

OECD Taxation Working Papers

Taxation of Part-Time Work in the OECD

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Abstract

The share of part-time employment in total employment has risen in most OECD countries over the past decades. While this is often associated with increased female labour force participation and the desire of many workers to achieve an improved work-life balance, there has been a significant decline in the average earnings of part-time workers relative to full-time workers, as well as an increase in involuntary part-time employment in a number of countries. This paper presents a summary of the taxation of part-time work in OECD countries. It includes new calculations of the effective tax rates on part-time work including those for male and female part-time workers and for different household types. These indicators provide an evidence base for policymakers looking to understand the impact of the tax system on the choice of employment form. The analysis shows that average tax rates for part-time workers are lower than those applied to full-time workers in almost all OECD countries, reducing post-tax gender wage gaps, although marginal tax rates are often higher for part-time workers. These differences between the taxation of part-time and full-time workers are largely due to differences in earnings levels, and therefore to the progressivity of countries' tax systems, rather than to differences in the tax treatment applied to part-time workers relative to full-time workers.

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1 Introduction

1. The share of part-time employment in total employment has risen in most OECD countries over the past few decades (OECD, 2019^[1]). While this is often associated with increased female labour force participation and the desire of many workers to achieve an improved work-life balance, there has been a significant decline in the average earnings of part-time workers relative to full-time workers, as well as an increase in involuntary part-time employment in a number of countries (OECD, 2019^[1]).

2. The COVID19 crisis has amplified the challenges that part-time workers face. Non-standard workers, including those on part-time contracts, represent up to 40% of total employment in sectors most affected by containment measures across European OECD countries, and were particularly exposed to job and income losses (OECD, 2020^[2]), (OECD, 2020^[3]). There has also been a sharp rise in underemployment, including involuntary part-time work, as a result of the pandemic – and reductions in working hours absorbed much of the initial impact of the crisis (OECD, 2021^[4]). Ensuring access to social protection for workers in non-standard employment is a key challenge in adapting social protection to the meet the challenges of the current crisis and of the “future of work” (OECD, 2019^[1]) more generally.

3. Against this background, this paper analyses the taxation of part-time work in OECD countries and compares it to that of full-time workers as modelled in *Taxing Wages*. The personal income tax (PIT), social security contributions (SSCs) and cash benefits that apply to part-time workers may differ from those applicable to full-time workers due to provisions based on the number of hours worked or targeted specifically at part-time workers. However, even if part-time employees are subject to the same provisions as employees on full-time contracts, their tax and benefit treatment may differ in practice due to differences in earnings levels as well as the amount of paid over-time worked (OECD, 2021^[4]).

4. To assess these differences, this paper presents indicators of the effective tax rates on part-time work, building on the OECD’s well-established *Taxing Wages* models (OECD, 2019^[5]).¹ These indicators provide an evidence base for policymakers looking to understand the impact of the tax system on the choice of employment form.² Further, a differentiation of the part-time indicators by gender provides an indication of how part-time employment and its tax and benefit treatment affects different groups of workers, and therefore helps to inform policies that seek to decrease disparities in the labour market and to make work more inclusive in the future (OECD, 2019^[1]).

5. This paper is structured as follows. Section 2 provides an overview of differences in the number of employees, hours worked and earnings between part-time and full-time employees in OECD countries. Section 3 details the taxes, including SSCs, and cash transfers for part-time workers, highlighting where the treatment of part time workers differs from full-time workers. Building on this information, the section

¹ Information on the number of employees, hours worked and wages in part-time employment as well as on the tax and benefit provisions applicable to part-time workers was provided by national administrations in response to a questionnaire on part-time work circulated in summer 2019.

² For differences in the tax and benefit provisions between self-employed workers and standard employees, see (Milanez and Bratta, 2019^[76]).

presents effective tax rates on part-time work, which were modelled based on the *Taxing Wages* framework, and compares them to the effective tax rates for full-time workers. Section 4 concludes.

2 Working part-time: how do OECD countries compare?

6. Over the past few decades, the prevalence of part-time employment has risen in most OECD countries, alongside a decline in the average earnings of part-time relative to full-time workers (OECD, 2019₍₁₎).

7. To assess how working patterns and the related challenges differ across OECD countries, this section summarises key indicators on part-time and full-time employment in the private sector³, based on information provided by delegates. It covers the proportion of employees in part-time work, a breakdown by gender, the average hours worked by part-time and full-time employees, and both average and minimum wages in all countries for which information was available. In interpreting cross-country differences, readers should be aware of differences in sector coverage (detailed in Annex D) as well as differences in the definition of part-time work across countries (detailed in Annex A).^{4,5} Other country-specific assumptions are detailed in Annex C.

2.1. The prevalence of part-time employment in OECD countries

8. Based on national definitions, the prevalence of part-time work in OECD countries ranges from 3.0% of total employees in the Slovak Republic to 46.1% in the Netherlands, with a cross-country average of 16.9% of employees (see Figure 1). In half of the OECD countries, part-time workers represent between 12% and 23% of employees.

9. In all countries, women form a larger share of total part-time employees than they do of total full-time employees: women represent 34.1% of full-time workers and 63.6% of part-time workers, on average. Germany has the largest differences, with women accounting for 77.0% of part-time employees but less than a quarter (23.5%) of full-time employees. Data from the OECD Employment Outlook indicate that women are over-represented as a share of involuntary part-time workers, representing 65% of this group

³ Where possible, the information on part-time work has been provided, for workers in sectors B-N of ISIC rev 4, to be consistent with the assumptions in the main *Taxing Wages* models, although in a few countries, all sectors have been included, as detailed in Annex D. In many countries, there are stark differences in the gender profile between the private and public sectors, both in terms of the proportion of women employed and in wage levels, meaning that comparisons between countries where information only for the private sector is provided and those for which the figures cover all sectors, should be made with caution.

⁴ The information in this section was provided by delegates of Working Party No. 2 on Tax Policy and Statistics in response to a questionnaire on part-time work that was circulated in summer 2019. Where data for some countries was not available, other data sources were used, as appropriate. Details are provided in the notes of each figure.

