



TAXING WAGES 2025

Decomposition
of personal
income taxes



Taxing Wages 2025

The OECD's *Taxing Wages 2025* report provides unique information for each of the 38 OECD countries on the income taxes paid by workers, their social security contributions (SSCs), the transfers they receive in the form of cash benefits, as well as the social security contributions and payroll taxes paid by their employers. Results reported include the marginal and average tax burden for one- and two-earner households, and the implied total labour costs for employers. This brochure summarises the main results of this edition by:

- Presenting an analysis of the average tax wedge in OECD countries in 2024, the changes from the previous year and the trends between 2000 and 2024 for a selection of household types that are covered in *Taxing Wages 2025*.
- Presenting a brief analysis of the net personal average tax rate for a single average worker across OECD countries for 2024.

Box 1: The tax wedge

Taxing Wages 2025 presents several measures of taxation on labour. Most emphasis is given to the **tax wedge** – a measure of the difference between labour costs to the employer and the corresponding net take-home pay of the employee – which is calculated by expressing the sum of personal income tax, employee and employer social security contributions plus any payroll taxes, minus any benefits received by the employee, as a percentage of labour costs. Employer social security contributions and (in some countries) payroll taxes are added to gross wage

earnings of employees in order to determine a measure of total labour costs. However, it should be recognised that this measure may be less than the true labour costs faced by employers because, for example, employers may also have to make *non-tax compulsory payments* (NTCPs)¹. The average tax wedge measures that part of labour costs which is taken in tax and social security contributions net of cash benefits. In contrast, the marginal tax wedge measures that part of an *increase* in total labour costs that is paid in taxes and social security contributions less cash benefits.

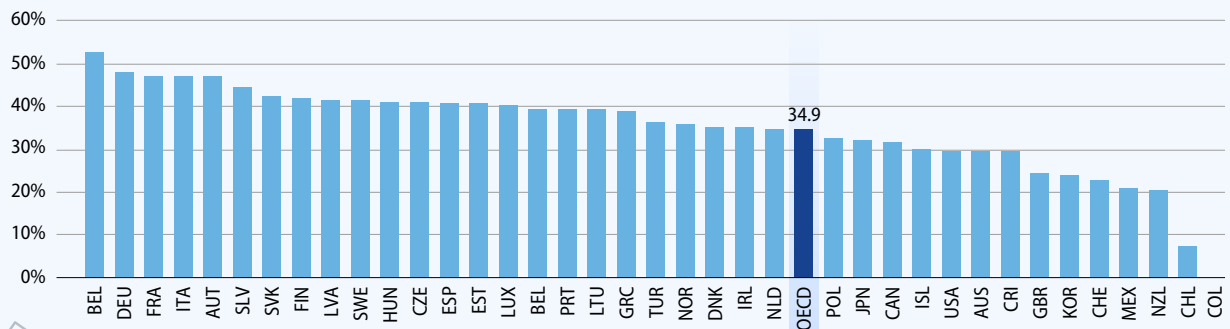
1. Non-tax compulsory payments are required and unrequited compulsory payments to privately-managed funds, welfare agencies or social insurance schemes outside general governments and to public enterprises (<https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-policy/non-tax-compulsory-payments.pdf>).

TRENDS IN LABOUR TAXES ACROSS OECD COUNTRIES



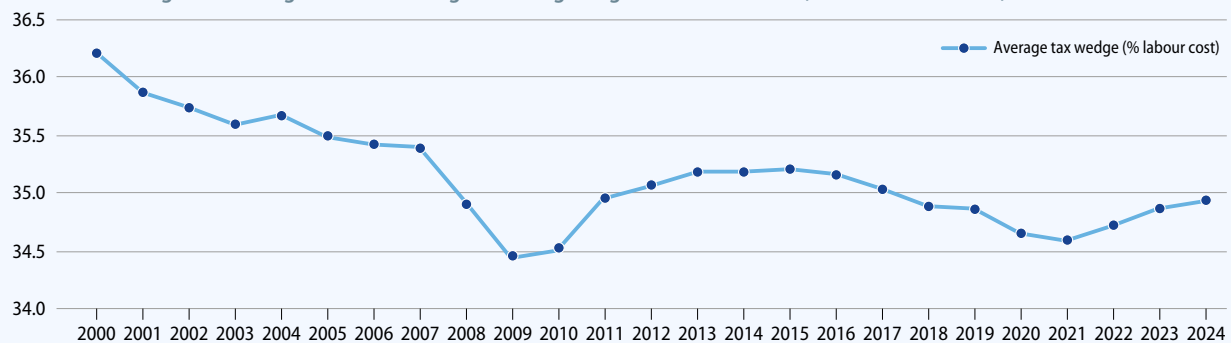
Labour taxes vary greatly across OECD countries, with the tax wedge for the average single worker ranging from 0% in Colombia to 52.6% in Belgium

Tax wedge (income tax plus employee and employer social security contributions, minus cash benefits) for the single worker earning the average wage in OECD countries, as % of labour costs (2024)



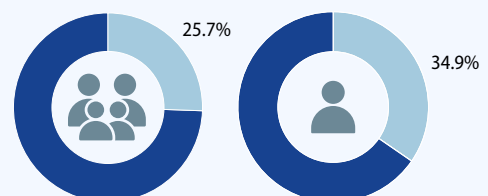
The tax wedge for the single worker earning the average wage has increased since 2021

Tax wedge for the single worker earning the average wage in OECD countries, as % of labour costs, 2000-2024



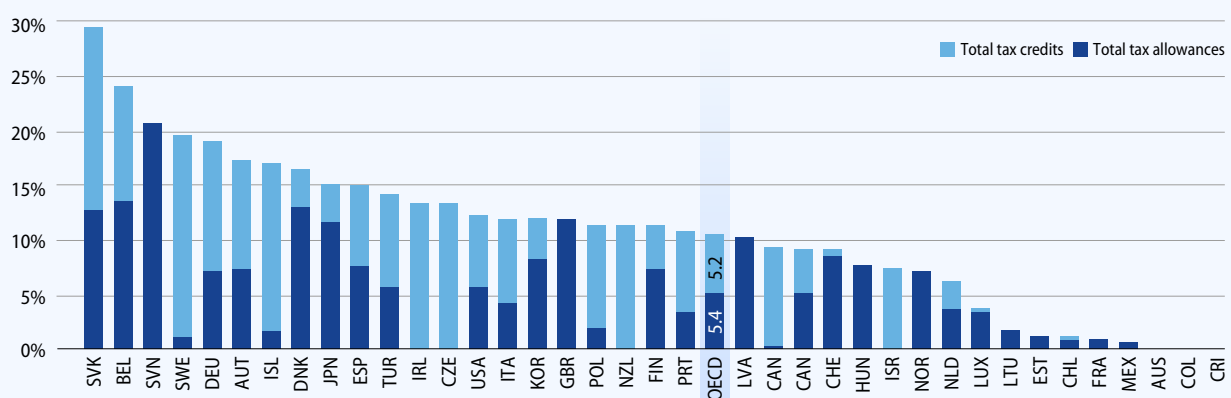
One-earner married couples with two children face a lower tax wedge than the single worker earning the average wage in the OECD

