

ECONOMICS DEPARTMENT  
ECONOMIC POLICY COMMITTEE

Working Party No. 1 on Macroeconomic and Structural Policy Analysis

INCOME REDISTRIBUTION THROUGH TAXES AND TRANSFERS ACROSS OECD COUNTRIES -  
ANNEX 2

October 12-13 2017

*This annex to the main paper "Income Redistribution through Taxes and Transfers across OECD Countries" contains additional Figures showing sensitivity to different samples or datasets and robustness to different assumptions.*

*The annex and the main paper have been prepared by the Inclusive Growth and Well Being Workstream in the context of the project on the redistributive impact of tax and transfer systems, pursued in collaboration with the Directorate for Employment, Labour and Social Affairs (ELS).*

*Please note that the Annex is available in PDF only.*

Orsetta Causa, Tel: +33(0)1 45 24 17 25; E-mail: orsetta.causa@oecd.org  
Mikkel Hermansen, Tel: +33(0)1 45 24 81 00; E-mail: mikkel.hermansen@oecd.org

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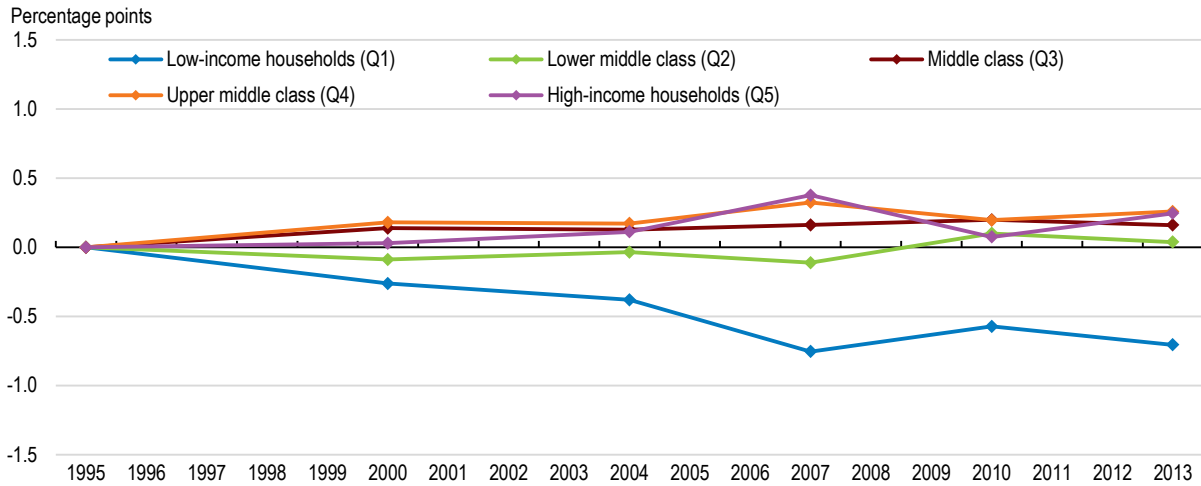
Complete document available on OLIS in its original format

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**Figure A2.1. Developments in redistribution to different income groups, balanced OECD sample**

Change in household disposable income share less market income share since mid-1990s for the working-age population, balanced average across 9 OECD countries

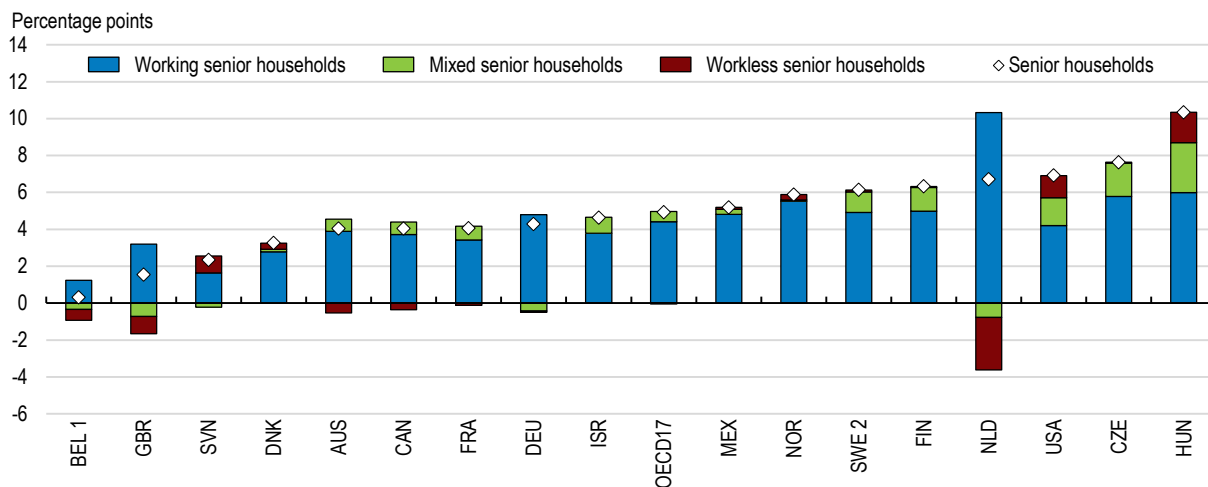


Note: See note to Figure 18. The balanced average is based on the following 9 countries: Czech Republic, Denmark, Finland, Germany, Israel, the Netherlands, Norway, the United Kingdom and the United States.

Source: OECD staff calculations based on Luxembourg Income Study.

**Figure A2.2. Changes in the working-age population share of senior households by working status**

Share living in senior households (aged 55-64) in per cent of the working-age population (aged 18-64)  
Change from mid-1990s to latest available year



1. Belgium only available for 1995-2000.

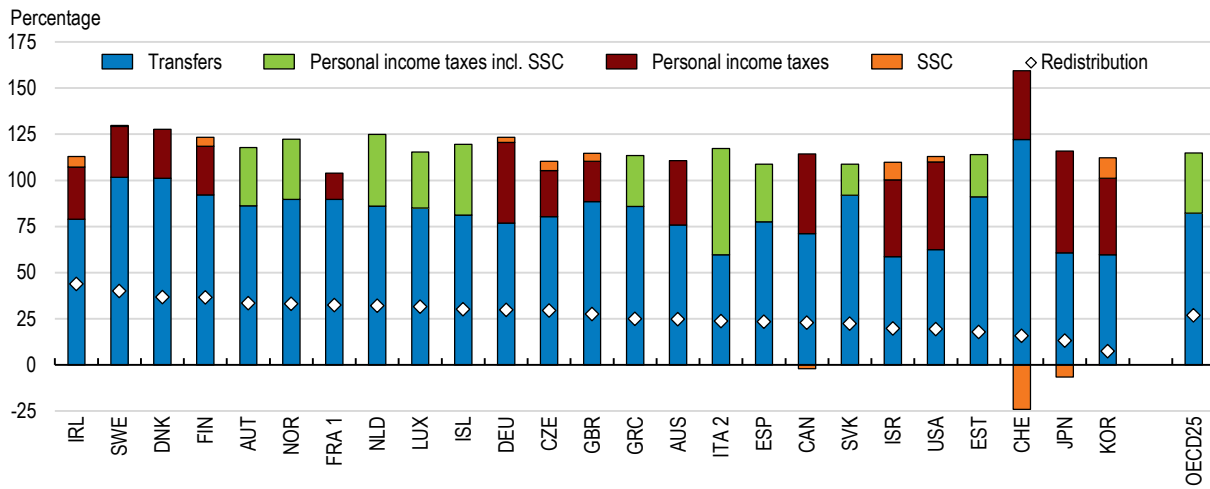
2. Sweden only available for 1995-2005.

Note: Senior households are defined as households with a head aged 55-64. The household is working if all adult household members receive positive annual labour income and workless if no member has positive annual labour income. Mixed households are households of at least two adults with only one earner.

Source: OECD staff calculations based on the Luxembourg Income Study.

**Figure A2.3. The relative contribution of PIT, SSC and transfers in reducing income inequality: results from the marginal contribution approach**

Share of total redistribution, working-age population, 2013 or latest available year



1. Social security contributions not available for France.

2. For Italy taxes and social security contributions are based on imputed values (see LIS documentation).

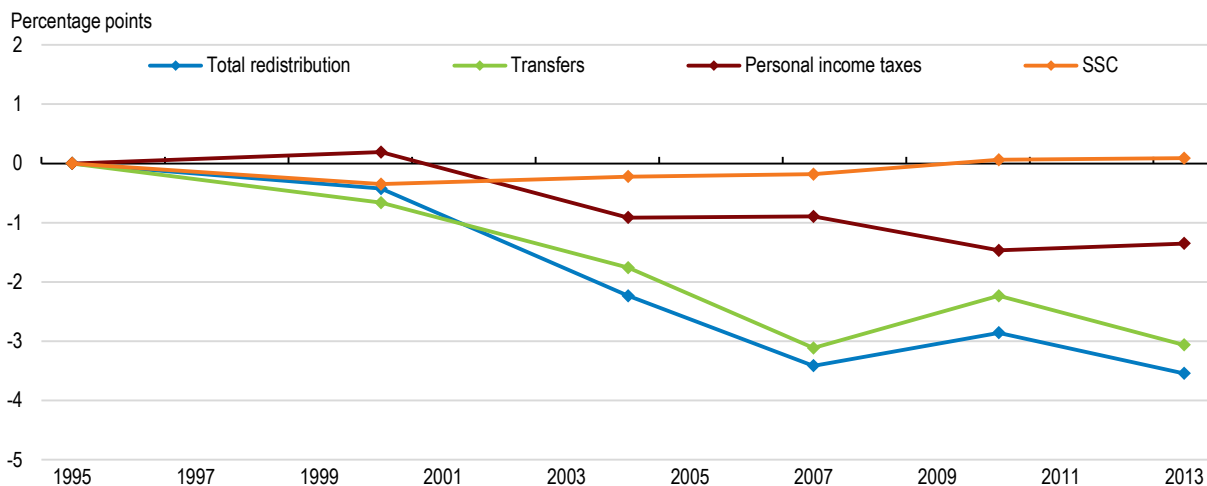
Note: See Box 4 for the approach to assess the redistributive impact of individual parts of the tax and transfer systems and the note to Figure 21 for country-year coverage. The marginal contribution approach implies that the decomposition is not additive, i.e. the contribution of individual parts does not sum to the total redistributive effect.