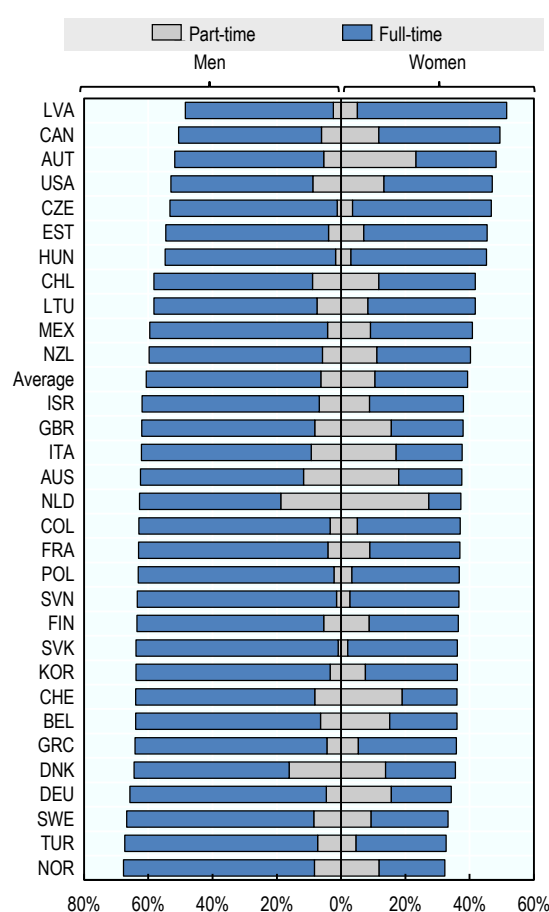
⁵ In some countries, data for part-time and full-time workers differs in relation to the sectors of the economy covered, as detailed in Annex C.

in OECD countries, on average, in 2019. Similarly, that the share of workers that are involuntarily working part-time has been growing, from 12% of total employment in 2000 to 15% in 2019.

10. Similarly, the share of women working part-time as a share of total female employees ranges from 5.7% in the Slovak Republic to 52.7% in Switzerland and 73.2% of female employees in the Netherlands. Among men, the share of part-time employment ranges from less than 3% of total employees in the Slovak Republic (1.4%), Slovenia and the Czech Republic (both 2.2%), to more than 20% in Denmark (25.1%) and the Netherlands (29.9).

Figure 1. Male and female part-time and full-time employees across OECD countries, 2019 or latest available year

% of total employees



Note: Part-time employment is defined according to the national definitions described in Annex A. Ireland, Luxembourg and Spain are not included because data on the share of part-time and full-time employees differentiated by gender was not available.

Source: Authors' calculations based on data provided by country delegates.

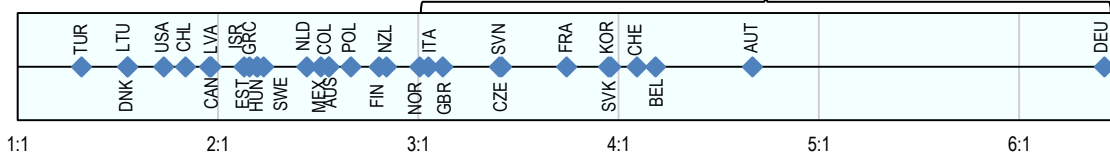
11. On average, almost three out of ten employed women work part-time, compared to only one in ten men, meaning that female employees are, on average, almost three times more likely to work in part-time employment than male employees (see

12. Figure 2). The smallest differences in employment forms between men and women are observed in Turkey, where 1.4 out of every 10 women in employment work part time, compared to 1.1 out of every

10 men. In Germany, less than 1 (0.7) out of every 10 men in employment work part time, compared to almost half of all women in employment (4.5 out of 10), meaning that women are, on average, 6.4 times more likely to work part time than men.

Figure 2. How much more likely are women to work part-time, compared to men?

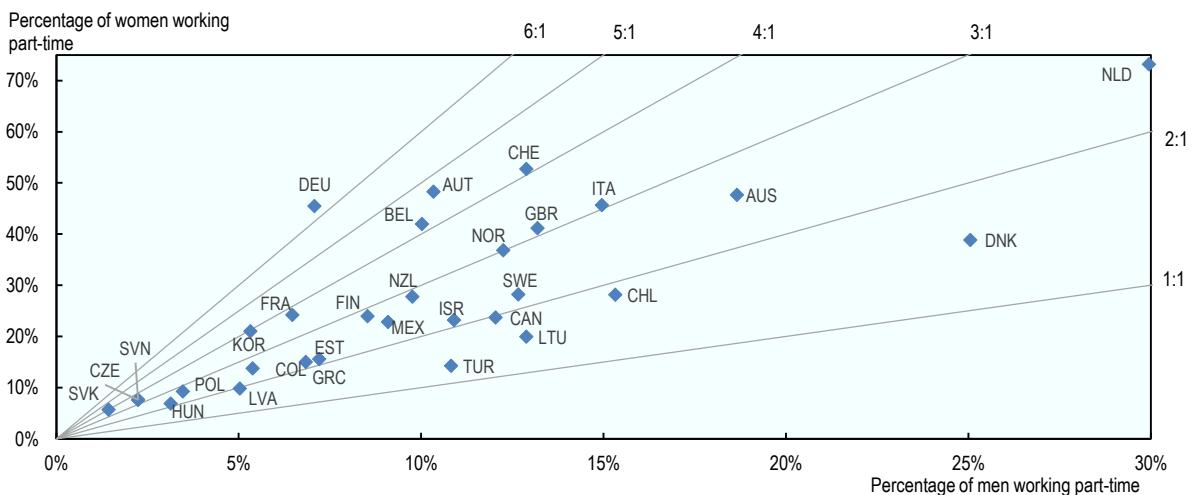
Share of women who work part-time: share of men who work part-time
 In eleven OECD countries, women are more than three times more likely than men to be part-time rather than full-time employed.