Tax wedge for one-earner married couple with 2 children vs single worker, as % of labour costs (2024)



Tax allowances and tax credits contribute significantly to post-tax net income

Share of post-tax income determined by tax allowances and credits for a one-earner married couple with children, 2024



Note: The principal earner of the one-earner married couple is assumed to be working at the average wage.

Source: Data from *Taxing Wages 2025* (OECD), <https://oe.cd/taxingwages2025-en>.

TABLE 1. **COMPARISON OF TOTAL TAX WEDGE FOR THE AVERAGE WORKER IN OECD COUNTRIES IN 2024**

As % of labour costs

Country ¹	Total tax wedge 2024 (1)	Annual change, 2024/23 (in percentage points) ²			
		Tax wedge (2)	Income tax (3)	Employee SSC (4)	Employer SSC ³ (5)
Belgium	52.6	-0.10	-0.10	0.00	0.00
Germany	47.9	0.21	-0.11	0.21	0.11
France	47.2	0.36	0.34	0.00	0.03
Italy	47.1	1.61	-1.31	2.92	0.00
Austria	47.0	-0.22	-0.10	-0.03	-0.03
Slovenia	44.6	1.44	0.14	1.30	0.00
Slovak Republic	42.6	0.83	-0.44	-0.20	1.46
Finland	41.9	-1.57	0.15	-0.85	-0.86
Latvia	41.7	0.66	0.67	0.00	0.00
Sweden	41.5	-0.68	-0.67	-0.01	0.00
Hungary	41.2	0.00	0.00	0.00	0.00
Czechia	40.9	0.70	0.25	0.45	0.00
Spain	40.6	0.41	0.35	0.01	0.05
Estonia	40.6	0.70	0.70	0.00	0.00
Luxembourg	40.3	-0.89	-0.81	0.00	-0.08
Portugal	39.4	-1.75	-1.75	0.00	0.00
Lithuania	39.3	0.33	0.33	0.00	0.00
Greece	39.3	0.54	0.54	0.00	0.00
Türkiye	39.0	0.92	0.92	0.00	0.00
Norway	36.4	-0.01	0.08	-0.09	0.00
Denmark	36.1	0.13	0.12	0.00	0.01
Ireland	35.2	-0.40	-0.42	0.02	0.00
Netherlands	35.1	-0.02	0.49	-0.61	0.10
Poland	34.7	0.42	0.42	0.00	0.00
Japan	32.6	-0.41	-0.56	0.08	0.07
Canada	32.0	0.13	-0.18	0.15	0.17
Iceland	31.6	-0.27	-0.27	0.00	0.00
United States	30.1	0.04	0.06	0.00	-0.02
Australia	29.6	0.39	0.36	0.00	0.02
Costa Rica	29.5	0.00	0.00	0.00	0.00
United Kingdom	29.4	-1.74	0.54	-2.36	0.08
Korea	24.7	0.20	0.16	0.00	0.04
Israel	23.9	-0.13	-0.01	-0.08	-0.04
Switzerland	22.9	-0.13	-0.13	0.00	0.00
Mexico	20.9	0.41	0.41	0.00	0.00
New Zealand	20.8	-0.27	-0.27	0.00	0.00
Chile	7.2	0.12	0.12	0.00	0.00
Colombia	0.0	0.00	0.00	0.00	0.00
OECD Average	34.9	0.05	0.00	0.02	0.03

Notes: Single individual without children at the income level of the average worker.

1. Countries ranked by decreasing total tax wedge.

2. Due to rounding, the changes in tax wedge in column (2) may differ by one hundredth of a percentage point from the sum of columns (3)-(5). Although not included in columns (3)-(5), an increase in the generosity of cash benefits contributes to decreasing the tax wedge in Austria between 2023 and 2024 by 0.05 p.p.

3. Includes payroll taxes where applicable.

Source: Data from *Taxing Wages 2025* (OECD), <https://oe.cd/taxingwages2025-en>.

The highest tax wedge is observed in Belgium (52.6%) and the lowest in Colombia (0.0%). The OECD average tax wedge was 34.9% of labour costs in 2024.



As a percentage of labour costs, total employee and employer social security contributions exceeded 20% in 23 OECD countries.

change in the rules concerning personal income taxes but there were adjustments to other components of the tax wedge. More in general, policy changes in 2024 (whether reforms or parametric adjustments) affected at least one of the components of the tax wedge in almost all countries. This makes it difficult to ascribe changes in the tax wedge in a specific country to either a change in policies or in average earnings, especially since policy rates in some countries might be automatically indexed to wage growth.

Increases in the tax wedge ranged from 0.04 p.p. in the United States to 1.61 p.p. in Italy in 2024. The increase in the tax wedge was larger than 0.5 p.p. in eight countries, while only Italy and Slovenia recorded an increase larger than 1 p.p. In Slovenia, a 1.44 p.p. increase in the tax wedge was mainly due to the introduction of a flat-rate compulsory employees' health insurance contribution of EUR 420 per year. In Italy, the increase was mainly due to the fact that the average wage earner no longer benefited from the reduced employee SSC rate as their salary had risen above the threshold of EUR 35 000.

In fourteen out of the twenty countries where the tax wedge increased, the rise was driven by higher personal income tax as a percentage of labour costs (see column 3 of Table 1). In the countries where the rules concerning the tax schedule did not change, such as Australia, Greece, Korea, Latvia, Mexico, Poland, Slovenia and Spain, this was due to increases in the nominal average wage between 2023 and 2024. Higher average wages increase personal income tax through the progressivity of income tax systems if income tax thresholds increase by less than average earnings. In Estonia, the higher personal income tax was due to the removal of certain tax allowances

while in Lithuania it was primarily the result of a higher proportion of earnings becoming subject to tax while the value of credits and allowances fell relative to earnings.

