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Comparative Analysis of Personal Income Taxation

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Abstract: This paper presents a comparative analysis of personal income taxation in different countries. This is an important component of fiscal policy and directly influences the budget revenues. Over time there have been several taxation systems, and today they differ from state to state. The statistics contain detailed information on income tax on individuals and their income, including gender, age, income and source of income. This work shows how the income distribution of individual taxpayers has changed over time, as well as the differences and similarities of personal income taxation in the different countries.

Keywords: fiscal policy; comparative analysis of fiscal policy; personal income; taxation

JEL Classification: C15; E62; E63; H20; H24

1. Introduction

All people pay taxes, regardless of nationality, sex or religion, so taxation is part of our lives, of all. Employees pay from wage in addition to personal income tax and a series of social contributions that, although not of a fiscal nature, are payment obligations that affect net income and which have the highest percentage of taxes and fees paid.

Worldwide, there is a trend towards fiscal harmonization, but taxes differ greatly from one country to another, and even within the EU Member States. Thus, the rate of taxation differs greatly depending on the degree of development of the country concerned, in the sense that it is lower in developing countries and higher in developed ones.

The income tax on individuals has a very wide scope and differs greatly in terms of tax rates that can be proportional or progressive. This is a direct tax, paid and directly supported by the individual, which makes it the basic element of any fiscal system, especially if it is also considered that it contributes, on average, by about 25-30% to the formation of tax revenues of a country.

The European Union has no role to establish taxes. The rate of tax is decided by the governments of the Member States. The EU's role is to ensure that national taxes are in accord with EU policies and do not discriminate individuals.

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2.1. The Organization for Economic Co-operation and Development (OECD) Taxing Wages

The tax wedge is defined by <http://www.oecd.org/tax/tax-policy/tax-database.htm> as “the combined central and sub-central government income tax plus employee and employer social security contribution taxes, as a percentage of labor costs defined as gross wage earnings plus employer social security contributions. The tax wedge includes cash transfers.”

The all-in tax rate is calculated by <http://www.oecd.org/tax/tax-policy/tax-database.htm> as: “the combined central and sub-central government income tax plus employee social security contribution, as a percentage of gross wage earnings.”

Personal average tax rate (or “tax burden”) is the term defined by <http://www.oecd.org/tax/tax-policy/tax-database.htm> used when personal income tax and employees’ social security contribution are expressed as a percentage of gross wage earnings.

2.2. Evolution of Personal Income Tax Rates and Thresholds in OECD Countries during the Period 2000-2017

Taxing Wages 2018 shows that the “net personal average tax rate” – income tax and social security contributions paid by employees, minus any family benefits received, as a share of gross wages – was 25.5% across the OECD. This OECD-wide average rate, calculated for a single person with no children earning an average wage, has remained stable in recent years, but it covers country averages that range from below 15% in Chile, Korea and Mexico to over 35% in Belgium, Denmark and Germany. (<http://www.oecd.org/newsroom/workers-in-oecd-countries-pay-one-quarter-of-wages-in-taxes.htm>)

2.3. Central Government Personal Income Tax Rates and Thresholds

The table below shows the rates of personal income tax and the taxable income to which these legal rates apply. Also, table presents basic/standard tax allowances, tax credits and tax rates.

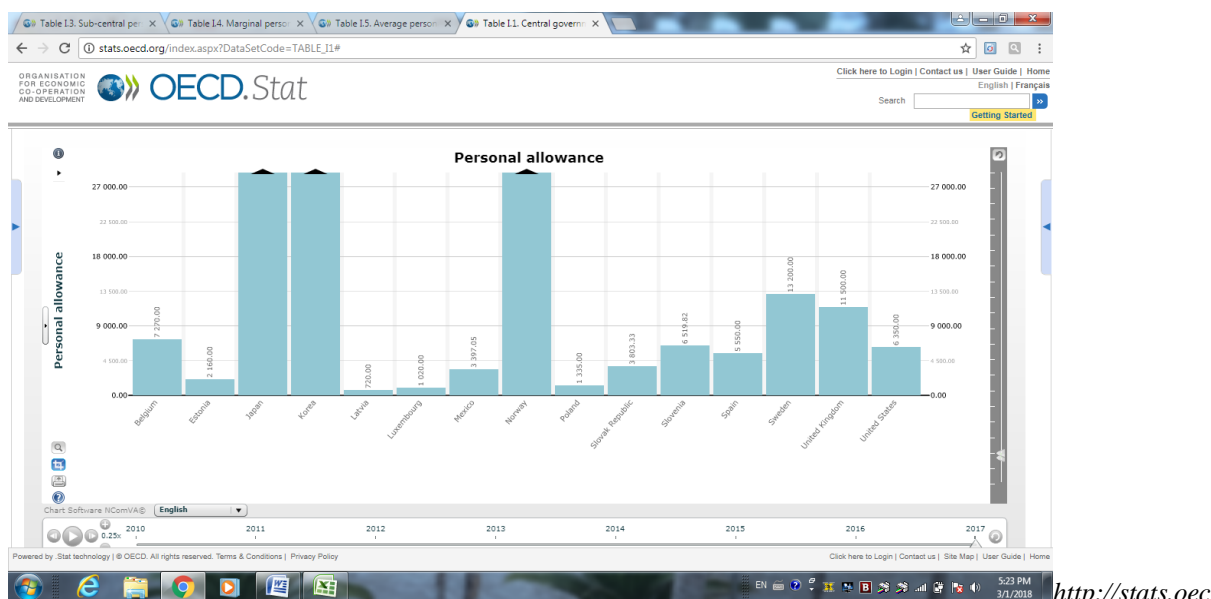
The informations are valid for a person without dependent persons.

Tapered means that the tax exemption is reduced as income increases.