Note: Part-time employment is defined according to the national definitions described in Annex A. Ireland, Luxembourg and Spain are not included because data on the share of part-time and full-time employees differentiated by gender was not provided.
 Source: Authors' calculations based on data provided by country delegates.

13. However, these differences in employment forms between men and women must be seen in the context of differences in the prevalence of part-time employment across countries (Figure 3). In Lithuania and in Denmark, for example, women are 1.5 times as likely as men to work in part-time employment, but in Denmark, 4 out of every 10 women are employed part-time, compared to 2 out of 10 women in Lithuania. These differences in the share of part-time work in total employment mean that women in employment in Denmark are, on average, more likely to work part time than women in Lithuania. Conversely, in Norway, where women are just as likely to work part-time as in Denmark, the relatively low prevalence of part-time work among male employees (12.3% in Norway compared to 25.1% in Denmark) means that, compared to men, women in Norway are three times more likely to work part-time than men.

Figure 3. How do differences in the prevalence of part-time work across countries influence the relative likelihood of women and men working part-time?



Note: Part-time employment is defined according to the national definitions described in Annex A. Ireland, Luxembourg and Spain are not included because data on the share of part-time and full-time employees differentiated by gender was not provided.
 Source: Authors' calculations based on data provided by country delegates.

14. Table 1 shows the number of full-time and part-time employees as a percentage of total workers (in sectors B-N of ISIC rev 4, unless detailed otherwise in Annex C) disaggregated by gender. In this table, part-time employment is based on the country-specific definitions detailed above. For a table showing the absolute number of full- and part-time employees, see Annex D.

Table 1. Male and female full-time and part-time employees as a share of total employment

% of total employment, based on national definitions of part-time employment

	Full-time employment			Part-time employment			Year
	TOTAL	Men	Women	TOTAL	Men	Women	
AUS	70.4	50.8	19.7	29.6	11.6	17.9	2019
AUT ¹	71.4	46.4	24.9	28.6	5.4	23.3	2018
BEL	78.5	57.5	20.9	21.5	6.4	15.1	2018
CAN	82.2	44.5	37.7	17.8	6.1	11.7	2019
CHL	79.3	49.3	30.0	20.7	8.9	11.8	2019
COL	91.5	59.5	32.0	8.5	3.4	5.1	2019
CZE ¹	95.2	52.1	43.2	4.8	1.2	3.6	2018
DNK	70.0	48.3	21.8	30.0	16.1	13.8	2018
EST	89.0	50.6	38.4	11.0	3.9	7.1	2019
FIN	85.9	58.1	27.7	14.1	5.4	8.7	2018
FRA ¹	87.0	58.9	28.0	13.0	4.1	8.9	2018
DEU	79.8	61.0	18.7	20.2	4.6	15.6	2018
GRC	90.2	59.7	30.5	9.8	4.4	5.4	2019
HUN	95.2	53.0	42.1	4.8	1.7	3.1	2018
ISL	..	..	..	..	..	..	..
IRL	73.6	..	..	26.4	..	..	2018
ISR	84.4	55.2	29.2	15.6	6.8	8.8	2017
ITA ¹	73.5	52.9	20.5	26.5	9.3	17.2	2017
JPN	..	..	..	..	..	..	2018
KOR	89.0	60.5	28.5	11.0	3.4	7.6	2019
LVA	92.5	46.0	46.5	7.5	2.4	5.1	2019
LTU	84.2	50.8	33.4	15.8	7.5	8.3	2019
LUX	81.7	..	..	18.3	..	..	2019
MEX	87.0	55.3	31.7	13.0	4.2	8.8	2019
NLD	53.9	43.9	10.0	46.1	18.8	27.3	2017
NZL	83.0	53.9	29.1	17.0	5.8	11.2	2018
NOR	79.8	59.4	20.4	20.2	8.3	11.9	2018
POL	94.4	60.9	33.4	5.6	2.2	3.4	2018
PRT	..	..	..	..	..	..	..
SVK	97.0	62.9	34.1	3.0	0.9	2.1	2018
SVN	95.8	62.0	33.8	4.2	1.4	2.8	2019
ESP	85.7	..	..	14.3	..	..	2019
SWE	82.2	58.2	23.9	17.8	8.4	9.4	2018
CHE	72.7	55.7	17.0	27.3	8.2	19.0	2018
TUR	88.0	60.0	28.0	12.0	7.3	4.7	2018
GBR	76.2	53.9	22.3	23.8	8.2	15.6	2018
USA	77.9	44.2	33.7	22.1	8.8	13.3	2019
Average	83.1	54.4	28.8	16.9	6.3	10.6	

Notes: Part-time employment is defined according to the national definitions detailed in Annex A. Average is a simple average of all countries for which all data was available. ¹ See country notes in Annex C.

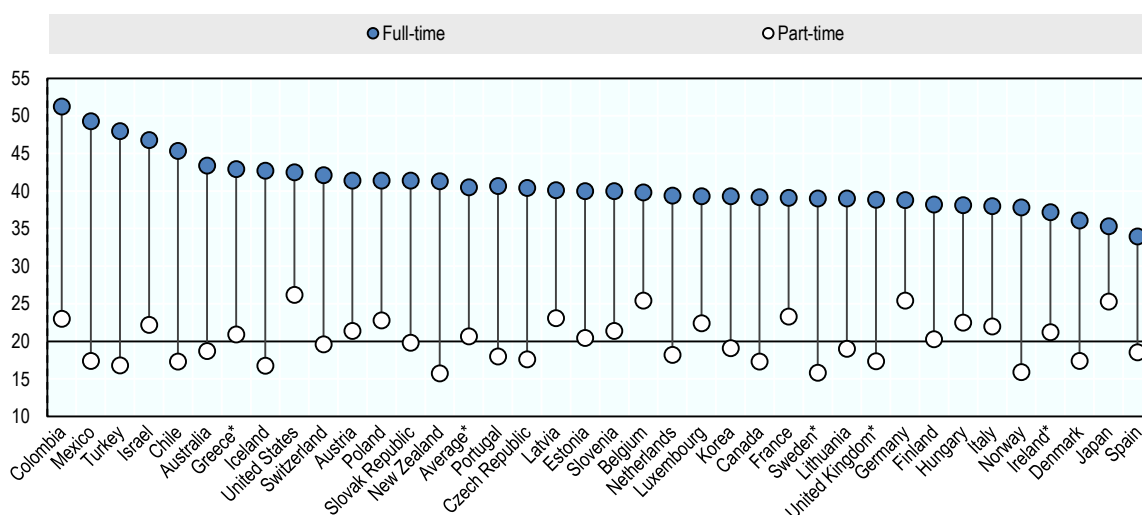
Source: Information provided by country delegates.