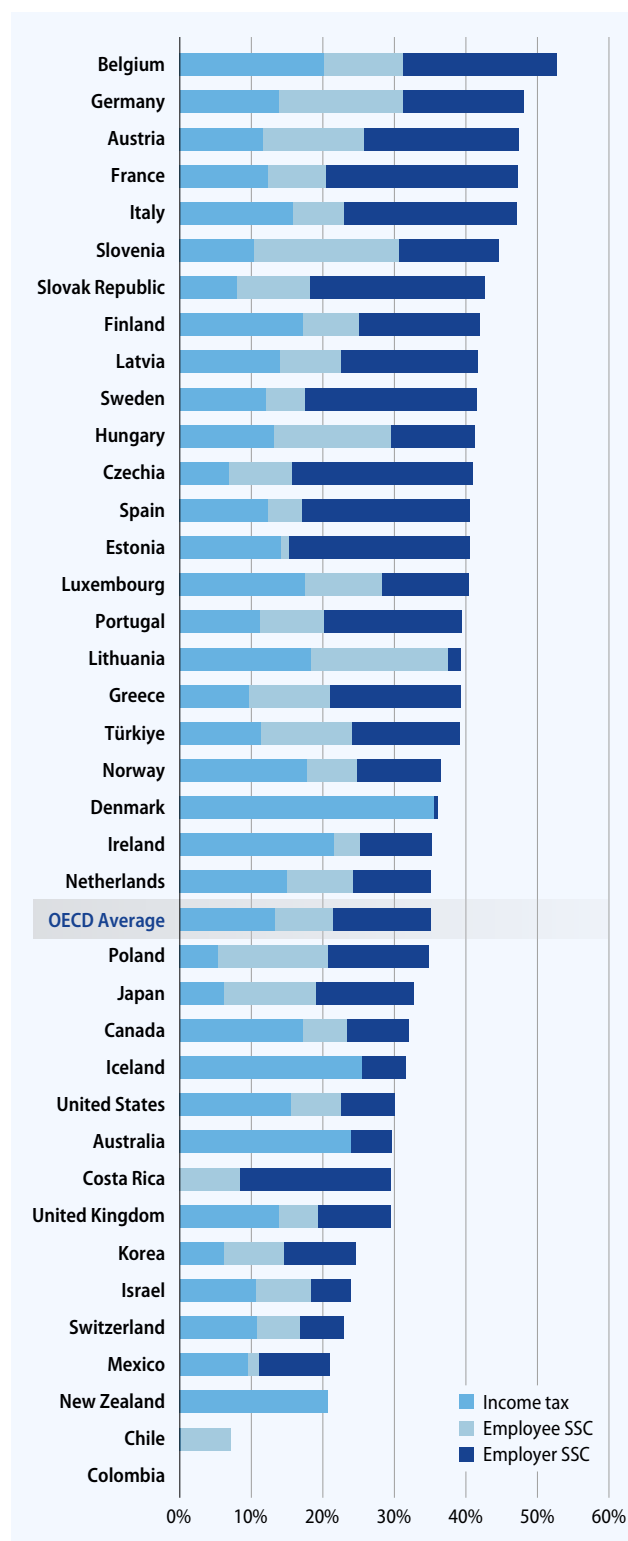
In Canada, Czechia, Germany, Italy, the Slovak Republic and Slovenia, the increase in the tax wedge was mostly due to higher employee or employer SSCs. In Canada, employee and employer SSCs mainly increased due to the introduction of a second bracket for pension contributions at a rate of 4%. In Czechia, employee SSCs increased due to the re-introduction of sickness insurance. In Germany, the increase in both employee and employer SSCs was mainly due to the increase in the sickness insurance rate. In the Slovak Republic, the employer health contribution is being gradually increased from 10% to 11% between 2024 and 2027 while the contribution rate to Pillar I of the pension system was increased from 8.5% to 10% in 2024.

In ten of the fifteen OECD countries where the tax wedge decreased as a percentage of labour costs, the decrease was mostly derived from lower personal income tax (Austria, Belgium, Iceland, Ireland, Luxembourg, Japan, New Zealand, Portugal, Sweden and Switzerland).

The decreases observed in OECD countries in 2024 were larger than -1 p.p. in Finland (-1.57 p.p.), the United Kingdom (-1.74 p.p.) and Portugal (-1.75 p.p.). In Finland, the decrease in the tax wedge was due to a reduction in employee and employer health-related SSCs. In the United Kingdom the decrease was also mainly due to the reduction in employee SSCs, from a rate of 12% to 8%. In Portugal, the main driver of the decrease was a revision of the tax schedule that reduced the tax rates applied to the first six brackets.

FIGURE 1. INCOME TAX PLUS EMPLOYEE AND EMPLOYER SOCIAL SECURITY CONTRIBUTIONS, OECD COUNTRIES, 2024

As % of labour costs



Note: Single individual without children at the income level of the average worker. Includes payroll taxes where applicable.

Source: Data from *Taxing Wages 2025* (OECD), <https://oe.cd/taxingwages2025-en>.

In addition, the average tax wedge in Sweden decreased by 0.68 p.p. due to more generous tax reliefs, including the earned income tax credit. In Luxembourg, an increase in the thresholds for the tax brackets and the introduction of a new CO₂ tax credit were the main drivers of the 0.89 p.p. reduction in the tax wedge.

Figure 1 shows the components of the tax wedge in 2024: personal income tax, employee SSCs and employer SSCs (including payroll taxes where applicable), as a percentage of labour costs for the average worker without children.

The percentage of labour costs paid in personal income tax varied considerably across OECD countries in 2024. The lowest figures were in Colombia and Costa Rica (both 0.0%) and Chile (0.2%), with Czechia, Greece, Japan, Korea, Mexico, Poland and the Slovak Republic also below 10%. The highest share was in Denmark (35.4%), with Australia, Belgium, Iceland, Ireland and New Zealand also above 20%. The percentage of labour costs paid in employee SSCs also varied widely, ranging from 0.0% in Australia, Colombia, Denmark and New Zealand to 19.2% in Lithuania and 20.3% in Slovenia. Employers in France paid 26.7% of labour costs in SSCs, the highest among OECD countries. Employer SSCs accounted for more than 20% of labour costs in nine other countries: Austria, Belgium, Costa Rica, Czechia, Estonia, Italy, the Slovak Republic, Spain and Sweden.

