

Taxing Wages

NON-TAX COMPULSORY PAYMENTS AS
AN ADDITIONAL BURDEN ON LABOUR
INCOME IN 2022

Non-tax compulsory payments as an additional burden on labour income in 2022

Introduction

1. This paper reports on the presence and magnitude in OECD countries of non-tax compulsory payments (NTCPs) that do not qualify as taxes and social security contributions (SSCs) in relation to the labour activity of employees. These payments are not detailed in the annual *Taxing Wages* report because they are not defined as taxes. However, indicators that show the combined impact of taxes and NTCPs provide important insights for analysis of the overall payment wedge on labour. As a result, Working Party No. 2 of the OECD Committee on Fiscal Affairs decided in 2009 to start calculating “*compulsory payment wedges*”, which combine taxes, NTCPs and cash benefits¹ into overall “*compulsory payment indicators*” in addition to the well-established “*tax wedges*”. These indicators, which are included in the underlying *Taxing Wages* models for each country, are summarised in this paper and are also published on an annual basis on the OECD online tax database www.oecd.org/ctp/tax-database.

2. The presence of NTCPs in OECD countries in 2022 can be summarised as follows:

- In total, there were 23 OECD member countries where such payments existed for either employers or employees.
- In 20 of these countries, there were payments applying to employers on behalf of their employees.
- In 13 countries, payments applied to employees.

3. Section 2 of this paper presents the main tax and NTCP definitions. Section 3 discusses the reasons for calculating the compulsory payment indicators. Section 4 presents the compulsory payment indicators in greater detail. Section 5 provides an overview of the NTCPs that were levied on labour income in OECD member countries in 2022. Section 6 presents the empirical results; the analysis focuses on average and marginal compulsory payment wedges and rates as well as the change in total labour costs and net take-home pay as a result of NTCPs.

Tax and NTCP definitions

4. *Taxing Wages* models taxes that are levied on wage earnings and which are *generally applicable* to taxpayers within at least one of the household types that are considered in the publication. These

¹ Cash payments received from general government in respect of dependent spouse and children (between the ages of six to eleven inclusive).

household types are distinguished by income level, marital status and number of children. In-work benefits that are generally available to such households are also modelled. These results are published in the main *Taxing Wages* publications on an annual basis. In addition, the *Taxing Wages* models also include details on non-tax compulsory payments; this information is used to prepare this paper.

Taxes

5. The OECD defines taxes as “compulsory, unrequited payments to general government...” (OECD Revenue Statistics (2022)).

- Taxes are *compulsory* in the sense that governments impose an obligation on taxpayers to pay particular amounts. Governments set the rules that determine the tax base and the rates that are applied to this tax base.
- Taxes are *unrequited* in the sense that benefits provided by governments to taxpayers are not normally in proportion to the payments made by taxpayers. This means that there has to be a redistributive element – implying redistribution across households – in order for a payment to be considered a tax.
- Taxes are paid to *general government*, which is defined to include:
 - the central administration and agencies whose operations are under its effective control,
 - state and local governments and their administrations,
 - social security funds/schemes,
 - autonomous government entities.

6. Compulsory SSCs paid to general government are also treated as taxes. Being compulsory payments to general government they clearly resemble taxes. They may, however, differ from other taxes in that the receipt of social security benefits depends, in most countries, upon appropriate contributions having been made. However, the size of the benefits is not necessarily in proportion to the amount of the contributions, which implies that SSCs are unrequited payments.

NTCPs

7. NTCPs are compulsory payments that do not meet either one of the other two elements in the definition of tax; i.e. they are either required, or are paid to an entity outside general government. Therefore, they refer to the following compulsory payments made by employers or employees in connection with the employees’ labour activity:

- *Required and unrequited compulsory payments to privately-managed funds, welfare agencies or social insurance schemes outside general governments and to public enterprises.*

The following bodies are considered to be outside general government:

- public enterprises, which are defined as “corporations, quasi-corporations², non-profit institutions or unincorporated businesses that are subject to control by government units, with control over the enterprise being defined as the ability to determine general enterprise policy by choosing appropriate directors, if necessary”;
- welfare agencies and social insurance funds/schemes outside general government;
- trade unions or trade associations (even where such levies are compulsory);

² Quasi-corporations are unincorporated enterprises that function as if they were corporations, and which have complete sets of accounts, including balance sheets.

- non-government bodies including private insurance companies, pension funds, friendly societies and provident funds³.

NTCPs include:

- payments to general governments earmarked for bodies outside general government where the government is simply acting in an agency capacity;
- contributions to schemes that are not institutions of general government even in cases where the schemes have actually been imposed by government.
- *Required compulsory payments to general government made by employees or employers.*

Payments are considered to be required if the value of the benefits is (normally) in proportion to the payments (entitling individuals to receive the benefits) that are made. Compulsory payments to publicly-managed pension funds that entitle individuals to a pension that is an actuarially fair reflection of the contributions made are therefore NTCPs rather than taxes. However, this definition does not imply that required payments have to accumulate at a market-based return.

8. Note that *compulsory*⁴ in the NTCP definition does not necessarily imply that government sets the rate that has to be paid. For example, in the case of work-related private insurance, government might oblige the employer to insure its employees against work-related accidents with a private insurance company but the insurance premium or rate could be set by the private company.

Borderline issues regarding the definition of taxes and NTCPs

9. Although the dividing line between taxes and NTCPs is clearly defined, it is not always straightforward in practice to decide whether specific payments are taxes or NTCPs. For example, compulsory pension savings that are controlled by general government and that accumulate in an individual account earning a market return or a rate that compensates for inflation would at first sight not be categorised as taxes. However, these payments might still be ‘unrequired’ and therefore classify as taxes instead of NTCPs (for example if these pension savings are not paid out if the taxpayer dies before reaching the pension age and the funds are then used to provide a minimum pension to all taxpayers that are insured).

10. This analysis (see Table 7) finds that Poland is the only OECD country where compulsory *required* payments are made to general government. This means that in the other countries all types of compulsory payments to general government are judged to some extent to have a re-distributional element, implying they are taxes rather than NTCPs. It should be noted, however, that this conclusion is based on a typically broad interpretation of the term ‘unrequired’ in the tax definition.

11. Borderline issues arise not only because of the ‘unrequired’ definition but also with respect to the definition of ‘general government’. Compulsory unrequired payments to funds that are largely controlled by general government, especially with respect to the most important characteristics of these payments, are

³ Provident funds are arrangements under which the contributions of each employee and of the corresponding employer on his/her behalf are kept in a separate account earning interest and are withdrawable under specific circumstances.

⁴ Quasi-compulsory payments – payments that mainly arise by virtue of agreement with professional organisations and union organisations – are not included in the analysis. The same holds for payments that are not compulsory but are made by most employers within a country on a voluntary basis. These assumptions have an impact on the data comparability, especially with respect to non-tax pension contributions that are compulsory in some countries but not in other countries although many employers in the latter might pay similar contributions to privately-managed pension funds. The modelling of these ‘NTCPs’ is left for future work.

typically classified as taxes and not as NTCPs, even though a strict interpretation of the ‘general government’ definition could result in the opposite conclusion.

Standard personal income tax reliefs

12. Even though NTCPs are not modelled in the tax equations that underlie the *Taxing Wages* results, these payments can reduce the personal income tax burden if they qualify as standard personal income tax reliefs. Compulsory pension contributions to privately-managed funds, for instance, might be deductible from taxable personal income and this deduction would qualify as a standard tax relief in *Taxing Wages*.⁵

13. Standard tax reliefs are those which are unrelated to any actual expenditure incurred by the taxpayer and are automatically available to all taxpayers who satisfy the eligibility rules specified in the legislation. These reliefs are usually in the form of fixed amounts or fixed percentages of income and are typically the most important set of reliefs in the determination of the income tax paid by workers (see also section “Calculation of personal income taxes” in Annex A: Methodology and Limitations of the *Taxing Wages* Report)⁶.

14. Tax reliefs allowed against compulsory SSCs are also considered as standard reliefs since they apply to all wage earners. In this case, the amount of tax relief is related to the actual SSCs paid by the employee – thus in this respect this item deviates from the general definition of standard tax relief, under which relief is unrelated to actual expenses incurred. In the same way, NTCPs can be included as standard (personal income) tax reliefs even though they are not taxes themselves. However, these tax reliefs do have to be generally available to taxpayers within at least one of the particular household types considered in the Report to be included in the *Taxing Wages* calculations.

Why calculate compulsory payment indicators?

15. The main *Taxing Wages* publication and indicators do not include NTCPs levied on wage earnings because these payments are not taxes. There are, however, good reasons to construct “*compulsory payment indicators*” that combine the burden of taxes and NTCPs:

- One of the objectives of the OECD is to provide comparable data across OECD countries. Employee and employer NTCPs either increase the employer’s total labour costs or decrease the employee’s net-take home pay in a similar way to taxes. It therefore follows that both taxes and NTCPs might be included in the same compulsory payment indicators.

⁵ The tax treatment of compulsory pension payments to privately-managed funds differs across countries. In some countries, these non-tax pension payments cannot be deducted from the personal income tax base. However, the pension that will be received in the future might not be taxed again (TEE (taxed-exempt-exempt) treatment). In other countries, NTCPs can be deducted from the personal income tax base. However, the pension that will be received in the future might then be taxed under the personal income tax (EET (exempt-exempt-taxed) treatment). Because the *Taxing Wages* Report studies the current tax burden on labour income and does not model the tax burden on pensions that will be received in the future, it has been decided to model the deduction of the non-tax compulsory (pension) payments from the taxable personal income tax base if these payments qualify as standard tax reliefs. This approach ensures that the tax burden indicators presented in the *Taxing Wages* report reflect the actual taxes paid as closely as possible.

⁶ Non-standard tax reliefs are not included in the *Taxing Wages* equations. Non-standard tax reliefs are reliefs which are wholly or partially determined by reference to actual expenses incurred. They are neither fixed amounts nor fixed percentages of income. Examples of non-standard tax reliefs include reliefs for interest on qualifying loans (e.g. for the purchase of a house), voluntary private insurance premiums, voluntary contributions to private pension schemes and charitable donations.

- Employer decisions on demand for labour are dependent on total labour costs. The distinction between compulsory SSCs that are paid to general government and those paid to privately-managed social insurance funds, for example, will often not be relevant. Also, the employees' labour supply decisions might be independent of whether the social security/insurance contributions have to be paid to general government or to a privately-managed social insurance fund instead. This seems especially the case for compulsory unrequited payments to privately-managed health funds.
- The inclusion of NTCPs and taxes in compulsory payment indicators may avoid discrete changes in the tax burden which can arise in the *Taxing Wages* 'tax wedge' measures where contributions no longer have to be made to a public (private) fund but to a private (public) fund instead or vice versa.
- These arguments in favour of compulsory payment indicators gain in importance if we observe increasing shifts either towards or away from NTCPs in OECD member countries in the future.

16. There are also arguments for not combining taxes and NTCPs in the same tax burden measure as they could have different impacts on taxpayer behaviour. One example is the case of contributions to privately-managed pension funds, which are more likely to be required than corresponding payments to general government that are treated as taxes. Of course, compulsory SSCs across countries can differ in the extent to which the resulting benefit deviates from what is actuarially fair. However, it can be expected in general that privately-managed funds will provide a return that is closer to that level. The separate calculation of tax burden indicators and compulsory payment indicators will help researchers to establish whether taxes and NTCPs have different behavioural effects.

