

United Kingdom

(2006-2007 Income tax year)

This chapter includes data on the income taxes paid by workers, their social security contributions, the family benefits they receive in the form of cash transfers as well as the social security contributions and payroll taxes paid by their employers. Results reported include the marginal and average tax burden for eight different family types.

Methodological information is available for personal income tax systems, compulsory social security contributions to schemes operated within the government sector, universal cash transfers as well as recent changes in the tax/benefit system. The methodology also includes the parameter values and tax equations underlying the data.

United Kingdom		2006				
		The tax/benefit position of single persons				
		Wage level (per cent of average wage)	67	100	167	67
		Number of children	none	none	none	2
1. Gross wage earnings		20561	30842	51403	20561	
2. Standard tax allowances						
	Basic allowance	5035	5035	5035	5035	
	Married or head of family					
	Dependent children					
	Deduction for social security contributions and income taxes					
	Work-related expenses	0	0	0	0	
	Other					
	Total	5035	5035	5035	5035	
3. Tax credits or cash transfers included in taxable income		0	0	0	0	
4. Central government taxable income (1 - 2 + 3)		15526	25807	46368	15526	
5. Central government income tax liability (exclusive of tax credits)		3158	5419	12295	3158	
6. Tax credits						
	Basic credit					
	Married or head of family					
	Children	0	0	0	2398	
	Other					
	Total	0	0	0	2398	
7. Central government income tax finally paid (5-6)		3158	5419	12295	760	
8. State and local taxes		0	0	0	0	
9. Employees' compulsory social security contributions						
	Gross earnings	1707	2838	3313	1707	
	Taxable income					
	Total	1707	2838	3313	1707	
10. Total payments to general government (7 + 8 + 9)		4865	8257	15608	2467	
11. Cash transfers from general government						
	For head of family					
	For two children	0	0	0	1525	
	Total	0	0	0	1525	
12. Take-home pay (1-10+11)		15696	22584	35794	19619	
13. Employer's compulsory social security contributions		1986	3302	5934	1986	
14. Average rates						
	Income tax	15.4%	17.6%	23.9%	3.7%	
	Employees' social security contributions	8.3%	9.2%	6.4%	8.3%	
	Total payments less cash transfers	23.7%	26.8%	30.4%	4.6%	
	Total tax wedge including employer's social security contributions	30.4%	33.9%	37.6%	13.0%	
15. Marginal rates						
	Total payments less cash transfers: Principal earner	33.0%	33.0%	41.0%	70.0%	
	Total payments less cash transfers: Spouse	n.a.	n.a.	n.a.	n.a.	
	Total tax wedge: Principal earner	40.6%	40.6%	47.7%	73.4%	
	Total tax wedge: Spouse	n.a.	n.a.	n.a.	n.a.	
	Memorandum item: Non-wastable tax credits					
	tax expenditure component	0	0	0	2398	
	cash transfer component	0	0	0	0	

United Kingdom		2006			
		The tax/benefit position of married couples			
Wage level (per cent of average wage)		100-0	100-33	100-67	100-33
Number of children		2	2	2	none
1. Gross wage earnings		30842	41122	51403	41122
2. Standard tax allowances					
Basic allowance		5035	10070	10070	10070
Married or head of family					
Dependent children					
Deduction for social security contributions and income taxes					
Work-related expenses		0	0	0	0
Other					
	Total	5035	10070	10070	10070
3. Tax credits or cash transfers included in taxable income		0	0	0	0
4. Central government taxable income (1 - 2 + 3)		25807	31052	41333	31052
5. Central government income tax liability (exclusive of tax credits)		5419	6315	8577	6315
6. Tax credits					
Basic credit					
Married or head of family					
Children		548	548	454	0
Other					
	Total	548	548	454	0
7. Central government income tax finally paid (5-6)		4872	5768	8123	6315
8. State and local taxes		0	0	0	0
9. Employees' compulsory social security contributions					
Gross earnings		2838	3414	4545	3414
Taxable income					
	Total	2838	3414	4545	3414
10. Total payments to general government (7 + 8 + 9)		7710	9182	12668	9729
11. Cash transfers from general government					
For head of family					
For two children		1520	1520	1520	0
	Total	1520	1520	1520	0
12. Take-home pay (1-10+11)		24652	33460	40255	31393
13. Employer's compulsory social security contributions		3302	3972	5288	3972
14. Average rates					
Income tax		15.8%	14.0%	15.8%	15.4%
Employees' social security contributions		9.2%	8.3%	8.8%	8.3%
Total payments less cash transfers		20.1%	18.6%	21.7%	23.7%
Total tax wedge including employer's social security contributions		27.8%	25.8%	29.0%	30.4%
15. Marginal rates					
Total payments less cash transfers: Principal earner		33.0%	33.0%	39.7%	33.0%
Total payments less cash transfers: Spouse		14.3%	33.0%	39.7%	33.0%
Total tax wedge: Principal earner		40.6%	40.6%	46.5%	40.6%
Total tax wedge: Spouse		19.6%	40.6%	46.5%	40.6%
Memorandum item: Non-wastable tax credits					
tax expenditure component		548	548	454	0
cash transfer component		0	0	0	0

The national currency is the pound sterling (GBP). In 2006, GBP 0.5465 was equal to USD 1 (average of eleven months exchange rates). In 2006-2007, the Average Worker is estimated to earn GBP 30 842 (Secretariat estimate).

1. Personal income tax system

1.1. Central government income taxes

1.1.1. Tax unit

The tax unit is the individual, but certain reliefs depend on family circumstances (see Section 1.1.2.1).

1.1.2. Tax allowances and tax credits

All figures shown are those applying at the start of the tax year in April.

1.1.2.1. Standard reliefs

- Basic reliefs: A personal allowance of GBP 5 035 is granted to each individual.
- Standard marital status reliefs: None.
- Working Tax Credit (WTC): A non-wastable tax credit available to low income families with or without children. It is available for families with children where one person works at least 16 hours a week. It is also available for people with a disability who work at least 16 hours a week and for families without children where one person works at least 30 hours a week. The amount depends upon the hours worked, the ages of children, eligible childcare costs, and gross income. A family with a child 16 or under where the claimant (or, where applicable, their partner both claimants jointly) works at least 30 hours a week, would get a maximum credit of GBP 3 985 per year before taking into account eligible childcare costs.* This credit is reduced by 37 pence for each GBP 1 of net income above a threshold of GBP 5.220 per year. Extra amounts are available where one or, where applicable, both claimants are disabled. WTC was introduced on 6th April 2003.
- Relief for social security contributions and other taxes: None.
- Child Tax Credit (CTC): A non-wastable tax credit available to low and middle income families with children. It provides support for children until 1st September following their 16th birthday, and beyond that date to the age of 19 for those who continue in full-time non-advanced education. The amount depends on gross income and the number and age of the children. A family with two children would get a maximum credit GBP 4 075 per year, which is reduced by 37 pence for each GBP 1 of gross income above a threshold of GBP 14 155 if the family is not working. A higher threshold applies if the

* The amount of credit received is calculated by dividing separately each element of the credit by the number of days in the tax year and rounding up to the nearest penny to give a daily rate. These daily rates are then multiplied by the number of days in the relevant period (for the purposes of this Report, the tax year) and added together.

family is working; their CTC is reduced at the same rate once their WTC has been tapered to zero. There is a minimum value to the award of GBP 545 for all families with children and gross income up to GBP 50 000. A second taper of 6.7 per cent is applied for incomes exceeding GBP 50 000. Extra amounts are available for children less than one year old and for children with disabilities. CTC was introduced on 6th April 2003.

1.1.2.2. Main non-standard tax reliefs applicable to an AW.

- Work-related expenses: Flat rate expenses for tools and special clothing are allowed to certain occupational categories. Since this provision is not applicable to all manufacturing occupations, and hence average workers, and because the rates vary slightly across categories, this relief is considered here as non-standard.
- Contributions to approved superannuation schemes or personal pension schemes are deducted when calculating taxable income. Premiums on approved life assurance policies payable to life assurance companies attract 12.5 per cent tax relief for policies entered into force before 13 March 1984.

1.1.3. Tax schedule

Taxable income (GBP)	Rate %
0-2 150	10
2 150-33 300	22
Over 33 300	40

1.2. State and local income tax

There are no regional or local income taxes.