As a percentage of labour costs, total employee and employer SSCs exceeded 20% in 23 OECD countries and at least one-third of labour costs in Austria, Czechia, France, Germany, Slovak Republic and Slovenia.



TABLE 2. **COMPARISON OF TOTAL TAX WEDGE FOR SINGLE AND ONE-EARNER COUPLE TAXPAYERS, OECD COUNTRIES, 2024**

As % of labour costs

Country ¹	Family ² Total tax wedge 2024 (1)	Single ³ Total tax wedge 2024 (2)	Fiscal preference for families (1)-(2) (3)	Annual change, 2024/23 (in percentage points)		
				Family tax wedge (4)	Single tax wedge (5)	Difference between single and family (4)-(3) (6)
Slovak Republic	19.0	42.6	-23.6	2.52	0.83	-1.69
Poland	11.9	34.7	-22.8	-4.03	0.42	4.45
Luxembourg	20.6	40.3	-19.8	-0.64	-0.89	-0.25
Belgium	36.9	52.6	-15.6	-0.14	-0.10	0.05
Germany	33.3	47.9	-14.7	0.38	0.21	-0.17
Austria	32.7	47.0	-14.3	0.00	-0.22	-0.21
Lithuania	25.3	39.3	-14.0	-0.18	0.33	0.51
Ireland	22.8	35.2	-12.4	0.58	-0.40	-0.98
Slovenia	32.2	44.6	-12.4	3.07	1.44	-1.63
Portugal	27.1	39.4	-12.3	-2.36	-1.75	0.62
Iceland	19.3	31.6	-12.2	-1.48	-0.27	1.21
Switzerland	11.0	22.9	-11.9	-0.05	-0.13	-0.08
Italy	35.4	47.1	-11.7	1.53	1.61	0.09
Korea	13.5	24.7	-11.2	-1.72	0.20	1.91
Canada	21.5	32.0	-10.5	0.21	0.13	-0.08
New Zealand	10.5	20.8	-10.3	-0.41	-0.27	0.13
United States	20.1	30.1	-10.0	0.29	0.04	-0.25
Czechia	31.1	40.9	-9.9	7.38	0.70	-6.67
Latvia	32.0	41.7	-9.6	1.60	0.66	-0.93
Denmark	26.8	36.1	-9.3	-0.07	0.13	0.19
Hungary	32.6	41.2	-8.6	1.11	0.00	-1.11
France	39.1	47.2	-8.2	0.00	0.36	0.36
Netherlands	27.2	35.1	-7.9	-1.11	-0.02	1.09
Japan	25.7	32.6	-6.9	-2.20	-0.41	1.79
Australia	22.8	29.6	-6.7	0.18	0.39	0.21
Estonia	34.6	40.6	-6.0	3.72	0.70	-3.02
Israel	18.9	23.9	-5.0	-0.12	-0.13	-0.01
Chile	2.7	7.2	-4.6	0.49	0.12	-0.37
Spain	36.1	40.6	-4.5	0.63	0.41	-0.22
Sweden	37.0	41.5	-4.5	-0.50	-0.68	-0.18
Colombia	-4.4	0.0	-4.4	-0.15	0.00	0.15
Norway	32.2	36.4	-4.2	-0.73	-0.01	0.72
United Kingdom	25.6	29.4	-3.9	-1.35	-1.74	-0.39
Finland	38.1	41.9	-3.8	-1.61	-1.57	0.04
Greece	37.3	39.3	-2.0	-0.05	0.54	0.59
Türkiye	39.0	39.0	0.0	0.92	0.92	0.00
Mexico	20.9	20.9	0.0	0.41	0.41	0.00
Costa Rica	29.5	29.5	0.0	0.00	0.00	0.00
OECD Average	25.7	34.9	-9.2	0.16	0.05	-0.11

Notes:

1. Countries ranked by decreasing tax wedge of the family.
2. One-earner married couple with two children and earning the average wage.
3. Single individual without children earning the average wage.

Source: Data from *Taxing Wages 2025* (OECD), <https://oe.cd/taxingwages2025-en>.

In all OECD countries, the tax wedge for families on average wage with children was lower than (or in Costa Rica, Mexico and Türkiye, the same as) the tax wedge for the average single earner without children.

Single compared to one-earner couple taxpayers in OECD countries

Many OECD countries provide a fiscal benefit to households with children through advantageous tax treatment and/or cash benefits. Table 2 compares the tax wedge as a percentage of labour costs for a one-earner married couple with two children with that of a single individual without children, at average wage levels. The tax wedge for the couple with children is generally smaller than that observed for the individual without children: the OECD average tax wedge as a percentage of labour costs for the one-earner married couple with two children was 25.7% in 2024, compared with 34.9% for the single average worker. This gap decreased by 0.11 p.p. between 2023 and 2024 due to the fact that the average tax wedge for the one-earner married couple with two children increased by slightly more than the tax wedge for the single worker without children.

The tax saving realised by a one-earner married couple with two children compared with a single worker without children was at least 20% of labour costs in Poland and the Slovak Republic, and it exceeded 15% of labour costs in Belgium and Luxembourg. The tax wedge for a one-earner married couple with two children was the same as for a single worker on the average wage in Costa Rica, Mexico and Türkiye.

The tax wedge of a one-earner married couple with two children increased by 0.16 p.p. on average and increased in 16 countries between 2023 and 2024 (see column 4). In 20 OECD countries, there was only a small change (not exceeding plus or minus one percentage point). There were increases of more than one percentage point in seven countries: Czechia, Estonia, Hungary, Italy, Latvia, the Slovak Republic and Slovenia.

In Czechia, the tax wedge of an average one-earner married couple with two children increased by 7.38 p.p. due to the removal of the pre-school tax credit and because the tax credit for a dependent spouse was limited to families with children under the age of three, which meant that the households considered by the *Taxing Wages* models were no longer eligible. In Estonia, the increase (3.72 p.p.) was caused by the cessation of the supplementary basic allowance and the child allowance, which were targeted at families with children. In Hungary, the increase (1.11 p.p.) was due to growth in labour costs while cash transfers remained unchanged in nominal terms. In Italy, the increase (1.53 p.p.) was mainly due to the loss of the reduced employee SSC rate for this household due to their gross earnings exceeding the eligibility threshold. In Latvia, the increase (1.60 p.p.) was partly due to higher employee SSCs.