Table 1

Central government personal income tax rates and thresholds	Personal allowance	Tax credit	Surtax rate	01 Marginal rate	01 Threshold	02 Marginal rate	02 Threshold	03 Marginal rate	03 Threshold
Country									
Australia	..	..	2.00	0.00	18,200.00	19.00	37,000.00	32.50	87,000.00
Austria	..	..	..	0.00	11,000.00	25.00	18,000.00	35.00	31,000.00
Belgium	7,270.00	..	..	25.00	11,070.00	30.00	12,720.00	40.00	21,190.00
Canada	..	1,745.25	..	15.00	45,916.00	20.50	91,831.00	26.00	142,353.00
Chile	..	..	..	0.00	7,609,464.00	4.00	16,909,920.00	8.00	28,183,200.00
Czech Republic	..	24,840.00	..	15.00	..	..	..	..	..
Denmark	..	4,536.00	8.00	10.08	479,600.00	25.08	..	..	..
Estonia	2,160.00	..	..	20.00	..	..	..	..	..
Finland	..	..	..	0.00	16,900.00	6.25	25,300.00	17.50	41,200.00
France	..	..	8.00	0.00	9,807.00	14.00	27,086.00	30.00	72,617.00
Germany	..	..	5.50	0.00	8,820.00	..	13,769.00	..	54,057.00
Greece	..	..	10.00	22.00	20,000.00	29.00	30,000.00	37.00	40,000.00
Hungary	..	..	..	15.00	..	..	..	..	..
Iceland	..	634,880.00	..	22.50	10,016,488.00	31.80	..	..	..
Ireland	..	1,650.00	8.00	20.00	33,800.00	40.00	..	..	..
Israel	..	5,805.00	..	10.00	74,640.00	14.00	107,040.00	20.00	171,840.00
Italy	..	1,880.00	..	23.00	15,000.00	27.00	28,000.00	38.00	55,000.00
Japan	380,000.00	..	2.10	5.00	1,950,000.00	10.00	3,300,000.00	20.00	6,950,000.00
Korea	1,500,000.00	..	..	6.00	12,000,000.00	15.00	46,000,000.00	24.00	88,000,000.00
Latvia	720.00	..	..	23.00	..	..	..	..	..
Luxembourg	1,020.00	300.00	7.00	0.00	11,265.00	8.00	13,137.00	9.00	15,009.00
Mexico	3,397.05	4,884.24	..	1.92	5,952.85	6.40	50,524.93	10.88	88,793.05
Netherlands	..	2,254.00	..	8.90	19,982.00	13.15	33,791.00	40.80	67,072.00
New Zealand	..	..	..	10.50	14,000.00	17.50	48,000.00	30.00	70,000.00
Norway	147,900.00	..	..	9.55	164,100.00	10.48	230,950.00	11.96	580,650.00
Poland	1,335.00	1,188.00	..	18.00	85,528.00	32.00	..	..	..
Portugal	..	..	2.50	14.50	7,091.00	28.50	20,261.00	37.00	40,522.00
Slovak Republic	3,803.33	..	..	19.00	35,022.31	25.00	..	..	..
Slovenia	6,519.82	..	..	16.00	8,021.34	27.00	20,400.00	34.00	48,000.00
Spain	5,550.00	..	..	9.50	12,450.00	12.00	20,200.00	15.00	35,200.00
Sweden	13,200.00	..	..	0.00	438,900.00	20.00	638,500.00	25.00	..
Switzerland	..	..	..	0.00	14,500.00	0.77	31,600.00	0.88	41,400.00
Turkey	..	..	0.76	15.00	13,000.00	20.00	30,000.00	27.00	110,000.00
United Kingdom	11,500.00	..	..	20.00	33,500.00	40.00	150,000.00	45.00	..
United States	6,350.00	510.26	..	10.00	9,325.00	15.00	37,950.00	25.00	91,900.00

Source: http://stats.oecd.org/index.aspx?DataSetCode=TABLE_I1

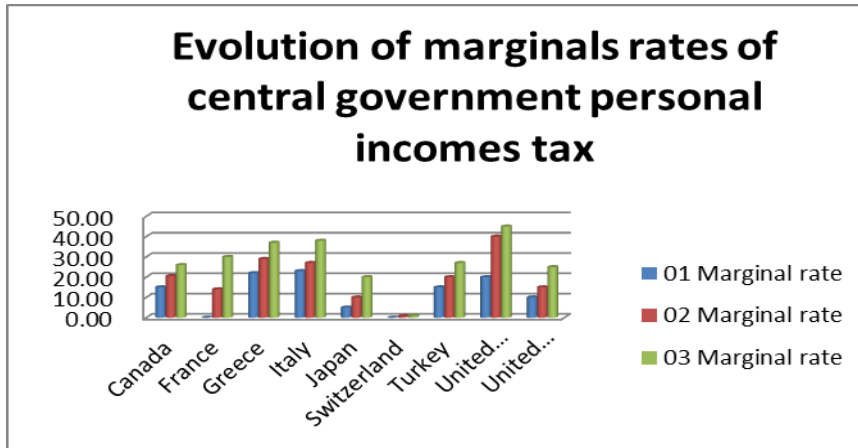


[d.org/index.aspx?DataSetCode=TABLE_I1#](http://stats.oecd.org/index.aspx?DataSetCode=TABLE_I1#)

Year	2017		
Country	01 Marginal rate	02 Marginal rate	03 Marginal rate
<u>Austria</u>	0.00	25.00	35.00
<u>Canada</u>	15.00	20.50	26.00
<u>France</u>	0.00	14.00	30.00
<u>Germany</u>	0.00	..	..
<u>Greece</u>	22.00	29.00	37.00
<u>Italy</u>	23.00	27.00	38.00
<u>Japan</u>	5.00	10.00	20.00
<u>Mexico</u>	1.92	6.40	10.88
<u>Switzerland</u>	0.00	0.77	0.88
<u>Turkey</u>	15.00	20.00	27.00
<u>United Kingdom</u>	20.00	40.00	45.00
<u>United States</u>	10.00	15.00	25.00

Source: Selection from the previous table

Evolution graphically of marginal rates of central government personal incomes tax can be presents as in the below figures:



2.4. Sub-Central Personal Income Tax Rates-Non-Progressive Systems

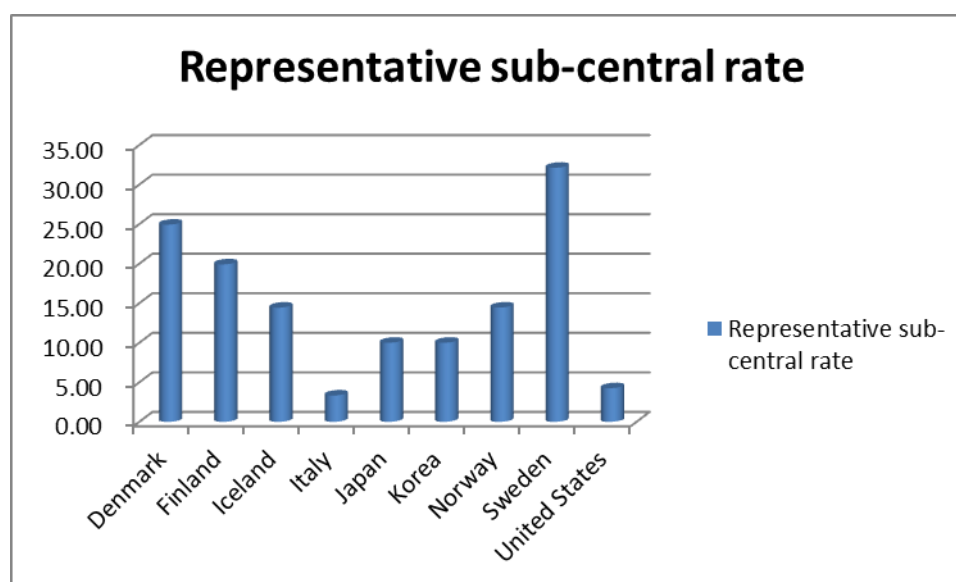
The following table shows which are the representative sub-central personal income tax rates, tax allowances and credits and these are applies to the wage income of a single person no dependants for a representative city or an average of sub-central rates. Also, the minimum and maximum sub-central rates across states and municipalities, and the amounts of tax allowances are expressed in national currencies.

Table 2

Year	2017				
Sub-central tax rates	Sub-central personal allowance	Sub-central tax credit	Representative sub-central rate	Minimum sub-central rate	Maximum sub-central rate
Country					
<u>Denmark</u>	..	..	24.93	22.50	27.80
<u>Finland</u>	6,630.00	..	19.91	17.00	22.50
<u>Iceland</u>	..	..	14.44	12.44	14.52
<u>Italy</u>	..	..	3.33	1.23	3.83
<u>Japan</u>	330,000.00	..	10.00	..	..
<u>Korea</u>	..	..	10.00	5.00	15.00
<u>Norway</u>	..	..	14.45	0.00	14.45
<u>Sweden</u>	..	..	32.12	29.19	35.15
<u>United States</u>	4,000.00	30.62	4.25	..	..
<u>States</u>	600.00	..	2.40	..	..

Source: http://stats.oecd.org/index.aspx?DataSetCode=TABLE_I2

Evolution graphically of representative sub-central rate can be presents as in the following figures:



2.5. Sub-central Personal Income Tax Rates-Progressive Systems

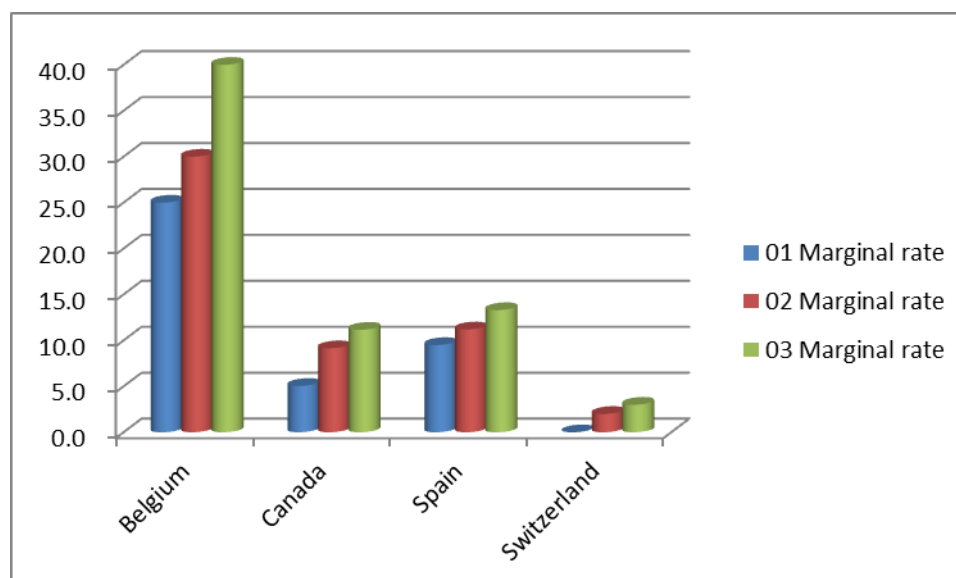
The following table is based on the representative case and presents information about sub-central income tax systems with progressive rate structures. These rate taxes are available to wage income of a single person without dependants and the rates are expressed as a percentage of taxable income.

Table 3

Central government tax rates and thresholds	01 Marginal rate	01 Threshold	02 Marginal rate	02 Threshold	03 Marginal rate	03 Threshold
Country						
<u>Belgium</u>	25.0	11,070.0	30.0	12,720.0	40.0	21,190.0
<u>Canada</u>	5.1	42,201.0	9.2	84,404.0	11.2	150,000.0
<u>Spain</u>	9.5	12,450.0	11.2	17,707.0	13.3	33,007.0
<u>Switzerland</u>	0.0	6,700.0	2.0	11,400.0	3.0	16,100.0

Source: http://stats.oecd.org/index.aspx?DataSetCode=TABLE_I3

Evolution graphically of representative sub-central rate can be presents as in the following figures:



2.6. Marginal Personal Income Tax and Social Security Contribution Rates on Gross Labor Income

The following table presents which is the marginal personal income tax and social security contribution rates for a single person without dependent, at various multiples (67%, 100%, 133% and 167%). The marginal rates are expressed as a percentage of gross wage earnings, with the exception of the Total tax wedge which is expressed as a percentage of gross labor costs.

