

Table 4.5 Example of benefits of tax deduction for a given training expenditure of USD 1 000, by income level

Individual earnings	Tax rate ¹	Amount of deduction	After-tax cost	Savings as % of income
High income individual ²	45%	USD 450	USD 550	–
167% APW ³	29%	USD 290	USD 710	17%
100% APW ³	19%	USD 190	USD 810	19%
67% APW ³	16%	USD 160	USD 840	24%

1. Unweighted average of OECD countries; tax rate corresponds to highest personal tax rate (2000); medium and low income rates correspond to earnings equal to 100% and 67% of the average production wage (2003).
2. With earnings above the threshold at which the maximum marginal tax rate applies.
3. APW = average production wage.

Source: Secretariat calculations and OECD Tax Database.