In the Slovak Republic, the tax wedge increased by 2.52 p.p. due to the temporary increase of the employer's health insurance contribution. In Slovenia, the increase for the one-earner married couple with two children (3.07 p.p.) was mainly due to the introduction of the flat-rate compulsory health SSC of EUR 420 per year.

Decreases of at least one percentage point in the tax wedge of a one-earner married couple receiving the average wage with two children occurred in eight countries: Finland, Iceland, Japan, Korea, the Netherlands, Poland, Portugal and the United Kingdom. In Finland (-1.61 p.p.), the tax wedge decreased due to lower employee and employer SSCs; in Iceland (-1.48 p.p.), the decrease was due to an increase in the supplementary child allowance; and in Japan (-2.20 p.p.) it was due to the introduction of special tax credits for central and local taxes. In Korea (-1.72 p.p.), the decrease was due to a reform of the refundable child tax credit, which became more generous for lower-earning households with two children. In the Netherlands (-1.11 p.p.), it was due to an increase in the child-related cash transfers while in Poland (-4.03 p.p.) it was due to an increase of cash transfers provided via the Family 500 Plus programme. In Portugal (-2.36 p.p.), it decreased due to the lower tax rates applied to the first six brackets of the tax schedule as well as an increase in the generosity of the child-related cash transfer. In the United Kingdom, the decrease (-1.35 p.p.) was driven by a reduction in employee SSCs.

A comparison of changes in the tax wedge between 2023 and 2024 for one-earner married couples with two children and single persons without children, at the average wage level, is shown in column 6 of Table 2. The fiscal preference for families increased in seventeen of 38 OECD countries: Australia, Belgium, Colombia, Denmark, Finland, France, Greece, Iceland, Italy, Japan, Korea, Lithuania, the Netherlands, New Zealand, Norway, Poland and Portugal.



TABLE 3. **COMPARISON OF TOTAL TAX WEDGE FOR TWO-EARNER COUPLE WITH CHILDREN, OECD COUNTRIES, 2024**

As % of labour costs

Country ¹	Total tax wedge 2024 (1)	Annual change, 2024/23 (in percentage points) ²				
		Tax wedge (2)	Income tax (3)	Employee SSC (4)	Employer SSC ³ (5)	Cash benefits (6)
Belgium	44.8	-0.11	-0.12	0.01	0.00	-0.01
France	41.0	0.36	0.19	-0.02	0.20	0.01
Germany	40.9	0.38	0.19	0.04	0.15	0.00
Spain	37.9	0.78	0.73	0.01	0.05	0.00
Sweden	37.8	-0.55	-0.65	0.00	0.00	-0.11
Slovenia	37.8	1.96	0.32	1.56	0.00	-0.08
Greece	37.5	-0.27	-0.27	0.00	0.00	0.00
Austria	37.4	-0.04	0.17	-0.03	-0.03	0.15
Türkiye	37.3	1.10	1.10	0.00	0.00	0.00
Czechia	37.1	2.43	1.98	0.45	0.00	0.00
Finland	36.9	-1.66	0.08	-0.85	-0.86	0.02
Italy	36.6	0.50	-0.55	1.26	0.00	0.20
Hungary	36.0	0.67	0.40	0.00	0.00	-0.27
Estonia	34.7	1.78	1.57	0.00	0.00	-0.22
Portugal	34.7	-1.28	-1.28	0.00	0.00	0.00
Latvia	34.6	1.34	1.06	0.00	0.00	-0.28
Norway	32.2	-0.47	0.05	-0.09	0.00	0.43
Lithuania	31.9	-0.19	0.00	0.00	0.00	0.19
Denmark	31.6	-0.04	0.08	0.00	0.01	0.12
Luxembourg	30.2	-0.99	-0.96	0.00	-0.08	-0.04
Slovak Republic	30.0	1.91	0.31	-0.20	1.46	-0.34
Costa Rica	29.5	0.00	0.00	0.00	0.00	0.00
Canada	28.8	0.09	-0.16	0.09	0.11	-0.06
Japan	28.8	-1.27	-1.49	0.08	0.07	-0.07
Ireland	28.8	0.16	-0.41	0.02	0.00	-0.55
Iceland	28.2	-1.54	-0.33	0.00	0.00	1.21
Australia	27.9	0.46	0.43	0.00	0.02	0.00
Netherlands	26.9	-0.44	0.53	-0.84	0.10	0.23
United Kingdom	25.5	-1.66	0.43	-2.16	0.10	0.04
United States	24.8	0.24	0.26	0.00	-0.02	0.00
Poland	22.3	-2.39	0.65	0.00	0.00	3.04
Mexico	20.2	0.29	0.29	0.00	0.00	0.00
New Zealand	18.6	-0.55	-0.55	0.00	0.00	0.00
Korea	18.3	0.35	0.19	0.00	0.04	-0.12
Switzerland	17.1	-0.06	-0.13	0.00	0.00	-0.07
Israel	15.6	-0.14	0.00	-0.10	-0.05	0.00
Chile	4.4	-0.67	0.00	0.00	0.00	0.67
Colombia	-5.2	-0.18	0.00	0.00	0.00	0.18
OECD Average	29.5	0.01	0.11	-0.02	0.03	0.11

Notes: Two-earner married couple, one earning 100% and the other earning 67% of the average wage, with two children.

1. Countries ranked by decreasing total tax wedge.

2. Due to rounding, the changes in tax wedge in column (2) may differ by one hundredth of a percentage point from the sum of columns (3)-(6).

