01	0.15	0.16
Greece	37.1	38.5	-1.4	0.73	0.44	-0.29
Türkiye	38.4	38.4	0.0	0.22	0.22	0.00
Mexico	20.0	20.0	0.0	-0.98	-0.98	0.00
Costa Rica	28.6	28.6	0.0	-0.62	-0.62	0.00
OECD Average	**25.7**	**34.8**	**-9.1**	**0.08**	**0.13**	**0.04**

1. Countries ranked by decreasing tax wedge of the family.
2. One-earner married couple with two children and earning the average wage.
3. Single individual without children and earning the average wage.
Source: Country submissions, (OECD[2]) Economic Outlook Volume 2023 Issue 2.

Figure 1.3. Income tax plus employee contributions less cash benefits, 2023

As % of gross wage earnings, by household type



Notes: Countries ranked by decreasing rates for single taxpayer without children.
The household type 'single no child' corresponds to a wage level of 100% of average wage and 'married one earner couple 2 children' corresponds to a combined wage level of 100%-0% of average wage.

StatLink https://stat.link/8tdgl2

Figure 1.3 compares the net personal average tax rate for a single worker earning the average wage with that of a one-earner married couple with two children at the same income level. Due to tax reliefs and cash benefits for families with children, the one-earner married couple's disposable income was higher than that of the single worker by more than 20% of earnings in Slovak Republic (33.6%), Luxembourg (22.7%), Czechia (22.3%) and Poland (21.5%); and by more than 15% in Belgium (19.6%), Austria (18.4%), Germany (17.7%), Slovenia (16.0%) and Italy (15.7%). The disposable income of the one-earner married couple exceeded that of the single individual by less than 10% of earnings in 14 countries: Denmark (9.2%), the Netherlands (7.6%), Australia (6.9%), Sweden (6.2%), Spain (6.2%), Korea (6.1%), Japan (5.9%), Israel (5.6%), Colombia (4.9%), the United Kingdom (4.9%), Finland (4.5%), Norway (3.9%), Greece (1.7%) and Chile (1.5%). The disposable income was the same for both household types in Costa Rica, Mexico and Türkiye, as in each country their net personal average tax rates were identical.

Taxation of two-earner couples

The preceding sections focused 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 analysis to examine the tax wedge and personal average tax rate for a third household type: the two-earner married couple, earning 100% and 67% of the average wage respectively, with two children.

The tax wedge

For this household type, the OECD average tax wedge as a percentage of labour costs was 29.5% in 2023 (Figure 1.4 and Table 1.5). Belgium had a tax wedge of 45.1%, which was the highest among OECD countries for this household type. The other countries with a tax wedge exceeding 40% were Germany and France (40.7% and 40.6%, respectively). The lowest tax wedge for this household type was observed in Colombia (-5.8%). In Colombia, the tax wedge was negative because this household type did not pay income taxes at that level of earnings (although it paid contributions that are not considered to be taxes) and received cash benefits that were paid on top of their wages. The other countries where the tax wedge for this household type was below 20% were Mexico (19.6%), New Zealand (19.1%), Switzerland (17.8%), Israel (14.9%) and Chile (5.1%).

Figure 1.4 shows the average tax wedge and its components as a percentage of labour costs for the two-earner married couple in 2023. On average across OECD countries, income tax represented 10.5% of labour costs and the sum of the employee and employer SSCs represented 21.4%. The OECD tax wedge is net of cash benefits, which represented 2.3% of labour costs in 2023. The cash benefits that are included in the *Taxing Wages* models 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.