2. Compulsory social security contributions to schemes operated within the government sector

2.1. Employees' contributions

National Insurance contributions are payable by employees earning more than GBP 97 in any week. These are 11 per cent of earnings between GBP 97 and GBP 645 and 1 per cent of earnings above GBP 645 for employees not contracted out of the state additional (earnings related) pension scheme (a supplement to the basic retirement pension). For employees who are contracted out, there is a rebate of 1.6 per cent on earnings between GBP 84 and GBP 645. Depending on eligibility criteria members of the National Insurance scheme qualify for pensions, sickness, industrial injury, unemployment benefits, etc. All employees earning under GBP 97 per week have no National Insurance contribution liability but a notional contribution will be deemed to have been paid in respect of earnings between GBP 84 and GBP 97 to protect benefit entitlement.

2.2. Employers' contributions

Employer's contributions are not payable for employees earning less than GBP 97 per week. The rate of employers' contributions for employees not contracted out of the additional (earnings related) scheme is 12.8 per cent of earnings above GBP 97 per week. For employees who are contracted out, there is a rebate of 3.5 per cent on earnings between GBP 84 and GBP 645 per week.

3. Universal cash transfers

3.1. Transfers related to marital status

None (widows' benefit is covered by the government pensions scheme noted above).

3.2. 3.2 Transfers for dependent children

A child benefit of GBP 17.45 per week is paid in respect of the first child in the family up to age 16 with GBP 11.70 per week paid for each subsequent child. A premium of GBP 0.10 per week is paid to one parent families in respect of the first child in addition to child benefit. Single Parent Child Benefit was abolished in 1998, with only those existing claimants still receiving the benefit. The rate was frozen at 1998 levels, whilst Child Benefit has risen in line with prices. The latest forecasts show that the rate of Child Benefit will exceed the rate of Single Parent Child Benefit in 2007-08 and therefore will cease to exist from that year onwards. None of these payments is subject to tax.

4. Memorandum items

4.1. Identification of AW and valuation of earnings

A new Annual Survey of Hours and Earnings (ASHE) has been developed to replace the New Earnings Survey (ASHE) (results of which are published in *Labour Market Trends*) shows the average weekly earnings of full-time employees in April each year. It covers men and women at adult rates in the United Kingdom (excluding Northern Ireland). The annual figure used for the gross earnings of the AW in the United Kingdom is the annual equivalent of the arithmetic average of the weekly earnings figures for April at the beginning and end of the fiscal year, as published in *Labour Market Trends*.

The earnings figures exclude the earnings of those whose pay was affected by absence (due to sickness, etc.). They include overtime, payment by results and shift payments. But they do not include benefits in kind (which could in some circumstances be included in the employee's taxable income in the United Kingdom).

4.2. employers' contributions to private pension, health, etc., schemes

About half of all wage earners are covered by private occupational pension schemes. A limited number is covered by private health schemes financed in whole or in part by employers.

2006 Parameter values

Average earnings/yr	Ave_earn	30 842	Secretariat estimate	
Allowances	Basic_al	5 035		
	Married_al	0		
	Married_rate	0		
Income tax	Tax_sch	0.1	2 150	
		0.22	33 300	
		0.4		
Employees SSC				
Primary threshold	SSC_sch	0	5 044	PT
Upper earnings limit		0.11	33 540	UEL
		0.01		
Employers SSC	SSC_rate2	0.128		
	ST	5 044		
Child benefit (first)	CB_first	17.45		
Child benefit (others)	CB_others	11.70		
One parent benefit	CB_onepar	0.10		
<i>NEW TAX CREDITS</i>				
WTC				
Basic element	WTC_Basic	1 665		
Couple/Lone parent	WTC_couple_or_lone	1 640		
30 Hour element	WTC_30hr	680		
CTC				
Family element	CTC_family	545		
Child element	CTC_child	1 765		
Baby element	CTC_baby	545		
Threshold	NTC_1st_thres	5 220		
	NTC_1st_taper	0.37		
	NTC_2nd_thres	50 000		
	NTC_2nd_taper	0.067		
Days in tax year	Numdays	365		

2006 Tax equations

The equations for the UK system are mostly on an individual basis. But Child and Working tax credits are calculated on a family basis and child benefit is calculated only once. This is shown by the Range indicator in the table below.

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

Line in country table and intermediate steps	Variable name	Range	Equation
1. Earnings	Earn		
2. Allowances:	tax_al	B	Min(Basic_al, earn)
3. Credits in taxable income	taxbl_cr	B	0
4. CG taxable income	tax_inc	B	Positive(earn-tax_al)
5. CG tax before credits	CG_tax_excl	B	Tax(tax_inc, tax_sch)
6. Tax credits (nonwastable)	tax_cr	J	IF(Children>0, IF((earn_total)>NTC_2nd_thres, Taper(ROUNDUP(CTC_family/numdays, 2)/numdays, earn_total, NTC_2nd_thres, NTC_2nd_taper), MAX(Taper(ROUNDUP(CTC_family/numdays, 2)*numdays+Children*ROUNDUP(CTC_child/numdays, 2)*numdays+ROUNDUP(WTC_Basic/numdays, 2)*numdays+ROUNDUP(WTC_30hr/numdays, 2)*numdays+ROUNDUP(WTC_couple_or_lone/numdays, 2)*numdays, earn_total, NTC_1st_thres, NTC_1st_taper), ROUNDUP(CTC_family/numdays, 2)*numdays)), Taper(ROUNDUP(WTC_Basic/numdays, 2)*numdays+ROUNDUP(WTC_30hr/numdays, 2)*numdays+IF(Married=1, ROUNDUP(WTC_couple_or_lone/numdays, 2)*numdays, 0), earn_total, NTC_1st_thres, NTC_1st_taper))
7. CG tax	CG_tax	B	CG_tax_excl-tax_cr
8. State and local taxes	local_tax	B	0
9. Employees' soc security	SSC	B	Tax(earn, SSC_sch)
11. Cash transfers	cash_trans	J	Numdays/7*((CB_first*(Children>0)+CB_others*Positive(Children-1))+ (Married=0)*(Children>0)*CB_onepar)
13. Employer's soc security	SSC_empr	B	(earn>ST)*(earn-ST)*SSC_rate2
Memorandum item: Non-wastable tax credit			
tax expenditure component	Taxexp	J	Tax_cr-transfer
cash transfer component	Transfer	J	IF(CG_tax_excl<0, -CG_tax_excl, 0)

1. Key to range of equation B calculated separately for both principal earner and spouse P calculated for principal only (value taken as 0 for spouse calculation) J calculated once only on a joint basis

Annexes

<i>Annex A. Tax Levels and Tax Structures, 1990-2004</i>	<i>458</i>
<i>Annex B. Source of Earnings Data</i>	<i>460</i>
<i>Annex C. Exchange Rates and Purchasing Power Parities of National Currencies, 2006</i>	<i>461</i>
<i>Annex D. Historical Series under the Old Definition of Average Worker, 1979-2004 . . .</i>	<i>462</i>

Table A.1. Tax revenues expressed as a percentage of GDP at market prices, 1990-2004

	Total tax revenue			Personal income taxes			Social security contributions						All other taxes		
	1990	1995	2004	1990	1995	2004	Employees			Employers			1990	1995	2004
							1990	1995	2004	1990	1995	2004			
Australia	28	29	31	12	12	13	0	0	0	0	0	0	16	17	19
Austria	40	41	43	8	9	10	6	6	6	6	7	7	19	19	20
Belgium	42	44	45	13	14	14	4	4	4	9	9	8	16	16	18
Canada	36	36	33	15	13	12	2	2	2	3	3	3	17	17	17
Czech Republic	-	38	38	-	5	5	-	4	4	-	10	10	-	19	20
Denmark	47	49	49	25	26	25	1	1	1	0	0	0	21	22	23
Finland	44	46	44	15	14	13	1	3	2	9	10	9	18	19	20
France	42	43	43	4	5	7	6	6	4	11	11	11	21	21	21
Germany	36	37	35	10	10	8	6	6	6	7	7	7	13	13	14
Greece	29	32	35	4	4	5	4	4	5	4	5	6	16	19	20
Hungary	-	42	38	-	7	7	-	2	2	-	12	9	-	21	20
Iceland	31	31	39	8	10	14	0	0	0	1	2	3	22	19	21
Ireland	33	32	30	11	10	8	2	2	1	3	3	3	18	18	18
Italy	38	40	41	10	10	10	2	3	2	9	8	9	17	19	20
Japan	29	27	26	8	6	5	3	4	4	4	4	5	14	13	13
Korea	19	19	25	4	4	3	0	0	3	1	1	2	14	14	16
Luxembourg	36	37	38	8	8	7	4	4	5	5	5	5	19	21	22
Mexico	17	17	19	-	-	-	-	-	-	-	-	-	17	17	19
Netherlands	41	40	37	10	8	6	9	11	7	3	3	4	18	19	20
New Zealand	37	37	36	18	17	15	0	0	0	0	0	0	19	20	21
Norway	42	41	44	11	11	10	3	3	3	7	6	6	20	21	25
Poland ¹	-	37	34	-	8	4	-	11	14	-	-	-	-	17	16
Portugal	28	32	34	4	6	5	3	3	3	5	6	7	16	17	18
Slovak Republic	-	-	30	-	-	3	-	-	3	-	-	8	-	-	16
Spain	32	32	35	7	8	6	2	2	2	8	8	8	15	15	18
Sweden	53	48	50	20	16	16	0	2	3	14	11	11	19	19	20
Switzerland	26	28	29	10	10	10	3	3	3	3	3	3	10	11	12
Turkey	20	23	31	5	5	5	1	1	3	2	1	3	11	15	21
United Kingdom	36	35	36	11	10	10	2	3	3	4	3	4	20	19	19
United States	27	28	26	10	10	9	3	3	3	4	4	3	11	11	10

1. Total social security contributions.

Source: OECD, *Revenue Statistics 1965-2005*, 2006 Edition.