Compulsory payment indicators

17. This section introduces the "compulsory payment indicators" that are calculated in Section 6 using the *Taxing Wages* models. The compulsory payment indicators include the taxes and NTCPs that:

- have to be made by employees and employers as a result of the taxpayer's labour activity,
- are generally applicable to taxpayers within at least one of the household types included in the *Taxing Wages* methodology,
- for which a representative rate can be constructed, if necessary.

18. The following indicators will be calculated (the symbol "Δ" means "change in"):

Average net personal compulsory payment rate =

$$\frac{\text{income tax} + \text{employee SSC} + \text{employee NTCPs} - \text{cash benefits}}{\text{gross wage earnings}}$$

Average compulsory payment wedge =

$$\frac{\text{income tax} + \text{employee SSC} + \text{employer SSC} + \text{employee NTCPs} + \text{employer NTCPs} - \text{cash benefits}}{\text{gross wage earnings} + \text{employer SSC} + \text{payroll taxes} + \text{employer NTCPs}}$$

Marginal net personal compulsory payment rate =

$$\frac{\Delta(\text{income tax} + \text{employee SSC} + \text{employee NTCPs} - \text{cash benefits})}{\Delta(\text{gross wage earnings})}$$

Marginal compulsory payment wedge =

$$\frac{\Delta(\text{income tax} + \text{employee SSC} + \text{employer SSC} + \text{employee NTCPs} + \text{employer NTCPs} - \text{cash benefits})}{\Delta(\text{gross wage earnings} + \text{employer SSC} + \text{payroll taxes} + \text{employer NTCPs})}$$

Adjusted net take-home pay =

$$\text{gross wage earnings} - \text{income tax} - \text{employee SSC} - \text{employee NTCPs} + \text{cash benefits}$$

Augmented total labour costs =

$$\text{gross wage earnings} + \text{employer SSC} + \text{payroll taxes} + \text{employer NTCPs}$$

19. The sum of total labour costs and employer NTCPs is denoted by the term ‘*augmented labour costs*’ in order to avoid confusion with the definition of ‘*labour costs*’ in the *Taxing Wages* Report. The take-home pay net of employee NTCPs is defined as ‘*adjusted net take-home pay*’. Section 6 presents the decrease in the net take-home pay and the increase in the total labour costs, as a result of the NTCPs, in dollars with equal purchasing power in 2022.

- The average/marginal compulsory payment wedge measures the average/marginal wedge between augmented total labour costs and adjusted net take-home pay as a result of income taxes, SSCs, NTCPs and cash benefits.
- The net personal average/marginal compulsory payment rate measures the average/marginal wedge between gross wage earnings and adjusted net take-home pay as a result of income taxes, employee SSCs, employee NTCPs and cash benefits.

NTCPs in OECD countries in 2022**a. NTCPs that are included in the calculations**

20. This section presents the details of the NTCPs that are levied in OECD countries in 2022 and that are modelled in the calculations underlying the results presented in Tables 1 to 3. In some cases, certain NTCPs have not been included in the calculations; these are considered in sections b, c and d below.

21. In **Australia**, employers are required to make contributions to the private pension plans of their employees under the Superannuation Guarantee scheme. While the Superannuation Guarantee scheme is mandated by the Australian Government, superannuation is provided through private superannuation funds subject to Government regulation. In 2021-22, for employees earning above a threshold of AUD 450⁷ or more per month,⁸ the Superannuation Guarantee requires employers to pay 10,0% on top of each eligible employee's ordinary time earnings to a complying superannuation fund. Employers may also choose to make contributions for workers earning less than this threshold which is not indexed. An upper earnings limit also applies. For each quarter, earnings beyond an upper threshold are not covered by the Superannuation Guarantee. In the 2021-22 tax year, this threshold (which is indexed to a measure of average earnings) was AUD 57 090 per quarter. The rate of the Superannuation Guarantee remained

⁷ The Australian Government has proposed to abolish this threshold from 1 July 2022

⁸ Ordinary time earnings is the total of the employee's earnings in respect of ordinary hours of work, including over-award payments, shift loading or commission but not including most overtime or lump-sum payments made on termination of employment in lieu of unused annual leave, long service leave, or sick leave. See Superannuation Guarantee Ruling SGR 2009/2 for further details: <http://law.ato.gov.au>.

at 9.5% in 2021-22, after when it will increase by 0.5 percentage points each year from 2021-22. This annual increase will continue until it reaches 12% in 2025-26, as presented in the table below.

	Rate
2014-15	9.50%
2015-16	9.50%
2016-17	9.50%
2017-18	9.50%
2018-19	9.50%
2019-20	9.50%
2020-21	9.50%
2021-22	10.00%
2022-23	10.50%
2023-24	11.00%
2024-25	11.50%
2025-26	12.00%

22. In **Chile**, it is compulsory for employees to make pension and unemployment insurance payments to privately-managed pension and insurance funds.

- a The pension contributions amount to 10% of gross earnings, with an upper earnings limit of CLP 32 514 140 (UF 979.2). Added to that is an amount (averaging 1.15% of income) that covers the management of each pension fund account and varies depending on the managing company. In case of high-risk jobs, the employer and the employee must also make an additional contribution of 2% (heavy work) or 1% (less heavy work) of the employee's gross income to the pension fund manager.
- b The monthly unemployment insurance premium paid by the employee is 0.6% of the employee's gross wage earnings, with an upper earnings limit of CLP 49 084 594 (UF 1 471.2). Employees do not pay the monthly unemployment insurance premium when they have a fixed-term contract or after 11 years of labour relationship.
- c Employers make mandatory payments of 0.9% of their employees' gross income for an occupational accident and disease insurance policy subject to an upper earnings limit of CLP 32 514 140. The employers pay an additional contribution which depends on the activity and risk associated to the enterprise (it cannot exceed 3.4% of employees' gross earnings). This additional contribution could be reduced down to 0%, depending on the safety measures the employer implements in the enterprise. If health and safety conditions at work are not satisfactory, this additional contribution could be applied with a surcharge of up to 100%. For the majority of employees, the payments are made to employers' associations of labour security, which are private non-profit institutions. The remaining contributions are made to the Social Security Regularisation Unit (ISL). Although this latter organisation is controlled by the government, the funds are invested on the private institutions market.
- d Employers make a mandatory contribution of 0.03% of the employees' gross income with an upper earnings limit of CLP 32 514 140 to a fund which finances insurance coverage for working parents of children aged 1 to 15, or aged 1-18, whichever applies, that have a serious health condition, so that the parents can take a leave of absence from their work in order to accompany and take care of them. During this period, the parents have the right to assistance financed by said fund (in Spanish, "Fondo SANNA") that replaces, in total or partially, their monthly earnings. The collection of this contribution is delegated to the ISL and the employers' association of labour security.
- e Employers make payments of 2.4% of each employee's income (0.8% after the labour relationship has been in place for 11 years and 3% for fixed-term contracts) with an upper earnings limit of CLP 49 084 594 (UF 1 471.2). to finance unemployment insurance. These funds are managed privately.
- f Employers are required to make compulsory disability insurance payments. The contribution

rate is 1.77%⁹ of the employee's gross income, with an upper earnings limit of CLP 32 514 140 (UF 979.2). The payment is collected by the pension fund administrator and managed by an insurance company.

23. In the case of health contributions, an employee can choose to make payments to the private insurers¹⁰ (Isapres), instead of the government-managed National Health Fund (*Fondo Nacional de Salud*, FONASA). The compulsory contribution amounts to 7% of the gross earnings with an upper earnings limit of CLP 32 514 140 (UF 979.2). Contributions to FONASA are treated as taxes in the *Taxing Wages* calculations.

24. In **Colombia**, the minimum and maximum income bases for health and pension contributions are 1 and 25 *Salario mínimo legal mensual vigente* (SMLMV) (COP 1 000 000 and COP 25 000 000) respectively. For pensions, the contributions are 16% of the monthly wage, of which 12% is paid by employers and 4% by employees. When the monthly wage is over 4 SMLMV (COP 4 000 000), the employee pays an additional rate that goes from 1% up to 2% to the Solidarity Fund. In the case of independent workers, the contribution rate is also 16.0% but the base is 40% of monthly income. For health, the total contributions are 12.5% of the monthly wage, of which 8.5% is paid by employers on behalf of their employees whose monthly earnings above 10 SMLMV (COP 10 000 000) and 4% by employees. For individual earnings up to 10 SMLMV (COP 10 000 000), there are no payments by employers and the Government assumes these payments from the corporate income tax revenues. In the case of independent workers, the contribution rate is also 12.5% but the base is 40% of monthly income. Payments for employment risks are mandatory only in respect of employment and are the sole responsibility of the employer. The contribution rate ranges between 0.348% and 8.7%, depending on the activity. A representative rate of 0.522% is used in the *Taxing Wages* calculations.

25. In **Denmark**, it is compulsory for employees who work at least 39 hours per month to pay a fixed contribution to a general Labour Market Supplementary Pension Scheme (ATP). These contributions are made to an employee's personal account within the Scheme and qualify as a standard personal income tax relief. The annual payment depends on the number of hours per month, calculated as follows:

- Between 39 and 78 hours - DKK 379.
- Between 78 and 117 hours - DKK 757.
- 117 hours or more - DKK 1 136.

26. The employer makes a contribution that is double the amount paid by the employee.

27. In addition, the employer makes an annual combined payment of DKK 6 001.8 to Samlet Betaling per full-time employee. The amount of the payment depends on the size of the employee's contribution to ATP. If the employee works less than 117 hours per month, the employer no longer pays the full amount. The combined payment covers contributions to Arbejdsgivernes Uddannelsesbidrag (AUB), Arbejdsmarkedets Erhvervssikring¹¹ (AES), Barsel.dk, Finansieringsbidrag (FIB), Arbejdsmarkedets Fond for Udstationerede (AFU) and administration contributions to Lønmodtagernes Feriemidler.

28. Contributions to the employees' ATP are not subject to income tax but are subject to the labour market tax (8%). This includes employer contributions as well as employee contributions. The same goes for contributions to programmed withdrawal (ratepension/ophørende livrente) and life annuity (livsvarig

⁹Average percentage in 2022

¹⁰ Enrolment in the private health system by December 2021 amounted to 13.95% of all main contributors (17.94% of the beneficiaries).

¹¹ The AES contributions vary widely from one sector of the economy to another. The average contribution that is used for the calculations is a simple average across the sectors and therefore does not take into account the number of workers within each sector. A weighted average covering the sectors B to N of ISIC rev.4 is not available.

livrente), but not for lump sum savings (aldersopsparring). The above rule applies whether or not the pension scheme contributions are quasi-mandatory (through collective agreement pension plans or company pension plans) or voluntary (through personal pension plans).

29. Moreover, employees will receive an allowance in their current taxation due to pension payments. Pension payments are made to privately managed funds and are annually around 12% of the total wage (i.e. pension payment formula: gross wage earnings / 0.88 * 0.12) where employee pays 4% and employer pays 8%. The allowance is 12% of the pension payments for employees with more than 15 years to retirement and 32% for employees with less than 15 years to retirement.