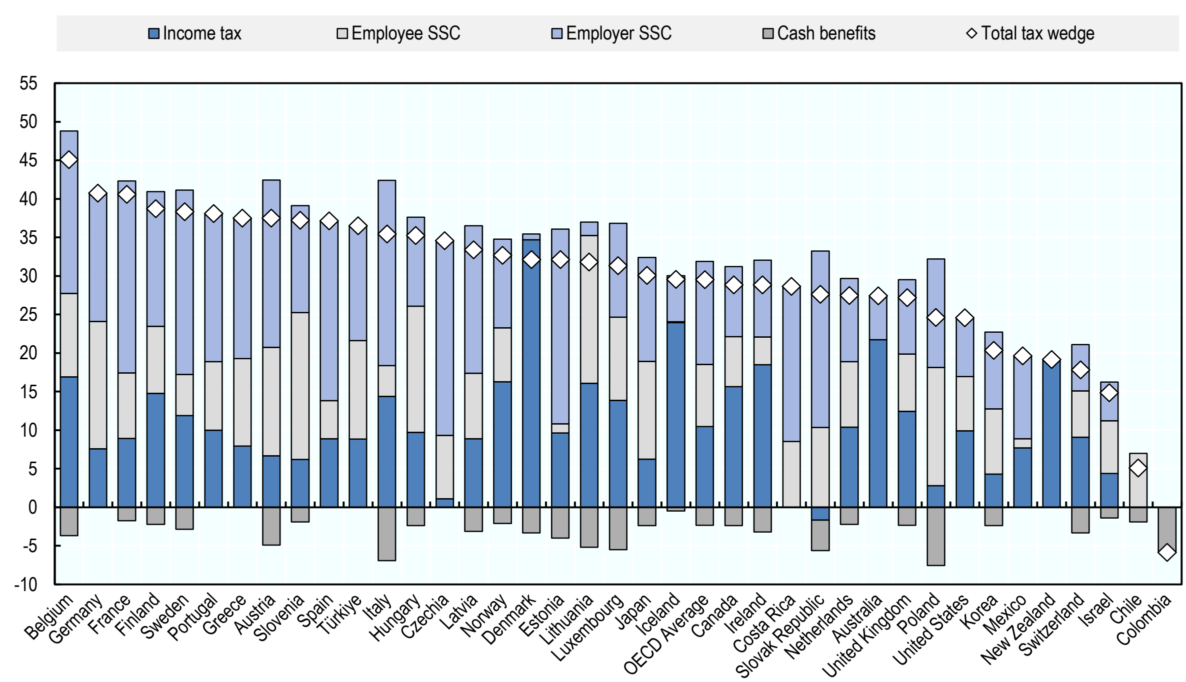
The OECD average tax wedge of the two-earner married couple increased by 0.06 p.p. in 2023 from the previous year, as indicated in Table 1.5 (column 2). For this household type, the tax wedge increased in 21 OECD countries and decreased in 17. The increase exceeded one percentage point in seven countries: New Zealand (1.19 p.p.), Austria (1.23 p.p.), Latvia (1.33 p.p.), Slovenia (1.48 p.p.), Poland (1.72 p.p.), Luxembourg (2.11 p.p.) and Australia (2.61 p.p.). In New Zealand, the tax wedge increased due to the discontinuation of the Cost of Living Payment that was introduced in 2022. In Austria, the increase was due to the discontinuation of the additional family allowance, the energy cost credit and the anti-inflation bonus in 2023, as well as due to a decrease in the average amount of the "Klimabonus" workers received. In Latvia, the increase was due to higher employee SSCs and the progressivity of the tax schedule (the average wage rose while income thresholds remained unchanged). In Slovenia, the tax wedge increased primarily due to a decrease in the cash benefit received by the household at this income level, as the average wage increased by more than the means test threshold in nominal terms. In Poland, the tax wedge grew due to higher SSCs and an increased tax liability as the average wage rose in 2023 while the value of tax thresholds, tax credits and cash transfers did not change. In Luxembourg, the average tax wedge increased, as previously mentioned, due to the progressivity of the tax system and increases in employee and employer SSCs related to increases in the average wage. In Australia, the increase was a result of the cessation of the LMITO, as mentioned above.