StatLink  : <http://dx.doi.org/10.1787/161337505011>

Table A.2. Tax revenues from personal income taxes as a percentage of GDP and total taxation, 1990-2004

(Countries with non-central government income taxes)

	Central government						:	State and local government ¹							
	Percentage of		Percentage of		Percentage of			Percentage of		Percentage of		Percentage of			
	GDP	Total	GDP	Total	GDP	Total		GDP	Total	GDP	Total	GDP	Total		
	1990	1995	2004		1990	1995	2004		1990	1995	2004		1990	1995	2004
Belgium	8	20	7	17	7	16	:	5	12	6	15	6	15		
Canada	9	25	8	23	7	22	:	6	16	5	15	4	13		
Denmark	12	25	12	25	9	21	:	13	28	14	29	15	33		
Finland	7	15	6	12	5	13	:	9	19	9	19	8	18		
Iceland	5	15	5	16	6	19	:	4	12	5	15	7	20		
Japan	0	20	0	15	0	11	:	0	8	0	8	0	7		
Korea	0	20	0	18	0	11	:	0	1	0	1	0	1		
Norway	4	9	4	10	5	12	:	7	17	7	16	5	13		
Spain ²	7	20	7	22	4	12	:	1	2	1	2	2	6		
Sweden	5	9	1	3	-1	-1	:	15	29	15	31	16	33		
Switzerland	3	10	2	7	2	7	:	7	29	8	29	8	27		
United States	8	30	8	29	7	28	:	2	7	2	7	2	7		

1. Income-tax sharing arrangements exist in Austria, Germany, Greece, Luxembourg, Portugal and Spain.


2. Spain has introduced an income tax of the Autonomous Regions as of 1997; pro memory.

Source: OECD, *Revenue Statistics 1965-2005*, 2006 Edition.

StatLink  : <http://dx.doi.org/10.1787/624727666421>

Source of Earnings Data

Country	Type of sample	Source
Australia	Quarterly survey of firms resulting in a representative sample of wage and salary earners in each industry.	Australian Bureau of Statistics "Average Weekly Earnings, Australia" and "Labour Force, Australia"
Austria	Annual Wage Tax Statistics	"Lohnsteuerstatistik"
Belgium	Data collected or estimated on the basis of an annual establishment survey and social insurance registers of employees	Statistics Division of the Ministry of Economy (Federal Public Service, Economy, SMEs, Self-employed and Energy). Same source as for Eurostat "Annual gross earnings" data.
Canada	Monthly survey of all firms	Statistics Canada, "Survey of Employment Payrolls and Hours"
Czech Republic	Employer survey data	National Statistical Office
Denmark	Danish Employers Confederation survey of earnings	Annual Report Danish Employers Confederation (Dansk Arbejds Giverforening)
Finland	1) Finnish Employers Federation survey of hourly and monthly earnings; 2) Survey for unorganized employers "Structure of Earnings Statistics" published by the Central Statistical Office	"Wages Statistics" published by the Central Statistical Office
France	Social insurance registers covering all employers.	INSEE, "Déclarations Annuelles des Données Sociales" (DADS)
Germany	Survey carried out by the Federal Statistical Office	National Statistical Office
Greece	Survey carried out by National Statistics Service and Social Security Institutions	National Statistical Service Labour Statistics. Same source as for Eurostat "Annual gross earnings" data.
Hungary	Monthly surveys among enterprises with at least five employees.	Central Statistical Office
Iceland	Monthly survey of earnings in the private sector market	Statistics Iceland
Ireland	Quarterly surveys of industrial employment, earnings and hours worked	Central Statistics Office
Italy	Quarterly indicators of wages in industry and services (OROS)	National Institute of Statistics
Japan	Basic survey on wage structure of all establishments with more than 10 employees	Ministry of Health, Labour and Welfare, Annual Report
Korea	Major Labour Statistics	Ministry of Labour
Luxembourg	Monthly aggregated files of Social security services.	National Statistical Office and Social Security Services.
Mexico	Administrative data from the Mexican Social Security Institute (Instituto Mexicano del Seguro Social (IMSS))	The National Minimum Wage Commission (Comisión Nacional de Salarios Mínimos (CONASAMI))
Netherlands	Survey "Employment and Wages"	Central Bureau of Statistics, Statline
New Zealand	Quarterly employment survey is a sample survey of significant business with an employment count of 1 or more	Statistics New Zealand INFOS
Norway	Sample of enterprises based on published sector statistics for 3rd quarter – except agriculture, forestry and fishing and private households	Statistics Norway Wage
Portugal	April and October survey of earnings carried out by the Ministry of Labour	Ministry of Labour
Poland	Estimates for different sectors	Monthly Statistical Bulletin
Slovak republic	Quarterly and annual statistical data	Slovak Statistical Office
Spain	Quarterly survey of firms	Instituto Nacional de Estadística "Encuesta Trimestral de Coste Laboral" (Labour Cost Survey)
Sweden	September survey of Swedish employers	Statistics Sweden
Switzerland	Swiss Statistics Office. Personnes actives occupées selon la branche économique	La vie économique, SECO (Secrétariat d'État à l'Économie) Table B.8.1, http://www.bfs.admin.ch/bfs/portal/fr/index/themen/03/04.html
Turkey	Annual Manufacturing Industry Survey	Turkish Statistical Institute
United Kingdom	1% sample of PAYE earnings	Office for National Statistics, Annual Survey of Hours and Earnings (ASHE)
United States	Monthly surveys by Department of Labour on the basis of a questionnaire covering more than 40 million non-agricultural wage and salary-workers	Employment, Hours, and Earnings from the Current Employment Statistics Survey


StatLink  : <http://dx.doi.org/10.1787/615183821861>

Exchange Rates and Purchasing Power Parities of National Currencies, 2006

Monetary unit		2006	
		Exchange rates *	Purchasing power parities **
Australia	AUD	1.33	1.39
Austria	EUR	0.80	0.91
Belgium	EUR	0.80	0.89
Canada	CAD	1.13	1.29
Czech Republic	CZK	22.72	14.57
Denmark	DKK	5.97	8.54
Finland	EUR	0.80	0.94
France	EUR	0.80	0.90
Germany	EUR	0.80	0.94
Greece	EUR	0.80	0.71
Hungary	HUF	212.04	130.99
Iceland	ISK	69.93	1.02
Ireland	EUR	0.80	91.73
Italy	EUR	0.80	0.84
Japan	JPY	116.26	128.09
Korea	KRW	954.19	758.73
Luxembourg	EUR	0.80	0.99
Mexico	MXN	10.91	7.35
Netherlands	EUR	0.80	0.91
New Zealand	NZD	1.55	1.50
Norway	NOK	6.44	9.85
Poland	PLZ	3.12	1.85
Portugal	EUR	0.80	0.66
Slovak Republic	SKK	29.94	17.37
Spain	EUR	0.80	0.78
Sweden	SEK	7.42	9.35
Switzerland	CHF	1.26	1.76
Turkey	TRL	1.43	0.82
United Kingdom	GBP	0.55	0.62
United States	USD	1.00	1.00

* Average of 11 months daily rates.

** Estimates based on Economic Outlook No 79, June 2006.

StatLink  : <http://dx.doi.org/10.1787/110200112526>

Historical Series under the Old Definition of Average Worker, 1979-2004

Warning

The tables contained in this annex reproduce data published in *Taxing Wages 2003-2004*, for the convenience of the reader as the main body of this Report only presents data for 2000-2006. However, any user of the data should be aware of its limitations. First, it is based on the previous definition of the wage – the average production worker (APW) wage. Second, there were changes in the reporting practices of some countries over the period 1979-2004 and so the times series cannot be regarded as completely consistent. The most important breaks in the series for recent years are the following:

- a) Australia: From 2002 payroll taxes included in calculations. They are excluded in earlier years.
- b) Austria: From 1998 payroll taxes included in calculations. They are excluded in earlier years.
- c) France: From 1997 earning figure based on improved statistical data.
- d) Japan: From 2002 improvements were made in the reporting of social security contributions.
- e) Korea: From 1997 the coverage of social security contributions is extended.
- f) The Netherlands: From 1999 average wage level for manual workers assumed to be equal to 90% of the wage for all industrial workers, including white collar workers and supervisors.