30. At the beginning of 2009, **Estonia** had an NTCP in the form of II pillar pension contributions. These represented compulsory payments to private funds for employees born in 1983 or after at a rate of 2% of earnings. They could also at the same time be paid on a voluntary basis by older workers. At the end of May 2009, these payments became wholly voluntary and remained so until the end of 2010. In 2011, the II pillar payments were compulsory for everyone who had joined the system. The payments were 2% of earnings for those who chose to continue payments in 2010 and 1% of earnings for those who did not. Between 2014 and 2017, 2% or 3% of earnings could be paid. In 2020, about 77% of resident employees made II pillar payments. In December 2020, these payments became wholly voluntary and remained so until 31 August 2021. Only about 10 000 employees stopped their payments. In 2021, different opt-out options were introduced, making the II pillar, in effect, voluntary. People have four basic options: 1. Continue as is; 2. The accumulated pension assets will be transferred to a special private investment account, the 2% and 4% payments will continue to that account, people will basically become their own second pillar pension fund investment manager; 3. Stop the payments into the pillar, existing assets remain invested in the fund, the person can opt in with their payments again after 10 years; 4. Stop the payments and take out assets (pay income tax), the person can opt in again after 10 years. New entrants to the labour market are automatically added to the second pillar but have the same opt-out options. About 153 000 persons younger than pension age chose to leave the scheme from September 2021. Also pension age people are leaving the scheme. At the beginning of 2022, about 57% of resident employees made II pillar payments.

31. In **Iceland**, employees are required to make contributions to a private pension fund, which is generally linked to a labour union or another employee association. The employee contribution is generally 4% of wages. Employers are also required to contribute 11.5% of employees' wages. Both employees and employers may make larger contributions. Employees can make an optional additional payment of up to 4% of wages, which goes into an individual retirement account. The employer will match the payment up to 2% of wages. Employee and employer mandatory contributions are deductible from income before tax. Additional contributions are also deductible from income tax.

32. In **Israel**, non-tax compulsory pension contributions apply to paid employees – males aged above 21 and females aged over 20 – who have been working for at least 6 months with the same employer or have held an account with a pension fund for 3 months. Foreign workers are excluded. The contributions are based on a percentage of the employee's gross wage subject to an upper limit. In January 2022, employee contributions were 6.0% of salaries, and employer contributions were 12.5% subject to an earnings limit of ILS 126 612.

33. All employees and retirees in **Luxembourg** (with the exception of public officials) have to belong to the Chamber of Employees ("Chambre des salariés") regardless of their nationality or place of residence. Annual dues are automatically withheld by the employer or by the Pension Insurance which allow the Chamber to carry out its various activities and missions. The contributions were fixed at EUR 35 per year between 2009 and 2022 for every employee who earns a gross monthly salary of EUR 300 or more and this contribution is included in the calculations. There is a reduced contribution of EUR 10 for employees with lower levels of earnings and a contribution of EUR 4 for apprentices. This employee NTCP is withheld by the employers jointly with the withholding tax on salaries.

34. In **Mexico**, employees and employers must make discharge and old age insurance contributions to a privately-managed fund, while employers are also required to make retirement pension contributions to a privately-managed fund. Employers must additionally make contributions to the INFONAVIT housing fund, a government-owned home loan provider. The base for all these payments is the worker's "base salary", with a ceiling equivalent to 25 UMAs (MXN 877,526 in 2022). The "base salary" includes cash payments of daily fees, premiums, non-cash benefits and any other fringe benefits (subject to some exceptions). The employee discharge and old age insurance rate is 1.125%, and is not deductible. The employer discharge and old age insurance rate is 3.15%, while the retirement pension rate is 2%, and the housing fund rate is 5%. These payments are deductible for the employer.

35. In the **Netherlands**, compulsory contributions under collective labour agreements are paid by employees and employers to privately-managed pension funds (i.e. the second pillar). All company sectors¹² are obliged to have a pension arrangement for their employees. Capital is built up and invested to create an acceptable rate of return. The pension premiums vary between companies. On average, employees working in the private sector pay a pension premium of 7.6%¹³ of gross earnings net of a threshold (called 'pension franchise' in Dutch) of EUR 14 374 in 2022. These pension premiums are not considered to be SSCs but instead are considered to be employee NTCPs. The threshold is built into the pension scheme to take into account that for the first part of the pensionable income, a pension is already built up in the first pillar (national pension; "AOW"). Generally, income paid in the form of pension premiums is exempt from income tax and national scheme SSCs. Pension benefits, however, will be taxed when the employee retires. The exemption from personal income taxes is limited to premiums relating to gross earnings of EUR 114 866 in 2022. Pension premiums paid over gross earnings above this threshold are taxed. On average, employers in the private sector pay a pension premium of 11.5% of gross earnings of their employees exclusive of the pension-franchise of EUR 14 374 in 2022. The compulsory pension premiums of employers to privately-managed funds are considered to be NTCPs.

36. Each adult in the **Netherlands** makes a payment for basic health insurance to a privately-managed health insurance company. The average payment in 2022 was EUR 1 522. Employees can obtain compensation for this nominal contribution, depending on their family situation and taxable income through the health care benefit ("Zorgtoeslag"). Both this benefit and the basic insurance premium are included in the NTCP calculations. In addition, a payment of 6.75% of gross earnings, net of employees' pension premiums and unemployment social security contributions, is paid to the Health Care Fund up to a maximum of net earnings of EUR 59 706 in 2022. This is also modelled as a NTCP. The expenditure of the Health Care Fund mainly compensates private insurance companies for their (public) obligation to insure individuals with a high health risk.

37. Since January 2006, companies in **Norway** must have an occupational pension scheme for their employees. Until 2022 it was permitted to exclude employees under the age of 20 and those in part-time employment of less than 20% of a full-time position. New regulations were introduced in 2022. The new age limit is 13 years and there are no restrictions on part-time employment. Employers can offer a defined contribution, a defined benefit pension scheme or a mixed scheme (combining elements of defined contribution and defined benefit schemes). Defined contribution schemes are offered by banks, life insurance companies, pension funds and companies that manage securities funds. Defined benefit

¹² Very small companies do not have pension arrangements for their employees. If a company offers a pension arrangement to one of its employees, it has to offer the same arrangement to all its employees. Nearly all SME's (approximately 95%) have pension arrangements for their employees.

¹³ Final information regarding the pension premium contributions for employees and employers in Sectors B-N (ISIC Rev. 4), as a percentage of average earnings, becomes definitive only after three years. This implies that currently definitive information regarding the contribution rates is only available for 2017 and prior years. An estimated non-tax compulsory employees' and employers' pension contribution rate for 2012 has been used in the 2022 NTCP calculations.

schemes are offered by life insurance companies and pension funds. Employers pay contributions of at least 2% of the employee's earnings up to 12 G (G is the National Insurance basic amount and the average for 2022 was NOK 109 784) to the pension scheme. These payments are modelled as NTCPs. There are some additional payments that are not included in the NTCP calculations. Employers are also obliged to cover the costs of administering the pension scheme. In addition to the pension contribution, the pension scheme also contains an insurance element that ensures that employees continue to earn pension entitlements in the event of disability. Employees may also contribute to their own pension if certain criteria are met.

38. Individuals in **Poland** that are subject to social insurance (i.e. due to employment) are obliged to pay pension contributions. Half of these contributions are paid by the employee (9.76% of gross wage earnings) and are deductible from taxable personal income. The equivalent amount is paid by the employer. Those amounts (19.52% of gross wage earnings) are collected by the Social Insurance Institution (Zakład Ubezpieczeń Społecznych, ZUS), which is a government agency. The cumulative earnings ceiling for contributions is PLN 177 660 in 2022 above which no more contributions are paid.

39. The Agency files (records) the amounts paid on an individual account for each insured person. Part of the pension contributions (62.60%, or 12.22% of gross wage earnings) consist of the traditional first pillar, where the savings are not paid out if the taxpayer dies before reaching pension age. These pension entitlements are indexed by a rate that reflects the growth of the total inflow of nominal contributions. Up to May 2011, all of the Pillar II part of the contribution (37.40%, or about 7.3% of gross wage earnings) was transferred by ZUS to a privately-managed pension fund, which is called an "open pension fund (OPF)". These contributions were considered as NTCPs. The pension contributions controlled by OPF were accumulated at market rates. The pension savings were paid out if the taxpayer died before reaching the pension age (as long as the taxpayer was a member of OPF). The insured person could choose the private pension fund through which (s)he saved for a pension. If the individual did not make a choice between one of the privately-managed funds that were on the market in Poland, (s)he was assigned to an OPF.¹⁴

40. From May 2011, the OPF was retained but a new subaccount controlled by ZUS was set up as part of the second pillar. The accumulated funds are subject to inheritance. They are not accumulated at market rates, but are annually indexed by the average rate of economic growth for the last 5 years. These payments are treated as compulsory required payments to general government and are modelled as NTCPs. The total second pillar contribution rates continued to be 7.3%, but the breakdown of this between the payments to the OPF and the new subaccount in ZUS varied over time as is shown in the table below.

SSC: Pension contribution sharing				
Period	Percentage of gross earnings			Total
	I Pillar [ZUS]	OPF	II Pillar New subaccount in ZUS*	
Up to April, 30 2011	12.22%	7.3%	-	19.52%
May 2011 to December 2012	12.22%	2.3%	5.0%	19.52%
2013	12.22%	2.8%	4.5%	19.52%
January 2014	12.22%	3.1%	4.2%	19.52%
February 2014 to June 2014	12.22%	2.92%	4.38%	19.52%

¹⁴ There is a small group of the insured that are not obliged to save for a pension through an OPF. These are persons that are born before 1949. Also persons that are born between 1949 and 1968 could have chosen not to enter the new pension system. They pay their contributions exclusively to ZUS and they will receive their pension based only on the indexed contributions filed (recorded) by ZUS.

The total amount of indexed contributions filed (recorded) by ZUS and capital accumulated in OPF are pooled by the Pension Institution when the taxpayer reaches his/her pension age; the total amount of funds are used to calculate the value of the monthly pension. It is calculated by dividing the amount of pooled savings by the average length of life (after the pension age). A minimum monthly pension is guaranteed (PLN 880.45 after 1 March 2015).

July 2014 and after	12.22%	0% or 2.92%**	7.3% or 4.38%**	19.52%
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* Accumulated capital to be indexed annually by the rate of economic growth (5 year period); Capital subject to inheritance (just like in OPF)

** The amount of the payment depends on a choice made by the payer (see paragraph 39).

41. From July 2014, ZUS only transfers the part of the contributions to OPF if the insured persons decide to, and then up to 2.92% of earnings. Otherwise 7.3% of the gross wage earnings are passed to the subaccount in ZUS. Furthermore, from November 2014, for all persons who are less than 10 years from the retirement age all assets gathered in OPF will be gradually transferred to the subaccount in ZUS and all new contributions will be passed to the subaccount in ZUS as well.