Source: OECD staff calculations based on the Luxembourg Income Study.

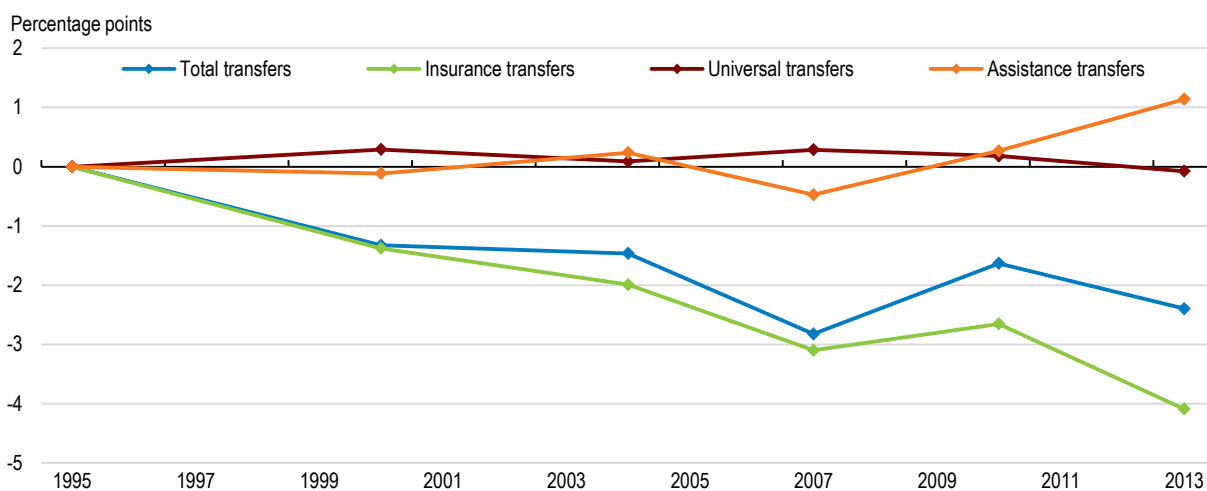
### Figure A2.4. Trends in redistribution through transfers, PIT and SSC, balanced OECD sample

Change in redistribution for the working-age population since mid-1990s

A. Taxes and transfers, balanced average across 7 OECD countries



B. Transfers by category, balanced average across 6 OECD countries

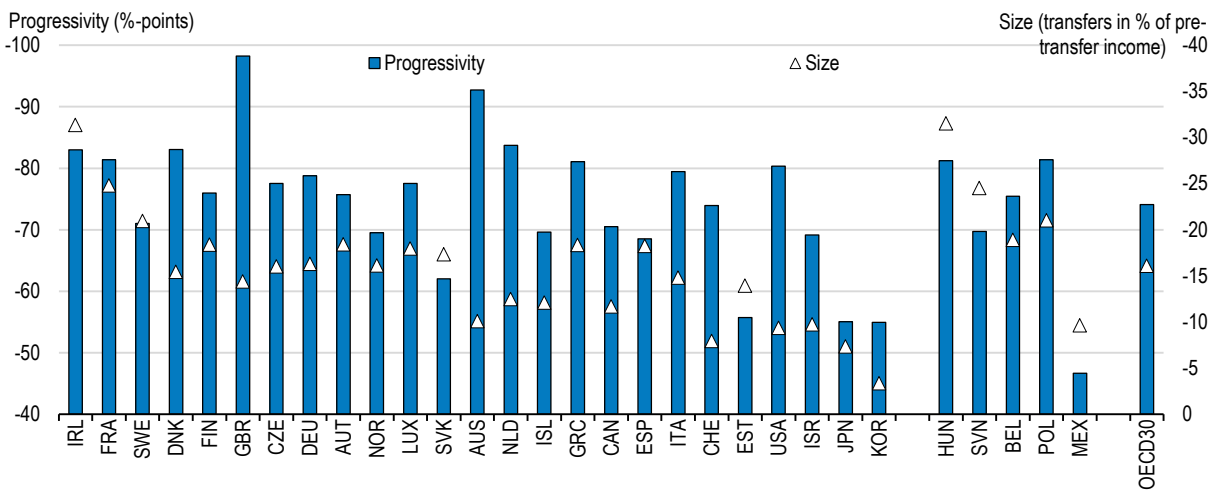
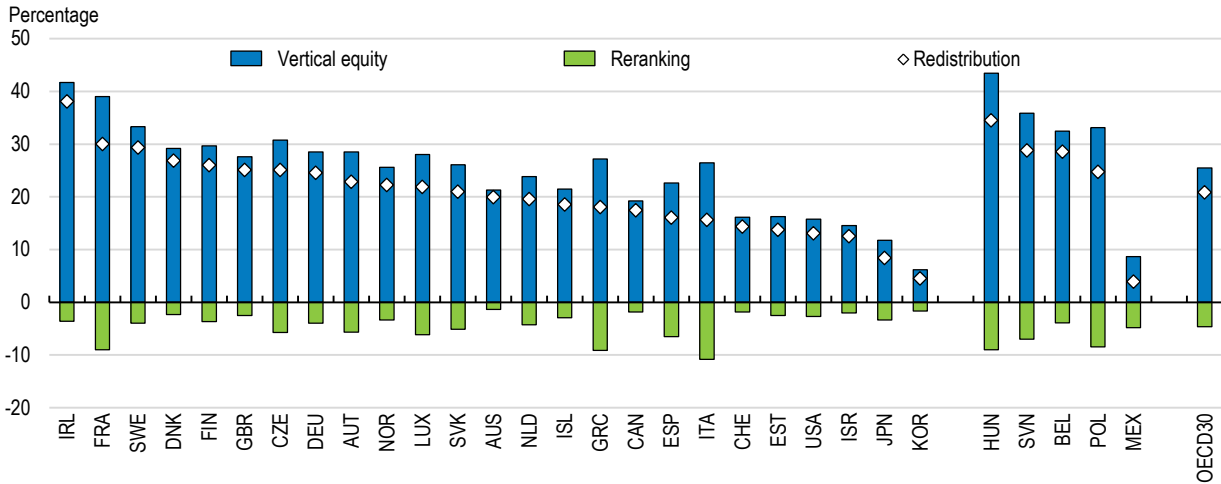


Note: See Box 4 for the approach to assess the redistributive impact of individual parts of the tax and transfer systems. The balanced averages are based on 7 countries (Czech Republic, Denmark, Finland, Germany, Israel, the United Kingdom and the United States) for all series in Panel A. Israel is excluded in Panel B due to incomplete information on transfer categories.

Source: OECD staff calculations based on the Luxembourg Income Study.

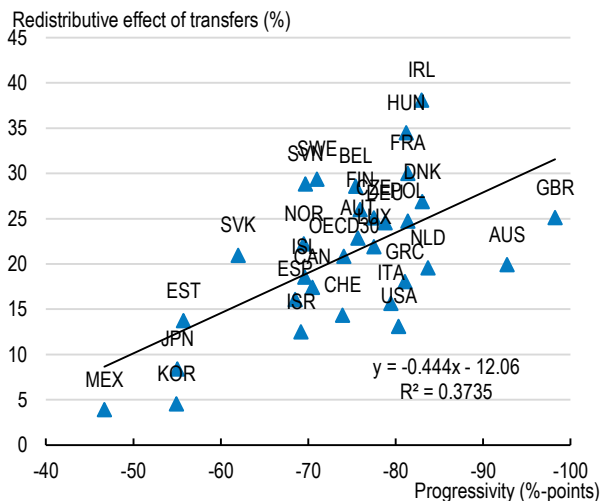
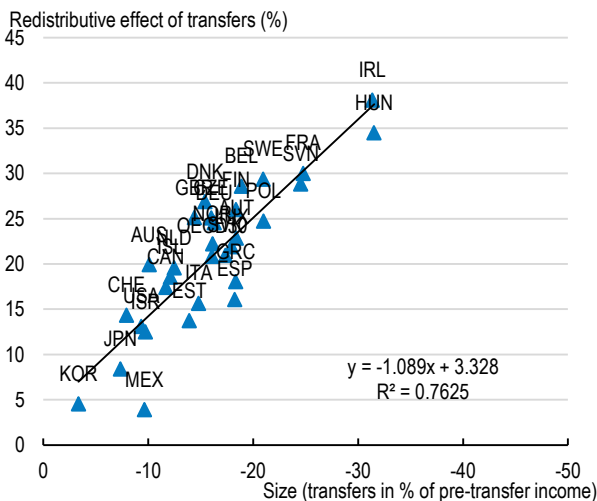
**Figure A2.5. Decomposing redistributive effects of PIT, SSC and transfers: vertical equity, reranking, size and progressivity**