Table D.1. **Income tax plus employee and employer contributions (as % of labour costs), 1979–2004**
single persons without children

	1979	1981	1983	1985	1987	1989	1991	1993	1995	1997	1999	2000	2001	2002	2003	2004
Australia	-	-	-	-	-	-	-	-	-	29.6	30.4	27.4	27.8	28.3	28.3	28.6
Austria	36.5	38.6	38.1	40.3	39.6	38.1	39.1	40.0	41.2	45.6	45.9	44.9	44.5	44.7	45.0	44.9
Belgium	47.4	49.8	49.2	51.0	53.5	53.2	53.7	54.6	56.3	56.6	56.9	56.2	55.6	55.1	54.6	54.2
Canada	23.2	24.7	25.6	26.9	29.0	27.2	29.0	30.8	31.5	32.3	31.1	31.8	30.4	32.2	32.4	32.3
Czech Republic	-	-	-	-	-	-	-	42.6	43.2	42.9	42.7	42.7	42.6	42.9	43.2	43.6
Denmark	40.6	42.7	46.5	47.8	47.6	46.6	46.7	47.0	45.2	45.1	44.5	44.4	43.6	42.7	42.7	41.5
Finland	41.6	42.4	43.2	45.2	45.5	46.2	44.5	49.3	51.2	48.9	47.4	47.3	45.9	45.2	44.4	43.8
France ¹	-	-	-	-	-	-	-	-	49.1	48.7	48.1	48.2	48.3	48.2	48.3	47.4
Germany	40.8	41.9	43.4	44.5	45.1	45.5	46.4	46.4	50.2	52.3	51.9	51.8	50.8	51.1	51.9	50.7
Greece	25.6	25.5	31.2	31.4	31.6	33.8	33.0	35.3	35.6	35.8	35.7	36.0	35.7	34.6	34.4	34.9
Hungary	-	-	-	-	-	-	-	-	51.4	52.0	50.7	49.6	49.0	49.0	45.6	45.8
Iceland	-	18.4	18.8	16.5	13.9	19.5	20.1	22.0	23.1	24.4	26.0	26.7	27.5	28.8	29.4	29.7
Ireland	33.9	34.7	40.1	42.4	42.8	40.6	39.8	40.0	36.9	33.9	32.4	28.9	25.8	24.5	24.2	23.8
Italy ²	45.3	47.3	50.5	50.0	49.4	51.2	48.8	49.2	50.3	51.5	47.2	46.7	46.1	46.1	45.4	45.7
Japan	16.7	17.3	17.7	21.6	21.4	20.4	21.5	21.2	19.5	20.7	24.0	24.1	24.2	29.8	26.7	26.6
Korea	-	-	-	-	-	-	-	-	6.9	12.4	16.1	16.5	16.6	16.1	16.3	16.6
Luxembourg	38.5	38.2	38.6	38.4	35.7	35.5	33.9	34.9	34.3	35.2	34.6	35.5	33.9	31.3	31.5	31.9
Mexico	-	-	-	-	-	23.5	24.4	26.6	27.2	20.8	14.1	15.4	14.4	16.1	17.2	15.4
Netherlands	48.0	48.3	52.0	49.9	49.5	47.0	46.5	45.7	44.8	43.6	44.3	45.1	42.3	35.5	35.2	43.6
New Zealand	26.0	26.8	26.6	27.9	26.1	23.4	23.8	24.0	24.5	21.6	19.4	19.5	19.5	20.1	20.3	20.7
Norway	43.5	43.1	42.3	41.8	42.6	42.7	41.2	36.8	37.5	37.4	37.3	37.2	36.9	36.9	36.8	36.9
Poland ³	-	-	-	-	-	-	-	44.1	44.7	43.9	43.0	43.0	42.7	42.8	42.9	43.1
Portugal	28.1	29.9	32.3	34.9	34.5	33.9	33.2	33.3	33.7	33.9	33.4	33.5	32.5	32.6	32.6	32.6
Slovak Republic	-	-	-	-	-	-	-	-	-	-	-	41.2	41.7	41.1	41.4	42.0
Spain	36.4	37.4	38.0	36.6	37.9	35.9	36.5	38.0	38.5	39.0	37.5	37.6	37.9	38.2	37.7	38.0
Sweden	50.7	50.8	50.6	50.9	51.7	52.7	46.0	45.6	49.3	50.7	50.5	49.5	48.5	47.6	47.9	48.0
Switzerland	28.2	29.1	28.8	28.8	28.5	28.6	27.3	28.7	30.6	30.0	29.8	29.5	29.5	29.6	29.0	28.8
Turkey	53.9	47.7	44.8	37.0	40.2	40.1	41.2	40.0	35.3	40.7	30.3	40.4	43.6	42.5	42.2	42.7
United Kingdom	36.1	37.6	38.2	37.8	36.0	34.2	33.2	32.6	33.4	32.0	30.8	30.1	29.5	29.5	31.0	31.2
United States	31.9	35.3	34.9	33.6	30.6	31.1	31.3	31.2	31.0	31.1	31.1	30.8	29.8	29.7	29.5	29.6

Note: For Australia, from 1996 to 2001, data have been revised to include payroll taxes and so produce a consistent series. Data for earlier years are not available on the same basis.

1. Employers' social security contributions not reported by France for period 1979 to 1993.

2. As from 1990 on, data on wages have been revised to include only production workers.

3. A submission for 2004 was not received from this country and consequently the tax/benefit structure for this country has been updated using external sources. Given the potential for error, the reader should use caution in interpreting the results for this country.

Table D.2. Income tax (in % of gross wage), 1979-2004, single persons without children

	1979	1981	1983	1985	1987	1989	1991	1993	1995	1997	1999	2000	2001	2002	2003	2004
Australia	-	-	-	-	-	-	-	-	-	24.8	25.9	22.8	23.3	24.0	24.0	24.3
Austria	9.3	10.2	9.4	10.2	9.5	7.0	7.5	8.6	8.9	10.2	10.8	9.8	10.2	10.5	10.8	10.8
Belgium	15.2	18.7	25.5	26.4	25.9	25.3	25.9	26.1	27.2	27.6	27.9	27.9	27.8	27.2	26.7	26.6
Canada	18.3	19.0	18.8	19.4	21.4	20.0	20.4	21.1	21.7	22.1	20.8	21.1	19.3	17.9	18.0	17.8
Czech Republic	-	-	-	-	-	-	-	8.5	10.0	10.4	10.2	10.1	10.0	10.4	10.8	11.4
Denmark	35.7	37.8	39.4	40.0	44.0	44.0	44.2	44.4	37.4	35.1	33.0	32.4	32.6	31.7	31.7	30.6
Finland	26.7	27.3	29.5	30.5	30.8	30.8	28.3	28.6	29.3	28.0	26.3	26.6	25.9	25.4	24.9	24.2
France	8.5	8.6	8.4	7.4	6.8	6.7	8.1	8.5	8.8	10.5	14.3	13.4	13.5	13.6	13.2	13.1
Germany	16.0	16.4	17.1	18.1	18.6	18.6	18.4	18.3	20.8	21.2	21.2	21.5	20.1	20.4	20.8	19.6
Greece	1.4	1.3	3.0	3.2	3.5	5.8	3.6	1.7	1.7	2.0	1.9	2.2	1.8	0.4	0.0	0.6
Hungary	-	-	-	-	-	-	-	-	16.4	17.8	17.6	18.9	19.2	16.9	12.9	12.4
Iceland	-	16.8	16.9	14.5	12.0	17.5	17.9	19.7	20.4	21.2	22.3	23.1	23.5	24.8	25.2	25.5
Ireland	23.7	23.4	24.6	26.8	27.9	25.5	24.7	23.9	22.4	20.5	19.3	15.2	12.0	11.4	11.1	10.6
Italy ¹	11.6	14.1	16.3	18.4	18.4	18.1	16.3	15.8	17.5	18.8	20.0	19.3	18.6	19.1	18.2	18.6
Japan	7.6	8.5	9.0	8.8	8.5	7.9	8.5	8.4	6.4	8.0	6.1	6.2	6.2	5.6	5.9	5.9
Korea	-	-	-	-	-	-	-	-	2.5	1.7	2.1	2.5	2.5	2.2	2.3	2.2
Luxembourg	17.4	16.8	17.4	16.7	14.0	13.5	11.8	12.7	13.1	13.8	12.1	12.6	10.8	8.3	8.5	8.9
Mexico	-	-	-	-	-	6.6	6.1	6.5	2.5	-1.2	0.0	1.3	1.9	2.1	2.8	3.0
Netherlands	14.8	13.5	12.0	11.3	11.9	12.1	11.5	12.2	6.7	6.5	6.3	7.6	8.8	7.0	6.0	8.5
New Zealand	26.0	26.8	26.6	27.9	26.1	23.4	23.8	24.0	24.5	21.6	19.4	19.5	19.5	20.1	20.3	20.7
Norway	25.7	24.7	23.3	22.7	22.7	25.9	24.4	20.9	21.8	21.7	21.6	21.4	21.0	21.0	20.9	20.9
Poland ²	-	-	-	-	-	-	-	17.2	18.1	16.9	6.6	6.6	6.0	6.1	6.0	6.1
Portugal	4.4	4.9	7.1	6.9	7.5	6.5	5.9	6.8	7.0	7.2	6.6	6.7	5.4	5.5	5.6	5.6
Slovak Republic	-	-	-	-	-	-	-	-	-	-	-	6.0	6.8	5.9	6.3	7.9
Spain	10.1	11.3	12.2	10.6	12.7	10.4	11.3	12.3	13.2	13.8	11.8	12.1	12.6	13.0	12.3	12.7
Sweden	36.5	36.1	35.5	35.6	36.6	37.0	28.0	28.5	28.7	28.5	27.2	25.8	24.6	23.4	23.8	24.0
Switzerland	10.6	11.6	11.4	11.2	10.8	10.8	9.6	11.1	11.0	10.3	10.2	9.8	9.9	9.9	9.7	9.8
Turkey	42.0	35.2	30.2	22.9	22.4	23.5	27.1	27.4	25.2	23.9	15.2	14.7	14.9	15.1	14.8	15.4
United Kingdom	23.2	23.4	22.7	22.3	20.3	19.0	18.7	18.0	18.2	16.7	16.3	15.8	15.5	15.6	15.7	15.9
United States	20.6	23.5	23.0	21.8	18.4	18.4	18.4	18.3	18.1	18.2	18.2	17.9	16.8	16.6	16.4	16.5