42. In January 2005, the **Slovak Republic** introduced a privately-managed fully-funded pension pillar. From 2008 onwards, employees entering the labour market have the option of whether to join the private pension scheme or not. If the employee joins the scheme, the employer will pay contributions of 9% of earnings to the privately-managed pension fund. The employer will also pay contributions of 5% of earnings to the Social Insurance Agency within the general government. If the employee decides not to join the private pension scheme, the employer will pay contributions of 14% of earnings to the Social Insurance Agency. As employers are not obliged to pay the 9% of earnings to the general government (depending on whether the employee decides to participate in the privately-managed fully funded pension scheme or not), these payments are not considered to be taxes. Because these payments are compulsory – in fact, most employees¹⁵ participate in the private pension scheme – these pension contributions are considered to be NTCPs instead. The NTCPs are levied on the same tax base as the pension SSCs.

43. As from September 2012, the pension sharing scheme was changed. The employer's retirement contribution rate to the fully funded Pillar (II Pillar) was reduced from 9% to 4% (see the following pension contribution sharing table for more details). From 2017, the contribution rate to the II pillar has automatically increased by 0.25 percentage points per year (i.e. contribution rate to the I pillar decreases in the same volume), until it reaches 6% to the II pillar and 8% to the I pillar in 2024.

44. In response to the COVID-19 pandemic, businesses that were compulsorily closed by order of the government did not have to pay employer social insurance contributions including the II Pillar contributions for April 2020. This one-off abatement was not modelled for the purpose of this Report because it affected only about 15% of the workforce.

SSC: Pension - contribution sharing in case of II. pillar participation				
Period	Percentage of gross earnings			Total
	I Pillar		II Pillar	
System up to September 2012	9% (5% employer + 4% employee contribution)		9% (employer contribution)	18%
System up to December 2016	14% (10% employer + 4% employee contribution)		4% (employer contribution)	18%
System up to December 2017	13.75% (9.75% employer + 4% employee contribution)		4.25% (employer contribution)	18%
System up to December 2018	13.5% (9.5% employer + 4% employee contribution)		4.5% (employer contribution)	18%
System up to December 2019	13.25% (9.25% employer + 4% employee contribution)		4.75% (employer contribution)	18%
System up to December 2020	13% (9% employer + 4% employee contribution)		5% (employer contribution)	18%
System up to December 2021	12.75% (8.75% employer + 4% employee contribution)		5.25% (employer contribution)	18%

¹⁵ The share of employees within the second pillar varies every year (due to one-off possibility to opt-out and regular inflow of new employees).

Current system from January 2022	12.5% (8.5% employer + 4% employee contribution)	5.5% (employer contribution)	18%
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45. Employers in the **Slovak Republic** are obliged to create Social Funds (SFs) as a social policy tool for their employees. The compulsory contribution rate to the SF ranges from 0.6% to 1.0% of all gross wages payable to employees during the calendar year. The exact rate depends on the employer's profit in the previous year. All resources in the SFs have to be distributed to the employees. Employers have to provide employees with a benefit from the SFs in cash or in kind with respect to:

- catering for the employees beyond the scope specified in the special regulations.
- travel to work and back;
- participation in cultural and sports events;
- recreation and services utilised to regenerate the labour force;
- health care;
- social aid and money loans;
- supplementary pension savings, excluding the contribution to the supplementary pension savings for which the employer is obliged to pay pursuant to a special regulation;
- further implementation of the corporate social policy in the area of employee care.

46. These contributions to SFs increase total labour costs for employers in the **Slovak Republic**. There is no financial link with general government because SFs are managed by employers so these compulsory payments are NTCPs. The calculations assume a rate of 0.6%.

47. In **Sweden**, employees must pay a burial fee to either the Church of Sweden or the municipality responsible for the burials. The fee is levied as an additional 0.243%, on average, on top of the local government tax rate. Since 1 January 2019, a compulsory public service fee is charged on the same tax base as the local government tax. The fee finances public media such as television and radio. The fee is 1% of taxable income, up to a maximum fee of SEK 1 327 in 2022.

48. In **Switzerland** the following NTCPs have to be paid:

- *Contributions to the second pillar of the pension system (occupational pension funds):* Occupational pension funds are mandatory for salaried persons earning at least CHF 21 510 annually and at most CHF 86 040 in 2022, although typically further contributions are paid out of income exceeding the cap for legally required contributions. Contributions are taken from income above the lower threshold, initially with a fixed minimum and then subsequently (from CHF 25 095) through proportional contributions.¹⁶ Old age insurance is based on individual savings. The savings assets accumulated by the insured person on their individual savings account over the years serve to finance the old age pension. The constituted capital is converted into an annual old age pension on the basis of a conversion factor. Contribution rates depend on the occupation and age of the employee, and the pension fund involved.¹⁷ The estimated representative rates used in the calculations were 7.90% for employees and 10.60% for employers in 2022.
- *Health insurance* is compulsory for all persons domiciled in Switzerland. Every family member is insured individually, regardless of age. The contributions are lump sum contributions per capita depending on age, sex, canton of residence and insurer. The national average rates for the year 2022 are CHF 5 832.00 for adults and CHF 1 382.40 for children. Health insurance premiums can

¹⁶ In not taking contributions out of income below the lower threshold level (and thus not building up any pension covering this income level), pillar 2 is coordinated with pillar 1.

¹⁷ Moreover, contribution rates tend to vary positively with income, especially beyond the legally required income levels.

be reduced depending on the contributor's income level and the family situation. Each canton has its own definition of the income thresholds and the reduction regime. The health insurance premium and reduction rates in the Canton of Zurich are used in NTCP calculations.

- *Family allowance*: Employers have to make family allowance contributions. The contribution rates vary between cantons and family contribution funds. A representative rate of 1.2% has been estimated for 2022.
- *Accident insurance*: Accident insurance is compulsory for every employee. Employees are automatically insured by their employers, who are generally automatically assigned to a particular insurance company depending on their branch of trade. The risk and associated costs of the respective business activity determines the insurance premiums.

b. Employer work-related private insurances to cover accidents and occupational diseases that are not modelled

49. In 12 OECD countries (Australia, Belgium, Chile, Colombia, the Czech Republic, Denmark, Germany, New Zealand¹⁸, Portugal, Spain, Switzerland and the United States), it is compulsory for employers to insure their employees against work-related accidents and occupational diseases with a private insurance company (see Table 7). Governments typically do not impose the premium/rate that has to be paid. Instead, the premium/rate that insurance companies charge typically depends on the risk characteristics of the jobs that are insured.

50. An ideal representative insurance rate would be obtained by calculating a weighted average premium/rate where the weights depend on the share of workers in the total labour force (in sectors B-N in ISIC Rev. 4) whose employer pays that particular premium/rate. This requires the availability of detailed information on the labour force (number and types of insured workers within each country) and the work-related insurance premium/rate that their employer pays. The calculated premium/rate would then depend on the country's actual industry structure.

51. In practice, most OECD countries face difficulties in calculating this representative insurance premium/rate. In order to ensure data comparability across OECD countries, it was therefore decided not to include compulsory work-related private insurance to cover accidents and occupational diseases in the NTCP calculations. The overview table (Table 7) included at the end of the text does, however, provide information on the countries that have compulsory work-related private insurance to cover accidents and occupational diseases.

c. NTCPs that are not modelled

52. In **Austria**, a programme was introduced in 2001 which replaced the system of severance payments ("Abfertigung") that the employer had to pay when an employee was dismissed or retired. Since 1 January 2001, employers have been required to pay 1.53% of gross wages to the Social Health Security Fund ("Krankenkassen") for those whose employment started after that date. It can also apply to taxpayers who started working before 2001 if the employer and employee opt to participate in the new programme. The Social Health Security Fund transfers contributions to a privately-managed fund, which is responsible for disbursing the severance payments when the employee leaves. These contributions are not generally applicable to all taxpayers since those who started working before 2001 are not obliged to enter the new system so these NTCPs are not included in the calculations.

53. In **Hungary**, prior to November 2010, workers were required to either join a private pension fund, or contribute to the public social security scheme, while labour market entrants had to join a private pension

¹⁸ As part of New Zealand's broader Accident Insurance Scheme, both employer and employee contributions must be made to the Accident Compensation Corporation, a wholly state owned company.

fund. Either way, they were required to make the same total payment of 9.5% of wages. For taxpayers choosing to join a private pension scheme, 8% of wages was paid to the pension fund while the remaining 1.5% went to the public social security scheme. For non-members the entire 9.5% went to the public scheme. Neither payment was deductible against personal income tax. The *Taxing Wages* publication assumes workers contributed to the public scheme and therefore includes the 9.5% as SSCs (taxes) in the calculations. As of November 2010, both members and non-members of a private pension scheme (2nd pillar) are obliged to pay the compulsory pension contribution to the public social security system and it is no longer mandatory to make contributions to the private pension scheme. The rate of compulsory pension contribution was 10% as of January 2011 (from November 2010 to January 2011, the rate was 9.5%). There are therefore no NTCPs in Hungary from that date onwards.

d. Other payments that do not qualify as NTCPs

54. In **Korea**, it is compulsory for employers to pay a retirement payment or make a contribution to the retirement pension system (Defined Benefit or Defined Contribution) for an employee who is either dismissed or retires. The retirement pension system requires employers to accumulate funds in advance as other occupational pensions but more than 90% of companies opt not to accumulate the funds in advance. As a result, any contributions that employers may make during the period that the employee is hired – for example, to a privately-managed pension fund or an internal fund within the firm – in order to pay for the retirement payment at the end of the working relationship are not modelled as NTCPs.

55. *KiwiSaver* is a Government initiated retirement savings scheme administered directly through the tax system in **New Zealand**. Where an employee is a member of *KiwiSaver* and is contributing to the scheme, compulsory employer contributions are made at 3% of an employee's gross wage. However, employers are exempt from contributions if they are already paying into another eligible registered superannuation scheme for an employee, if the employee is under 18 or over 65, or if the employee is not contributing themselves (e.g. on a payments holiday). Employees join the scheme on a voluntary basis and so the payments are not considered to be NTCPs.

56. The Employee Capital Plans in **Poland**:

The Employee Capital Plans Act (PPK) entered into force on 1 January 2019. The main objective of the PPK is to increase private, long-term savings and to enhance the stability of future pensioners by creating voluntary employee capital plans, with contributions paid by the employee and the employer and with incentives from the State Treasury to encourage employees to join the system.

Under the new act, the establishment of so-called employee capital plans is planned. These will be based on the automatic enrolment of all employees aged from 19 to 55 whose employee contracts are subject to regular pension contributions. Participation in the new scheme is voluntary because employees have the right to opt out. Employees aged over 55 may also join the system. Based on the concept of the proposed system, there is an obligation for all employers to create capital plans within the company, managed by entitled financial institutions (investment funds, companies currently managing Open Pension Funds or employee pension plans, and insurance companies). Employees who join the system will be obliged to pay 2.0% of their gross salary, on a monthly basis, to established capital plans, and an additional 1.5% of gross salary will be contributed by employers. The contributions can be voluntarily increased by a further 2.0% of gross salary for employees and a further 2.5% by employers (the minimum contribution rate is then 3.5% and the maximum 8.0%). To encourage employees to join the PPK, incentives paid from the Labour Fund are also envisaged: PLN 250 – a one-off welcome bonus at the start of the programme (after 3 months of regular delivery of contributions to PPK); and PLN 240 – a yearly bonus when a certain amount of savings has been accumulated in the previous year (equal to 6 months of contributions at 2%, based on the minimum salary). As an incentive for persons with the lowest monthly incomes

(120% of the minimum wage or less) to join the scheme, an option to lower the employee contribution for PPK (to a minimum rate of 0.5% of gross salary) is allowed for low-income earners, who will not lose the right to receive the yearly bonus.

