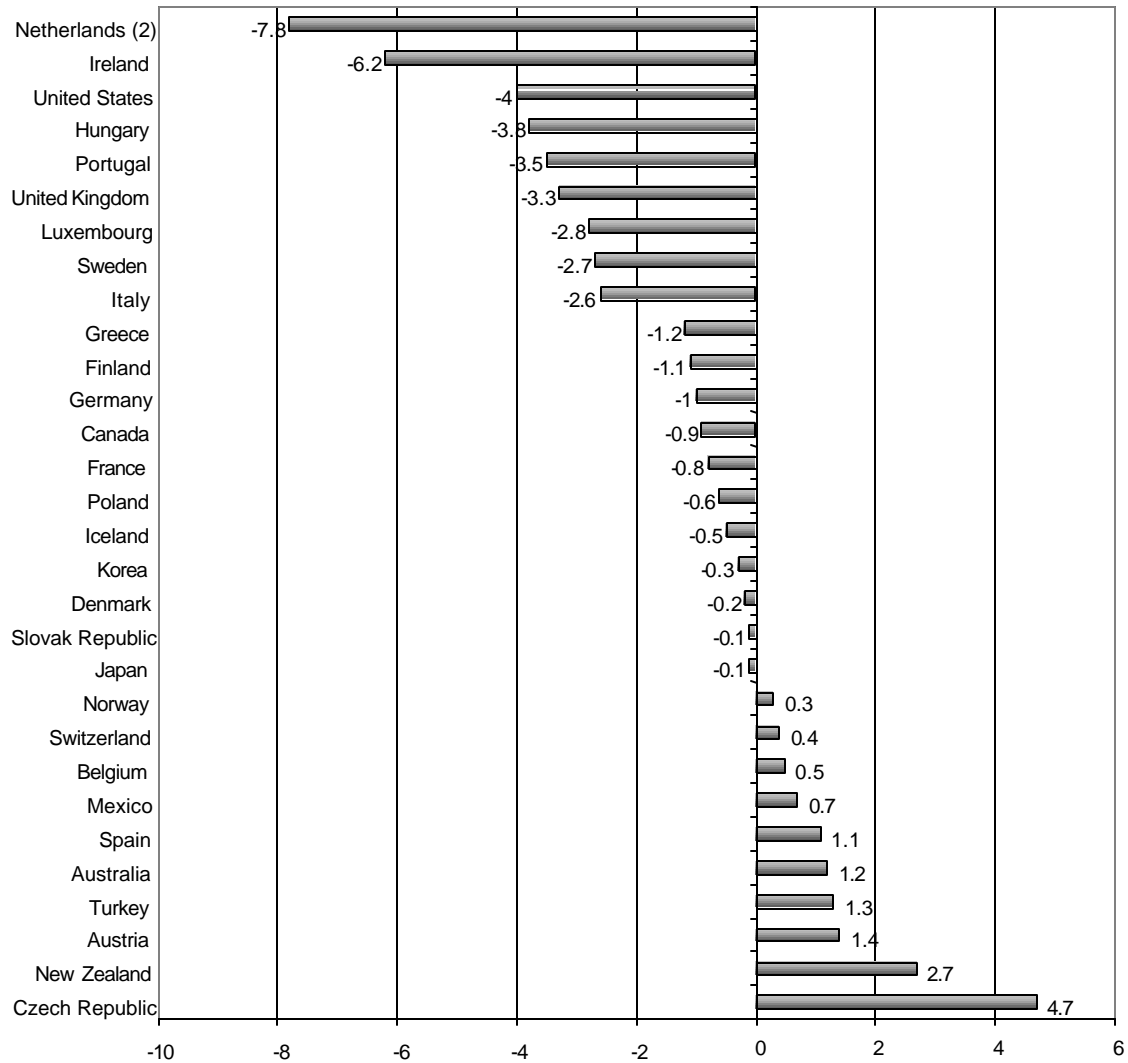


Chart 1

**Change in tax bill for an average production worker with a spouse
and two children**

From 2000 to 2002 as a % of gross earnings (1)



(1) One earner married couple with two kids at the income level of the average production worker.

(2) The results for the Netherlands were distorted by a one-time event in 2002 that exaggerated the reduction in taxes. Dutch workers earning the average production wage passed a government eligibility threshold and shifted from mandatory government health insurance to private health insurance. Employee and employer health taxes were replaced by premium payments to private insurers, which do not count as tax.

Table 1
Household Tax Burden in 2002

(as a % of gross earnings equivalent to the average production worker) (1)