Note: For Australia, from 1996 to 2001, data have been revised to include payroll taxes and so produce a consistent series. Data for earlier years are not available on the same basis.

1. As from 1990 on, data on wages have been revised to include only production workers.

2. A submission for 2004 was not received from this country and consequently the tax/benefit structure for this country has been updated using external sources. Given the potential for error, the reader should use caution in interpreting the results for this country.

Table D.3. Income tax plus employee contributions (in % of gross wage), 1979-2004, single persons without children

	1979	1981	1983	1985	1987	1989	1991	1993	1995	1997	1999	2000	2001	2002	2003	2004
Australia	-	-	-	-	-	-	-	-	-	24.8	25.9	22.8	23.3	24.0	24.0	24.3
Austria	23.5	25.1	24.5	26.6	25.9	23.8	24.7	25.9	27.0	28.3	28.8	27.9	28.3	28.6	28.9	28.8
Belgium	25.3	28.8	37.0	38.5	38.0	37.4	37.9	39.2	41.1	41.5	41.9	41.9	41.7	41.2	40.7	40.5
Canada	20.8	22.0	22.3	23.3	25.4	23.8	25.0	26.3	27.1	27.7	26.5	27.1	25.5	24.4	24.6	24.7
Czech Republic	-	-	-	-	-	-	-	22.0	23.2	22.9	22.7	22.6	22.5	22.9	23.3	23.9
Denmark	40.1	42.2	44.8	46.3	46.0	46.6	46.7	47.0	45.2	44.9	44.2	44.1	43.3	42.3	42.3	41.2
Finland	29.4	30.0	32.2	34.2	34.2	34.0	31.7	35.7	38.0	35.8	33.7	33.6	32.4	31.5	31.0	30.3
France	20.3	20.5	22.6	22.6	23.5	25.0	25.2	26.9	27.4	28.1	27.7	26.8	27.0	26.8	26.8	26.7
Germany	31.6	32.6	33.9	35.0	35.7	36.0	36.6	36.6	40.5	42.3	41.9	42.0	40.7	41.0	41.8	40.5
Greece	11.6	11.5	16.2	16.4	16.8	19.1	17.4	17.5	17.6	17.9	17.8	18.1	17.7	16.3	16.0	16.6
Hungary	-	-	-	-	-	-	-	-	27.9	29.3	30.1	31.4	31.7	29.4	25.4	25.9
Iceland	-	17.0	17.2	14.7	12.2	17.5	18.1	20.0	20.6	21.5	22.5	23.2	23.7	25.1	25.4	25.7
Ireland	28.1	28.1	33.1	35.3	35.7	33.3	32.4	32.7	29.2	26.0	24.3	20.3	16.9	16.4	16.0	15.7
Italy ¹	20.0	22.6	25.8	27.0	27.3	26.7	25.3	25.8	27.5	29.0	29.1	28.5	27.8	28.3	27.4	27.8
Japan	12.5	13.2	13.1	15.8	15.5	14.9	15.5	15.4	13.4	15.0	16.1	16.2	16.2	19.3	17.5	17.4
Korea	-	-	-	-	-	-	-	-	4.8	5.6	8.8	9.2	9.2	8.9	9.2	9.3
Luxembourg	29.3	28.8	29.5	28.9	26.2	25.9	24.1	25.2	25.6	26.4	25.8	26.6	24.8	22.1	22.3	22.7
Mexico	-	-	-	-	-	11.1	10.9	11.3	7.7	1.4	1.6	2.9	3.4	3.7	4.4	4.5
Netherlands	35.5	35.8	40.4	38.0	37.4	35.6	40.4	41.8	40.5	39.3	35.4	36.2	32.9	28.6	29.0	34.4
New Zealand	26.0	26.8	26.6	27.9	26.1	23.4	23.8	24.0	24.5	21.6	19.4	19.5	19.5	20.1	20.3	20.7
Norway	34.4	33.8	33.0	32.7	33.6	33.8	32.2	28.7	29.6	29.5	29.4	29.2	28.8	28.8	28.7	28.7
Poland ²	-	-	-	-	-	-	-	17.2	18.1	16.9	31.4	31.4	31.0	31.1	31.2	31.5
Portugal	14.4	15.4	18.1	18.4	18.5	17.4	17.6	16.9	18.0	18.2	17.6	17.7	16.4	16.5	16.6	16.6
Slovak Republic	-	-	-	-	-	-	-	-	-	-	-	18.8	19.6	18.7	19.1	21.3
Spain	15.7	16.9	18.1	16.9	18.7	16.4	17.3	18.4	19.6	20.2	18.2	18.5	18.9	19.3	18.6	19.0
Sweden	36.5	36.1	35.5	35.6	36.6	37.0	28.0	29.5	32.6	34.5	34.1	32.8	31.7	30.4	30.7	31.0
Switzerland	20.9	21.9	21.5	21.5	21.1	21.2	19.9	21.4	22.5	21.9	21.7	21.3	21.4	21.4	21.0	20.9
Turkey	49.0	42.2	38.2	31.3	31.8	32.6	34.8	34.3	30.5	33.1	22.9	28.7	30.9	30.1	29.8	30.4
United Kingdom	29.7	31.2	31.7	31.3	29.3	27.3	26.2	25.6	26.7	25.2	24.4	23.6	23.1	23.2	24.2	24.4
United States	26.8	30.2	29.7	28.9	25.6	26.0	26.0	26.0	25.8	25.8	25.8	25.5	24.4	24.3	24.1	24.2

Note: For Australia, from 1996 to 2001, data have been revised to include payroll taxes and so produce a consistent series. Data for earlier years are not available on the same basis.

1. As from 1990 on, data on wages have been revised to include only production workers.

2. A submission for 2004 was not received from this country and consequently the tax/benefit structure for this country has been updated using external sources. Given the potential for error, the reader should use caution in interpreting the results for this country.