The accumulated savings under these plans will be managed by licenced financial institutions and invested on the financial market. When an employee exceeds 60 years of age, 25% of savings may be withdrawn as a one-off transfer and the remaining 75% will be paid in equal monthly instalments over 10 years. These payments are not subject to capital gains taxation. In order to increase the security of the invested funds, the legislation sets a framework for the investment policy to be followed.

The obligation to establish employee capital plans will gradually cover firms depending on their number of employees: it started from July 2019 with companies employing more than 250 persons and by January 2021 expanded to cover public sector employers and companies with fewer than 20 employees. Employees join the scheme on a voluntary basis and so the payments are not considered to be NTCPs.

Empirical findings

57. There are 23 OECD member countries that levy NTCPs on wage earnings. Fifteen OECD countries (Australia, Chile, Colombia, Denmark, Estonia, Iceland, Israel, Luxembourg, Mexico, the Netherlands, Norway, Poland, the Slovak Republic, Sweden and Switzerland) levy NTCPs that are generally applicable to taxpayers and that are included in the calculations for the compulsory payment indicators (see Table 1 to Table 6 and Figure 1 and Figure 2). In a further seven OECD countries (Belgium, the Czech Republic, Germany, New Zealand, Portugal, Spain and the United States), it is compulsory for employers to insure their employees against work-related accidents and occupational diseases with a private insurance company (Table 7). Finally, NTCPs are levied in Austria that are not generally applicable to taxpayers.

58. The following tables and figures display measures of the compulsory payment wedges only on the basis of those NTCPs that can be modelled. They therefore exclude the effect of compulsory payments relating to the employer work-related private insurance to cover accidents and occupational diseases. It is not possible to model the latter for the reasons set out in paragraphs 48 to 50 above. This limits comparability between the estimates for the different countries and has the following specific implications for Table 1 to Table 6 and Figure 1 and Figure 2 and the text set out in paragraphs 58 to 64 below:

- The compulsory payment wedges for 12 countries are lower than they would have been if it had been possible to model these payments in the calculations.
- The 12 countries are Australia, Belgium, Chile, Colombia, the Czech Republic, Denmark, Germany, New Zealand, Portugal, Spain, Switzerland and the United States.
- The ordering of countries by size of average compulsory payment wedge (Figure 1) and marginal compulsory payment wedge (Figure 2) would be different if these payments were included.
- This is also the case for the list of countries with employer NTCPs by order of magnitude (paragraph 61) and the corresponding list for countries with employee NTCPs (paragraph 62).

59. Table 1 and Table 3 present, respectively, average and marginal compulsory payment wedges by household type and wage level as a percentage of augmented labour costs in 2022, Table 2 and Table 4 present corresponding figures for average and marginal net personal compulsory payment rates respectively.

60. Figure 1 compares average compulsory payment wedges and average tax wedges for single taxpayers at average earnings without children in 2022. Figure 2 compares marginal compulsory payment

wedges and marginal tax wedges for single taxpayers without children at average earnings in 2022. The tax wedge shows all taxes paid net of benefits received as a percentage of labour costs. The compulsory payment wedge shows all taxes and NTCPs net of benefits received as a percentage of 'augmented' labour costs, which equals labour costs plus the employer NTCPs.

61. Figure 1 shows that, for single taxpayers earning the average wage without children, the impact of NTCPs on average wedges is the strongest in Colombia (+18.2 percentage points), Switzerland (+16.5 percentage points), Chile (+15.1 percentage points), the Netherlands (+14.2 percentage points) and Iceland (+10.0 percentage points). There are also significant impacts (increases of more than 1 percentage point) in seven other countries (in decreasing order): Israel, Denmark, Mexico, Australia, Poland, the Slovak Republic and Estonia. For this household type, Figure 2 shows that the impact of NTCPs on the marginal wedges is the strongest (a change of 5 percentage points or more) in Colombia (+18.2 percentage points), Chile (+15.1 percentage points), Switzerland (+13.4 percentage points), the Netherlands (+12.6 percentage points), Iceland (+9.2 percentage points), Denmark and Mexico (both +7.4 percentage points) and Australia (+5.1 percentage points). These graphs also indicate that the inclusion of NTCPs has a considerable impact on the respective country rankings.

62. Table 5 presents the increase in labour costs as a result of NTCPs by household type and wage level in 2022. The amounts are expressed in US dollars using Purchasing Power Parities in order to ensure comparability. The highest amount of employer NTCPs (i.e. the increase in labour costs) has to be paid in (in decreasing order): the Netherlands, Switzerland, Iceland, Denmark, Australia, Israel, Colombia, the Slovak Republic, Mexico, Poland, Chile, Norway and Luxembourg.

63. Table 6 presents the reduction in net take-home pay as a result of NTCPs by household type and wage level in 2022. The largest amount of employee NTCPs (i.e. reduction in net take-home pay) has to be paid in (in decreasing order): Switzerland, the Netherlands, Chile, Iceland, Denmark, Israel, Poland, Colombia, Estonia, Sweden, Mexico and Luxembourg.

Table 1. Average compulsory payment wedge¹

By household type and wage level (as % of augmented total labour costs), 2022

Family-type:	single	single	single	single	married	married	married	married
	no ch	no ch	no ch	2 ch	2 ch	2 ch	2 ch	no ch
Wage level (% of APW):	67 (1)	100 (2)	167 (3)	67 (4)	100-0 (5)	100-672 (6)	100-1002 (7)	100-672 (8)
Australia	28.1	33.2	38.9	9.4	27.1	31.2	33.2	31.2
Austria	41.9	46.8	50.5	19.2	30.2	36.1	39.5	45.0
Belgium	46.5	53.0	59.1	29.6	37.8	45.5	48.8	50.4
Canada	30.0	31.9	35.4	7.5	21.8	28.9	30.9	31.1
Chile	22.1	22.1	23.3	21.2	22.1	21.8	22.1	22.1
Colombia	18.2	18.2	18.2	11.9	14.0	13.1	14.0	18.2
Costa Rica	29.2	29.2	31.3	29.2	29.2	29.2	29.2	29.2
Czech Republic	37.4	39.8	41.8	17.5	22.7	33.8	35.6	38.9
Denmark	43.2	45.1	49.8	18.8	36.5	41.3	42.5	44.3
Estonia	35.7	40.2	42.4	23.0	31.8	34.3	36.8	38.4
Finland	36.8	43.1	49.4	27.3	39.2	38.2	41.2	40.6
France	40.7	47.0	53.9	20.2	39.2	40.7	44.1	44.3
Germany	43.7	47.8	50.0	28.4	32.9	40.8	43.2	46.0
Greece	32.5	37.1	42.2	25.5	33.7	35.7	37.5	36.2
Hungary	41.2	41.2	41.2	23.7	30.0	34.5	35.6	41.2
Iceland	39.0	42.5	47.2	29.5	32.3	40.4	42.5	41.1
Ireland	25.5	34.7	43.0	10.3	20.8	27.7	32.0	31.0

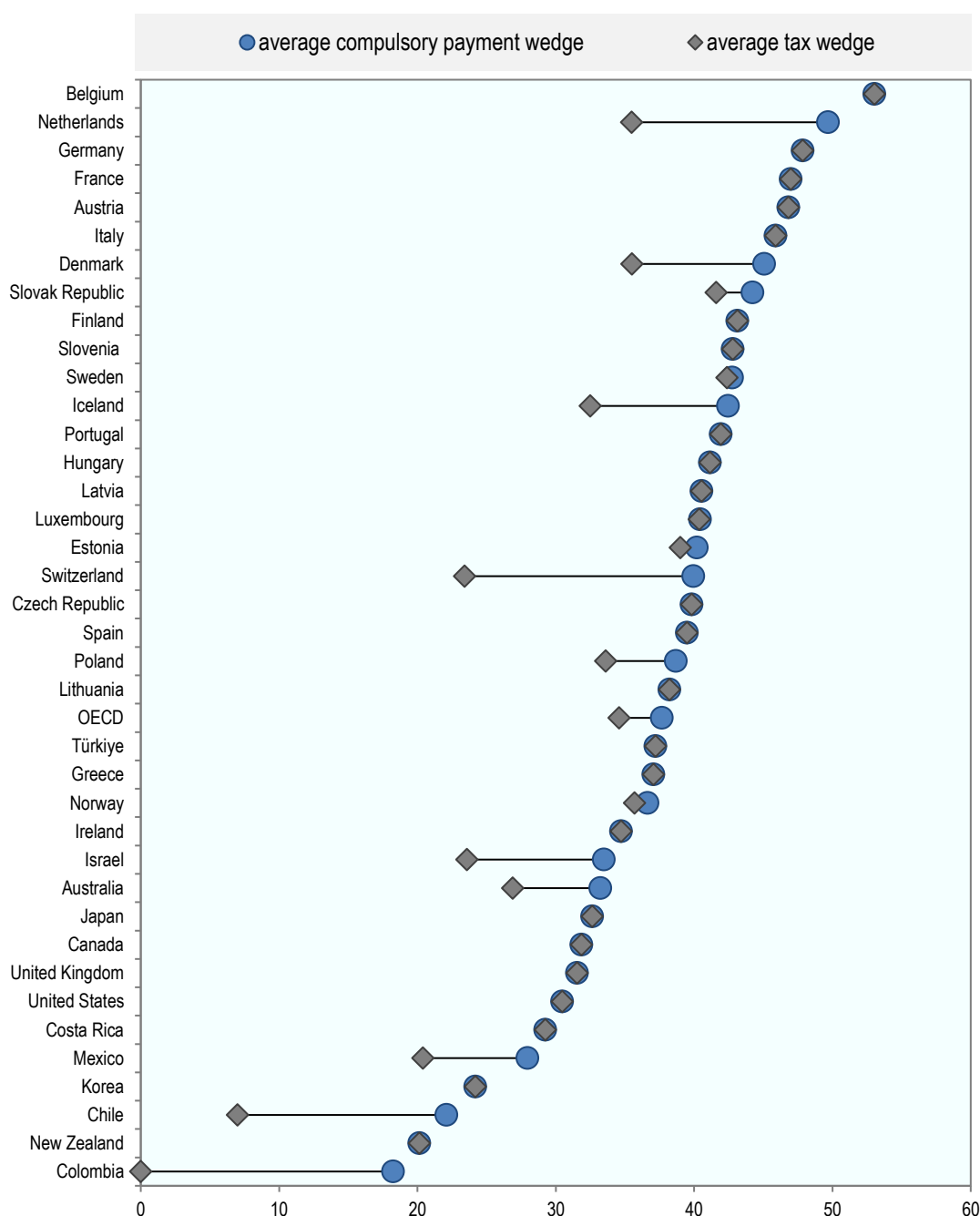
Israel	30.8	33.5	39.0	19.2	28.7	27.3	28.0	32.0
Italy	40.1	45.9	53.8	26.1	34.9	37.4	41.4	43.6
Japan	31.2	32.6	35.6	17.2	27.4	29.6	30.6	32.1
Korea	21.1	24.2	27.3	16.0	20.4	20.9	22.5	23.0
Latvia	37.2	40.6	42.8	19.9	29.0	32.3	34.8	39.2
Lithuania	33.8	38.2	40.6	20.7	29.5	31.2	33.8	36.5
Luxembourg	32.3	40.4	47.0	14.0	20.2	30.0	34.5	35.7
Mexico	26.9	28.0	30.8	26.9	28.0	27.6	28.0	27.6
Netherlands	42.6	49.7	54.2	23.1	46.5	42.9	46.4	46.9
New Zealand	14.7	20.1	25.3	-16.1	7.9	18.0	20.1	18.0
Norway	33.3	36.6	42.7	23.6	33.3	33.3	35.0	35.3
Poland	36.5	38.7	40.5	9.3	17.6	27.6	30.2	37.8
Portugal	38.0	41.9	47.7	25.7	31.6	37.5	39.7	40.2
Slovak Republic	42.2	44.2	46.2	28.4	30.1	37.2	39.1	43.4
Slovenia	39.7	42.8	45.8	16.1	28.9	35.6	38.7	41.5
Spain	36.0	39.5	44.0	25.5	34.4	36.6	38.2	38.1
Sweden	40.0	42.8	50.6	32.7	37.9	38.7	40.3	41.7
Switzerland	38.2	39.9	43.2	25.3	34.9	36.7	38.4	40.2
Türkiye	32.0	37.2	41.5	32.0	37.2	35.1	37.2	35.1
United Kingdom	26.6	31.5	38.4	17.7	27.2	27.3	29.6	29.6
United States	27.8	30.5	34.7	13.7	19.8	24.7	27.3	28.5
OECD	34.0	37.7	41.8	20.2	29.1	32.7	34.8	36.2