2.2. Hours worked in full-time and in part-time employment

15. The average number of hours worked in part-time employment (based on national definitions of part-time work, detailed in Annex A) ranges from less than 16 hours per week in New Zealand (15.7), Sweden (15.8) and Norway (15.9), to 26.6 hours per week in the United States, with more than half of the countries (22) in the range from 17 to 22 hours per week (see Figure 4). Average full-time working hours range from less than 35 hours per week in Spain (34.0) to more than 45 hours per week in Chile (45.3), Israel (46.8), Turkey (48.0), Mexico (49.3) and Colombia (51.3).

16. On average, full-time working hours are more than twice as high as those of part-time workers, at 40.6 compared to 20.1 hours per week. In all countries except Japan, where part-time workers work roughly 70% of full-time working hours (25.3 hours compared to 35.3 hours per week), part-time workers work less than two-thirds of full-time workers. The largest difference in working hours is observed in Mexico, where full-time employees work on average almost three times as many hours as part-time workers, at 49.3 compared to 17.4 hours per week.

Figure 4. Average number of hours worked per week in part-time and in full-time employment



Notes: Graph shows data based on national definitions of part-time work, as detailed in Annex A. For information on the year to which the data relates as well as other country-specific notes, see Annex D. The average is a simple average of all countries shown in the graph. The horizontal line at 20 hours of work per week indicates the level of working hours that is used for the modelling of part-time work in this paper.

* Data based on a national definition was not available; data based on a common definition of part-time work (i.e., working less than 30 hours per week) has been used instead.

Source: Data based on a common definition of part-time work comes from the OECD Labour Force Statistics. Data based on national definitions was provided by country delegates.

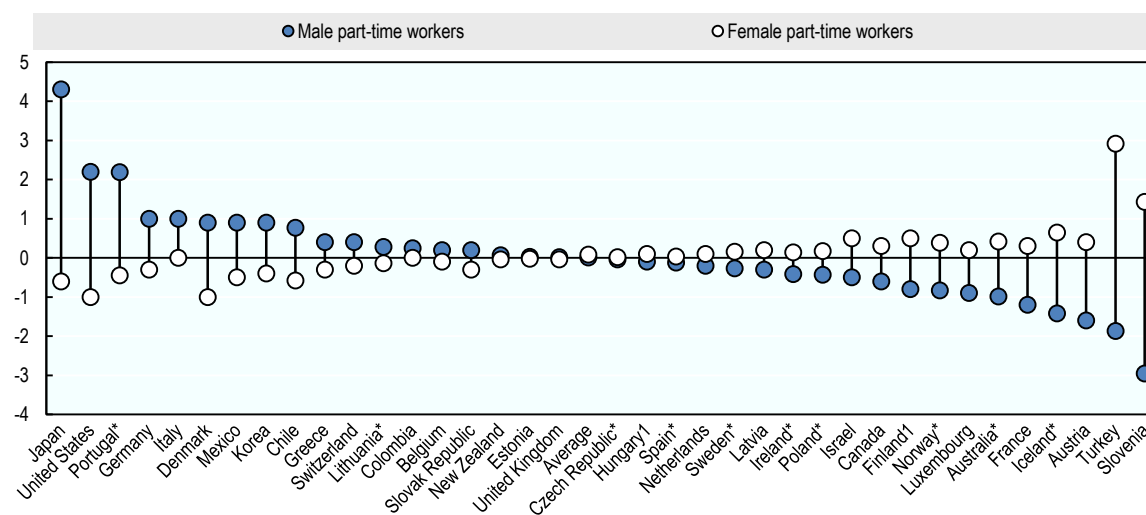
17. The average number of hours worked in part-time employment conceals differences in working hours between men and women. Figure 5 shows the average number of hours worked by male and by female part-time employees less the total average number of hours worked in part-time employment per country. The absolute number of hours worked per week in part-time employment by gender according to national definitions of part-time work is shown in Table 2.

18. In the majority of OECD countries, the difference in part-time working hours between men and women is less than one hour per week, on average. Women in part-time employment work longer hours than men in around half of all OECD countries. The largest differences in working hours can be observed

in the United States and in Japan, where male part-time employees work 3.8 hours and 4.9 hours more per week respectively, and in Slovenia and Turkey, where women in part-time employment work 4.4 hours and 4.8 hours more per week, respectively.

Figure 5. Gender differences in the average number of hours worked per week in part-time employment

Average number of hours worked by male and by female part-time employees, relative to the average for all part-time employees



Notes: Graph shows data based on national definitions of part-time work, as detailed in Annex A. For information on the year to which the data relates as well as other country-specific notes, see Annex C. The average is a simple average of all countries shown in the graph.

* Data based on a national definition was not available; data based on a common definition of part-time work (i.e., working less than 30 hours per week) has been used instead.

¹ For Hungary, data on the average number of hours worked in part-time employment by gender relates to the year 2018. Hence, is based on 2018 data of the total average number of hours worked in part-time employment.

Source: Data based on a common definition of part-time work comes from the OECD Labour Force Statistics. Data based on national definitions was provided by country delegates.

19. However, the average number of hours worked in full- and part-time employment depends on the definition of part-time work and comparisons have to be made with caution.⁶ For a given country, the lower the working-hour threshold below which an employee is considered to work part-time (e.g., 30 hours instead of 35 hours per week) the lower the average number of hours worked for both the full-time and the part-time sample.