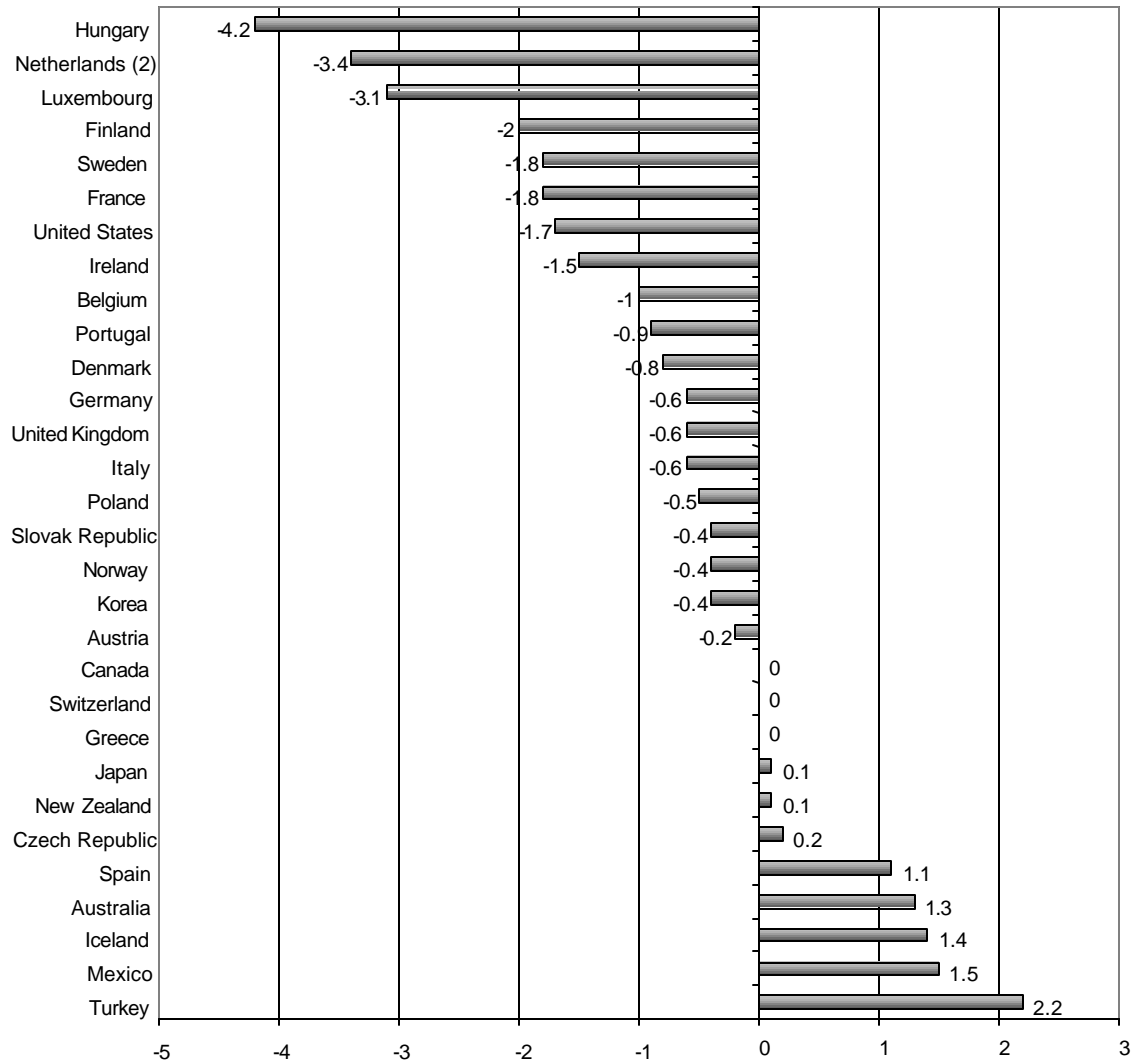
Country	Single persons without children	One earner family with two children	Difference
Australia	23.6	14.7	8.9
Austria	28.6	9.0	19.6
Belgium	41.4	21.6	19.8
Canada	25.7	15.1	10.6
Czech Republic	23.7	3.7	20.0
Denmark	43.1	30.5	12.6
Finland	31.7	23.2	8.5
France	26.5	14.2	12.3
Germany	41.2	18.6	22.6
Greece	16.5	17.0	-0.5
Hungary	29.1	7.8	21.3
Iceland	22.0	-3.2	25.2
Ireland	16.4	-0.8	17.2
Italy	28.1	12.2	15.9
Japan	16.2	11.9	4.3
Korea	8.7	8.1	0.6
Luxembourg	22.1	-3.6	25.7
Mexico	3.6	3.6	0.0
Netherlands (2)	28.7	17.2	11.5
New Zealand	20.0	18.2	1.8
Norway	28.8	17.9	10.9
Poland	31.0	25.0	6.0
Portugal	16.5	5.2	11.3
Slovak Republic	19.3	3.1	16.2
Spain	19.2	10.4	8.8
Sweden	30.4	21.0	9.4
Switzerland	21.5	8.6	12.9
Turkey	30.0	30.0	0.0
United Kingdom	23.3	10.8	12.5
United States	24.3	11.3	13.0

(1) The tax burden reflects Income tax plus employee contributions less cash benefits.

(2) The results for the Netherlands were distorted by a one-time event in 2002. Dutch workers earning the average production wage passed a government eligibility threshold and shifted from mandatory government health insurance to private health insurance. Employee and employer health taxes were replaced by premium payments to private insurers, which do not count as tax.

Chart 2

**Change in tax wedge for a single, modestly paid production worker
from 2000 to 2002
(as a % of labour costs) (1)**



(1) Represents a single person with earnings equivalent to two-thirds of that for an average production worker. The tax wedge equals income tax plus employee and employer social security contributions less cash benefits. Total labour costs equals gross wage earnings plus employer social security contributions.

(2) The results for the Netherlands were distorted by a one-time event in 2002 that exaggerated the reduction in taxes. Dutch workers earning the average production wage passed a government eligibility threshold and shifted from mandatory government health insurance to private health insurance. Employee and employer health taxes were replaced by premium payments to private insurers, which do not count as tax.