

Foreword

This annual publication provides details of taxes paid on wages in all thirty member countries of the OECD.* The information contained in the Report covers the personal income tax and social security contributions paid by employees and their employers and cash benefits received by families. The objective of the Report is to illustrate how personal income taxes and social security contributions are calculated and to examine how these levies and cash family benefits impact on net household incomes. The results also allow quantitative cross-country comparisons of labour cost levels and of the overall tax and benefit position of single persons and families.

The Report shows the amounts of taxes, social security contributions and cash benefits for eight family-types, which differ by income level and household composition. It also presents the resulting average and marginal tax rates. Average tax rates show that part of gross wage earnings or total labour costs which is taken in tax (before and after cash benefits) and social security contributions. Marginal tax rates show the part of an increase of gross earnings or total labour costs that is paid in these levies.

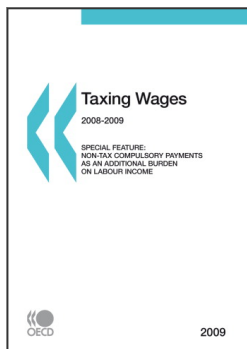
The focus of the Report is the presentation of accurate estimates of the tax/benefit position of employees in the edition year (2009). In addition, the Report shows definitive data on the tax/benefit position of employees for the year 2008. It is important to note that, starting from the Report's edition in 2005, the definition of average worker has been broadened from average manual production worker (ISIC Sector D) to average worker (ISIC Sectors C to K) including both manual and non-manual workers.**

The Report is structured as follows. The Overview at the beginning of the Report reviews the main results for 2009. Part I of the Report (International Comparisons) reviews the main results for 2009 and 2008. Part I.1 reviews the main results for 2009, which are summarised in comparative tables and figures included at the end of that section. Part I.2 presents a graphical exposition of the estimated tax burden on labour income in 2009 for gross wage earnings between 50 per cent and 250 per cent of the average wage. Part I.3 reviews the main results for 2008, which are summarized in the comparative tables at the end of that section. Part II of the Report focuses on the historical trends in the tax burden for the period 2000-2009. Country tables specifying the wage levels considered and the associated tax burdens for eight separate family types are found in Part III, together with descriptions of the tax/benefit system of each country. The methodology used – and its limitations – are set out in Part IV.

The Report has been prepared under the auspices of the Working Party on Tax Policy Analysis and Tax Statistics of the Committee on Fiscal Affairs and has benefited from financial support provided by the Commission of the European Communities. It is published on the responsibility of the Secretary-General of the OECD.

* Previous editions were published under the title *The Tax/Benefit Position of Employees* (1996-1998 editions) and *The Tax/Benefit Position of Production Workers* (editions published before 1996).

** Annex D presents historical series using the old definition of the average production worker (1979-2004).



From:
Taxing Wages 2009

Access the complete publication at:
https://doi.org/10.1787/tax_wages-2009-en

Please cite this chapter as:

OECD (2010), "Foreword", in *Taxing Wages 2009*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/tax_wages-2009-1-en

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