Note: ch = children.

1. Excludes the effect of work-related private insurance to cover accidents and occupational diseases. See paragraph 57 for further details.
2. Two earner couple.

Figure 1. Average compulsory payment wedge and average tax wedge

For single taxpayers without children at average earnings, 2022^{1, 2}



Note:

1. Countries are ranked by decreasing average compulsory payment wedge.

2. Excludes the effect of work-related private insurance to cover accidents and occupational diseases. See paragraph 57 for further details.

Table 2. Average net personal compulsory payment rate¹

By household type and wage level (as % of gross wage earnings), 2022

Family-type:	Single	Single	Single	Single	married	married	married	married
	no ch	no ch	no ch	2 ch	2 ch	2 ch	2 ch	no ch
Wage level (% of APW):	67 (1)	100 (2)	167 (3)	67 (4)	100-0 (5)	100-672 (6)	100-1002 (7)	100-672 (8)
Australia	17.0	23.0	29.6	-4.5	15.9	20.6	23.0	20.6
Austria	25.7	32.0	37.7	-3.4	10.7	18.2	22.6	29.6
Belgium	32.5	40.3	48.1	11.2	21.0	30.9	34.9	37.1
Canada	22.4	25.6	31.3	-2.5	14.6	21.9	24.5	24.3
Chile	18.8	18.8	20.0	17.8	18.8	18.4	18.8	18.8
Colombia	8.0	8.0	8.0	0.8	3.2	2.3	3.2	8.0
Costa Rica	10.5	10.5	13.1	10.5	10.5	10.5	10.5	10.5
Czech Republic	16.3	19.5	22.1	-10.3	-3.4	11.4	13.8	18.2
Denmark	36.5	39.1	44.7	9.3	29.6	34.7	36.3	38.1
Estonia	13.9	20.0	22.9	-3.0	8.8	12.1	15.5	17.6
Finland	23.4	31.1	38.7	11.9	26.4	25.2	28.8	28.0
France	23.5	27.7	33.5	-2.9	17.0	20.9	23.7	25.6
Germany	32.5	37.4	42.1	14.1	19.5	29.0	31.9	35.2
Greece	17.3	23.0	29.2	8.9	18.9	21.3	23.5	22.0
Hungary	33.5	33.5	33.5	13.8	20.9	25.9	27.2	33.5
Iceland	28.1	32.2	37.8	16.9	20.2	29.8	32.2	30.6
Ireland	17.3	27.5	36.7	0.4	12.0	19.7	24.4	23.4
Israel	18.8	23.5	31.7	5.1	18.0	15.7	17.3	21.2
Italy	21.2	28.8	39.3	2.7	14.3	17.6	22.9	25.8
Japan	20.6	22.3	26.3	4.4	16.3	18.8	20.0	21.6
Korea	12.4	15.8	20.0	6.8	11.6	12.2	14.0	14.5
Latvia	22.4	26.5	29.3	1.0	12.2	16.3	19.4	24.8
Lithuania	32.6	37.1	39.5	19.3	28.2	30.0	32.7	35.3
Luxembourg	22.9	32.2	39.7	2.1	9.1	20.2	25.4	26.7
Mexico	9.7	12.4	16.9	9.7	12.4	11.3	12.4	11.3
Netherlands	27.9	36.1	44.2	3.3	32.1	27.8	31.9	32.8
New Zealand	14.7	20.1	25.3	-16.1	7.9	18.0	20.1	18.0
Norway	23.6	27.3	34.2	12.5	23.6	23.6	25.5	25.8
Poland ²	23.7	26.4	28.6	-8.9	1.2	13.2	16.2	25.3
Portugal	23.3	28.1	35.3	8.1	15.4	22.7	25.4	26.0
Slovak Republic	21.5	24.3	26.9	2.8	5.1	14.7	17.2	23.1
Slovenia	30.0	33.6	37.1	2.5	17.4	25.3	28.8	32.1
Spain	16.9	21.4	27.2	3.2	14.8	17.6	19.8	19.6
Sweden	21.1	24.8	35.1	11.6	18.3	19.5	21.6	23.3
Switzerland	29.5	30.7	33.9	14.7	24.8	27.2	28.9	31.3
Türkyie	20.1	26.2	31.2	20.1	26.2	23.8	26.2	23.8
United Kingdom	19.2	23.6	30.5	9.4	18.8	19.3	21.5	21.8
United States	21.7	24.8	29.5	6.5	13.3	18.5	21.4	22.6
OECD	21.9	26.2	31.3	5.5	15.9	20.2	22.7	24.4

Note: ch = children

1. Excludes the effect of work-related private insurance to cover accidents and occupational diseases. See paragraph 57 for further details.

2. Two earner couple.

Table 3. Marginal compulsory payment wedgeBy household type and wage level (as % of augmented total labour costs), 2022^{1, 2}

Family-type:	single	single	single	single	married	married	married	married
	no ch	no ch	no ch	2 ch	2 ch	2 ch	2 ch	no ch
Wage level (% of APW):	67 (1)	100 (2)	167 (3)	67 (4)	100-0 (5)	100-67 ² (6)	100-100 ² (7)	100-67 ² (8)
Australia	44.5	45.8	47.1	61.9	45.8	45.8	45.8	45.8
Austria	54.3	59.5	45.7	36.5	59.5	59.5	59.5	59.5
Belgium	68.5	68.7	67.8	68.5	65.0	67.8	67.8	67.8
Canada	41.9	31.9	44.5	77.0	37.4	37.4	37.4	31.9
Chile	22.1	22.1	25.2	22.1	22.1	22.1	22.1	22.1
Colombia	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2
Costa Rica	29.2	29.2	36.5	29.2	29.2	29.2	29.2	29.2
Czech Republic	44.7	44.7	44.7	44.7	33.5	44.7	44.7	44.7
Denmark	46.9	56.0	62.3	45.3	56.0	56.0	56.0	56.0
Estonia	42.4	50.7	42.4	42.4	50.7	50.7	50.7	50.7
Finland	56.1	56.1	59.0	56.1	56.1	56.1	56.1	56.1
France	64.6	57.7	60.0	74.5	41.2	50.0	57.7	47.3
Germany	54.1	58.4	47.0	52.8	51.9	56.1	55.8	56.3
Greece	45.2	46.6	50.8	45.2	46.6	46.6	46.6	46.6
Hungary	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2
Iceland	49.5	49.5	56.2	57.6	57.6	54.3	49.5	49.5
Ireland	35.6	53.6	56.8	74.2	53.6	53.6	53.6	53.6
Israel	48.4	36.8	50.7	52.0	36.8	36.8	36.8	36.8
Italy	56.1	62.7	63.7	56.1	62.7	62.7	62.7	62.7
Japan	33.1	37.3	38.0	52.5	37.3	37.3	37.3	37.3
Korea	30.3	31.0	33.0	23.3	31.0	31.0	31.0	31.0
Latvia	47.4	47.4	44.5	47.4	47.4	47.4	47.4	47.4
Lithuania	47.2	44.1	40.6	47.2	44.1	44.1	44.1	44.1
Luxembourg	53.2	58.5	56.5	60.9	45.9	58.5	58.5	58.5
Mexico	25.6	32.6	35.5	25.6	32.6	32.6	32.6	32.6
Netherlands	63.6	63.6	63.0	68.4	68.4	63.6	63.6	63.6
New Zealand	17.5	33.0	33.0	44.5	60.0	33.0	33.0	33.0
Norway	42.6	50.8	53.4	42.6	50.8	50.8	50.8	50.8
Poland	43.2	43.2	43.2	34.6	34.6	43.2	43.2	43.2
Portugal	46.7	51.1	58.0	46.7	46.7	49.5	51.1	49.5
Slovak Republic	48.3	48.3	51.4	44.0	48.3	48.3	48.3	48.3
Slovenia	43.6	50.3	55.0	43.6	43.6	43.6	43.6	50.3
Spain	44.3	47.9	53.8	44.3	47.9	47.9	47.9	47.9
Sweden	46.4	49.5	66.1	46.4	49.5	49.5	49.5	49.5
Switzerland	40.7	45.8	52.3	35.4	40.3	44.6	49.6	46.1
Türkiye	47.8	47.8	47.8	47.8	47.8	47.8	47.8	47.8
United Kingdom	41.3	41.3	50.0	73.6	41.3	41.3	41.3	41.3
United States	31.5	40.8	42.7	52.3	31.5	31.5	40.8	31.5
OECD	43.6	46.1	48.4	48.3	45.1	45.6	46.1	45.5

Note: ch = children.