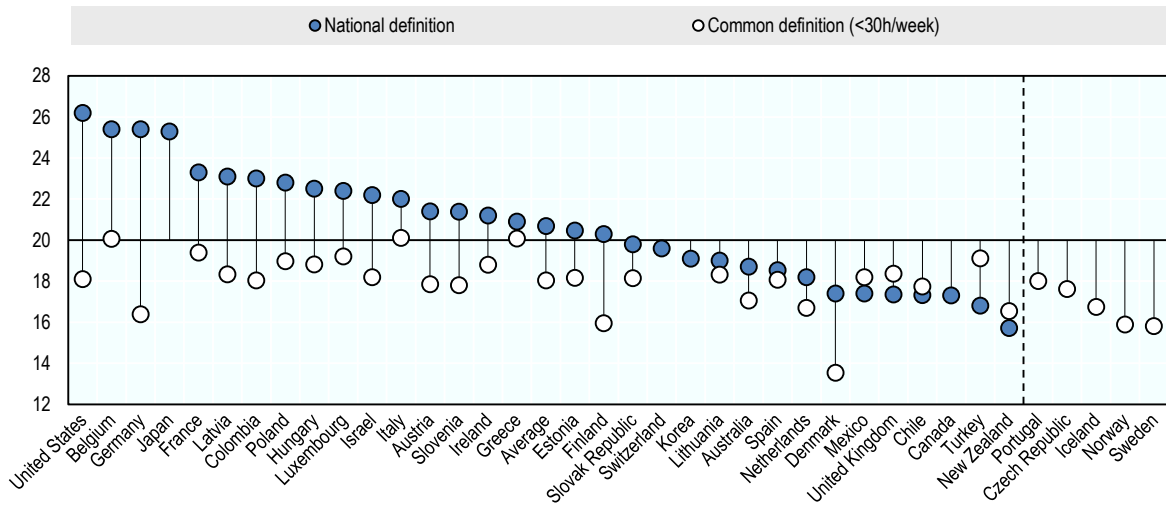
20. To allow for cross-country comparisons in the taxation of annual part-time wages, the modelling results presented in section 3 of this paper are based on a standardised part-time working pattern. This assumes that the average part-time worker, (as well as average male and female part-time workers), work 20 hours per week.⁷ As shown in Figure 6, the standardised number of part-time working hours (i.e., 20

⁶ See Annex A for details on the definitions of part-time work in OECD countries.

⁷ For a given hourly part-time wage, changing the modelled number of hours worked used in the modelling changes the annual part-time wage, which might affect the net personal average tax rate. See Box 1 in section 3.2.2 for a

hours per week) is close to the cross-country mean and median according to national definitions (20.6 hours and 20.4 hours per week respectively). While the results in section 3 are based on the common assumption of 20 hours of work per week, modelling results using country-specific numbers of hours worked based on both national definitions and on the common definition of part-time work are presented in Annex E.

Figure 6. Average number of hours worked per week in part-time employment: national definition compared to common definition



Note: Under the common definition, part-time employment is defined as working less than 30 hours per week. National definitions of part-time work are detailed in Annex A. Countries are ranked based on to the number of hours worked per week in part-time employment according to national definitions. Countries where data based on a national definition was not available are shown on the right-hand side of the graph and are ranked based on the number of hours worked per week in part-time employment based on the common definition. The average includes only those countries for which both values were available.

Source: Data based on a common definition of part-time work comes from the OECD Labour Force Statistics. Data based on national definitions was provided by country delegates.

discussion on how this assumption affects the results for gender differences in earnings and in the taxation of part-time workers.

Table 2. Average number of hours worked per week in part-time employment according to national definitions of part-time work

	Full-time employment			Part-time employment			Year	Definition of part-time employment ¹
	Total	Men	Women	Total	Men	Women		
AUS	43.4	..	..	18.7	..	..	2019	<35h/week
AUT	41.4	41.7	40.6	21.4	19.8	21.8	2018	<36h/week
BEL	(39.8)	(40.2)	(38.7)	25.4	25.6	25.3	2019 (2018)	self-reported
CAN	39.2	40.3	37.9	17.3	16.7	17.6	2019	<30h/week
CHL	45.3	46.0	44.2	17.3	18.1	16.7	2019	<30h/week
COL	51.3	51.8	50.3	23.0	23.3	23.0	2019	..
CZE	..	..	..	..	..	..	..	..
DNK	36.1	36.7	34.8	17.4	18.3	16.4	2018	<32h/week
EST	40.0	40.0	40.0	20.5	20.5	20.5	2019	<40h/week
FIN	38.2	38.8	36.8	20.3	19.5	20.8	2018	self-reported
FRA	39.1	39.6	38.4	23.3	22.1	23.6	2018	<35h/week
DEU	38.8	38.8	38.5	25.4	26.4	25.1	2018	less than a comparable full-time worker
GRC	42.9	43.9	40.9	20.9	21.3	20.6	2019	less than a comparable full-time worker
HUN	(38.1)	(40.8)	(40.1)	22.5 (21.8)	(21.7)	(21.9)	2019 (2018)	less than a comparable full-time worker
ISL	..	..	..	..	..	..	..	..
IRL	37.2	..	..	21.2	..	..	2018	less than a comparable full-time worker
ISR	46.8	48.5	43.8	22.2	21.7	22.7	2017	no definition
ITA	38.0	39.0	37.0	22.0	23.0	22.0	2019	less than a comparable full-time worker
JPN	35.3	..	..	25.3	29.6	24.7	2018	less than a comparable full-time worker
KOR	39.3	..	..	19.1	20.0	18.7	2018	<36h/week
LVA	40.1	..	..	23.1	22.8	23.3	2019	<40h/week
LTU	39.0	..	..	19.0	..	..	2019	<40h/week
LUX	39.3	40.1	38.0	22.4	21.5	22.6	2019	less than a comparable full-time worker
MEX	49.3	50.7	47.0	17.4	18.3	16.9	2019	no definition
NLD	39.4	39.5	39.0	18.2	18.0	18.3	2017	<35h/week
NZL	41.3	42.7	38.7	15.7	15.8	15.7	2018	<30h/week
NOR	..	..	..	..	..	..	..	..
POL	41.4	41.8	40.6	22.8	..	..	2018	<40h/week
PRT	..	..	..	..	..	..	..	..
SVK	41.4	41.9	40.3	19.8	20.0	19.5	2018	<40h/week
SVN	40.0	40.0	40.0	21.4	18.4	22.8	2019	less than a comparable full-time worker
ESP	34.0	..	..	18.5	..	..	2018	less than a comparable full-time worker
SWE	39.0	39.6	38.3	..	..	..	..	..
CHE	42.1	42.3	41.5	19.6	20.0	19.4	2018	<36h/week
TUR	..	..	..	16.8	14.9	19.7	2018	<30h/week
GBR	38.8	39.3	37.8	17.4	17.4	17.3	2018	self-reported
USA	42.5	43.5	41.1	26.2	28.4	25.2	2018	<35h/week