Working-age population, latest available year  
Transfers



**Size**

**Progressivity**

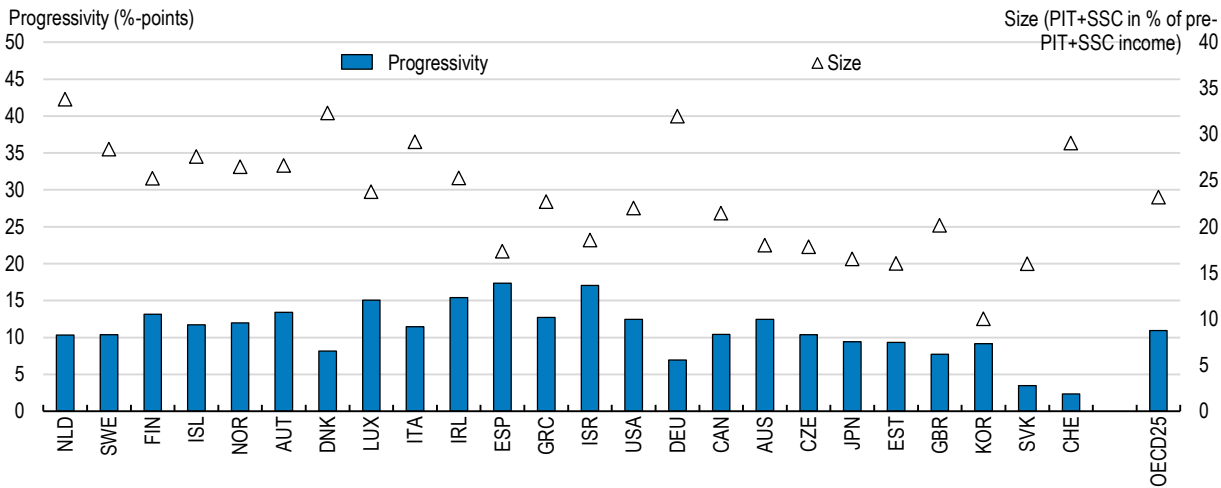
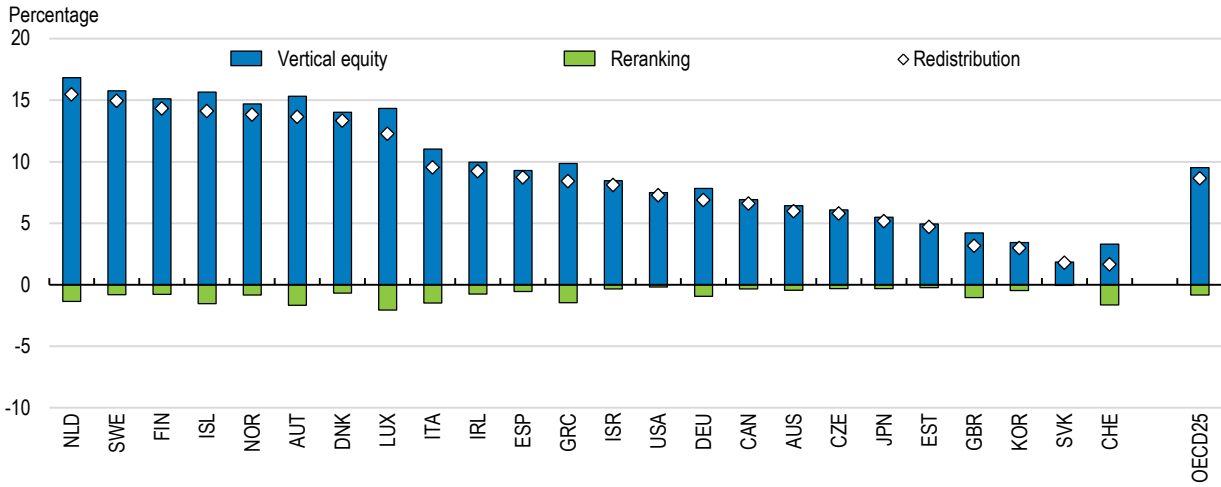


Note: Redistribution, vertical equity and reranking have been scaled by the relevant Gini coefficient for household income before intervention by taxes or transfers. See Box 4 for details on the decomposition and the approach to assess the redistributive impact of individual parts of the tax and transfer systems. For some countries only the total amount of personal income taxes and social security contributions are reported in the underlying data.

Source: OECD staff calculations based on the Luxembourg Income Study.

Figure A2.5. (cont.)

Personal income taxes and social security contributions (employee's part)



Size

Progressivity

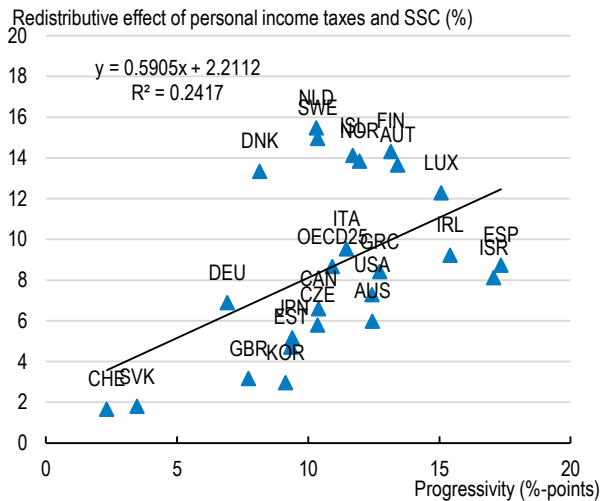
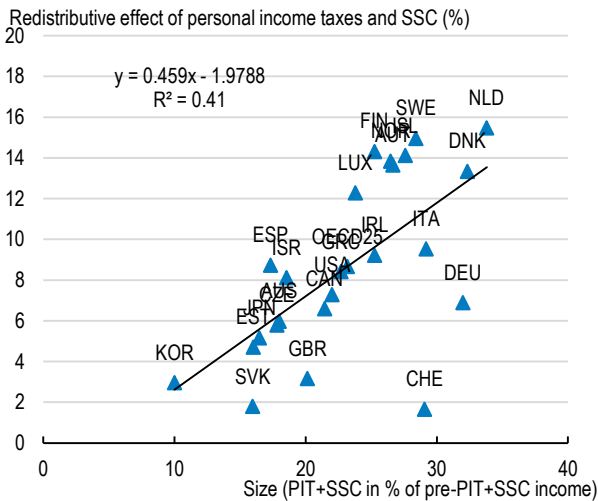
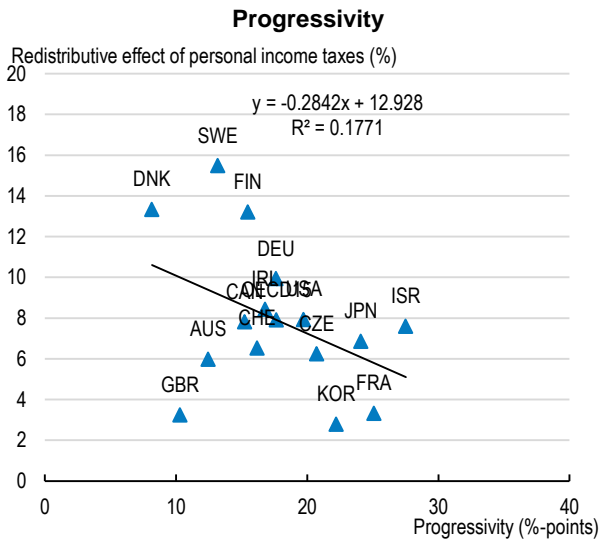
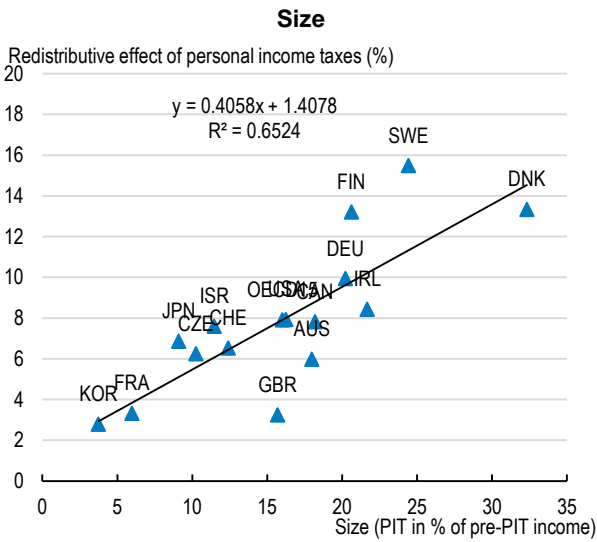
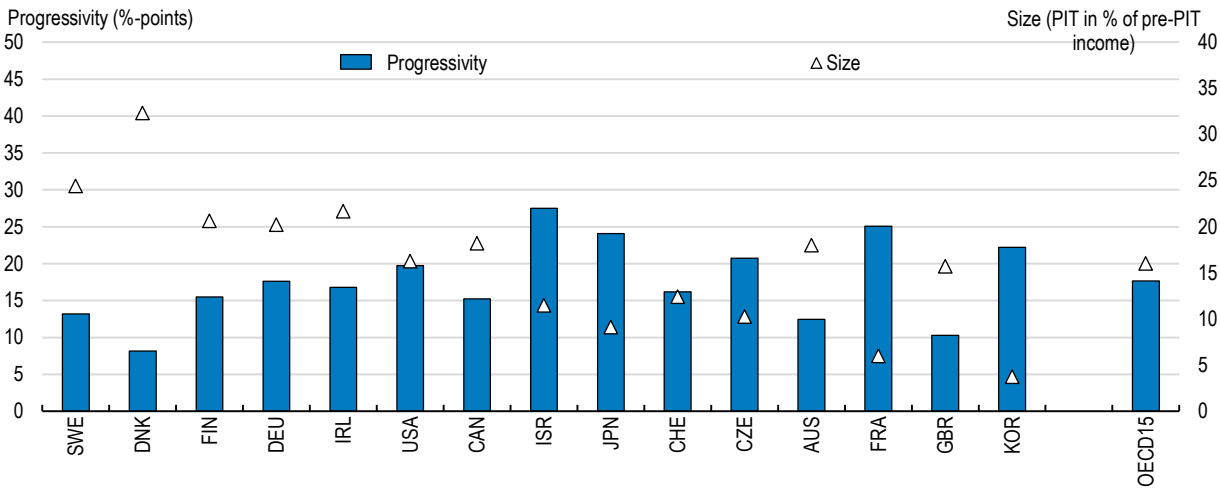
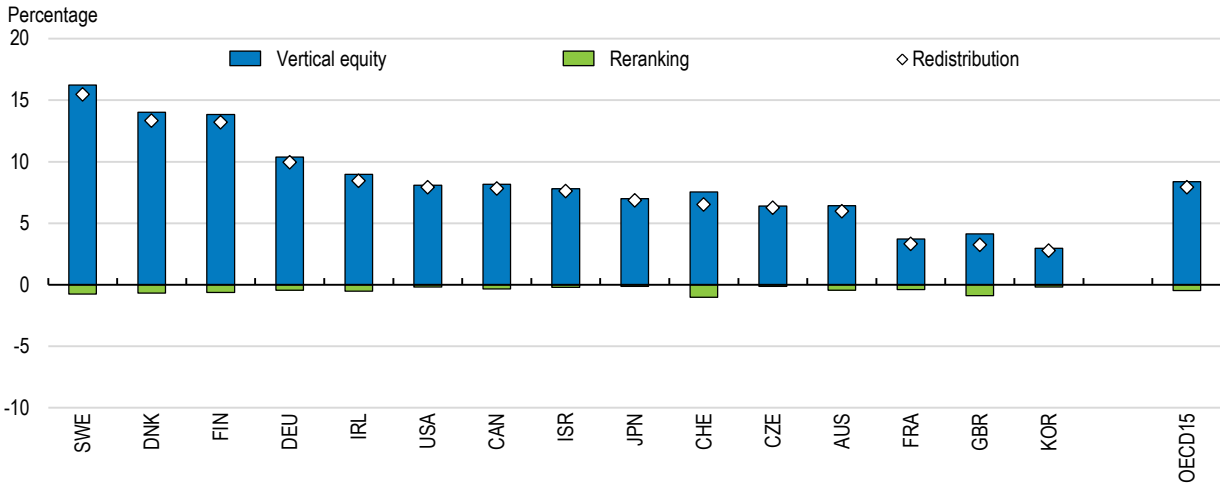




Figure A2.5. (cont.)