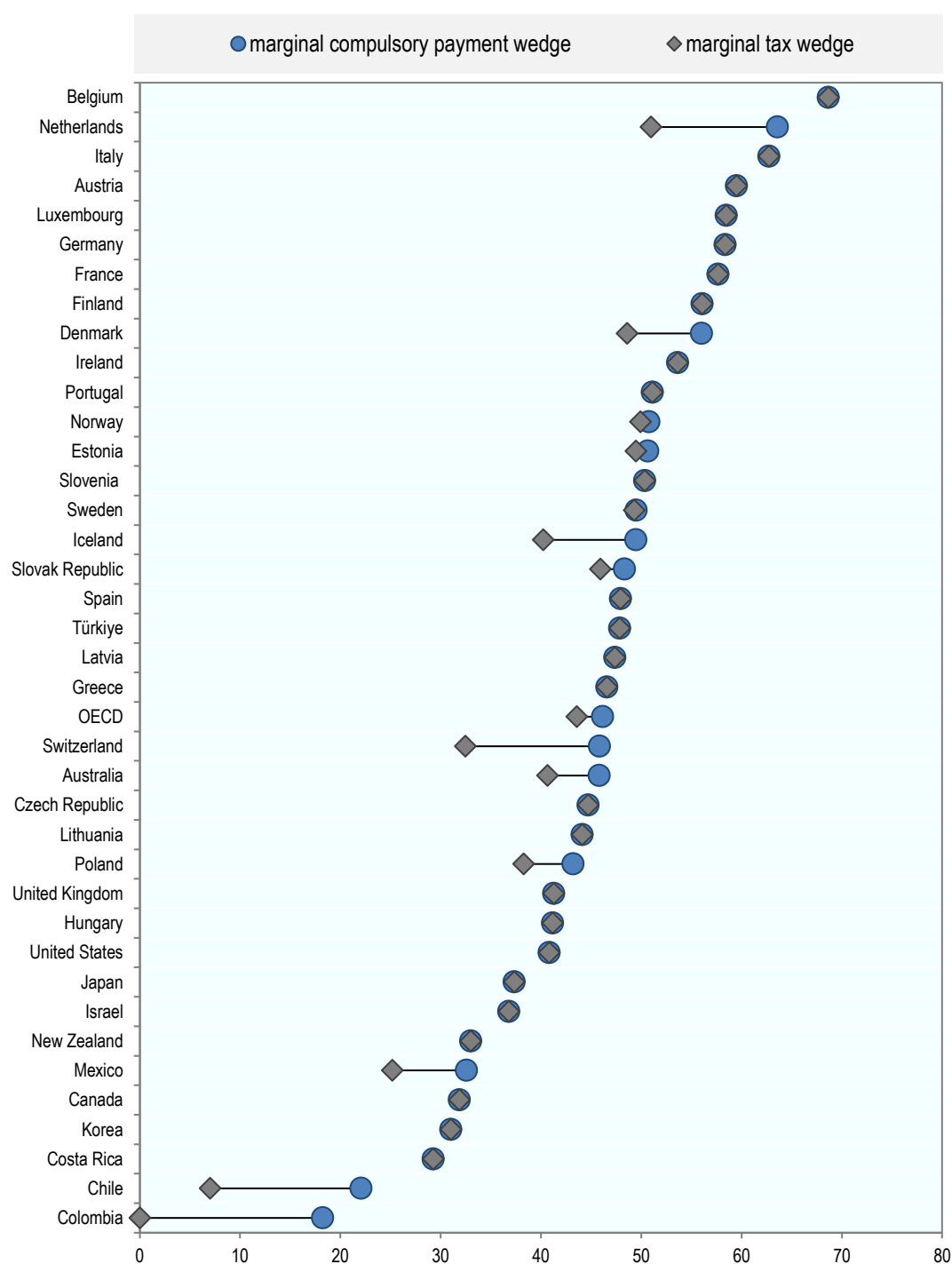
1. Assumes a rise in gross earnings of the principal earner in the household. The outcome may differ if the wage of the spouse increases, especially if partners are taxed individually.

2. Excludes the effect of work-related private insurance to cover accidents and occupational diseases. See paragraph 57 for further details.

3. Two earner couple.

Figure 2. Marginal compulsory payment wedge and marginal tax wedge

For single taxpayers without children at average earnings, 2022^{1, 2}



Note:

1. Countries are ranked by decreasing marginal compulsory payment wedge.
2. Excludes the effect of work-related private insurance to cover accidents and occupational diseases. See paragraph 57 for further details.

Table 4. Marginal net personal compulsory payment rateBy household type and wage level (as % of gross wage earnings), 2022^{1, 2}

Family-type:	single	single	single	single	married	married	married	married
	no ch	no ch	no ch	2 ch	2 ch	2 ch	2 ch	no ch
Wage level (% of APW):	67 (1)	100 (2)	167 (3)	67 (4)	100-0 (5)	100-67 ² (6)	100-100 ² (7)	100-67 ² (8)
Australia	36.0	37.5	39.0	56.0	37.5	37.5	37.5	37.5
Austria	41.5	48.2	42.0	18.7	48.2	48.2	48.2	48.2
Belgium	55.6	60.2	59.0	55.6	55.6	59.0	59.0	59.0
Canada	35.4	29.7	43.4	74.4	35.4	35.4	35.4	29.7
Chile	18.8	18.8	22.0	18.8	18.8	18.8	18.8	18.8
Colombia	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Costa Rica	10.5	10.5	19.7	10.5	10.5	10.5	10.5	10.5
Czech Republic	26.0	26.0	26.0	26.0	11.0	26.0	26.0	26.0
Denmark	42.1	52.0	58.9	40.3	52.0	52.0	52.0	52.0
Estonia	22.9	34.0	22.9	22.9	34.0	34.0	34.0	34.0
Finland	46.8	46.8	50.4	46.8	46.8	46.8	46.8	46.8
France	32.6	42.2	42.2	51.6	19.8	31.7	42.2	28.0
Germany	45.0	50.1	47.0	43.3	42.3	47.3	47.0	47.5
Greece	32.9	34.6	39.8	32.9	34.6	34.6	34.6	34.6
Hungary	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5
Iceland	40.4	40.4	48.4	50.0	50.0	46.2	40.4	40.4
Ireland	28.5	48.5	52.0	71.4	48.5	48.5	48.5	48.5
Israel	38.0	32.0	47.0	42.4	32.0	32.0	32.0	32.0
Italy	42.3	51.0	52.2	42.3	51.0	51.0	51.0	51.0
Japan	22.8	27.7	34.1	45.2	27.7	27.7	27.7	27.7
Korea	22.6	23.4	28.6	14.9	23.4	23.4	23.4	23.4
Latvia	34.9	34.9	31.4	34.9	34.9	34.9	34.9	34.9
Lithuania	46.3	43.1	39.5	46.3	43.1	43.1	43.1	43.1
Luxembourg	46.8	52.7	50.5	55.4	38.5	52.7	52.7	52.7
Mexico	13.2	20.6	24.0	13.2	20.6	20.6	20.6	20.6
Netherlands	52.8	52.8	58.8	59.1	59.1	52.8	52.8	52.8
New Zealand	17.5	33.0	33.0	44.5	60.0	33.0	33.0	33.0
Norway	34.0	43.4	46.4	34.0	43.4	43.4	43.4	43.4
Poland ²	31.8	31.8	31.8	21.5	21.5	31.8	31.8	31.8
Portugal	34.0	39.5	48.0	34.0	34.0	37.5	39.5	37.5
Slovak Republic	29.9	29.9	34.0	24.0	29.9	29.9	29.9	29.9
Slovenia	34.6	42.4	47.8	34.6	34.6	34.6	34.6	42.4
Spain	27.6	32.4	40.0	27.6	32.4	32.4	32.4	32.4
Sweden	29.5	33.6	55.5	29.5	33.6	33.6	33.6	33.6
Switzerland	29.9	36.0	43.9	23.6	29.4	34.6	40.5	36.4
Türkyie	38.7	38.7	38.7	38.7	38.7	38.7	38.7	38.7
United Kingdom	32.7	32.7	42.7	69.7	32.7	32.7	32.7	32.7
United States	26.3	36.3	38.3	48.6	26.3	26.3	36.3	26.3
OECD	30.0	35.3	38.7	36.6	35.1	35.9	36.5	35.8

Note: ch = children.

1. Assumes a rise in gross earnings of the principal earner in the household. The outcome may differ if the wage of the spouse increases, especially if partners are taxed individually.

2. Excludes the effect of work-related private insurance to cover accidents and occupational diseases. See paragraph 57 for further details.

3. Two earner couple.

Table 5. Increase in labour costs as a result of NTCs¹

By household type and wage level (in US dollars using PPP), 2022

Family-type:	single	single	single	single	married	married	married	married
	no ch	no ch	no ch	2 ch	2 ch	2 ch	2 ch	no ch
Wage level (% of APW):	67 (1)	100 (2)	167 (3)	67 (4)	100-0 (5)	100-67 ² (6)	100-100 ² (7)	100-67 ² (8)
Australia	4 386	6 547	10 933	4 386	6 547	10 933	13 093	10 933
Austria	0	0	0	0	0	0	0	0
Belgium	0	0	0	0	0	0	0	0
Canada	0	0	0	0	0	0	0	0
Chile	760	1 129	1 878	760	1 129	1 890	2 258	1 890
Colombia	1 232	1 838	3 070	1 232	1 838	3 070	3 676	3 070
Costa Rica	0	0	0	0	0	0	0	0
Czech Republic	0	0	0	0	0	0	0	0
Denmark	5 822	8 044	12 556	5 822	8 044	13 866	16 088	13 866
Estonia	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	0	0
France	0	0	0	0	0	0	0	0
Germany	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Hungary	0	0	0	0	0	0	0	0
Iceland	5 680	8 478	14 158	5 680	8 478	14 158	16 956	14 158
Ireland	0	0	0	0	0	0	0	0
Israel	3 872	4 239	4 239	3 872	4 239	8 112	8 479	8 112
Italy	0	0	0	0	0	0	0	0
Japan	0	0	0	0	0	0	0	0
Korea	0	0	0	0	0	0	0	0
Latvia	0	0	0	0	0	0	0	0
Lithuania	0	0	0	0	0	0	0	0
Luxembourg	42	42	42	42	42	84	84	84
Mexico	994	1 484	2 479	994	1 484	2 479	2 968	2 479
Netherlands	7 001	11 484	17 873	7 001	11 484	18 485	22 968	18 485
New Zealand	0	0	0	0	0	0	0	0
Norway	627	1 036	1 867	627	1 036	1 663	2 072	1 663
Poland ²	956	1 427	2 383	956	1 427	2 383	2 853	2 383
Portugal	0	0	0	0	0	0	0	0
Slovak Republic	1 190	1 776	2 966	1 190	1 776	2 966	3 552	2 966
Slovenia	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0	0
Sweden	0	0	0	0	0	0	0	0
Switzerland	4 936	8 597	16 029	4 936	8 597	13 533	17 194	13 533
Türkiye	0	0	0	0	0	0	0	0
United Kingdom	0	0	0	0	0	0	0	0
United States	0	0	0	0	0	0	0	0
OECD	987	1 477	2 381	987	1 477	2 464	2 954	2 464

Note: ch = children.

1. Excludes the effect of work-related private insurance to cover accidents and occupational diseases. See paragraph 57 for further details.