Among the countries where the tax wedge rose for two-earner married couples with children in 2023, the increase in income tax as a percentage of labour costs accounted for most of the increase in ten: Australia, Czechia, Greece, Hungary, Latvia, Lithuania, Luxembourg, New Zealand, Portugal and Türkiye. Meanwhile, an increase in SSCs was the main factor behind the higher tax wedge for this household type in three countries: Japan, Korea and Spain. In Austria, Denmark, Finland, Iceland, Poland, Slovenia, Sweden and Switzerland, the elimination or decrease in the amounts of cash benefits was the main driver of increases in the tax wedge.

In most countries where the tax wedge for families with children decreased between 2022 and 2023, this resulted from changes in income tax systems and SSCs, as observed for the single workers, as well as from increased cash benefits or tax provisions for dependent children. Decreases of more than one percentage point were observed in four countries: the Netherlands (-1.01 p.p.), Chile (-1.02 p.p.), Estonia (-1.18 p.p.) and the Slovak Republic (-6.46 p.p.). As observed in previous sections, the decrease in the tax wedge resulted from a reduction of employee SSCs in the Netherlands, an increase in cash benefits in Chile and Estonia, and a temporary increase of the child tax credit in the Slovak Republic.

Figure 1.4. Income tax plus employee and employer social security contributions less cash benefits, 2023

For two-earner couples with two children, as % of labour costs



Note: Two-earner married couple, one earning 100% and the other earning 67% of the average wage, with two children.
Includes payroll taxes where applicable.

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Table 1.5. Comparison of total tax wedge for two-earner couples with children, 2023

As % of labour costs

Country[1]	Total tax wedge 2023 (1)	Annual change, 2023/22 (in percentage points)[2]				
		Tax wedge (2)	Income tax (3)	Employee SSC (4)	Employer SSC[3] (5)	Cash benefits (6)
Belgium	45.1	-0.24	-0.29	-0.04	0.02	-0.07
Germany	40.7	-0.77	-1.14	-0.13	-0.02	-0.52
France	40.6	-0.18	0.02	-0.04	-0.17	-0.01
Finland	38.7	0.68	0.09	0.22	0.05	-0.31
Sweden	38.3	0.03	-0.07	-0.01	0.00	-0.10
Portugal	38.1	0.29	0.29	0.00	0.00	0.00
Greece	37.5	0.59	0.74	-0.08	-0.07	0.00
Austria	37.5	1.23	-0.02	0.03	-0.18	-1.40
Slovenia	37.2	1.48	0.43	0.00	0.00	-1.04
Spain	37.1	0.40	0.04	0.06	0.30	0.00
Türkiye	36.5	0.26	0.26	0.00	0.00	0.00
Italy	35.4	-0.58	2.27	-2.62	0.00	0.23
Hungary	35.2	0.83	0.50	0.00	0.00	-0.33
Czechia	34.6	0.65	0.65	0.00	0.00	0.00
Latvia	33.4	1.33	0.94	0.00	0.00	-0.39
Norway	32.7	-0.16	0.07	-0.09	0.00	0.14
Denmark	32.1	0.13	0.05	0.00	-0.03	-0.12
Estonia	32.1	-1.18	-0.39	0.00	0.00	0.79
Lithuania	31.8	0.30	0.31	0.00	0.00	0.00
Luxembourg	31.3	2.11	1.76	0.00	0.00	-0.35
Japan	30.0	0.39	0.01	0.15	0.19	-0.04
Iceland	29.6	0.10	-0.46	0.00	0.00	-0.56
Canada	28.8	-0.03	-0.28	0.15	0.16	0.06
Ireland	28.8	-0.09	-0.04	0.00	0.00	0.05
Costa Rica	28.6	-0.62	0.00	0.22	-0.84	0.00
Slovak Republic	27.6	-6.46	-4.98	0.00	0.00	1.48
Netherlands	27.4	-1.01	-0.14	-0.76	0.03	0.13
Australia	27.4	2.61	2.00	0.00	0.62	0.00
United Kingdom	27.2	-0.25	0.45	-0.37	-0.27	0.07
Poland	24.6	1.72	0.77	0.00	-0.01	-0.96
United States	24.6	-0.16	-0.15	0.00	-0.02	0.00
Korea	20.4	0.23	-0.05	0.11	0.06	-0.11
Mexico	19.6	-0.66	-0.88	-0.02	0.24	0.00
New Zealand	19.1	1.19	0.90	0.00	0.00	-0.30
Switzerland	17.8	0.04	0.01	0.00	0.00	-0.03
Israel	14.9	-0.34	0.04	-0.26	-0.12	-0.01
Chile	5.1	-1.02	0.00	0.00	0.00	1.02
Colombia	-5.8	-0.67	0.00	0.00	0.00	0.67
OECD Average	**29.5**	**0.06**	**0.10**	**-0.09**	**0.00**	**-0.05**