Notes: ¹ See Annex A for details on the national definitions of part-time work.

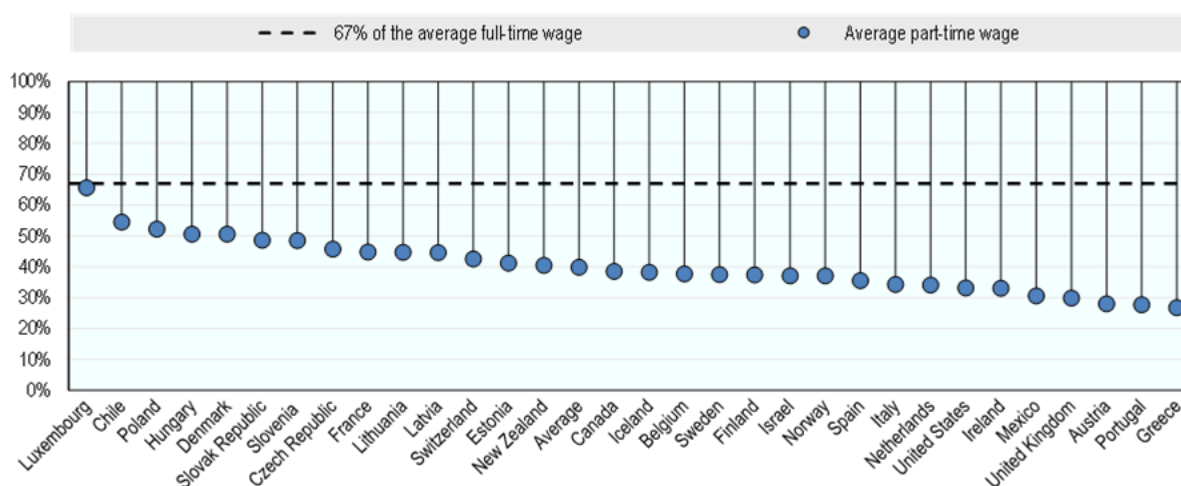
Source: Data was provided by country delegates.

2.3. Wages in part-time employment

21. In a number of OECD countries, the average earnings of part-time workers have declined significantly relative to full-time workers over the past few decades (OECD, 2019^[1]). In 2019, part-time workers earned, on average, less than 40% (39.9%) of the average annual full-time wage (OECD, 2020^[2]). In all OECD countries for which data was available, the average part-time worker earns less than 67% of the average annual full-time wage. Part-time earnings range from less than 30% of the average wage in Turkey, Greece, Portugal, Austria and the United Kingdom, to more than 50% in Denmark, Hungary, Poland, Chile and Luxembourg. In a majority of countries (22), the average part-time wage is in the range of 35% to 55% of full-time earnings. In Luxembourg, where the average annual part-time wage as a percentage of the average full-time wage is the highest, part-time workers earn on average 65.5% of the average full-time wage.

Figure 7. Average gross annual earnings in part-time compared to those in full-time employment

As % of the average annual full-time wage



Note: The average is the simple average of all countries shown in the graph.

Source: Authors' calculations based on information provided by countries (see Annex D); gross annual earnings in full-time employment: (OECD, 2020^[6])

22. In all OECD countries where minimum wages exist, the hourly minimum wages for part-time workers do not differ from those for full-time workers. Annex D shows the information provided by countries on the minimum wages that apply to part-time and full-time workers.

3 Taxation of part-time work in OECD countries

23. Over the past few decades, the average earnings of part-time workers have declined significantly relative to full-time workers. Today, on average, one in six employees across OECD countries is working part-time, earning on average less than 40% of the average full-time wage. The current COVID-19 crisis in particular has amplified many of the challenges that part-time workers face, and ensuring access to social protection is a key challenge.

24. To provide an evidence base for policymakers in addressing these challenges, this section assesses differences in the tax and benefit provisions of part-time compared to full-time workers in OECD countries. Differences in the personal income tax (PIT), social security contributions (SSCs) and cash benefits that apply to part-time workers relative to full-time workers may result from differences in earnings levels and/or from special provisions based on the number of hours worked. The OECD's *Taxing Wages* publication provides details of the tax treatment applied to full-time workers (see Box 1), and the models and country descriptions for that publication form the basis for this discussion. In cases where provisions apply differently to full- and part-time workers, or are targeted at part-time workers, they are detailed in this section.⁸

25. Based on this qualitative discussion, this section analyses the taxation of part-time work in OECD countries and compares it to that of full-time workers. Building on the OECD's well-established *Taxing Wages* models (OECD, 2020_[6]), it provides indicators of the effective tax rates on part-time work and analyses how these differ from those for full-time workers, due to both special provisions on part-time work and differences in earnings levels. The analysis covers both single workers and dual-earner households with children. In addition, this section provides information on differences in earnings levels between male and female part-time employees, and analyses to what extent the tax and benefit systems mitigate these differences.

⁸ Purely income-based provisions are not detailed here, if they apply equally to full-time and part-time workers. For information on purely-income based provisions, see (OECD, 2020_[6]).