2. Two earner couple.

Table 6. Reduction in net take-home pay as a result of NTCs¹

By household type and wage level (in US dollars using PPP), 2022

Family-type:	single	single	single	single	married	married	married	married
	no ch	no ch	no ch	2 ch	2 ch	2 ch	2 ch	no ch
Wage level (% of APW):	67 (1)	100 (2)	167 (3)	67 (4)	100-0 (5)	100-0 (5)	100-100 ² (7)	100-67 ² (8)
Australia	0	0	0	0	0	0	0	0
Austria	0	0	0	0	0	0	0	0
Belgium	0	0	0	0	0	0	0	0
Canada	0	0	0	0	0	0	0	0
Chile	-2 068	-3 086	-5 154	-2 068	-3 086	-5 154	-6 172	-5 154
Colombia	- 787	-1 174	-1 961	- 787	-1 174	-1 961	-2 349	-1 961
Costa Rica	0	0	0	0	0	0	0	0
Czech Republic	0	0	0	0	0	0	0	0
Denmark	-1 827	-2 661	-4 354	-1 827	-2 661	-4 488	-5 322	-4 488
Estonia	- 377	- 562	- 939	- 377	- 562	- 939	-1 124	- 939
Finland	0	0	0	0	0	0	0	0
France	0	0	0	0	0	0	0	0
Germany	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Hungary	0	0	0	0	0	0	0	0
Iceland	-1 976	-2 949	-4 925	-1 976	-2 949	-4 925	-5 898	-4 925
Ireland	0	0	0	0	0	0	0	0
Israel	-1 859	-2 035	-2 035	-1 859	-2 035	-3 894	-4 070	-3 894
Italy	0	0	0	0	0	0	0	0
Japan	0	0	0	0	0	0	0	0
Korea	0	0	0	0	0	0	0	0
Latvia	0	0	0	0	0	0	0	0
Lithuania	0	0	0	0	0	0	0	0
Luxembourg	- 42	- 42	- 42	- 42	- 42	- 84	- 84	- 84
Mexico	- 110	- 164	- 275	- 110	- 164	- 275	- 329	- 275
Netherlands	-4 495	-6 431	-10 361	-4 495	-8 462	-10 926	-12 862	-10 926
New Zealand	0	0	0	0	0	0	0	0
Norway	0	0	0	0	0	0	0	0
Poland ²	- 956	-1 427	-2 383	- 956	-1 427	-2 383	-2 853	-2 383
Portugal	0	0	0	0	0	0	0	0
Slovak Republic	0	0	0	0	0	0	0	0
Slovenia	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0	0
Sweden	- 241	- 288	- 381	- 241	- 288	- 528	- 576	- 528
Switzerland	-9 015	-11 482	-16 492	-8 961	-17 801	-23 334	-25 802	-20 497
Türkiye	0	0	0	0	0	0	0	0
United Kingdom	0	0	0	0	0	0	0	0
United States	0	0	0	0	0	0	0	0
OECD	- 625	- 850	-1 297	- 624	-1 070	-1 550	-1 775	-1 475

ch = children.

1. Excludes the effect of work-related private insurance to cover accidents and occupational diseases. See paragraph 57 for further details.

2. Two earner couple.

Table 7. Non-tax compulsory payments in OECD countries in 2022^{1, 2, 3}

	compulsory (required and unrequired) payments to privately-managed funds, to other bodies, welfare agencies or social insurance schemes outside general government and to public enterprises			
	Employer work-related private insurance (to cover accidents, occupational diseases, etc.) ⁴	compulsory pension payments		other compulsory payments
		<i>employee contributions</i>	<i>employer contributions</i>	
Australia	yes	-	10% on ordinary time earnings up to AUD 57 090 per quarter, subject to a minimum threshold of AUD 450 per calendar month (2021-22)	-
Austria	-	-	-	-
Belgium	average rate of 0.9%	-	-	-
Canada	-	-	-	-
Chile	0.90% (an additional contribution of up to 3.4% of the employee's gross earnings is applied depending on activity and risk associated to the enterprise)	11.17% (average rate) of gross earnings with earnings limit of CLP 29 197 531 (an additional rate of 1% or 2% is applied to activities of higher risk)	1.94% of gross earning with earnings limit of CLP 29 197 531. An additional rate of 1% or 2% is applied to activities of higher risk.	Employees: 0.6% for unemployment insurance with earnings limit of CLP 43 903 640. (no payment after 11 years of labour relationship or for fixed-term contracts). 7% of gross earnings with an upper limit of CLP 29 197 531 for private health plan ⁵ . Employers: 2.4% of gross earnings to finance unemployment insurance (0.8% after 11 years of labour relationship and 3% for fixed-term contracts) with earnings limit of CLP 43 903 640
Colombia	Employment risk contribution rate ranges between 0.348% and 8.7%, depending on the activity.	4.0% of the employee's monthly earnings (minimum and maximum base for pension contributions are 1 and 25 SMLMV (COP 1 000 000 and COP 25 000 000). In addition, a percentage between 1.0% and 2.0% of the earnings over 4 SMLMV (COP 4 000 000).	12.0% of the employee's monthly earnings (minimum and maximum base for pension contributions are 1 and 25 SMLMV (COP 1 000 000 and COP 25 000 000).	Employee: for health, 4.0% of the employee's monthly earnings (minimum base is 1 SMLMV (COP 1 000 000)). Employer: for health, 8.5% of the employee's monthly earnings if individual earnings above 10 SMLMV (COP 10 000 000). Otherwise, 0% of the employee's monthly earnings. Maximum base for employee and employer health contributions is 25 SMLMV (COP 25 000 000).
Costa Rica	-	-	-	-
Czech Republic	0.28% - 5% of AW	-	-	-
Denmark	yes	DKK 1 136	DKK 2 272	Annually combined payment

	compulsory (requited and unrequited) payments to privately-managed funds, to other bodies, welfare agencies or social insurance schemes outside general government and to public enterprises			
	Employer work-related private insurance (to cover accidents, occupational diseases, etc.) ⁴	compulsory pension payments		other compulsory payments
		<i>employee contributions</i>	<i>employer contributions</i>	
		contribution to Labour Market Supplementary Pension Scheme (amount for full-time employees). Pension payments made to privately managed funds: 4%.	contribution to Labour Market Supplementary Pension Scheme (amount for full-time employees). Pension payments made to privately managed funds: 8%.	of DKK 6001.8 to Samlet Betaling per full-time employee that covers contributions to Arbejdsgivernes Uddannelsesbidrag (AUB), Arbejdsmarkedets Erhvervssikring (AES), Barsel.dk, Finansieringsbidrag (FIB) and Arbejdsmarkedets Fond for Udstationerede (AFU).
Estonia	-	2% or 1% of gross earnings depending on whether or not the employee made voluntary payments through 2010, in 2012-2013 all paid 2%, in 2014-2017 it is also possible to pay 3%, from 2018 2%. In Dec 2020, these payments will become wholly voluntary and remain so until the end of Aug 2021.	-	-
Finland	-	-	-	-
France	-	-	-	-
Germany	yes	-	-	-
Greece	-	-	-	-
Hungary	-	-	-	-
Iceland	-	4% of gross earnings	11.5% of gross earnings.	-
Ireland	-	-	-	-
Israel	-	6% of gross earnings subject to earnings limit of ILS 126 612	12.5% of gross earnings subject to earnings limit of ILS 126 612	-
Italy	-	-	-	-
Japan	-	-	-	-
Korea	-	-	-	-
Latvia	-	-	-	-
Lithuania	-	-	-	-
Luxembourg	-	-	-	Employees: contributions to the Chamber of Employees: fixed rates of EUR 4, EUR 10 or EUR 35 if gross earnings exceed EUR 3600
Mexico	-	-	2.0% of AW	Employees: 1.125% of AW

compulsory (requited and unrequited) payments to privately-managed funds, to other bodies, welfare agencies or social insurance schemes outside general government and to public enterprises				
	Employer work-related private insurance (to cover accidents, occupational diseases, etc.) ⁴	compulsory pension payments		other compulsory payments
		<i>employee contributions</i>	<i>employer contributions</i>	
			(earnings ceiling of 25 UMAs , which in 2022 is MXN 877,526)	for discharge and old age insurance
				Employers: 3.15% of AW for discharge and old age insurance + 5.0% for housing fund INFONAVIT(earnings ceiling that applies to all contributions separately: 25 UMAs , which in 2022 is MXN 877, 526)
New Zealand	average employer rate 0.63% levied on "liable payroll"	-	-	Employees: 1.27% of AW for no-fault personal (non-work related) injury insurance
Norway	-	-	2.0 % of AW for earnings up to NOK 1 317 408	-
Poland ⁶	no	3.65% of the average earnings.	3.65% of the average earnings.	-
Portugal	yes	-	-	-
Slovak Republic	-	-	5.25% as from January 2021; earnings ceiling: EUR 91 728	Employers: contribution to Social Funds; rate ranges from 0.6% - 1% of all gross wages payable
Slovenia	-	-	-	-
Spain	0.9% - 7.15% of AW for gross earnings between EUR 14 000.40 and EUR 49 672.80 to either public or private firm	-	-	-
Sweden	-	-	-	Employees: burial fee of, on average, 0.243% on top of the local tax rate to the Church of Sweden or the responsible municipality. Also a public service fee is charged on the same tax base as the local government tax. The fee is 1 per cent of taxable income, up to a maximum fee of SEK 1 327.
Switzerland	Yes: both employees (non-work related accident insurance) and employers (work related accident	7.90% of gross earnings (representative rate) over CHF 25 095 or the same percentage	10.60% of gross earnings (representative rate) over CHF 25 095 or the same	Employees: health insurance contribution of CHF 5 832.00 for each adult and CHF 1 382.40 for each child

	compulsory (requited and unrequited) payments to privately-managed funds, to other bodies, welfare agencies or social insurance schemes outside general government and to public enterprises			
	Employer work-related private insurance (to cover accidents, occupational diseases, etc.) ⁴	compulsory pension payments		other compulsory payments
		<i>employee contributions</i>	<i>employer contributions</i>	
	insurance) have to pay a certain percentage of gross earnings; for 2018, the estimated representative rates were respectively 1.29% and 0.68%	of CHF 3 585 if gross earnings are between CHF 21 510 and CHF 25 095.	percentage of CHF 3 585 if gross earnings are between CHF 21 510 and CHF 25 095.	(national average rates)
				Employers: family allowance contribution of 1.2% of gross earnings (representative rate)
Türkiye	-	-	-	-
United Kingdom	-	-	-	-
United States	yes	-	-	-

Notes:

1. The table shows information for the 2022 fiscal year except when indicated otherwise.
2. NTCPs that are not generally applicable to taxpayers within at least one household type included in the Taxing Wages Report are NOT included in the table. However, the table does show the NTCPs that are generally applicable but for which no representative rate can be included as, for instance, accident insurance contributions. This table therefore contains information on all NTCPs, including the NTCPs that have not been included in the compulsory payments calculations.
3. There are no compulsory requited payments to central government.
4. Accident insurance premiums are not included in the calculations underlying the compulsory payments indicators because no representative rate could be calculated in most countries.
5. Only if the employee is not making health contributions to the government-managed National Health Fund (FONASA).
6. A premium of 4.38% of gross earnings (total employee and employer contribution rates) is transmitted to a subaccount in the government agency ZUS. They are requited compulsory payments made by employees and employers. From July 2014, 2.92% of gross earnings (total employee and employer contribution rates) are transferred by ZUS to the privately-managed fund (OPF) only if the insured persons decide to. Otherwise, total 7.3% of gross earnings are passed to the subaccount in ZUS. From November 2014, for all the persons which are less than 10 years to the retirement age all assets gathered in OPF will be gradually transferred to the subaccount in ZUS and all the new contributions will be passed to the subaccount as well (see paragraph 39).