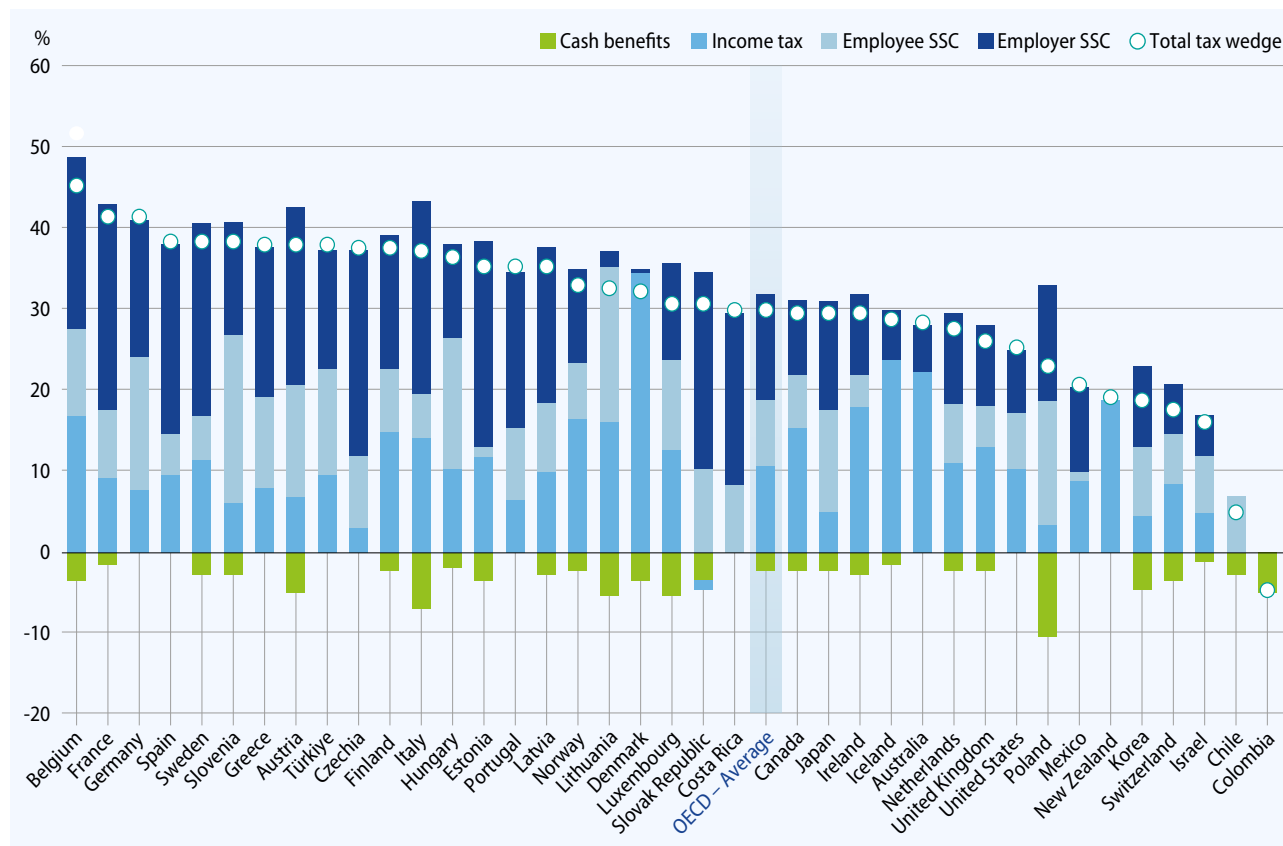
3. Includes payroll taxes where applicable.

Source: Data from *Taxing Wages 2025* (OECD), <https://oe.cd/taxingwages2025-en>.

On average, cash transfers increased, compensating for a rise in income taxes across OECD countries.

FIGURE 2. INCOME TAX PLUS EMPLOYEE AND EMPLOYER SOCIAL SECURITY CONTRIBUTIONS LESS CASH BENEFITS, 2024

For two-earner couple with two children, as % of labour costs



Note: Two-earner married couple, one earning 100% and the other earning 67% of the average wage, with two children. Includes payroll taxes where applicable.

Source: Data from *Taxing Wages 2025* (OECD), <https://oe.cd/taxingwages2025-en>.

Tax wedge for two-earner couples in OECD countries

For a two-earner married couple, earning 100% and 67% of the average wage, with two children, the OECD average tax wedge as a percentage of labour costs was 29.5% in 2024 (Figure 2 and Table 3). Belgium had a tax wedge of 44.8%, which was the highest among OECD countries for this household type. The other countries with a tax wedge exceeding 40% were France and Germany (41.0% and 40.9%, respectively). The lowest tax wedge for this household was observed in Colombia (5.2%). In Colombia, the tax wedge was negative because this household type did not pay income taxes at that level of earnings (although it paid contributions that are not considered to be taxes) and received cash benefits that were paid on top of their wages. The other countries where the tax wedge for this household type was below 20% were New Zealand (18.6%), Korea (18.3%), Switzerland (17.1%), Israel (15.6%) and Chile (4.4%).

Figure 2 shows the average tax wedge and its components as a percentage of labour costs for the two-earner



For a two-earner married couple, earning 100% and 67% of the average wage, with two children, the OECD average tax wedge as a percentage of labour costs was 29.5% in 2024.



married couple in 2024. On average across OECD countries, income tax represented 10.6% of labour costs and the sum of the employee and employer SSCs represented 21.4%. The OECD tax wedge is net of cash benefits, which represented 2.5% of labour costs in 2024. The cash benefits that are included in *Taxing Wages* models are those universally paid to workers in respect of dependent children between the ages of six to eleven inclusive. In-work benefits that are paid to workers regardless of their family situation are also included in the calculations.

The OECD average tax wedge of the two-earner married couple increased by 0.01 p.p. in 2024 from the previous year, as indicated in Table 2 (column 2). For this household type, the tax wedge increased in 17 countries and decreased in 20. The increase exceeded one percentage point in six countries: Türkiye (1.10 p.p.), Latvia (1.34 p.p.), Estonia (1.78 p.p.), the Slovak Republic (1.91 p.p.), Slovenia (1.96 p.p.) and Czechia (2.43 p.p.). In Türkiye, the tax wedge increased due to the progressivity of the tax schedule, as the average wage increased by more than the earnings thresholds in the tax schedule. Similarly, in Latvia, the increase was mostly due to the fact that the tax schedule did not change between 2023 and 2024. In Estonia, the tax wedge increased primarily due to the elimination of the supplementary basic allowance and the child allowance. In the Slovak Republic, the increase was mainly due to higher employer SSCs while cash transfers did not change. In Slovenia, the average tax