Personal income taxes



**Figure A2.5. (cont.)**

Social security contributions (employee's part)

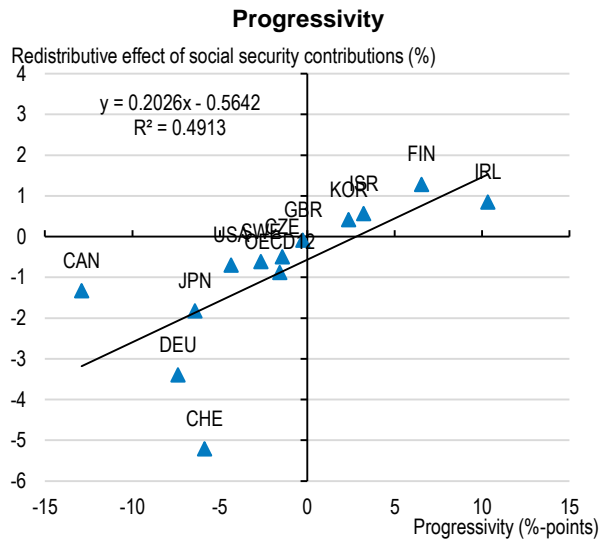
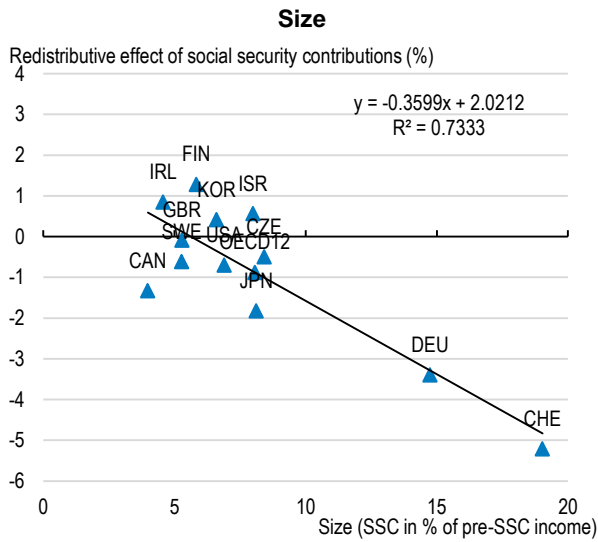
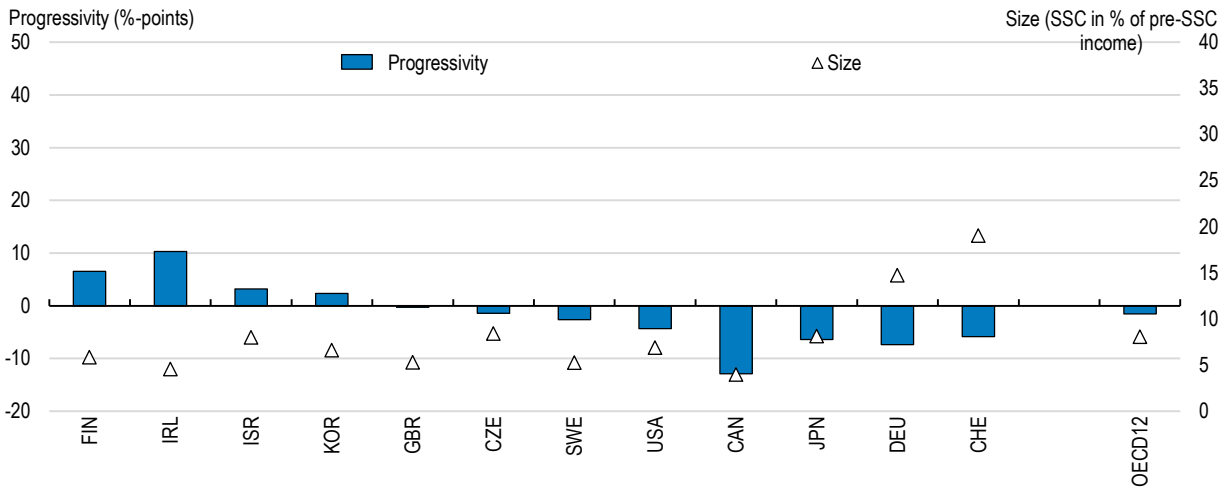
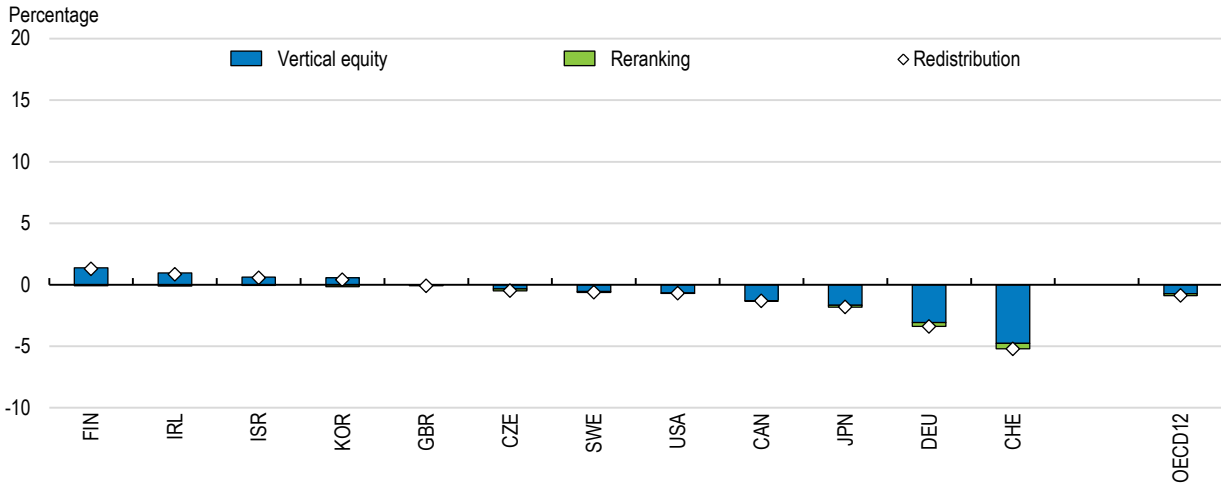


Figure A2.5. (cont.)

Insurance transfers

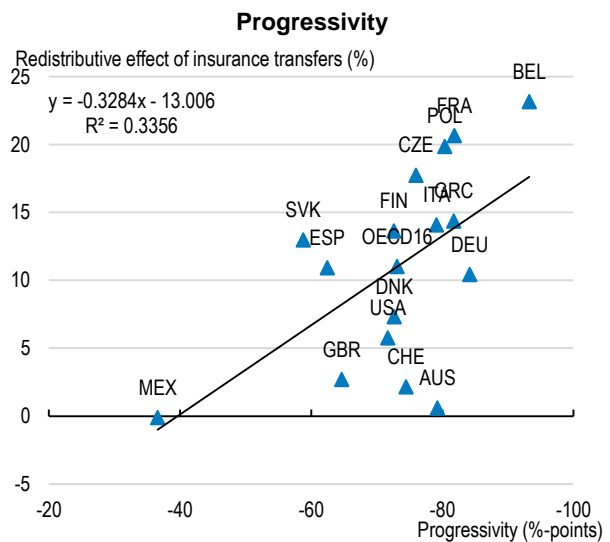
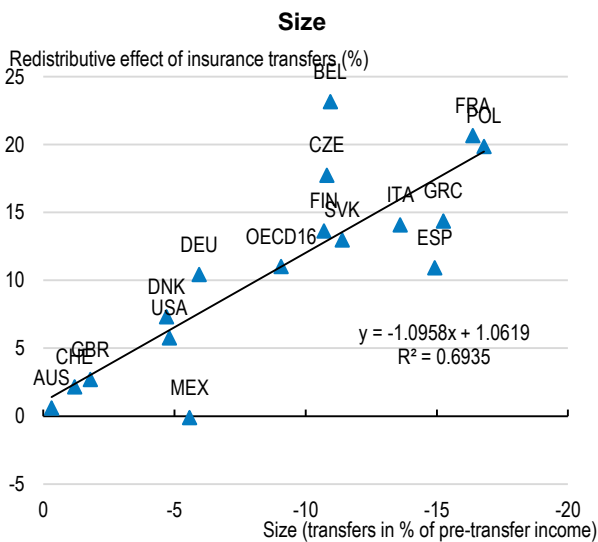
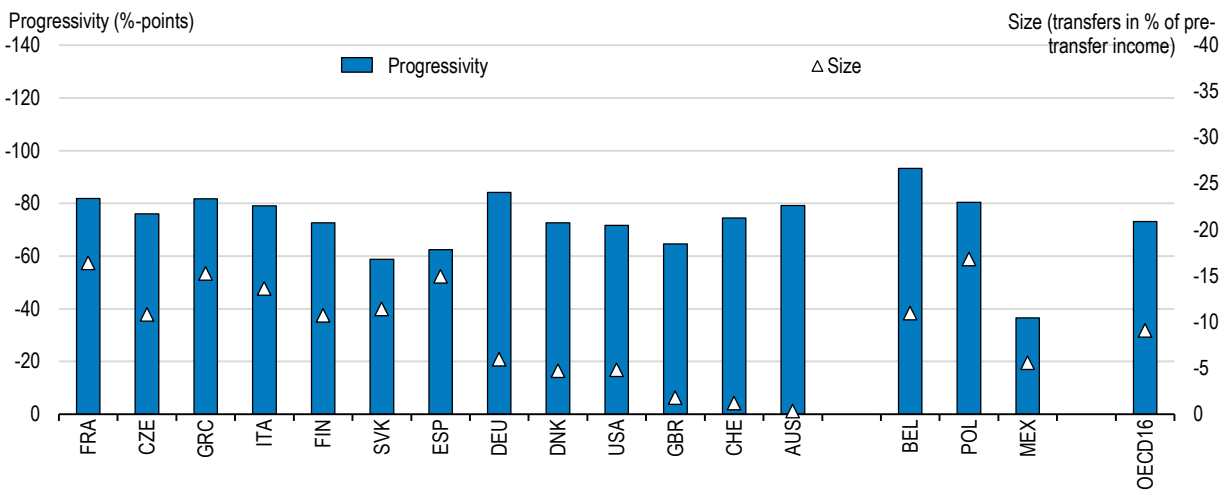
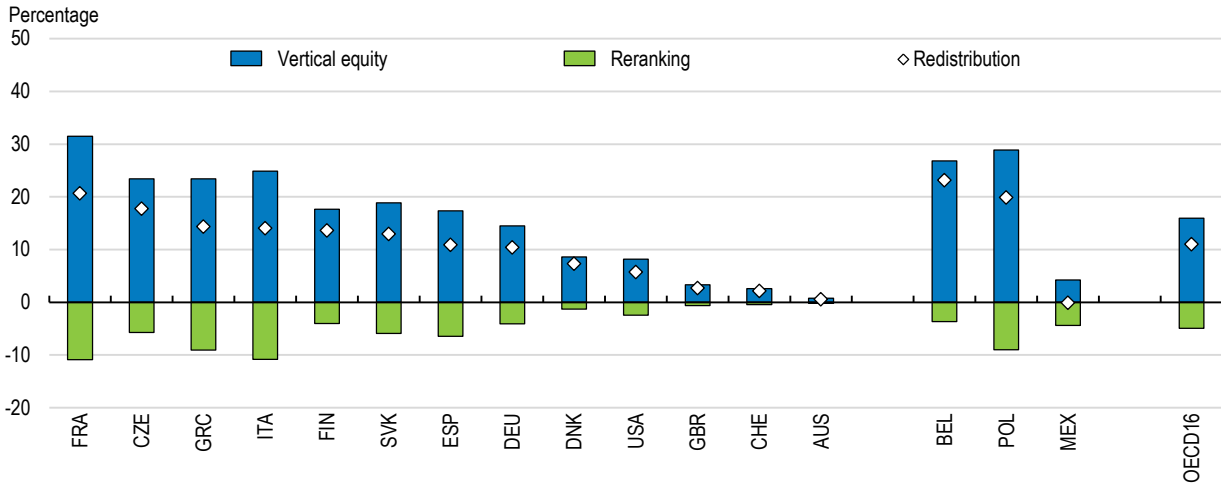