Table D.4. **Income tax plus employee and employer contributions less cash benefits (as % of labour costs), 1979–2004**
one-earner family with two children

	1979	1981	1983	1985	1987	1989	1991	1993	1995	1997	1999	2000	2001	2002	2003	2004
Australia	-	-	-	-	-	-	-	-	-	21.2	22.4	18.6	19.2	20.4	16.1	17.7
Austria	20.5	23.9	24.3	25.6	24.4	23.3	24.7	24.3	27.2	32.2	31.6	29.5	29.0	29.5	29.5	28.8
Belgium	33.1	36.0	35.3	38.4	41.6	36.1	37.3	38.6	40.3	40.8	41.2	40.5	40.3	39.7	39.1	35.6
Canada	11.7	13.5	13.3	15.2	17.4	15.7	18.5	20.6	21.7	23.4	21.2	22.2	20.4	23.1	23.1	23.0
Czech Republic	-	-	-	-	-	-	-	23.1	28.5	31.2	24.4	22.7	24.5	24.5	27.1	29.5
Denmark	30.9	33.6	37.5	37.7	35.5	32.4	32.5	32.5	30.9	31.3	31.1	31.0	30.7	30.1	30.1	29.8
Finland	32.4	33.2	32.7	35.6	35.8	34.8	32.5	38.1	42.1	40.8	39.6	39.9	38.8	38.3	37.6	36.8
France ¹	-	-	-	-	-	-	-	-	39.5	39.5	38.9	39.8	39.4	39.5	39.9	39.0
Germany	30.7	30.9	33.3	34.2	32.7	34.0	34.3	33.6	37.3	35.6	34.4	33.3	32.7	32.2	33.4	32.2
Greece	9.3	9.3	14.5	22.9	30.3	32.0	30.5	34.3	34.9	36.2	35.8	36.1	35.9	35.0	34.4	34.9
Hungary	-	-	-	-	-	-	-	-	37.4	40.8	35.9	35.0	32.8	33.9	30.3	31.3
Iceland	-	6.2	4.6	-3.0	-4.8	-11.4	-14.0	-11.2	-10.9	-2.8	5.8	7.6	7.8	9.5	10.4	11.7
Ireland	20.4	22.7	27.4	30.0	30.6	30.0	29.4	29.9	26.8	23.8	20.1	15.5	12.8	9.1	6.4	5.9
Italy ²	40.9	41.1	42.3	43.9	44.6	43.9	40.7	42.4	44.9	43.3	37.0	36.5	35.4	36.0	35.7	36.2
Japan	11.2	11.9	12.3	16.0	15.9	14.8	15.3	16.0	15.1	15.6	19.8	20.2	20.4	26.2	22.9	23.8
Korea	-	-	-	-	-	-	-	-	6.0	11.6	15.4	15.8	15.9	15.5	15.8	15.8
Luxembourg	20.1	19.5	18.1	18.1	15.3	14.0	14.3	12.5	12.7	13.0	10.7	11.4	11.5	9.2	9.2	9.3
Mexico	-	-	-	-	-	23.5	24.4	26.6	27.2	20.8	14.1	15.4	14.4	16.1	17.2	15.4
Netherlands	39.4	39.7	43.6	41.2	41.1	38.7	40.1	35.7	34.9	33.0	34.1	35.5	33.0	25.1	24.5	34.3
New Zealand	10.4	16.8	17.5	15.5	24.3	18.0	20.8	22.2	22.4	16.2	14.1	15.5	16.7	18.8	19.4	20.7
Norway	32.6	30.1	28.5	28.0	28.4	28.0	26.4	23.0	24.4	24.9	26.2	26.9	26.9	27.3	27.5	27.8
Poland ³	-	-	-	-	-	-	-	36.8	39.3	38.9	38.1	38.2	37.8	41.2	37.9	41.5
Portugal	24.3	25.8	27.5	31.4	29.7	26.5	25.4	25.3	26.6	26.8	26.0	26.2	24.1	23.6	23.7	22.5
Slovak Republic	-	-	-	-	-	-	-	-	-	-	-	25.2	28.5	28.2	32.3	27.2
Spain	31.9	32.7	33.4	32.4	34.1	31.6	32.6	32.9	33.3	33.7	30.4	30.6	31.1	31.5	30.9	31.6
Sweden	42.5	42.9	43.2	42.5	43.0	45.5	37.7	37.7	42.2	45.2	44.4	42.6	41.1	40.3	40.8	41.2
Switzerland	19.2	20.6	19.9	19.0	18.3	18.6	18.0	17.3	18.9	17.7	17.8	17.7	17.9	18.1	17.5	17.2
Turkey	53.9	47.7	44.8	37.0	40.2	40.1	41.2	40.0	35.3	40.7	30.3	40.4	43.6	42.5	42.2	42.7
United Kingdom	25.2	26.8	26.6	26.2	25.6	25.1	24.3	23.8	26.1	24.8	23.3	21.4	18.1	17.3	17.4	18.0
United States	23.5	26.8	27.7	26.7	25.5	24.7	24.8	24.7	24.4	24.1	21.1	21.3	18.3	17.8	15.6	16.4

Note: For Australia, from 1996 to 2001, data have been revised to include payroll taxes and so produce a consistent series. Data for earlier years are not available on the same basis.

1. Employers' social security contributions not reported by France for period 1979 to 1993.
2. As from 1990 on, data on wages have been revised to include only production workers.
3. A submission for 2004 was not received from this country and consequently the tax/benefit structure for this country has been updated using external sources. Given the potential for error, the reader should use caution in interpreting the results for this country.

Table D.5. Income tax (as % of gross wage), 1979–2004, one-earner family with two children

	1979	1981	1983	1985	1987	1989	1991	1993	1995	1997	1999	2000	2001	2002	2003	2004
Australia	-	-	-	-	-	-	-	-	-	23.7	24.9	22.8	23.3	24.0	24.0	24.3
Austria	6.5	7.6	6.6	7.6	6.4	3.1	3.8	2.8	3.5	5.0	9.2	8.2	8.7	9.0	9.3	8.1
Belgium	8.0	11.6	18.4	19.3	19.1	14.2	15.0	15.5	16.1	16.5	17.0	17.1	17.1	16.7	15.9	15.2
Canada	9.7	10.6	9.0	10.3	12.3	10.9	12.1	10.3	11.2	12.6	10.2	16.9	15.3	14.1	14.2	13.9
Czech Republic	-	-	-	-	-	-	-	2.5	4.5	5.2	4.3	4.2	4.0	4.5	4.9	5.3
Denmark	30.3	32.6	33.8	34.3	35.7	35.6	36.0	36.2	29.4	27.8	26.2	25.7	26.2	25.7	25.7	25.4
Finland	20.9	21.9	23.8	25.3	25.2	23.7	21.8	23.3	29.3	28.0	26.3	26.6	25.9	25.4	24.9	24.2
France	0.4	0.5	0.4	0.0	0.0	0.0	1.0	1.7	1.9	3.7	7.6	7.6	7.0	7.1	7.1	7.1
Germany	9.9	9.7	10.5	10.9	8.6	9.2	8.7	7.9	9.6	1.0	0.0	-0.9	-1.7	-2.4	-1.6	-2.8
Greece	0.0	0.0	0.0	0.0	1.8	3.7	0.5	0.5	0.8	2.5	1.9	2.3	2.0	0.9	0.0	0.6
Hungary	-	-	-	-	-	-	-	-	16.4	17.8	12.0	12.6	9.2	8.0	4.6	4.7
Iceland	-	10.2	9.4	6.4	4.8	1.3	0.3	2.5	3.6	6.8	11.3	12.0	12.6	13.3	13.3	14.0
Ireland	11.5	13.0	14.0	16.2	17.9	17.0	16.2	15.9	15.4	14.1	10.1	5.0	2.9	2.5	2.2	2.2
Italy ¹	9.4	10.8	12.5	16.2	15.2	14.8	12.7	11.9	14.0	15.3	15.8	14.9	13.4	11.9	11.3	11.9
Japan	1.8	2.8	3.3	2.8	2.7	1.9	2.4	2.8	1.6	2.6	1.5	2.0	2.0	1.4	1.6	2.7
Korea	-	-	-	-	-	-	-	-	1.5	0.9	1.3	1.7	1.8	1.6	1.7	1.4
Luxembourg	3.4	3.1	2.7	2.2	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	-	-	-	-	-	6.6	6.1	6.5	2.5	-1.2	0.0	1.3	1.9	2.1	2.8	3.0
Netherlands	12.5	11.2	9.6	8.4	8.9	9.2	10.1	9.5	4.4	3.5	4.8	4.9	8.3	6.4	5.7	8.3
New Zealand	17.0	21.5	21.7	24.8	24.3	20.3	20.8	22.2	22.4	16.2	14.1	19.5	19.5	20.1	20.3	20.7
Norway	17.5	17.0	15.6	15.0	15.2	18.6	17.8	15.9	17.0	17.1	17.4	17.1	18.1	18.2	18.0	18.0
Poland ²	-	-	-	-	-	-	-	15.3	16.1	14.7	4.6	4.7	4.0	4.2	4.0	4.1
Portugal	4.0	4.0	6.0	6.0	6.0	2.1	1.2	1.1	3.3	3.1	2.4	2.7	0.1	0.3	0.3	0.4
Slovak Republic	-	-	-	-	-	-	-	-	-	-	-	2.0	3.5	2.6	3.1	-5.3
Spain	6.1	6.7	7.5	5.9	8.3	5.3	6.4	5.6	6.4	6.8	2.5	3.0	3.6	4.2	3.5	4.3
Sweden	33.7	33.7	33.3	33.9	35.0	35.7	28.0	28.5	28.7	28.5	27.2	25.8	24.6	23.4	23.8	24.0
Switzerland	6.3	7.2	6.1	6.4	6.0	5.8	5.4	5.7	5.7	5.1	5.0	4.9	5.0	5.1	5.0	5.1
Turkey	42.0	35.2	30.2	22.9	22.4	23.5	27.1	27.4	25.2	23.9	15.2	14.7	14.9	15.1	14.8	15.4
United Kingdom	19.3	19.8	18.6	17.9	16.5	15.5	15.4	15.0	16.6	15.1	15.2	13.3	10.2	9.3	7.9	8.1
United States	11.6	14.4	15.2	14.5	13.0	11.5	11.3	11.3	11.0	10.7	7.4	7.6	4.3	3.9	1.5	2.4