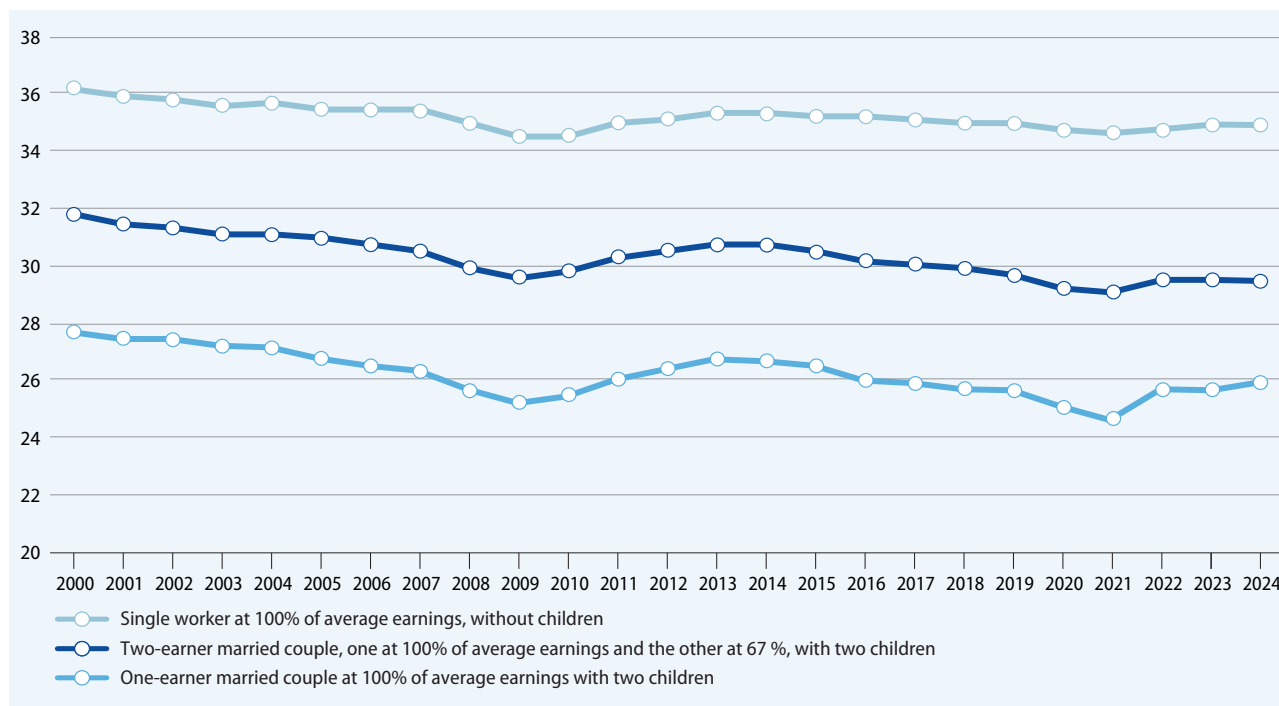
wedge increased due to the introduction of a flat-rate compulsory health contribution. In Czechia, the increase was primarily due to the removal of the pre-school tax credit.

Among the countries where the tax wedge rose for two-earner married couples with children in 2024, the increase in income tax as a percentage of labour costs accounted for most of the increase in twelve: Australia, Czechia, Estonia, France, Germany, Hungary, Korea, Latvia, Mexico, Spain, Türkiye and the United States. Meanwhile, an increase in SSCs was the main factor behind the higher tax wedge for this household type in four countries: Canada, Italy, the Slovak Republic and Slovenia. In Ireland, the increase (0.16 p.p.) was driven by a decrease in cash transfers received by this household.

In most countries where the tax wedge for families with children decreased between 2023 and 2024, this resulted from changes in income tax systems and SSCs, as observed for the single workers, as well as from increased cash benefits or tax provisions for dependent children. Decreases of more than one percentage point were observed in six countries: Japan (-1.27 p.p.), Portugal (-1.28 p.p.), Iceland (1.54 p.p.), Finland (-1.66 p.p.), the United Kingdom (-1.66 p.p.) and Poland (-2.39 p.p.). The decrease resulted from a reduction of SSCs in Finland and the United Kingdom, an increase in tax reliefs for families in Iceland and Japan, an increase in cash benefits in Poland and a reduction of tax rates in Portugal.

FIGURE 3. OECD AVERAGE TAX WEDGE, 2000-2024

For three household types, as % of labour costs

Source: Data from *Taxing Wages 2025* (OECD), <https://oe.cd/taxingwages2025-en>.

Trends in the OECD tax wedge since 2000

The average tax wedge for a single worker earning the average wage, a one-earner married couple on the average wage with two children, and a two-earner married couple with total wage earnings at 167% of the average wage and two children have all declined since 2000 (Figure 3). Tax burdens for the three household types have followed a similar trend over this period, with the lowest tax wedges for each observed in 2009 during the Global Financial Crisis and in 2020-21 due to the COVID-19 pandemic. For the average single worker, the OECD average tax wedge decreased from 36.2% in 2000 to 34.4% in 2009, increased to 35.2% in 2015 then declined to 34.6% in 2021, since when it has increased to 34.9% in 2024. For a one-earner married couple on the average wage with two children, the tax wedge declined from 27.7% in 2000 to 25.2% in 2009, increased to 26.6% in 2014 then declined to its lowest level (24.6%) in 2021, before rising to 25.7% in 2024. Finally, for a two-earner married couple on 167% of the average wage with two children, the tax wedge fell from 31.8% in 2000 to 28.9% in 2021 before rising to 29.5% in 2024.



The average tax wedge for a one-earner married couple on the average wage with two children has declined since 2000.

The net personal average tax rate in OECD countries

Taxing Wages 2025 presents a second main indicator, the **net personal average tax rate**, which measures income tax plus employee SSCs less cash benefits as a percentage of gross wage earnings. On average, the net personal average tax rate for a single worker at average earnings in OECD countries was 25.0% in 2024 (Figure 4). In other words, disposable or after-tax income² represented 75.0% of the gross wage earnings for the single average worker.

Belgium had the highest rate, at 39.7% of gross wage earnings; Denmark, Germany, Lithuania and Slovenia were the other countries with rates above 35%. The lowest personal average tax rates were in Mexico (12.2%), Costa Rica (10.7%), Chile (7.2%) and Colombia (0.0%). *Taxing Wages 2025* also shows the net personal average tax rates for other household types with or without children.

Box 3: Methodology

The analysis in *Taxing Wages 2025* focuses on full-time private sector workers in specific sectors of the economy. It is assumed that their annual income from employment is equal to a given percentage of the average full-time adult gross wage earnings for each OECD country, referred to as the average wage.

The term **tax** includes personal income tax, social security contributions and payroll taxes (which are aggregated with employer social contributions in the calculation of tax rates) payable on gross wage earnings. Any tax that might be due on non-wage income and other kinds of taxes – e.g. corporate income tax, net wealth tax and consumption taxes – are not taken into account. The benefits included are those paid by general government as cash transfers, usually in respect of dependent children.