Note: Table shows results for a two-earner married couple, one earning 100% and the other earning 67% of the average wage, with two 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.
Source: Country submissions, (OECD[2]) Economic Outlook Volume 2023 Issue 2.

Table 1.6. Income tax plus employee social security contributions less cash benefits, 2023

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	12.5	9.7	6.4	3.5	167 081
Luxembourg	21.8	15.8	12.3	6.3	139 847
Norway	23.9	18.4	7.9	2.4	138 409
Denmark	31.6	35.0	0.0	3.4	137 580
Belgium	30.4	21.4	13.7	4.7	136 040
Germany	28.9	9.1	19.8	0.0	136 004
Netherlands	18.7	11.7	9.5	2.5	130 595
Ireland	21.0	20.5	4.0	3.6	128 600
Iceland	25.1	25.4	0.1	0.5	127 916
Austria	20.2	8.5	18.0	6.3	127 131
Canada	21.7	17.2	7.1	2.6	122 080
Australia	23.0	23.0	0.0	0.0	117 157
United Kingdom	19.4	13.8	8.3	2.6	115 470
United States	18.4	10.7	7.7	0.0	112 331
Korea	11.5	4.8	9.4	2.6	111 567
Finland	25.7	17.9	10.5	2.7	108 271
France	20.8	11.9	11.3	2.3	101 739
Sweden	18.9	15.6	7.0	3.7	95 583
Japan	19.1	7.2	14.7	2.7	89 634
Italy	15.1	18.9	5.2	9.1	88 066
New Zealand	19.1	19.1	0.0	0.0	85 419
Israel	10.3	4.6	7.2	1.5	82 222
Spain	18.0	11.6	6.5	0.0	81 557
Greece	23.6	9.7	13.9	0.0	80 534
Lithuania	30.6	16.4	19.5	5.3	77 027
Türkiye	25.4	10.4	15.0	0.0	76 839
Slovenia	27.1	7.2	22.1	2.2	75 927
Poland	12.3	3.3	17.8	8.8	71 302
Portugal	23.4	12.4	11.0	0.0	68 549
Hungary	26.8	11.0	18.5	2.7	66 660
Czechia	12.5	1.5	11.0	0.0	63 664
Estonia	9.2	12.9	1.6	5.3	60 206
Latvia	17.6	11.0	10.5	3.9	58 522
Slovak Republic	6.1	-2.2	13.4	5.1	49 886
Chile	5.1	0.0	7.0	1.9	48 972
Costa Rica	10.7	0.0	10.7	0.0	46 251
Mexico	10.0	8.6	1.3	0.0	28 131
Colombia	-5.8	0.0	0.0	5.8	27 747
OECD Average	**18.7**	**11.9**	**9.5**	**2.7**	**94 224**

Notes: Table shows results for a two-earner married couple, one at 100% and the other at 67% of the average wage, with two 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 equivalent purchasing power.