Figure A2.5. (cont.)

Universal transfers

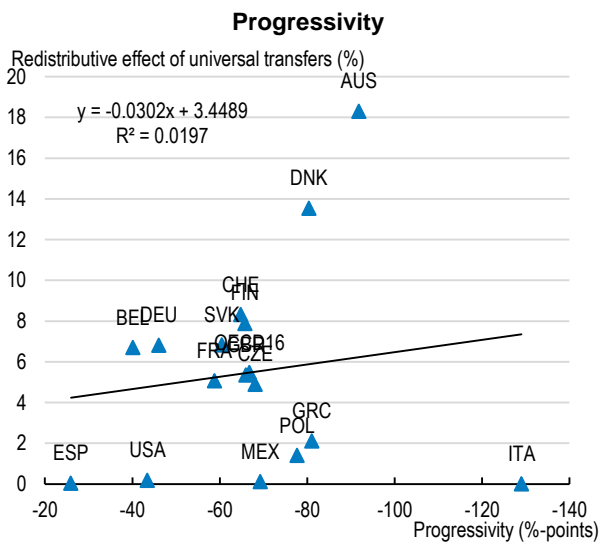
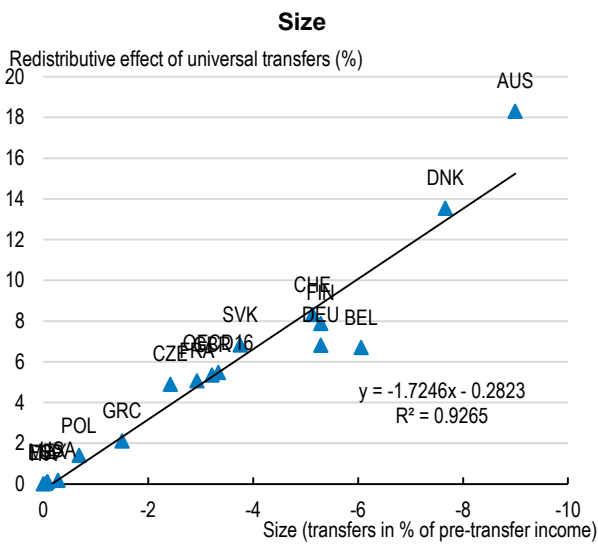
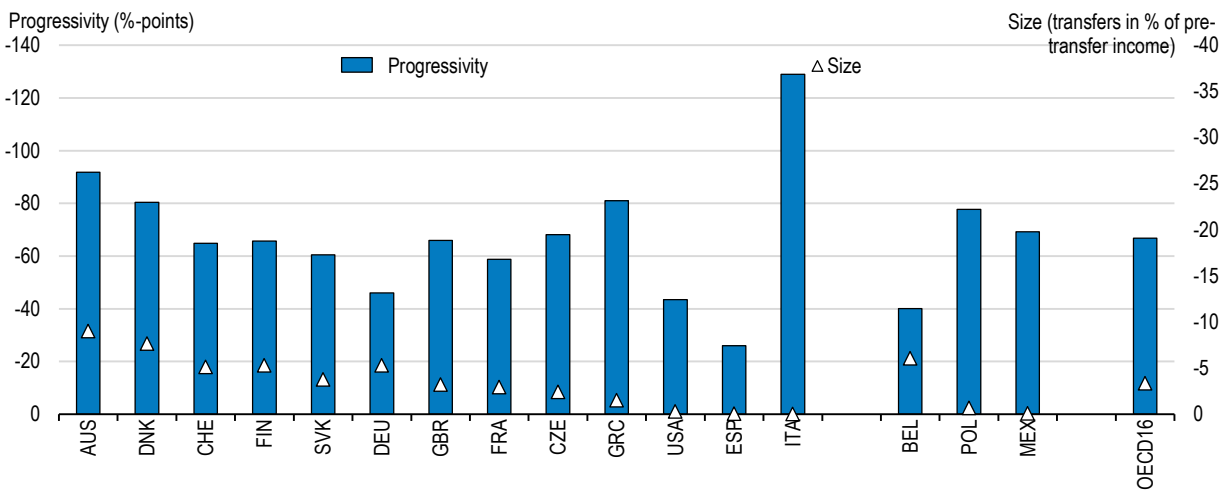
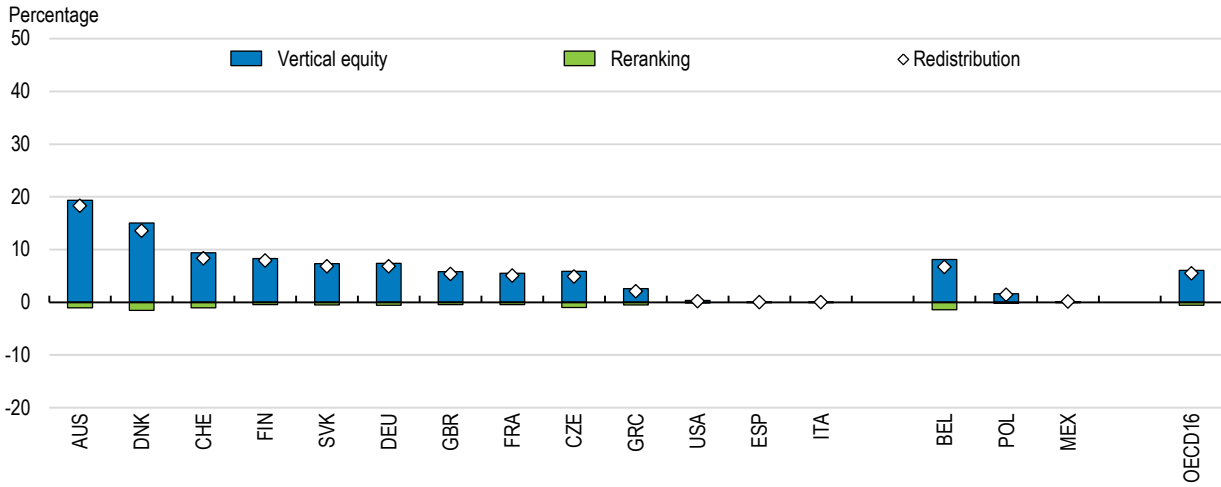
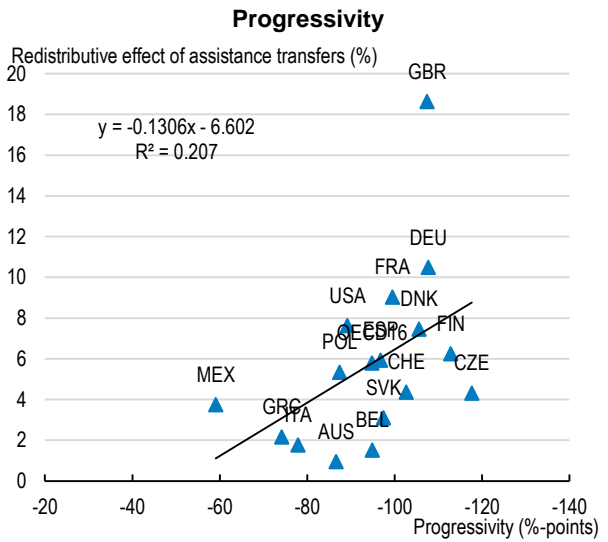
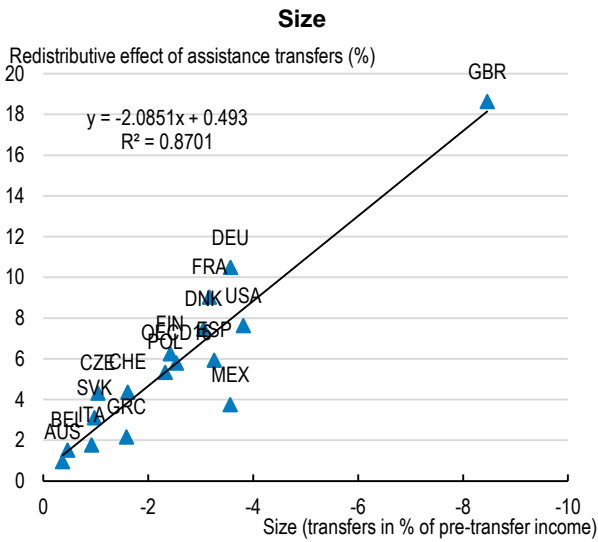
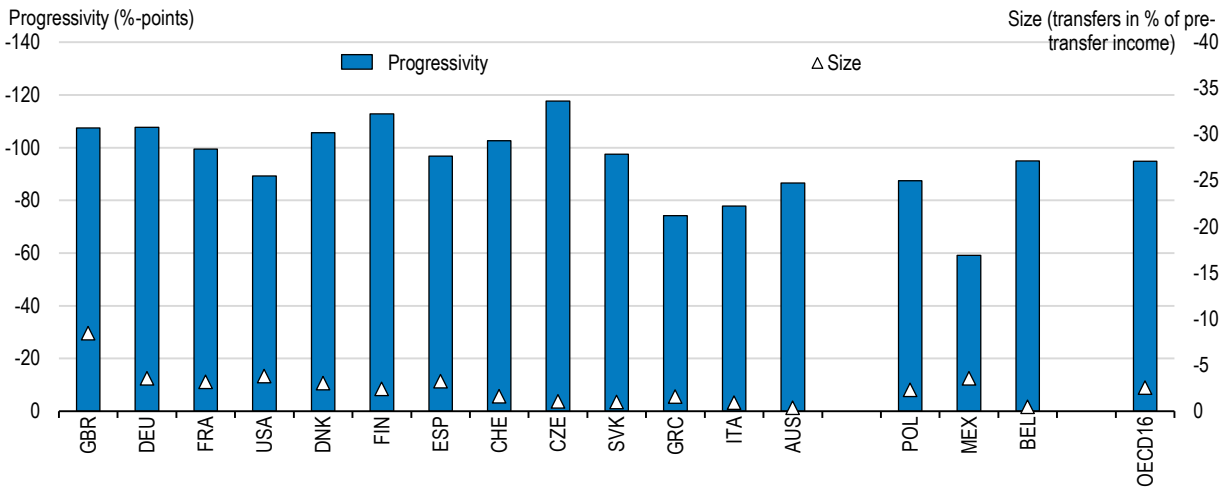
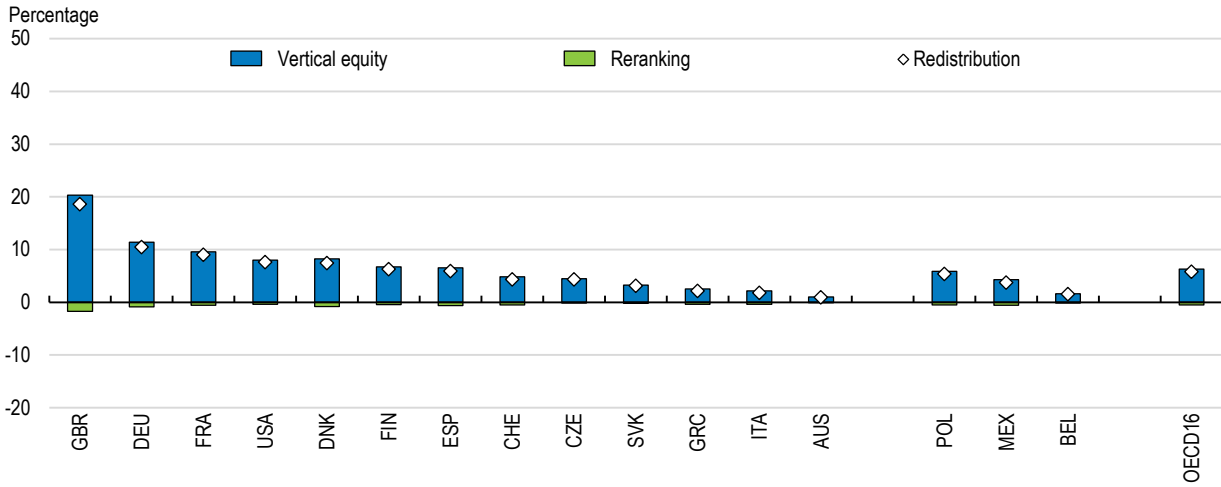