Box 1. Some key elements of the Taxing Wages methodology

Taxing Wages main indicators

The tax wedge measures the difference between the labour costs to the employer and the corresponding net take-home pay for the employee is calculated as it is following:

Tax wedge =

$$\frac{PIT^{\wedge} + employee\ SSCs^{\wedge} - cash\ benefits + employer\ SSCs + payroll\ taxes}{labour\ costs}$$

Labour costs =

$$gross\ wage\ earnings + employer\ SSCs + payroll\ taxes$$

The net personal average tax rate (NPATR) is the sum of the PIT and employee SSCs minus cash benefits, expressed as a percentage of gross wage earnings. The remaining part of the income after net tax payments is the household disposable income.

NPATR =

$$\frac{PIT + employee\ SSCs - cash\ benefits}{gross\ wage\ earnings}$$

Household disposable income =

$$(1 - NPATR) * gross\ wage\ earnings$$

Taxing Wages household types

As for the Taxing Wages publication, the above indicators are calculated for eight household types that vary by earnings levels (as percentages of the average wage (AW)), marital status and family situation:

Marital status	Children	Principal earner	Second earner
Single individual	No children	67% of average wage	
Single individual	No children	100% of average wage	
Single individual	No children	167% of average wage	
Single individual	2 children	67% of average wage	
Married couple	2 children	100% of average wage	
Married couple	2 children	100% of average wage	67% of average wage
Married couple	2 children	100% of average wage	100% of average wage
Married couple	No children	100% of average wage	67% of average wage

Further details on the Taxing Wages methodology and assumptions can be found in the Annex to the Taxing Wages publication.

^PIT: personal income tax

^SSCs: social security contributions

3.1. Special provisions on the taxation of part-time work

26. In many countries, there are no differences in the tax and benefit rules applied to part-time and full-time workers, and in the remaining countries, differences in these rules are typically small. This section

contains detailed information on the special provisions for part-time workers that are included in the modelling. For an overview of all special provisions on the taxation of part-time work that are not covered in the standard *Taxing Wages* (OECD, 2020^[6]) models, including those that are not included in the part-time modelling presented here, see Annex B.

3.1.1. Countries with no differences in tax or benefit provisions for part-time workers

27. In the majority of OECD countries (21), there are no differences in the tax or benefit provisions applied to part-time and full-time workers, including in income tax rules, SSCs, payroll taxes, non-tax compulsory payments (NTCPs) and cash benefits. These countries are: Canada, Chile, the Czech Republic, Estonia, Finland, Greece, Hungary, Iceland, Ireland, Israel, Korea, Latvia, Lithuania, Mexico, Norway, Poland, Portugal, the Slovak Republic, Sweden, Switzerland, and Turkey. In these countries, differences in net personal average tax rates between part-time and full-time workers result solely from differences in earnings levels.

3.1.2. Countries with differences in the provisions for part-time workers

28. Sixteen OECD countries reported differences in the tax and benefit provisions for part-time and full-time workers. These comprise differences in tax credits, SSC provisions and in family cash benefits:

- In eight of these countries (Belgium, Colombia, Germany, Italy, Luxembourg, New Zealand, Spain, and the United Kingdom), there are differences in the tax or benefit provisions between part-time and full-time workers, which are captured in the *Taxing Wages* models. For six of these countries, they are included in the part-time modelling results presented in this paper and detailed in the discussion below. In these countries, differences in the tax indicators for part-time and full-time workers result either from differences in earnings levels between part-time and full-time workers or from these special provisions on the taxation of part-time work, or from a combination of both.
- Eight countries (Australia, Austria, Denmark, France, Japan, the Netherlands, Slovenia and the United States) reported differences in the tax treatment of full- and part-time workers that do not meet the assumptions underlying the *Taxing Wages* models, either because they do not apply to the majority of workers, or, in the case of Denmark, because these payments are not considered to be taxes.⁹ As they are not consistent with the main *Taxing Wages* assumptions, they are also not included in the modelling for this paper. Table 3 provides an overview of these provisions; for further details, see Annex B. Since these provisions are not included in the modelling, the differences in the tax indicators for these countries presented in this paper result solely from differences in earnings levels.

Table 3. Provisions on the taxation of part-time work that are not modelled in *Taxing Wages*

Australia	The Jobseeker Payment, i.e. the main cash benefit for people who are unemployed and looking for work, assesses the number of hours worked as part of its eligibility criteria if they are not in full-time employment. Paid Parental Leave benefits, the Parental Leave Pay, and the Dad and Partner Pay, assess previous hours worked as part of their eligibility criteria.
Austria	The commuting tax allowance and the commuting tax credit are contingent on the number of days commuted to work.
Denmark	Contributions to two non-tax compulsory payments, the Maternity Equalisation Scheme for Private Employers and the Danish Labour Market Supplementary Pension, depend on the number of hours worked.

⁹ These payments are not detailed in *Taxing Wages* because they are considered to be non-tax compulsory payments (NTCPs). For an overview of the different NTCPs levied in OECD countries, see (OECD, 2019^[75]).

France	The childcare benefit (“complement de libre choix du mode de garde”) and the parental leave benefit (“prestation partagée d’éducation de l’enfant”) are adjusted depending on the number of hours worked.
Japan	All compulsory SSCs except for the industrial accident compensation insurance depend on the agreed number of hours worked per week.
Netherlands	The commuting tax allowance is dependent on the number of days worked per week. The childcare allowance is contingent on the hours worked by the parent working the fewest hours.
Slovenia	The minimum SSCs base for particular part-time workers is proportional to their hours worked.
United States	Employers with 50 or more full-time or equivalent employees (i.e., employees working at least 30 hours per week or 130 hours per month) must provide Affordable Health Care coverage for full-time employees, whereas coverage for part-time employees is not mandatory.

Note: For details on these provisions, see Annex B. These provisions are not modelled in *Taxing Wages* because they do not apply to the majority of workers, or, in the case of Denmark, because these payments are not considered to be taxes.

Source: Information provided by country delegates.