Table 4

		Year	2017			
		Unit	Percentage			
<u>Income as a percentage of the average wage</u>			67	100	133	167
<u>Country</u>	<u>Marginal tax rates and wedges</u>					
Australia	<u>Total tax wedge</u>		39.6	38.2	42.4	42.4
	Employer SSC		6.0	6.0	6.0	6.0
	<u>All-in</u>		36.0	34.5	39.0	39.0
	Employee SSC		0.0	0.0	0.0	0.0
	Combined central and sub-central government		36.0	34.5	39.0	39.0
	Central government		36.0	34.5	39.0	39.0
	Sub-central government		0.0	0.0	0.0	0.0
Austria	<u>Total tax wedge</u>		55.8	59.7	59.7	41.0
	Employer SSC		28.5	28.5	28.5	7.1
	<u>All-in</u>		43.3	48.2	48.2	36.9
	Employee SSC		18.0	18.0	18.0	0.0
	Combined central and sub-central government		25.3	30.2	30.2	36.9
	Central government		25.3	30.2	30.2	36.9
	Sub-central government		0.0	0.0	0.0	0.0
Belgium	<u>Total tax wedge</u>		65.5	66.4	68.5	67.6
	Employer SSC		32.2	32.2	26.2	26.2
	<u>All-in</u>		54.3	55.6	60.2	59.1
	Employee SSC		14.2	14.2	14.2	13.1
	Combined central and sub-central government		40.2	41.4	46.0	46.0
	Central government		28.5	29.4	32.6	32.6
	Sub-central government		11.7	12.1	13.4	13.4
Canada	<u>Total tax wedge</u>		33.3	39.5	32.8	36.9
	Employer SSC		12.0	9.7	4.7	4.7
	<u>All-in</u>		25.3	33.6	29.7	33.9
	Employee SSC		6.6	5.0	0.0	0.0
	Combined central and sub-central government		18.7	28.7	29.7	33.9
	Central government		14.0	19.8	20.5	20.5
	Sub-central government		4.7	8.9	9.2	13.4

Chile	<u>Total tax wedge</u>	7.0	7.0	10.3	10.3
	Employer SSC	0.0	0.0	0.0	0.0
	<u>All-in</u>	7.0	7.0	10.3	10.3
	Employee SSC	7.0	7.0	7.0	7.0
	Combined central and sub-central government	0.0	0.0	3.3	3.3
	Central government	0.0	0.0	3.3	3.3
	Sub-central government	0.0	0.0	0.0	0.0
Czech Republic	<u>Total tax wedge</u>	48.6	48.6	48.6	48.6
	Employer SSC	34.0	34.0	34.0	34.0
	<u>All-in</u>	31.1	31.1	31.1	31.1
	Employee SSC	11.0	11.0	11.0	11.0
	Combined central and sub-central government	20.1	20.1	20.1	20.1
	Central government	20.1	20.1	20.1	20.1
	Sub-central government	0.0	0.0	0.0	0.0
Denmark	<u>Total tax wedge</u>	39.7	42.0	55.8	55.8
	Employer SSC	0.0	0.0	0.0	0.0
	<u>All-in</u>	39.7	42.0	55.8	55.8
	Employee SSC	0.0	0.0	0.0	0.0
	Combined central and sub-central government	39.7	42.0	55.8	55.8
	Central government	18.9	19.1	32.9	32.9
	Sub-central government	20.7	22.9	22.9	22.9
Estonia	<u>Total tax wedge</u>	41.2	41.2	41.2	41.2
	Employer SSC	33.8	33.8	33.8	33.8
	<u>All-in</u>	21.3	21.3	21.3	21.3
	Employee SSC	1.6	1.6	1.6	1.6
	Combined central and sub-central government	19.7	19.7	19.7	19.7
	Central government	19.7	19.7	19.7	19.7
	Sub-central government	0.0	0.0	0.0	0.0
Finland	<u>Total tax wedge</u>	54.3	55.6	58.5	58.5
	Employer SSC	22.3	22.3	22.3	22.3
	<u>All-in</u>	44.1	45.7	49.3	49.3
	Employee SSC	9.3	9.3	9.3	9.3
	Combined central and sub-central government	34.8	36.3	40.0	40.0

France	Central government	0.0	17.4	21.0	21.0
	Sub-central government	34.8	18.9	18.9	18.9
	<u>Total tax wedge</u>	69.3	58.5	59.4	59.9
	Employer SSC	82.6	35.1	41.2	43.0
	<u>All-in</u>	43.9	44.0	42.7	42.7
	Employee SSC	14.4	14.4	12.6	12.6
	Combined central and sub-central government	29.5	29.6	30.1	30.1
	Central government	29.5	29.6	30.1	30.1
Germany	Sub-central government	0.0	0.0	0.0	0.0
	<u>Total tax wedge</u>	55.8	60.4	57.0	44.3
	Employer SSC	19.4	19.4	10.9	0.0
	<u>All-in</u>	47.2	52.6	52.3	44.3
	Employee SSC	20.8	20.8	10.9	0.0
	Combined central and sub-central government	26.4	31.9	41.5	44.3
	Central government	26.4	31.9	41.5	44.3
	Sub-central government	0.0	0.0	0.0	0.0
Greece	<u>Total tax wedge</u>	47.6	49.1	56.3	56.3
	Employer SSC	25.1	25.1	25.1	25.1
	<u>All-in</u>	34.5	36.3	45.4	45.4
	Employee SSC	16.0	16.0	16.0	16.0
	Combined central and sub-central government	18.5	20.3	29.4	29.4
	Central government	18.5	20.3	29.4	29.4
	Sub-central government	0.0	0.0	0.0	0.0
	Hungary	<u>Total tax wedge</u>	46.2	46.2	46.2	46.2
Employer SSC		23.5	23.5	23.5	23.5
<u>All-in</u>		33.5	33.5	33.5	33.5
Employee SSC		18.5	18.5	18.5	18.5
Combined central and sub-central government		15.0	15.0	15.0	15.0
Central government		15.0	15.0	15.0	15.0
Sub-central government		0.0	0.0	0.0	0.0
Iceland		<u>Total tax wedge</u>	39.6	39.6	48.0	48.0
	Employer SSC	6.9	6.9	6.9	6.9
	<u>All-in</u>	35.5	35.5	44.4	44.4
	Employee SSC	0.0	0.0	0.0	0.0