Source: Country submissions, (OECD[2]) Economic Outlook Volume 2023 Issue 2.

Personal average tax rates

The net personal average tax rate for a two-earner married couple with two children where one spouse earns the average wage and the other earns 67% thereof, was 18.7% of gross wage earnings on average in 2023. Table 1.6 shows the net personal average tax rate for each OECD country and its components as a percentage of gross wage earnings. Household gross wage earnings figures in column 5 are expressed in US dollar terms with equivalent purchasing power. Unlike the results shown in Table 1.3, cash benefits are taken into account in Table 1.6 and reduce the impact of income taxes and employee SSCs (column 2 plus column 3, minus column 4).

The net personal average tax rate of the two-earner married couple varied greatly among OECD countries in 2023, ranging from -5.8% in Colombia to 31.6% in Denmark. In Colombia, the net personal average tax rate was negative because this household type did not pay income taxes at that level of earnings, paid contributions that are not considered to be taxes[6] and received cash benefits that were paid on top of their wages. The disposable income of the household after tax represented 105.8% of the couple's gross wage earnings in Colombia while it represented 68.4% in Denmark. The net personal average tax rate was equal to or lower than 10% in Mexico (10.0%), Estonia (9.2%), the Slovak Republic (6.1%) and Chile (5.1%).

The *Taxing Wages* indicators focus on the structure of labour taxation. To assess the overall impact of the government sector on people's welfare, other factors including indirect taxes (such as value added tax) should also be taken into account, as should taxation of other forms of income, such as capital income (Hourani et al., 2023[3]). Non-tax compulsory payments that affect households' disposable income are not included in the calculations presented in the publication but further analysis of those payments is presented in the online report: https://www.oecd.org/tax/tax-policy/tax-database/non-tax-compulsory-payments.pdf.

Wages

While the average wage increased in 37 OECD countries between 2022 and 2023 in nominal terms, it decreased in 18 of the 38 countries in real terms. Meanwhile, the post-tax income for a single worker earning the average wage decreased in 21 countries in real terms over the same period. This was the second consecutive year in which the real post-tax income for a single worker declined in a majority of OECD countries: this occurred in 33 countries in 2022 as wages fell in real terms in all but four countries from the previous year.

Table 1.7 shows gross wage earnings in national currency of the average worker in each OECD member country for 2022 and 2023. The figures for 2023 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 2023 Issue 2 database (OECD, 2023[2]) to the final average wage values provided for previous years by OECD member countries. More information on the value of the average wage and the estimation methodology is included in the Annex of this Report.

The annual change in gross nominal wages in 2023 – shown in column 3 – ranged from 0% in Costa Rica to 111.8% in Türkiye. To a large extent, changes in nominal wage levels in OECD countries reflect inflation trends (see column 4 of Table 1.7). The annual change in real wage levels (before personal income tax and employee SSCs) was within the range of -2% to +2% in 24 countries (see column 5 of Table 1.7). Seven countries recorded declines outside this range: Estonia (-2.2%), Iceland (-2.5%), Czechia (-3.0%), Hungary (-3.0%), Mexico (-4.5%), Sweden (-4.6%) and Colombia (-10.5%).

In 21 OECD countries, the average single worker without children had lower real post-tax income in 2023 than in 2022, either because the personal average tax rate (column 6) decreased by less than the real wage before tax (column 5), because the personal average tax rate increased or remained unchanged while the real wage before tax decreased, or because the personal average tax rate increased by more than the real wage before tax.

In contrast, the average single worker without children had higher real post-tax income in 2023 in Belgium, Canada, Chile, Costa Rica, Denmark, Germany, Ireland, Israel, Korea, Lithuania, Mexico, the Netherlands, Portugal, Slovenia, Türkiye, the United Kingdom and the United States.