Note: For Australia, from 1996 to 2001, data have been revised to include payroll taxes and so produce a consistent series. Data for earlier years are not available on the same basis.

1. As from 1990 on, data on wages have been revised to include only production workers.

2. A submission for 2004 was not received from this country and consequently the tax/benefit structure for this country has been updated using external sources. Given the potential for error, the reader should use caution in interpreting the results for this country.

Table D.6. **Income tax plus employee contributions less cash benefits (as % of gross wage), 1979-2004**
one-earner family with two children

	1979	1981	1983	1985	1987	1989	1991	1993	1995	1997	1999	2000	2001	2002	2003	2004
Australia	-	-	-	-	-	-	-	-	-	15.8	17.5	13.5	14.2	15.6	11.1	12.8
Austria	4.2	7.1	7.8	8.6	7.3	5.6	6.9	6.5	9.5	10.7	10.0	7.6	8.2	8.9	8.9	8.0
Belgium	5.0	9.1	19.8	22.6	22.1	14.5	16.0	17.8	19.5	20.2	20.7	21.1	21.6	21.0	20.4	16.4
Canada	9.0	10.4	9.4	11.0	13.1	11.8	14.0	15.5	16.6	18.2	15.9	16.9	14.8	14.3	14.2	14.4
Czech Republic	-	-	-	-	-	-	-	-4.5	3.3	7.1	-2.1	-4.3	-2.0	-1.9	1.5	4.9
Denmark	30.3	33.1	35.5	35.9	33.5	32.4	32.5	32.5	30.9	31.1	30.7	30.7	30.2	29.7	29.7	29.4
Finland	18.2	18.9	19.7	22.6	22.5	20.0	17.0	21.5	26.3	25.7	23.9	24.3	23.5	22.8	22.6	21.7
France	6.8	6.6	6.4	7.7	9.3	10.9	11.2	13.1	13.8	15.3	15.0	15.0	14.4	14.6	15.0	15.1
Germany	19.9	19.8	22.2	23.1	21.2	22.5	22.4	21.5	25.0	22.1	20.7	19.6	18.9	18.3	19.4	18.1
Greece	-7.7	-7.7	-4.1	-4.1	15.1	16.9	14.2	16.3	16.7	18.4	17.8	18.2	17.9	16.8	16.0	16.6
Hungary	-	-	-	-	-	-	-	-	7.3	12.9	9.1	11.6	9.9	8.5	4.4	6.1
Iceland	-	4.5	2.7	-5.2	-6.8	-14.2	-16.9	-14.0	-14.5	-6.8	1.3	3.2	3.0	4.7	5.3	6.6
Ireland	13.4	14.9	19.0	21.5	22.1	21.5	20.8	21.3	17.9	14.6	10.5	5.4	2.3	-0.7	-3.7	-4.2
Italy ¹	12.1	11.5	13.6	18.1	20.3	15.8	15.5	15.9	19.6	17.0	15.5	14.8	13.5	14.9	14.4	15.2
Japan	6.7	7.6	8.0	9.8	9.7	8.9	9.4	9.8	8.6	9.6	11.5	12.0	12.0	15.1	13.2	14.3
Korea	-	-	-	-	-	-	-	-	3.8	4.7	8.0	8.4	8.5	8.3	8.7	8.4
Luxembourg	8.1	7.3	5.9	5.5	2.8	1.2	1.6	-0.6	1.2	1.3	-1.3	-0.8	-0.7	-3.0	-3.0	-2.9
Mexico	-	-	-	-	-	11.1	10.9	11.3	7.7	1.4	1.6	2.9	3.4	3.7	4.4	4.5
Netherlands	24.8	25.1	29.9	27.2	27.0	25.5	33.2	31.1	29.8	27.9	23.6	25.0	22.1	17.1	17.3	23.6
New Zealand	10.4	16.8	17.5	15.5	24.3	18.0	20.8	22.2	22.4	16.2	14.1	15.5	16.7	18.8	19.4	20.7
Norway	21.8	18.8	17.0	16.7	17.1	16.8	15.2	13.1	14.9	15.4	16.8	17.6	17.5	18.0	18.2	18.4
Poland ²	-	-	-	-	-	-	-	6.4	10.1	9.5	25.4	25.6	25.0	29.2	25.3	29.5
Portugal	9.9	10.5	12.3	13.9	12.5	8.6	7.1	7.0	9.2	9.4	8.4	8.7	6.1	5.4	5.6	4.1
Slovak Republic	-	-	-	-	-	-	-	-	-	-	-	-3.2	1.4	0.9	6.6	1.2
Spain	9.8	10.6	12.0	11.3	13.8	10.8	12.2	11.7	12.8	13.2	8.9	9.3	10.0	10.5	9.8	10.6
Sweden	25.9	25.9	25.9	24.6	25.2	27.5	17.0	19.1	23.1	27.2	26.0	23.7	21.8	20.8	21.4	21.9
Switzerland	11.0	12.5	11.7	10.6	9.9	10.1	9.6	8.8	9.5	8.2	8.4	8.2	8.4	8.6	8.1	8.0
Turkey	49.0	41.4	38.2	31.3	31.8	32.6	34.8	34.3	30.5	33.1	22.9	28.7	30.9	30.1	29.8	30.4
United Kingdom	17.7	19.4	19.0	18.5	17.8	17.3	16.5	15.9	18.6	17.3	16.2	14.1	10.7	9.9	9.3	9.8
United States	17.7	21.0	21.9	21.6	20.2	19.0	19.0	18.9	18.6	18.3	15.0	15.3	12.0	11.5	9.2	10.0

Note: For Australia, from 1996 to 2001, data have been revised to include payroll taxes and so produce a consistent series. Data for earlier years are not available on the same basis.

1. As from 1990 on, data on wages have been revised to include only production workers.

2. A submission for 2004 was not received from this country and consequently the tax/benefit structure for this country has been updated using external sources. Given the potential for error, the reader should use caution in interpreting the results for this country.

Table of Contents

Overview	11
1. Introduction	11
2. Review of results for 2006	12
Special Feature: The Tax Treatment of Minimum Wages	22
1. Introduction	22
2. Minimum-wage levels	24
3. After-tax values of minimum wages	26
4. Minimum labour costs	28
5. Summary and concluding remarks	32

Part I

International Comparisons

Tax Burdens, 2006 Estimates	36
I.1. Income tax plus employee and employer contributions less cash benefits (as % of labour costs), 2006	
Table. By family-type and wage level	42
Figure. By family-type	43
I.2. Income tax plus employee contributions (as % of gross wage earnings), 2006	
Table. By family-type and wage level	44
Figure. By family-type	45
I.3. Income tax plus employee contributions less cash benefits (as % of gross wage earnings), 2006	
Table. By family-type and wage level	46
Figure. By family-type	47
I.4. Income tax (as % of gross wage earnings), 2006	
Table. By family-type and wage level	48
Figure. By family-type	49
I.5. Employee contributions (as % of gross wage earnings), 2006	
Table. By family-type and wage levels	50
Figure. By family-type	51
I.6. Marginal rate of income tax plus employee and employer contributions less cash benefits (as % of labour costs), 2006	
Table. By family-type and wage level	52
Figure. By family-type	53
I.7. Marginal rate of income tax plus employee contributions less cash benefits (as % of gross wage earnings), 2006	
Table. By family-type and wage level	54
Figure. By family-type	55