	Combined central and sub-central government	35.5	35.5	44.4	44.4
	Central government	21.6	21.6	30.5	30.5
	Sub-central government	13.9	13.9	13.9	13.9
Ireland	<u>Total tax wedge</u>	35.9	54.0	54.0	54.0
	Employer SSC	10.8	10.8	10.8	10.8
	<u>All-in</u>	29.0	49.0	49.0	49.0
	Employee SSC	4.0	4.0	4.0	4.0
	Combined central and sub-central government	25.0	45.0	45.0	45.0
	Central government	25.0	45.0	45.0	45.0
	Sub-central government	0.0	0.0	0.0	0.0
Israel	<u>Total tax wedge</u>	31.2	36.7	47.0	50.7
	Employer SSC	7.5	7.5	7.5	7.5
	<u>All-in</u>	26.0	32.0	43.0	47.0
	Employee SSC	12.0	12.0	12.0	12.0
	Combined central and sub-central government	14.0	20.0	31.0	35.0
	Central government	14.0	20.0	31.0	35.0
	Sub-central government	0.0	0.0	0.0	0.0
Italy	<u>Total tax wedge</u>	54.7	54.7	62.5	62.9
	Employer SSC	31.6	31.6	31.6	31.6
	<u>All-in</u>	40.4	40.4	50.6	51.2
	Employee SSC	9.5	9.5	9.5	10.5
	Combined central and sub-central government	30.9	30.9	41.1	40.7
	Central government	28.5	28.5	37.7	37.3
	Sub-central government	2.4	2.4	3.5	3.4
Japan	<u>Total tax wedge</u>	33.0	37.2	45.7	35.0
	Employer SSC	15.2	15.2	15.2	6.1
	<u>All-in</u>	22.8	27.7	37.4	31.1
	Employee SSC	14.4	14.4	14.4	5.3
	Combined central and sub-central government	8.4	13.3	23.0	25.8
	Central government	2.8	6.7	15.4	17.3
	Sub-central government	5.6	6.6	7.6	8.5
Korea	<u>Total tax wedge</u>	28.5	30.0	23.4	31.9
	Employer SSC	10.4	10.4	5.9	5.9

	<u>All-in</u>	21.0	22.7	18.9	28.0
	Employee SSC	8.4	8.4	3.9	3.9
	Combined central and sub-central government	12.6	14.3	15.0	24.0
	Central government	11.5	13.0	13.7	21.9
	Sub-central government	1.1	1.3	1.4	2.2
Luxembourg	<u>Total tax wedge</u>	44.0	55.5	55.5	54.2
	Employer SSC	12.2	12.2	12.2	12.2
	<u>All-in</u>	37.2	50.1	50.1	48.6
	Employee SSC	12.5	12.5	12.5	12.5
	Combined central and sub-central government	24.7	37.7	37.7	36.2
	Central government	24.7	37.7	37.7	36.2
	Sub-central government	0.0	0.0	0.0	0.0
Mexico	<u>Total tax wedge</u>	17.5	25.2	28.4	28.4
	Employer SSC	6.5	7.6	7.6	7.6
	<u>All-in</u>	12.1	19.5	22.9	22.9
	Employee SSC	1.3	1.7	1.7	1.7
	Combined central and sub-central government	10.8	17.8	21.3	21.3
	Central government	10.8	17.8	21.3	21.3
	Sub-central government	0.0	0.0	0.0	0.0
Netherlands	<u>Total tax wedge</u>	51.6	51.6	46.2	52.3
	Employer SSC	11.1	11.1	0.0	0.0
	<u>All-in</u>	46.2	46.2	46.2	52.3
	Employee SSC	26.0	0.0	0.0	0.0
	Combined central and sub-central government	20.2	46.2	46.2	52.3
	Central government	20.2	46.2	46.2	52.3
	Sub-central government	0.0	0.0	0.0	0.0
New Zealand	<u>Total tax wedge</u>	17.5	30.0	33.0	33.0
	Employer SSC	0.0	0.0	0.0	0.0
	<u>All-in</u>	17.5	30.0	33.0	33.0
	Employee SSC	0.0	0.0	0.0	0.0
	Combined central and sub-central government	17.5	30.0	33.0	33.0
	Central government	17.5	30.0	33.0	33.0
	Sub-central government	0.0	0.0	0.0	0.0

Norway	<u>Total tax wedge</u>	42.1	42.1	50.2	52.8
	Employer SSC	13.0	13.0	13.0	13.0
	<u>All-in</u>	34.6	34.6	43.7	46.7
	Employee SSC	8.2	8.2	8.2	8.2
	Combined central and sub-central government	26.4	26.4	35.5	38.5
	Central government	12.0	12.0	21.1	24.1
	Sub-central government	14.5	14.5	14.5	14.5
Poland	<u>Total tax wedge</u>	37.0	37.0	37.0	37.0
	Employer SSC	16.4	16.4	16.4	16.4
	<u>All-in</u>	26.7	26.7	26.7	26.7
	Employee SSC	17.8	17.8	17.8	17.8
	Combined central and sub-central government	8.8	8.8	8.8	8.8
	Central government	8.8	8.8	8.8	8.8
	Sub-central government	0.0	0.0	0.0	0.0
Portugal	<u>Total tax wedge</u>	51.1	51.1	51.1	58.7
	Employer SSC	23.8	23.8	23.8	23.8
	<u>All-in</u>	39.5	39.5	39.5	48.9
	Employee SSC	11.0	11.0	11.0	11.0
	Combined central and sub-central government	28.5	28.5	28.5	37.9
	Central government	28.5	28.5	28.5	37.9
	Sub-central government	0.0	0.0	0.0	0.0
Slovak Republic	<u>Total tax wedge</u>	46.4	46.4	46.4	46.4
	Employer SSC	31.0	31.0	31.0	31.0
	<u>All-in</u>	29.9	29.9	29.9	29.9
	Employee SSC	13.4	13.4	13.4	13.4
	Combined central and sub-central government	16.5	16.5	16.5	16.5
	Central government	16.5	16.5	16.5	16.5
	Sub-central government	0.0	0.0	0.0	0.0
Slovenia	<u>Total tax wedge</u>	43.6	51.0	51.0	55.7
	Employer SSC	16.1	16.1	16.1	16.1
	<u>All-in</u>	34.6	43.1	43.1	48.6
	Employee SSC	22.1	22.1	22.1	22.1
	Combined central and sub-central government	12.5	21.0	21.0	26.5