- The real wage before tax decreased by less than the personal average tax rate in Canada, Germany, Ireland, Mexico and the United States.
- The personal average tax rate decreased while the real wage before tax increased in Belgium, Israel, the Netherlands and the United Kingdom.
- The personal average tax rate increased by less than the real wage before tax in Chile, Costa Rica, Denmark, Korea, Lithuania, Portugal, Slovenia and Türkiye.

When comparing wage levels, it is important to note that the definition of average wage earnings may 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 the wage earnings of part-time workers (see Table A.4 in the Annex).

Table 1.8 provides more information on whether the average wages for the years 2000 to 2023 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 since 2008 or earlier. 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, Czechia, 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 with 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. Türkiye 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 wage values are not based on the sectors B-N in the ISIC Rev. 4 Industry Classification for Costa Rica (all years), the Netherlands (from 2012 onwards) or Mexico (all years).

Table 1.7. Comparison of wage levels in 2022 and 2023

Country	Gross wage in national currency		Annual change, 2023/22 (percentage)			
	2022 (1)	2023 (2)	Gross wage (3)	Inflation[1] (4)	Real wage before tax (5)	Change in personal average tax rate[2] (6)
Australia	95 735	99 565	4.0	5.6	-1.6	7.6
Austria	53 126	57 082	7.4	7.7	-0.3	1.7
Belgium	55 038	59 285	7.7	2.4	5.2	-0.7
Canada	83 126	86 203	3.7	4.0	-0.2	-0.4
Chile	11 850 890	13 232 535	11.7	7.6	3.8	2.1
Colombia	23 470 233	23 470 233	0.0	11.7	-10.5	0.0
Costa Rica	8 897 195	9 193 578	3.3	0.6	2.7	1.6
Czechia	479 623	515 219	7.4	10.7	-3.0	2.3
Denmark	469 400	488 078	4.0	3.6	0.4	0.2
Estonia	20 222	21 595	6.8	9.2	-2.2	1.7
Finland	50 750	53 310	5.0	4.5	0.5	1.5
France	41 522	43 438	4.6	5.7	-1.0	-0.4
Germany	57 667	60 867	5.5	6.2	-0.6	-1.6
Greece	22 170	23 536	6.2	4.3	1.8	2.5
Hungary	6 276 792	7 152 170	13.9	17.5	-3.0	0.0
Iceland	10 452 000	11 066 502	5.9	8.6	-2.5	-1.5
Ireland	57 457	59 899	4.3	5.3	-1.0	-2.0
Israel	171 036	180 983	5.8	4.3	1.4	-1.0
Italy	32 191	33 492	4.0	6.1	-2.0	0.2
Japan	5 165 693	5 251 660	1.7	3.2	-1.5	1.1
Korea	52 055 568	54 497 863	4.7	3.6	1.1	0.4
Latvia	16 500	18 559	12.5	9.4	2.8	2.9
Lithuania	21 196	23 409	10.4	8.8	1.5	1.5
Luxembourg	68 578	73 418	7.1	3.1	3.8	5.0
Mexico	171 738	172 991	0.7	5.5	-4.5	-10.5
Netherlands	58 810	62 281	5.9	4.4	1.4	-2.8
New Zealand	70 588	76 001	7.7	5.8	1.8	4.5
Norway	689 478	727 681	5.5	5.5	0.0	0.7
Poland	76 071	85 715	12.7	11.8	0.8	2.5
Portugal	22 073	23 714	7.4	5.5	1.8	0.6
Slovak Republic	15 299	16 835	10.0	11.1	-0.9	0.5
Slovenia	23 632	26 667	12.8	7.5	5.0	1.5
Spain	28 780	30 237	5.1	3.5	1.5	2.4
Sweden	493 770	511 738	3.6	8.6	-4.6	-1.4
Switzerland	101 350	102 141	0.8	2.2	-1.4	0.2
Türkiye	150 661	319 068	111.8	52.8	38.6	0.9
United Kingdom	44 854	48 185	7.4	7.3	0.1	-0.4
United States	64 845	67 264	3.7	4.2	-0.4	-2.2

Note: Table shows results for a single worker without two children earning the average wage.
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 2022 and 2023.
Source: Country submissions, (OECD[2]) Economic Outlook Volume 2023 Issue 2.