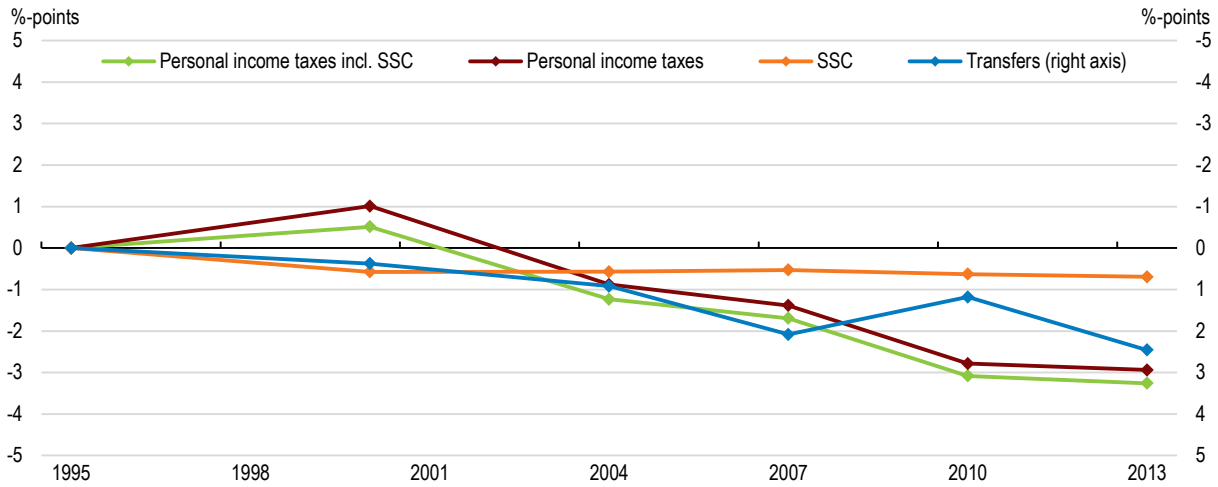
Figure A2.5. (cont.)

Assistance transfers

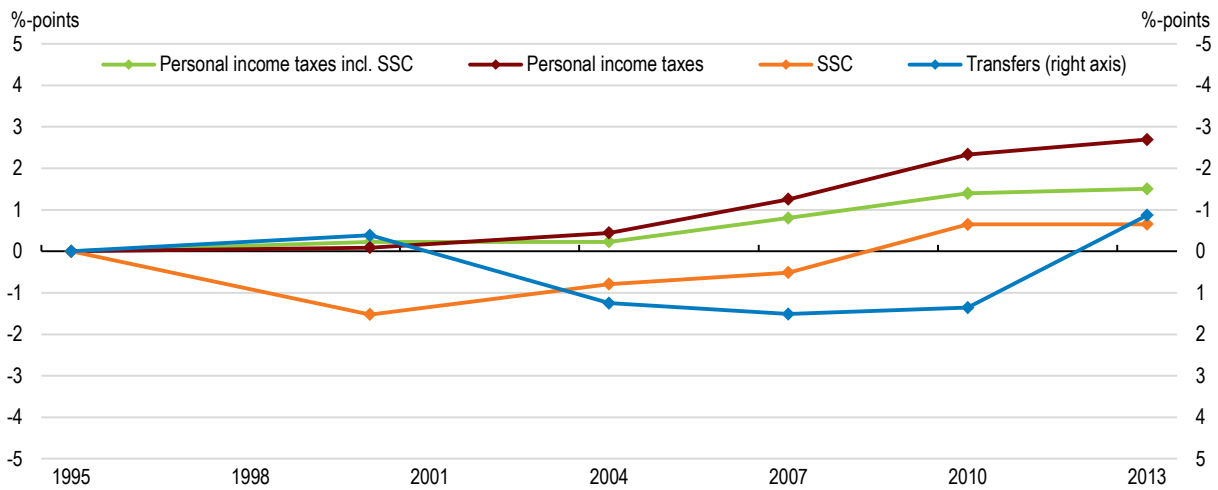


**Figure A2.6. Trends in size and progressivity of transfers, PIT and SSC, balanced OECD sample**

Working-age population, balanced average across 7 OECD countries  
 A. Size (transfers received and taxes paid in % of household income)



B. Progressivity



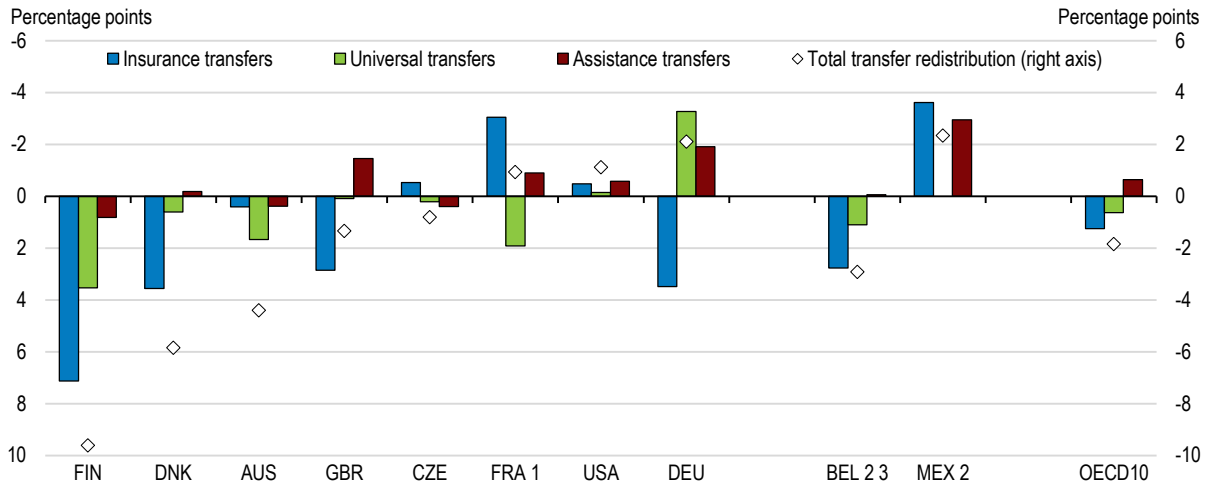
Note: See Box 4 for the approach to assess the redistributive impact of individual parts of the tax and transfer systems. The average is based on the following countries: Czech Republic, Denmark, Finland, Germany, Israel, the United Kingdom and the United States.