	Central government	12.5	21.0	21.0	26.5
	Sub-central government	0.0	0.0	0.0	0.0
Spain	<u>Total tax wedge</u>	44.6	48.3	48.3	54.1
	Employer SSC	29.9	29.9	29.9	29.9
	<u>All-in</u>	28.1	32.9	32.9	40.4
	Employee SSC	6.4	6.4	6.4	6.4
	Combined central and sub-central government	21.7	26.5	26.5	34.1
	Central government	11.2	14.0	14.0	17.3
	Sub-central government	10.5	12.5	12.5	16.8
Sweden	<u>Total tax wedge</u>	45.6	48.3	63.6	69.7
	Employer SSC	31.4	31.4	31.4	31.4
	<u>All-in</u>	28.6	32.1	52.1	60.1
	Employee SSC	7.0	7.0	0.0	0.0
	Combined central and sub-central government	21.6	25.1	52.1	60.1
	Central government	-13.8	-7.0	20.0	28.0
	Sub-central government	35.3	32.1	32.1	32.1
Switzerland	<u>Total tax wedge</u>	26.3	27.8	32.3	36.6
	Employer SSC	6.2	6.2	6.2	6.2
	<u>All-in</u>	21.7	23.3	28.1	32.6
	Employee SSC	6.2	6.2	6.2	6.2
	Combined central and sub-central government	15.4	17.0	21.9	26.4
	Central government	2.3	2.5	5.5	7.6
	Sub-central government	13.2	14.6	16.4	18.8
Turkey	<u>Total tax wedge</u>	42.8	47.8	47.8	47.8
	Employer SSC	17.5	17.5	17.5	17.5
	<u>All-in</u>	32.8	38.7	38.7	38.7
	Employee SSC	15.0	15.0	15.0	15.0
	Combined central and sub-central government	17.8	23.7	23.7	23.7
	Central government	17.8	23.7	23.7	23.7
	Sub-central government	0.0	0.0	0.0	0.0
United Kingdom	<u>Total tax wedge</u>	40.2	40.2	49.0	49.0
	Employer SSC	13.8	13.8	13.8	13.8
	<u>All-in</u>	32.0	32.0	42.0	42.0
	Employee SSC	12.0	12.0	2.0	2.0

	Combined central and sub-central government	20.0	20.0	40.0	40.0
	Central government	20.0	20.0	40.0	40.0
	Sub-central government	0.0	0.0	0.0	0.0
United States	<u>Total tax wedge</u>	34.3	43.6	43.6	43.6
	Employer SSC	7.7	7.7	7.7	7.7
	<u>All-in</u>	29.3	39.3	39.3	39.3
	Employee SSC	7.7	7.7	7.7	7.7
	Combined central and sub-central government	21.7	31.7	31.7	31.7
	Central government	15.0	25.0	25.0	25.0
	Sub-central government	6.7	6.7	6.7	6.7

Source: http://stats.oecd.org/index.aspx?DataSetCode=TABLE_I4

2.7. Average Personal Income Tax and Social Security Contribution Rates on Gross Labor Income

The below table shows which is the average personal income tax and social security contribution rates for a single person without dependent, at various multiples (67%, 100%, 133% and 167%) of the AW/APW.

The average wage (AW) is based on a single person at 100% of average earnings without children.

Table 5

Year	2017						
Unit	Percentage						
All in average income tax rates at average wage	<u>All in rate</u>				<u>All in less cash transfers</u>		
	Single person		One-earner married couple		Single person	One-earner married couple	
	No child	Two children	No child	Two children	Two children	No child	Two children
Country							
Australia	24.4	24.4	24.4	24.4	16.1	24.4	16.1
Austria	32.4	30.2	32.4	30.2	19.1	32.4	19.1
Belgium	40.5	37.0	31.4	28.9	28.8	31.4	20.7
Canada	22.8	18.0	18.6	18.0	1.8	18.6	1.2
Chile	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Czech Republic	24.1	11.8	17.1	4.8	7.6	17.1	0.7
Denmark	36.1	34.8	32.0	32.0	16.5	31.5	25.3
Estonia	18.4	15.9	15.4	13.0	4.7	15.4	4.8
Finland	30.2	29.9	30.2	30.1	21.8	30.2	24.7
France	29.2	22.2	22.5	22.2	11.4	22.5	18.2

<u>Germany</u>	39.9	28.1	31.8	21.7	28.1	31.8	21.7
Greece	26.0	25.5	26.9	26.5	22.4	26.9	23.7
Hungary	33.5	23.4	33.5	23.4	13.5	33.5	14.5
Iceland	28.7	28.7	21.5	21.5	24.8	21.5	18.6
Ireland	19.4	13.4	13.4	10.4	1.3	13.4	1.2
<u>Israel</u>	17.7	11.6	17.7	17.7	7.5	17.7	15.0
Italy	31.2	26.6	28.9	24.3	21.5	28.9	19.3
Japan	22.3	22.3	20.9	20.9	17.7	20.9	16.3
Korea	14.5	12.4	14.0	12.2	12.4	14.0	12.2
Luxembourg	29.1	28.3	18.0	18.0	15.3	18.0	5.0
Mexico	11.2	11.2	11.2	11.2	11.2	11.2	11.2
Netherlands	30.4	24.9	28.6	28.6	14.9	28.6	24.6
New Zealand	18.1	18.1	18.1	18.1	6.4	18.1	6.4
Norway	27.6	25.5	26.6	26.6	19.4	26.6	22.5
Poland	25.1	19.5	23.9	19.5	7.4	23.9	-4.8
Portugal	27.5	20.8	22.2	15.5	15.9	22.2	11.9
Slovak Republic	23.5	19.0	17.2	12.7	14.1	17.2	7.8
Slovenia	33.7	27.5	30.3	25.4	17.1	30.3	12.3
Spain	21.1	10.6	17.5	13.9	10.6	17.5	13.9
Sweden	25.0	25.0	25.0	25.0	18.8	25.0	18.8
Switzerland	16.9	10.8	13.6	10.4	3.9	13.6	3.5
<u>Turkey</u>	27.9	26.7	27.1	25.9	26.7	27.1	25.9
United Kingdom	23.4	23.4	22.8	22.8	18.7	22.8	18.1
United States	26.0	17.1	21.0	14.2	17.1	21.0	14.2