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]		2000-2023
Austria[2]	2004-2007	2008-2023
Belgium	2000-2007	2008-2023
Canada	2000-2023	
Chile[3]	2000-2008	2009-2023
Colombia[4]	2000-2023	
Costa Rica[5]		
Czechia		2000-2023
Denmark[6]	2000-2007	2008-2023
Estonia		2000-2023
Finland		2000-2023
France	2000-2007	2008-2023
Germany	2000-2005	2006-2023
Greece[7]		2000-2023
Hungary		2000-2023
Iceland[8]		2000-2023
Ireland[9]	2000-2007	2008-2023
Israel[10]	2000-2012	2013-2023
Italy		2000-2023
Japan		2000-2023
Korea[11]	2000-2007	2008-2023
Latvia[12]		2000-2023
Lithuania		2000-2023
Luxembourg	2000-2004	2005-2023
Mexico[13]		
Netherlands[14]	2000-2007	2008-2011
New Zealand[15]	2000-2003	2004-2023
Norway	2000-2008	2009-2023
Poland	2000-2006	2007-2023
Portugal	2000-2005	2006-2023
Slovak Republic[16]		2000-2023
Slovenia		2000-2023
Spain		2000-2023
Sweden	2000-2007	2008-2023
Switzerland		2000-2023
Türkiye[17]		2007-2023
United Kingdom	2000-2007	2008-2023
United States	2000-2006	2007-2023

1. For Australia, data is based on ANZSIC06 such that the categories substantially overlap with ISIC 4, sectors B-N.
2. For Austria, 2000-2003 average wage values are not based on the NACE (ISIC) classification.
3. For 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. For Colombia, average wage values are 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. For Costa Rica, the average wage from 2000 onwards refers to the earnings of workers within the formal sector. The average worker's wage was calculated based on microdata from the national household surveys.
6. For Denmark, average wage values are based on sectors B-N and R-S (NACE rev 2).
7. For Greece, 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.

8. For Iceland, this uses a national classification system that corresponds with the NACE rev. 2 classification system.
9. For 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.
10. Information on data for Israel is available at: http://oe.cd/israel-disclaimer.
11. For 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 and the estimate for 2021 are based on the 10th KISC B-N (samples of firms with one or more permanent employees).
12. For 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.
13. For Mexico: Average wage values from 2000-2023 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.
14. For the 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.
15. For New Zealand: see the note for Australia, which applies from 2004.
16. For Slovak Republic, average wage values are 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.
17. For Türkiye, the average wage is based on the average production worker wage ISIC rev. 3.1 sector D for years 2000 to 2006.

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Notes

[1] 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.

[2] 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 (https://www.oecd.org/tax/tax-policy/tax-database/non-tax-compulsory-payments.pdf).

[3] 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 OECD countries also have NTCPs (please see https://www.oecd.org/tax/tax-policy/tax-database/non-tax-compulsory-payments.pdf).

[4] See note 3.

[5] The fiscal advantage for a couple with children may disincentivise the non-working spouse from taking-up employment. The tax wedge for a second earner in a married couple may be significantly higher than for a single worker at the same income level and with the same number of children, which may reduce women's labour participation and thus contribute to persistent gender inequality across many OECD countries in terms of labour outcomes. This topic is discussed in detail in Chapter 2, the special feature of this report

[6] See note 3.

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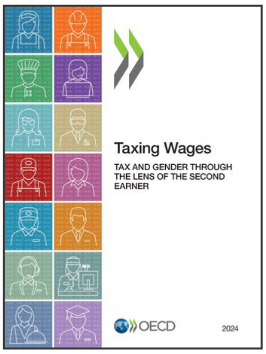

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