Source: OECD staff calculations based on the Luxembourg Income Study.

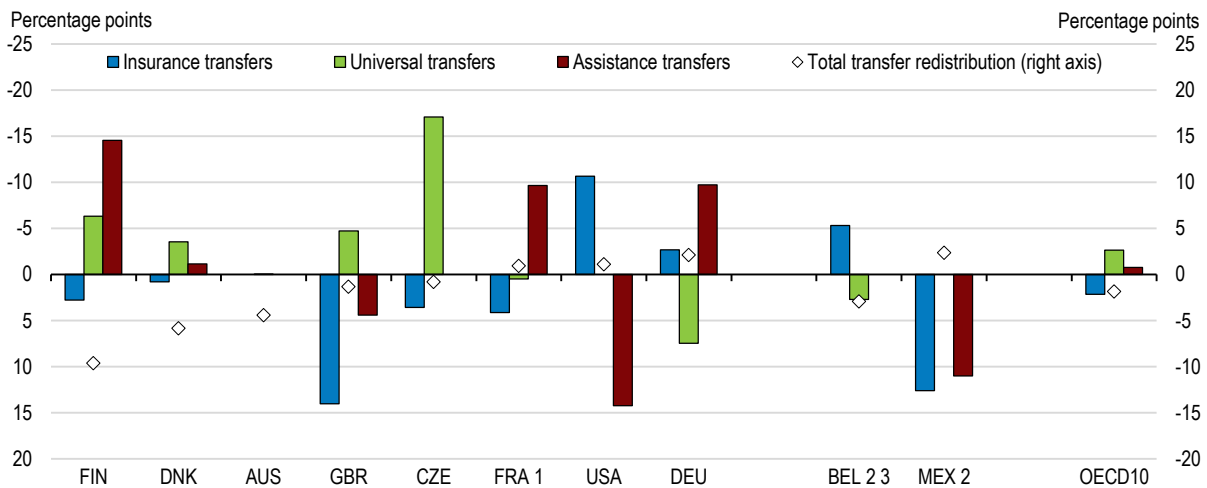
## Figure A2.7. Changes in size and targeting by transfer category

From mid-1990s to 2013 or latest available year

### A. Change in size of cash transfers to the working-age population



### B. Change in targeting of cash transfers to the working-age population



1. Social security contributions not available for France.

2. Households incomes reported net of personal income taxes in the data (net country).

3. Belgium only available for 1995-2000.

4. For Italy taxes and social security contributions are based on imputed values (see LIS documentation).

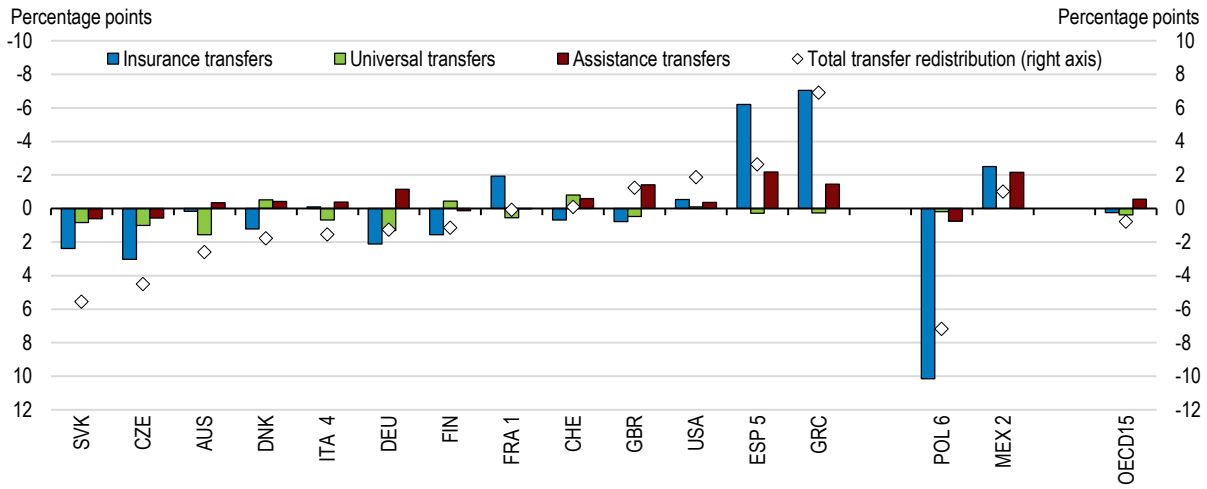
5. Changes over time for Spain should be interpreted cautiously due to a change in methodology (use of administrative sources for

6. Information on personal income taxes and social security contributions are incomplete for Poland.

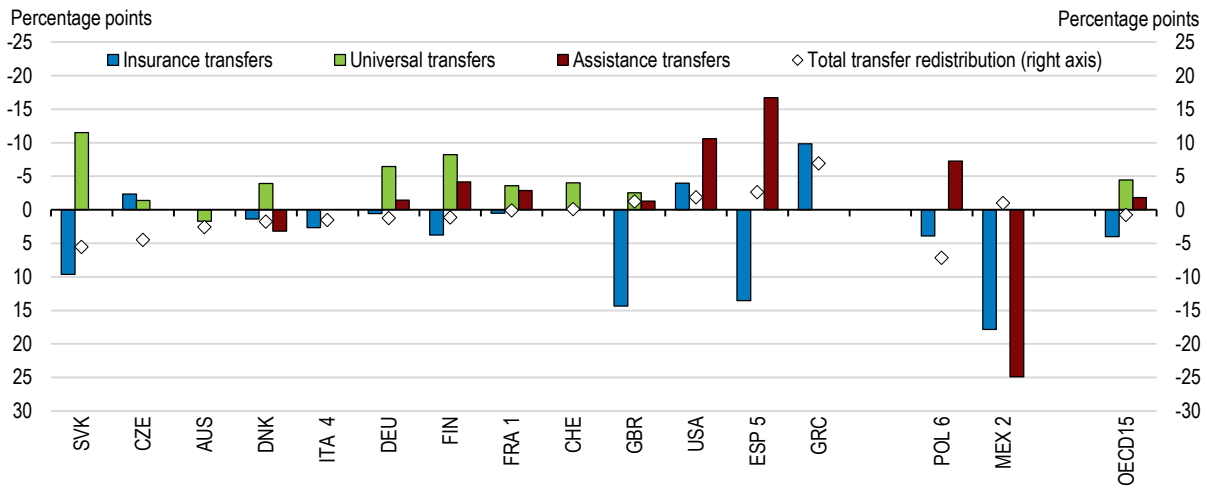
Note: See note to Figure 26. For Panel B and D, transfer categories are not shown if they are very small and thus unimportant for overall redistribution (set to be a size of less than 2% in both years). In these cases, targeting measures tend to be very volatile.

**Figure A2.7. (cont.)**

From mid-2000s to 2013 or latest available year  
 C. Change in size of cash transfers to the working-age population



D. Change in targeting of cash transfers to the working-age population

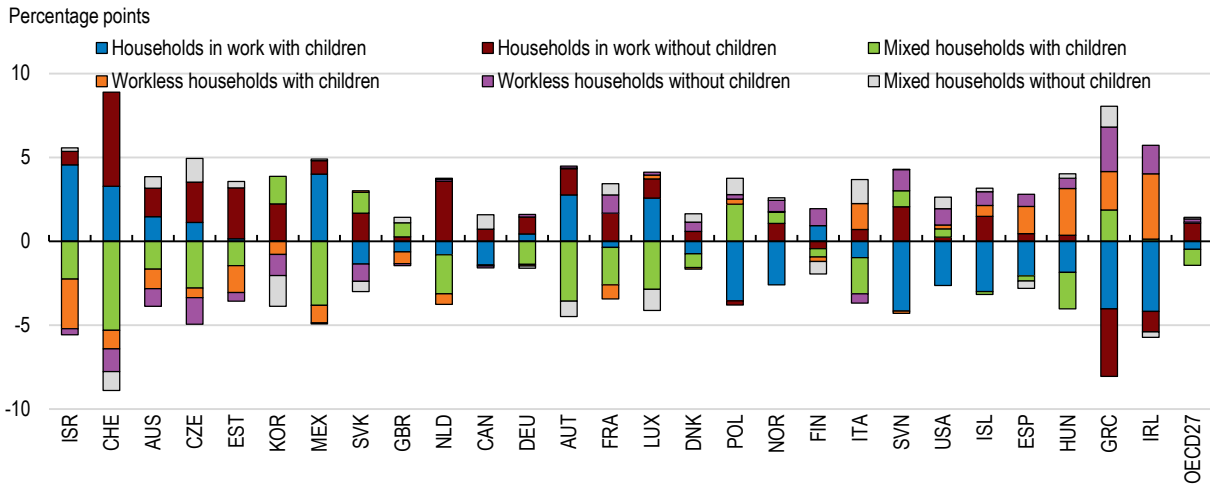


the latest year).



**Figure A2.8. Changes in the socioeconomic composition of the bottom 40% households since the mid-2000s to 2013 or latest available year**

Bottom 40% of household disposable income distribution, working-age population



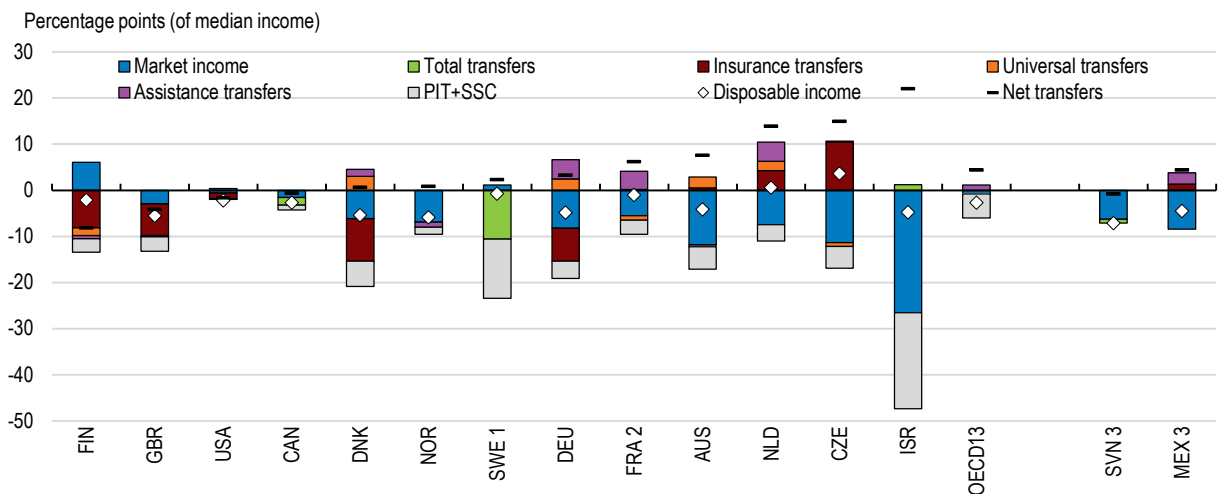
Note: Countries are sorted by the total change in workless households. See note to Figure 26 for definition of socioeconomic groups. See note to Figure 22 for country-year coverage.