Source: http://stats.oecd.org/index.aspx?DataSetCode=TABLE_I5

2.8. All-in Average Personal Income Tax Rates at Average Wage by Family Type

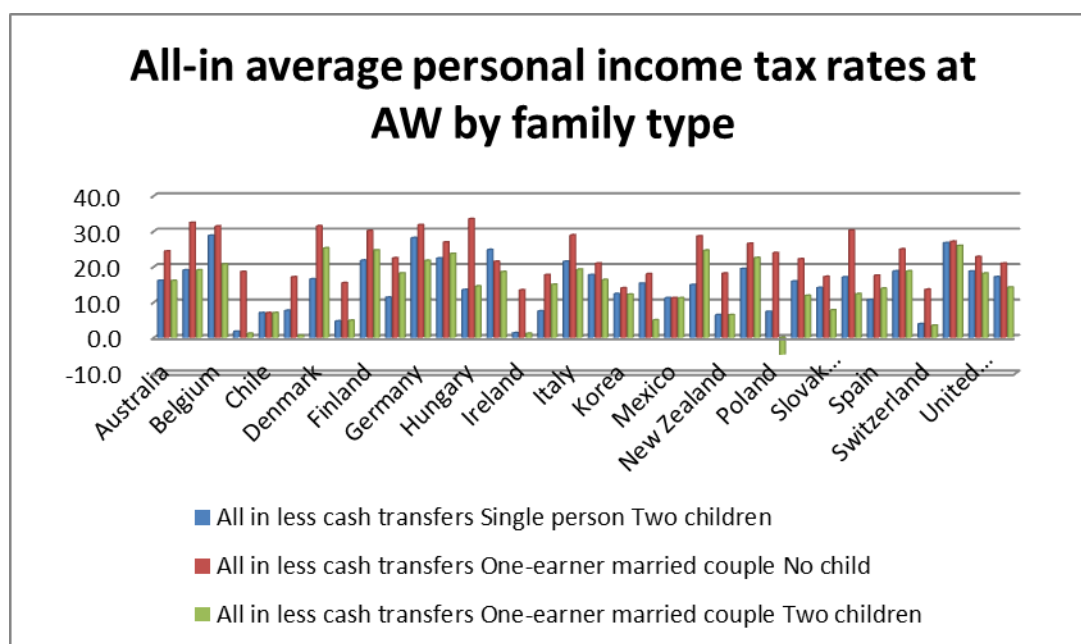
The below table presents which is the average personal income tax rates for single persons and one-earner married couples with and without children. The rates are calculated as a percentage of gross wage earnings.

Average wage represents the average annual gross wage earnings of adult, full-time workers in the industry.

Table 6

Year	2017						
Unit	Percentage						
All in average income tax rates at average wage	All in rate				All in less cash transfers		
	Single person		One-earner married couple		Single person	One-earner married couple	
	No child	Two children	No child	Two children	Two children	No child	Two children
Country							
Australia	24.4	24.4	24.4	24.4	16.1	24.4	16.1
Austria	32.4	30.2	32.4	30.2	19.1	32.4	19.1
Belgium	40.5	37.0	31.4	28.9	28.8	31.4	20.7
Canada	22.8	18.0	18.6	18.0	1.8	18.6	1.2
Chile	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Czech Republic	24.1	11.8	17.1	4.8	7.6	17.1	0.7
Denmark	36.1	34.8	32.0	32.0	16.5	31.5	25.3
Estonia	18.4	15.9	15.4	13.0	4.7	15.4	4.8
Finland	30.2	29.9	30.2	30.1	21.8	30.2	24.7
France	29.2	22.2	22.5	22.2	11.4	22.5	18.2
Germany	39.9	28.1	31.8	21.7	28.1	31.8	21.7
Greece	26.0	25.5	26.9	26.5	22.4	26.9	23.7
Hungary	33.5	23.4	33.5	23.4	13.5	33.5	14.5
Iceland	28.7	28.7	21.5	21.5	24.8	21.5	18.6
Ireland	19.4	13.4	13.4	10.4	1.3	13.4	1.2
Israel	17.7	11.6	17.7	17.7	7.5	17.7	15.0
Italy	31.2	26.6	28.9	24.3	21.5	28.9	19.3
Japan	22.3	22.3	20.9	20.9	17.7	20.9	16.3
Korea	14.5	12.4	14.0	12.2	12.4	14.0	12.2
Luxembourg	29.1	28.3	18.0	18.0	15.3	18.0	5.0
Mexico	11.2	11.2	11.2	11.2	11.2	11.2	11.2
Netherlands	30.4	24.9	28.6	28.6	14.9	28.6	24.6
New Zealand	18.1	18.1	18.1	18.1	6.4	18.1	6.4
Norway	27.6	25.5	26.6	26.6	19.4	26.6	22.5
Poland	25.1	19.5	23.9	19.5	7.4	23.9	-4.8
Portugal	27.5	20.8	22.2	15.5	15.9	22.2	11.9
Slovak Republic	23.5	19.0	17.2	12.7	14.1	17.2	7.8
Slovenia	33.7	27.5	30.3	25.4	17.1	30.3	12.3
Spain	21.1	10.6	17.5	13.9	10.6	17.5	13.9
Sweden	25.0	25.0	25.0	25.0	18.8	25.0	18.8
Switzerland	16.9	10.8	13.6	10.4	3.9	13.6	3.5
Turkey	27.9	26.7	27.1	25.9	26.7	27.1	25.9
United Kingdom	23.4	23.4	22.8	22.8	18.7	22.8	18.1
United States	26.0	17.1	21.0	14.2	17.1	21.0	14.2

Source: http://stats.oecd.org/index.aspx?DataSetCode=TABLE_I6



2.9. Top Statutory Personal Income Tax Rate and Top Marginal Tax Rates for Employees

The following table shows which is the top of statutory personal income tax rate and the top of marginal tax rates for personals employees.