I.8. Increase in net income after 1% increase in gross wage (%), 2006 Table. By family-type and wage level	56
I.9. Increase in net income after 1% increase in labour costs (%), 2006 Table. By family-type and wage level	57
I.10. Annual gross wage and net income (in US dollars using PPP), 2006 Table. By family-type and wage level	58
I.11. Annual labour costs and net income (in US dollars using PPP), 2006 Table. By family-type and wage level	60
Tax Burdens, 2005 Definitive Results (Tables)	62
I.12. Income tax plus employee and employer contributions less cash benefits, by family-type and wage level (as % of labour costs), 2005.	65
I.13. Income tax plus employee contributions, by family-type and wage level (as % of gross wage earnings), 2005	66
I.14. Income tax plus employee contributions less cash benefits, by family-type and wage level (as % of gross wage earnings), 2005.	67
I.15. Income tax, by family-type and wage level (as % of gross wage earnings), 2005 .	68
I.16. Employee contributions, by family-type and wage levels (as % of gross wage earnings), 2005	69
I.17. Marginal rate of income tax plus employee and employer contributions less cash benefits, by family-type and wage level (as % of labour costs), 2005 . . .	70
I.18. Marginal rate of income tax plus employee contributions less cash benefits, by family-type and wage level (as % of gross wage earnings), 2005	71
I.19. Increase in net income after 1% increase in gross wage, by family-type and wage level (%), 2005.	72
I.20. Increase in net income after 1% increase in labour costs, by family-type and wage level (%), 2005.	73
I.21. Annual gross wage and net income , by family-type and wage level (in US dollars using PPP), 2005	74
I.22. Annual labour costs and net income , by family-type and wage level (in US dollars using PPP), 2005	76

Part II

Tax Burden Trends 2000-2006

Important trends	80
Tax wedge	80
Personal income tax	81
Net personal income tax.	82
Progressivity	82
Families	83
II.1.a. Evolution of the tax burden, 2000-2006. Single persons without children at 67% of average earnings. Income tax plus employee and employer contributions less cash benefits as a % of labour costs	84
II.1.b. Evolution of the tax burden, 2000-2006. Single persons without children at 67% of average earnings. Income Tax as a % of gross wage earnings	85
II.1.c. Evolution of the tax burden, 2000-2006. Single persons without children at 67% of average earnings. Income tax plus employee contributions less cash benefits as a % of gross wage earnings	86

II.2.a.	Evolution of the tax burden, 2000-2006. Single persons without children at 100% of average earnings. Income tax plus employee and employer contributions less cash benefits as a % of labour costs	87
II.2.b.	Evolution of the tax burden, 2000-2006. Single persons without children at 100% of average earnings. Income Tax as a % of gross wage earnings	88
II.2.c.	Evolution of the tax burden, 2000-2006. Single persons without children at 100% of average earnings. Income tax plus employee contributions less cash benefits as a % of gross wage earnings	89
II.3.a.	Evolution of the tax burden, 2000-2006. Single persons without children at 167% of average earnings. Income tax plus employee and employer contributions less cash benefits as a % of labour costs	90
II.3.b.	Evolution of the tax burden, 2000-2006. Single persons without children at 167% of average earnings. Income Tax as a % of gross wage earnings	91
II.3.c.	Evolution of the tax burden, 2000-2006. Single persons without children at 167% of average earnings. Income tax plus employee contributions less cash benefits as a % of gross wage earnings	92
II.4.a.	Evolution of the tax burden, 2000-2006. Single parent with two children at 67% of average earnings. Income tax plus employee and employer contributions less cash benefits as a % of labour costs	93
II.4.b.	Evolution of the tax burden, 2000-2006. Single parent with two children at 67% of average earnings. Income Tax as a % of gross wage earnings	94
II.4.c.	Evolution of the tax burden, 2000-2006. Single parent with two children at 67% of average earnings. Income tax plus employee contributions less cash benefits as a % of gross wage earnings	95
II.5.a.	Evolution of the tax burden, 2000-2006. One-earner married couple with two children at 100% of average earnings. Income tax plus employee and employer contributions less cash benefits as a % of labour costs	96
II.5.b.	Evolution of the tax burden, 2000-2006. One-earner married couple with two children at 100% of average earnings. Income Tax as a % of gross wage earnings	97
II.5.c.	Evolution of the tax burden, 2000-2006. One-earner married couple with two children at 100% of average earnings. Income tax plus employee contributions less cash benefits as a % of gross wage earnings	98
II.6.a.	Evolution of the tax burden, 2000-2006. Two-earner married couple with two children, one at 100% average earnings and the other at 33%. Income tax plus employee and employer contributions less cash benefits as a % of labour costs	99
II.6.b.	Evolution of the tax burden, 2000-2006. Two-earner married couple with two children, one at 100% average earnings and the other at 33%. Income Tax as a % of gross wage earnings	100
II.6.c.	Evolution of the tax burden, 2000-2006. Two-earner married couple with two children, one at 100% average earnings and the other at 33%. Income tax plus employee contributions less cash benefits as a % of gross wage earnings	101
II.7.a.	Evolution of the tax burden, 2000-2006. Two-earner married couple with two children, one at 100% average earnings and the other at 67%. Income tax plus employee and employer contributions less cash benefits as a % of labour costs	102

II.7.b. Evolution of the tax burden, 2000-2006. Two-earner married couple with two children, one at 100% average earnings and the other at 67%. Income Tax as a % of gross wage earnings	103
II.7.c. Evolution of the tax burden, 2000-2006. Two-earner married couple with two children, one at 100% average earnings and the other at 67%. Income tax plus employee contributions less cash benefits as a % of gross wage earnings	104
II.8.a. Evolution of the tax burden, 2000-2006. Two-earner married couple with no children, one at 100% average earnings and the other at 33%. Income tax plus employee and employer contributions less cash benefits as a % of labour costs	105
II.8.b. Evolution of the tax burden, 2000-2006. Two-earner married couple with no children, one at 100% average earnings and the other at 33%. Income Tax as a % of gross wage earnings	106
II.8.c. Evolution of the tax burden, 2000-2006. Two-earner married couple with no children, one at 100% average earnings and the other at 33%. Income tax plus employee contributions less cash benefits as a % of gross wage earnings	107
II.9. Annual average gross wage earnings, single persons without children, 2000-2006 (US Dollars using PPP).....	108
II.10. Annual average gross wage earnings, single persons without children, 2000-2006 (national currency)	109

Part III

Country Details, 2006

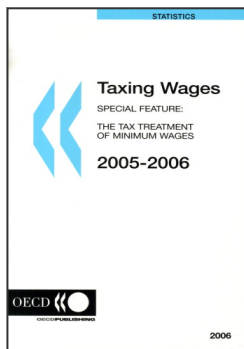
Australia (2005-2006 Income tax year)	113
Austria	127
Belgium	139
Canada	151
Czech Republic	169
Denmark	179
Finland	189
France	197
Germany	209
Greece	221
Hungary	233
Iceland	243
Ireland	253
Italy	263
Japan	273
Korea	285
Luxembourg	295
Mexico	305
Netherlands	315
New Zealand (2006-2007 Income tax year).....	327
Norway	335
Poland	343

Portugal	353
Slovak Republic	363
Spain	373
Sweden	383
Switzerland	393
Turkey	405
United Kingdom (2006-2007 Income tax year)	413
United States	421

Part IV

Methodology and Limitations

Methodology	432
1. Introduction	432
2. Calculation of gross wage earnings	432
3. Estimating gross wage earnings in 2006	436
4. Coverage of taxes and benefits	438
5. Taxpayer characteristics	439
6. Calculation of personal income taxes	439
7. State and local income taxes	444
8. Social security contributions	444
9. Payroll taxes	446
10. Church tax	446
11. Family cash benefits from general government	447
12. Payable tax credits	447
13. The calculation of marginal tax rates	448
Limitations	450
1. General limitations	450
2. Some specific limitations on the income tax calculation	451
3. Limitations to time-series comparisons	451
A note on the tax equations	454
<i>Annex A. Tax Levels and Tax Structures, 1990-2004</i>	458
<i>Annex B. Source of Earnings Data</i>	460
<i>Annex C. Exchange Rates and Purchasing Power Parities of National Currencies, 2006</i>	461
<i>Annex D. Historical Series under the Old Definition of Average Worker, 1979-2004</i> ...	462



From:
Taxing Wages 2006

Access the complete publication at:
https://doi.org/10.1787/tax_wages-2006-en

Please cite this chapter as:

OECD (2008), "United Kingdom (2006-2007 Income tax year)", in *Taxing Wages 2006*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/tax_wages-2006-34-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.