Source: OECD staff calculations based on the Luxembourg Income Study.

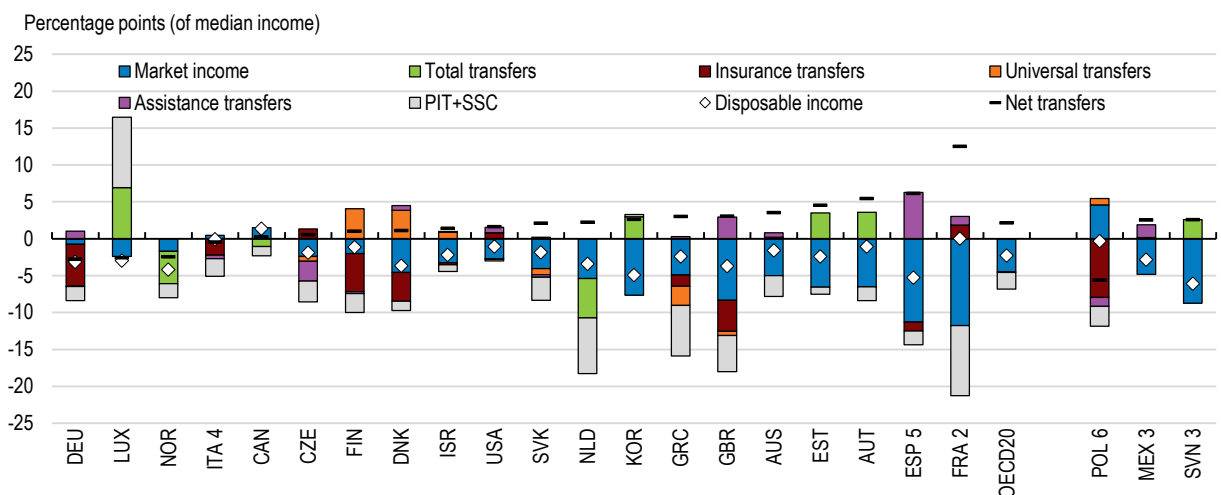
**Figure A2.9. Income levels provided by cash transfers net of PIT and SSC for mixed households within the bottom 40%**

Couple households with one member in work, without children

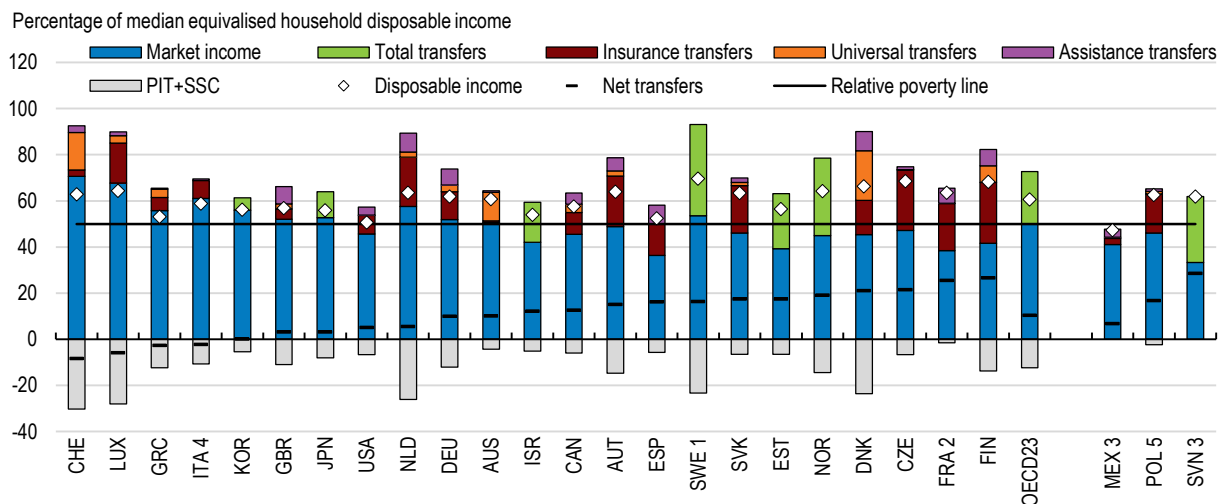
A. Change in taxes and transfers in percentage of median household disposable income, from mid-1990s to 2013 or latest available year



B. Change in taxes and transfers in percentage of median household disposable income, from mid-2000s to 2013 or latest available year



C. Income composition for 2013 or latest available year



1. Sweden only available for 1995-2005.
2. Social security contributions not available for France.
3. Households incomes reported net of personal income taxes in the data (net country).
4. For Italy taxes and social security contributions are based on imputed values (see LIS documentation).

5. Changes over time for Spain should be interpreted cautiously due to a change in methodology (use of administrative sources for

6. Information on personal income taxes and social security contributions are incomplete for Poland.

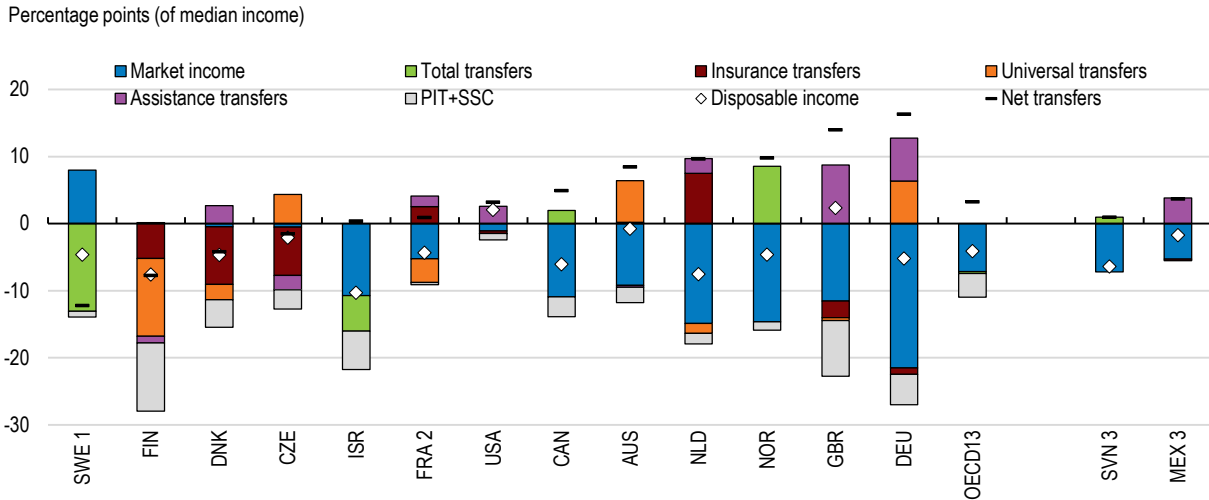
Note: Countries are sorted by net transfers received. See note to Figure 22 for country-year coverage. See note to Figure 30 for definition of socioeconomic groups. Countries with sample sizes less than 100 households have been excluded.

Source: OECD staff calculations based on the Luxembourg Income Study.

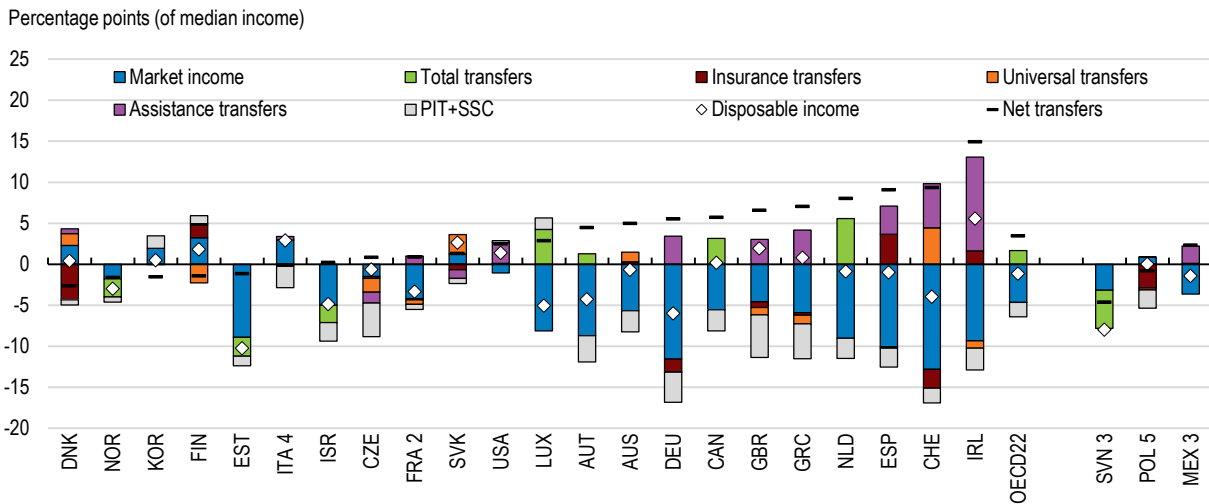
**Figure A2.9. (cont.)**

Couple households with one member in work, with children

D. Change in taxes and transfers in percentage of median household disposable income, from mid-1990s to 2013 or latest available year



E. Change in taxes and transfers in percentage of median household disposable income, from mid-2000s to 2013 or latest available year



F. Income composition for 2013 or latest available year