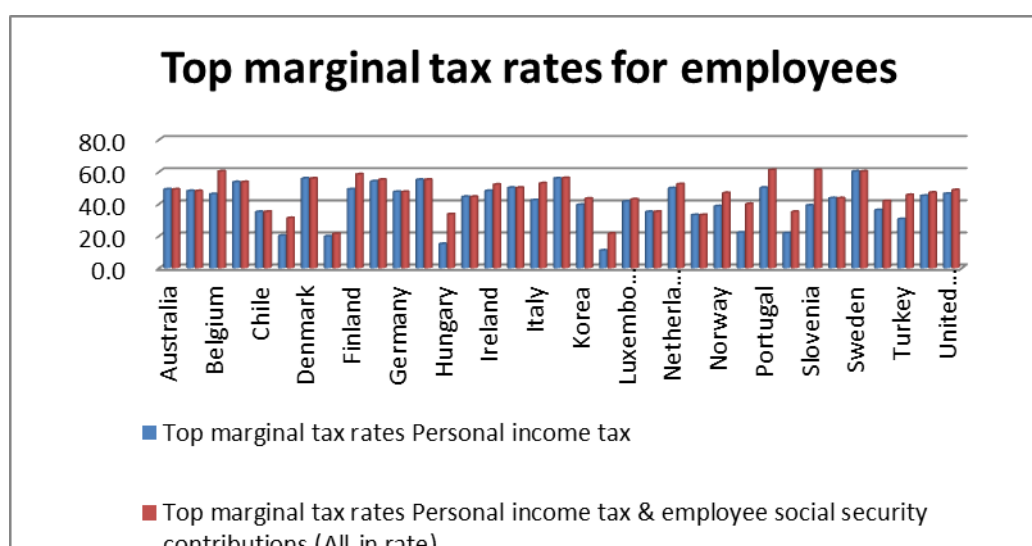
Table 7

Year	2017					
Income Tax	Top marginal tax rates		Top statutory personal income tax rates		Average wage in national currency units	Average wage in US dollars based on Purchasing Power Parities
	Personal income tax	Personal income tax & employee social security contributions (All-in rate)	Top tax rates	Threshold (expressed as a multiple of the average wage)		
Country						
Australia	49.0	49.0	49.0	2.2	83,542.0	55,098.7
Austria	48.0	48.0	48.0	7.9	45,976.8	57,580.8
Belgium	46.0	60.2	52.9	1.0	47,324.3	58,545.1
Canada	53.5	53.5	53.5	4.3	51,642.5	40,983.3
Chile	35.0	35.0	35.0	7.7	9,349,964.0	22,615.9
Czech Republic	20.1	31.1	15.0	0.3	355,149.7	27,535.8
Denmark	55.8	55.8	55.8	1.3	413,503.1	56,210.9
Estonia	19.7	21.3	20.0	0.1	14,809.9	26,795.9
Finland	49.0	58.3	51.4	1.9	43,986.1	49,012.6
France	53.9	55.1	54.5	14.6	38,582.1	48,339.2
Germany	47.5	47.5	47.5	5.4	49,450.0	63,551.0
Greece	55.0	55.0	54.0	3.9	20,886.4	35,165.1
Hungary	15.0	33.5	15.0	0.0	3,578,650.8	26,012.2
Iceland	44.4	44.4	46.2	1.2	8,903,714.4	63,660.6
Ireland	48.0	52.0	48.0	1.9	36,358.1	45,093.0
Israel	50.0	50.0	50.0	4.3	147,983.5	39,215.2
Italy	42.3	52.8	47.2	2.7	30,838.2	43,304.2
Japan	55.8	56.1	55.9	8.5	5,201,390.7	52,946.0
Korea	39.3	43.2	41.8	3.8	46,140,295.7	52,505.3

Latvia	10.9	21.4	23.0	0.1	10,904.8	21,755.0
Luxembourg	41.4	42.8	41.4	2.8	58,564.7	65,716.3
Mexico	35.0	35.0	35.0	25.4	118,203.6	12,730.0
Netherlands	49.7	52.3	52.0	1.4	50,908.5	62,981.1
New Zealand	33.0	33.0	33.0	1.2	58,824.0	39,826.3
Norway	38.5	46.7	38.5	1.6	577,664.4	56,400.7
Poland	22.1	39.9	32.0	2.0	49,569.7	27,816.3
Portugal	50.0	61.0	56.2	15.6	17,993.0	30,888.5
Slovak Republic	21.7	35.1	25.0	3.5	11,425.6	23,484.0
Slovenia	39.0	61.1	50.0	5.0	18,903.8	31,417.2
Spain	43.5	43.5	43.5	2.4	26,534.7	40,451.4
Sweden	60.1	60.1	57.1	1.5	434,858.8	47,657.6
Switzerland	36.1	41.7	41.7	3.5	86,041.9	70,835.1
Turkey	30.5	45.5	35.8	3.2	40,308.0	29,263.0
United Kingdom	45.0	47.0	45.0	3.9	38,208.1	54,318.9
United States	46.3	48.6	46.3	8.0	52,988.0	52,988.0

Source: http://stats.oecd.org/index.aspx?DataSetCode=TABLE_I7

Evolution graphically of top marginal tax rates for employees can be presents as in the following figures:



2.9. Conclusions

Taxation is part of our lives, of all because employees pay taxes from wage and social contributions, that affect net income. Worldwide, there is a trend towards fiscal harmonization, but yet taxes differ greatly from one country to another and these can be proportional or progressive.

On the basis of the statistical data provided by the OECD, it is found that increases in the average personal tax rate in 20 of the OECD's 35 member countries in 2017 were mainly due to wage increases that reduced the impact of tax-free allowances and credits. Average tax rates fell in 13 countries and were unchanged in two (Chile and Hungary). The biggest increases in the tax rate were in the Czech Republic (0.5 percentage points).

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