For most OECD countries, the tax year is equivalent to the calendar year, the exceptions being Australia, New Zealand and the United Kingdom. In the case of New Zealand and the United Kingdom, where the tax year starts in April, the calculations apply a ‘forward-looking’ approach. This implies that, for example, the tax rates reported for 2024 are those for the tax year 2024-25. However, in Australia, where the tax year starts in July, it has been decided to take a ‘backward-looking’ approach in order to present more reliable results. So, for example, the year 2024 in respect of Australia has been defined to mean its tax year 2023-24.

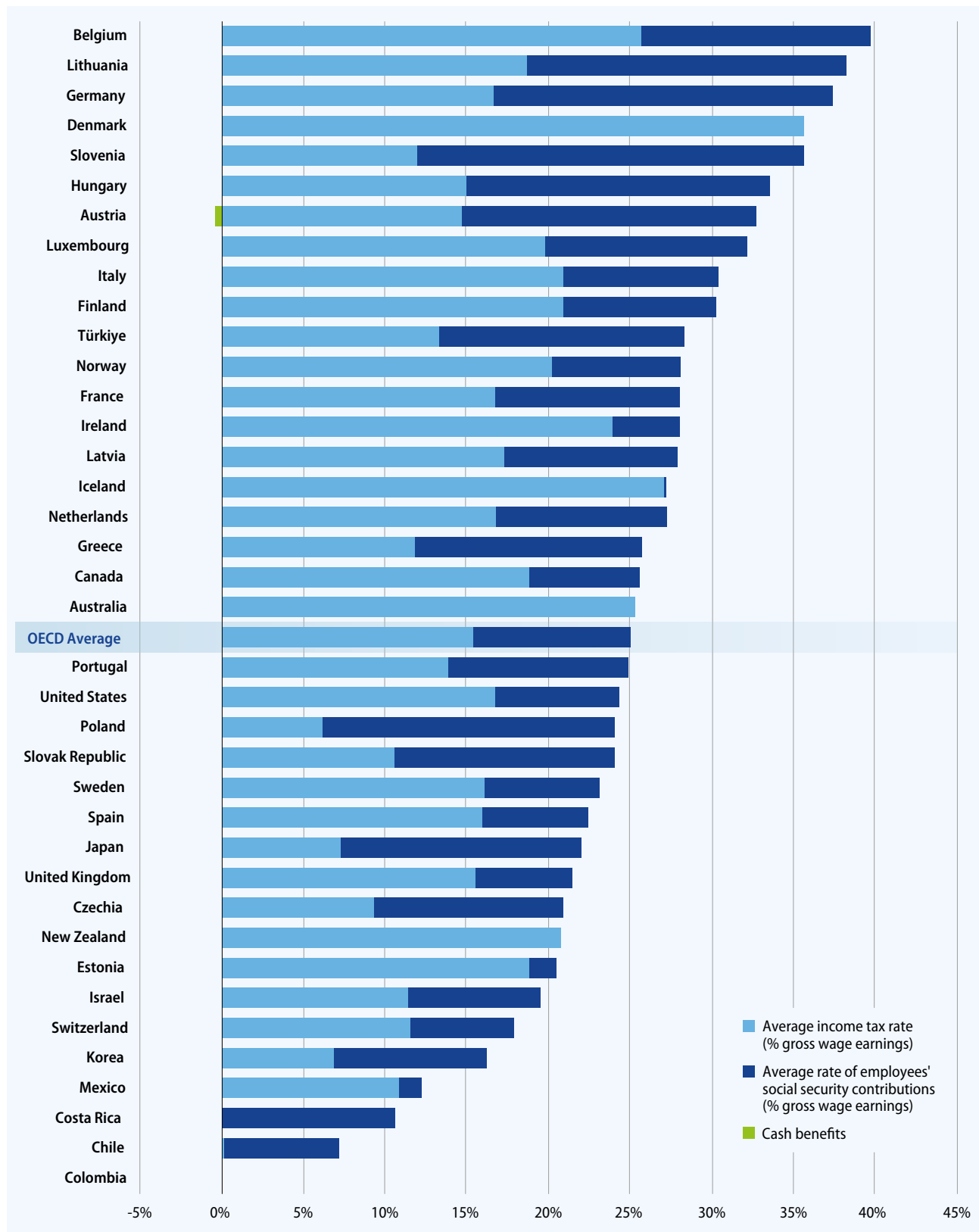
For information on the tax burden on other household types, please see *Taxing Wages 2025*. A full description of the methodology is set out in the *Taxing Wages 2025 Annex*.



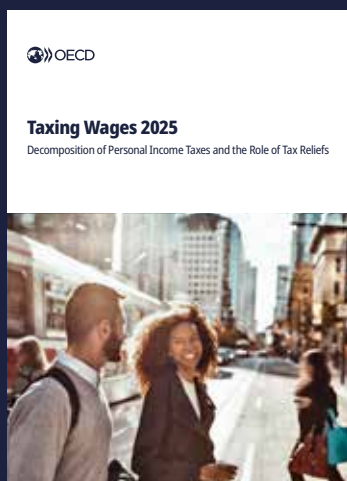
2. The *Taxing Wages* indicators focus on the structure of income tax systems on disposable income. To assess the overall impact of the government sector on people's welfare other factors such as indirect taxes (e.g. VAT) should also be taken into account, as should other forms of income (e.g. capital income). In addition, non-tax compulsory payments that affect households' disposable incomes are not included in the calculations presented in the publication, but further analyses on those payments are presented in the online report: <https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-policy/non-tax-compulsory-payments.pdf>.

FIGURE 4. **INCOME TAX AND EMPLOYEE SOCIAL SECURITY CONTRIBUTIONS LESS CASH BENEFITS, OECD COUNTRIES, 2024**

For a single worker earning the average wage, as % of gross wage earnings



Source: Data from *Taxing Wages 2025* (OECD), <https://oe.cd/taxingwages2025-en>.



OECD (2025), *Taxing Wages 2025*, OECD Publishing, Paris,
<https://doi.org/10.1787/b3a95829-en>

ADDITIONAL RESOURCES

OECD (2025), Non-tax compulsory payments,
<https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-policy/non-tax-compulsory-payments.pdf>.

OECD Data Explorer, <http://data-explorer.oecd.org/s/12t>

NOTES & DISCLAIMERS

The results for France for 2024 should be interpreted with caution because the indexation of the tax schedule and income tax parameters to inflation (of 1.8%) could not be incorporated into the Taxing Wages models for this Report. This omission, which was due to the late adoption of the 2025 budget bill, results in higher estimated tax rates in 2024 than those that were effectively in force.

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