29. In **Belgium**, a reduction in individual SSCs is granted monthly for low-income earners depending on their gross annual salary, as shown in Table 4. For part-time workers, eligibility is determined based on a monthly reference salary, which is determined by the following formula: $(\text{gross monthly salary} / \text{declared number of hours worked}) * \text{maximum number of hours for the month concerned in the respective work pattern}$. The schedule in Table 4 is restated in annual terms.

Table 4. Schedule for individual SSC reductions in Belgium

Gross annual salary (S) in EUR	Reduction in EUR
0 < S < 19 699.44	2 419.44
19 699.44 < S < 30 728.04	Min (2 419.44, (2 419.44–0.2193 (S–19 699.44)))
S > 30 728.04	0

Note: The schedule is applicable from the 1st of September 2018.

Source: Information provided by the country delegate.

30. In addition, a special scheme in the family cash benefits in Belgium that is targeted at low income earners may apply to part-time workers. Additional amounts of the family allowance are available for a two-parent household in which one parent is a disabled worker or retired, has been unemployed for more than 6 months, or has returned to work; and for a single-parent family. The income ceilings for these supplements are set out in Table 5 and the additional payment schedule is shown in Table 6.

Table 5. Income ceilings for the special scheme in the Belgian family cash benefit

Income ceilings in EUR	Single parent household	Two parent household
Monthly income ceiling	2 452.41	2 531.35
Annual income ceiling	29 428.92	30 376.20
Annual revenues ceiling (% of average earnings)	60.5%	62.44%

Note: The ceilings apply to the income year 2018.

Source: Information provided by the country delegate.

Table 6. Additional family cash benefit under the special scheme in Belgium

	Monthly amount in EUR	Annual amount in EUR
1 st child	47.81	573.72
2 nd child	29.64	355.68
3 rd child and subsequent children	23.90	286.80

Note: The schedule applies to the income year 2018.

Source: Information provided by the country delegate.

31. In **Germany**, there are a few means-tested SSC provisions which in practice affect only part-time workers, even though they are not explicitly linked to the number of hours worked in practice, as the income level of full-time workers lies above the respective income thresholds even at the statutory minimum wage.¹⁰ This would decrease the SSCs of part-time workers relative to full-time workers.

32. In **Italy**, there are differences in the SSC provisions and in the family cash benefits that apply to part-time workers compared to full-time workers:

- The provision of the family cash benefit depends on the number of hours worked per week. Part-time workers are entitled to the full family cash benefit (as modelled in Taxing Wages) if their working hours exceed 24 hours per week. If employees work less than 24 hours per week, the amount received is adjusted according to the number of days actually worked, regardless of the number of hours worked per day, by dividing the monthly full amount by 26 and multiplying it by the number of days worked per month.
- In addition, the minimum threshold for SSCs differs between part-time and full-time workers. For full-time employees, the minimum earnings level on which SSC contributions must be paid is EUR 48.74 per day in 2019. For part-time workers, the minimum earnings level on which SSCs must always be paid is determined on an hourly basis, at EUR 7.31 per hour. However, given that the hourly part-time wage used for the modelling exercise was higher than EUR 7.31 per hour, this provision did not have to be modelled.

33. In **Luxembourg**, the provision of the social minimum wage tax credit (CISSM) for part-time workers differs from that for full-time workers. For part-time employees, the social minimum wage tax credit is calculated based on the theoretical full-time gross monthly salary the employee would have earned had they worked full-time at the same hourly wage.

34. In **New Zealand**, eligibility for the Minimum Family Tax Credit (MFTC) and the In-Work Tax Credit (IWTC), two of the Working for Families Tax Credits available to households with dependent children, depends on the number of hours worked. The MFTC is a means-tested cash benefit that guarantees a minimum level of income to ensure that households with at least one caregiver in full-time employment receive a higher income than they would if they were out of employment and on a benefit. The IWTC provides a payment to working households with dependent children that have a household income below a certain threshold. Both benefits require recipients to be in “full-time employment”, which is defined as working at least 20 hours per week for a sole parent, or at least 30 hours per week (combined) for couples.

35. **Spain** reported differences in the SSC floor that applies to part-time compared to full-time workers. In Spain, SSCs are assessed on the basis of an employee’s gross earnings. In 2019, the lower income threshold, below which SSCs need not be paid, ranged from EUR 6.33 of gross earnings per hour to EUR 8.83 per hour depending on the occupation. The SSC floor for full-time workers is EUR 10 303.20 of gross annual employment income (in 2018) (OECD, 2019^[5]), and the income floor for part-time workers is proportional, based on the real number of hours they work per month. The upper income of EUR 4 070.10 per month, after which SSCs are no longer payable, applies to both full- and part-time workers.

36. In the **United Kingdom**, eligibility for the Working Tax Credit (WTC) is contingent on working a minimum number of hours, so part-time workers on lower hours do not receive the credit. These minimum limits are 16 hours per week for single parents, disabled claimants and those aged 60 or over; a combined total of 24 hours per week for couples with children (with one partner working at least 16 hours); and 30 hours per week for those without children. An additional element is payable at 30 hours or more for all

¹⁰ These provisions are detailed in Annex B.

claimants. However, the WTC is currently being phased out and replaced by the Universal Credit, which does not have hour-based thresholds.

37. In these countries, differences in net personal average tax rates between part-time and full-time workers result either from differences in earnings levels between part-time and full-time workers or from these special provisions on the taxation of part-time work, or from a combination of both.

3.1.3. Part-time models and country coverage

38. Eight countries (Belgium, Colombia, Germany, Italy, Luxembourg, New Zealand, Spain, and the United Kingdom) require changes in the *Taxing Wages* models for them to be applicable to part-time workers. For six of these countries, tax rate indicators for part-time workers are presented here. Colombia and Germany are not included because their part-time models were not available at the time this paper was drafted.

39. In the remaining 29 countries, the *Taxing Wages* models that apply to full-time workers are also appropriate for part-time workers. This paper presents tax rate indicators for part-time workers in 26 of these countries. For the three remaining countries, Australia, Japan and Korea, data on the average part-time wage was not available.

3.2. Taxation of single part-time workers

40. This section analyses the taxation of single part-time workers for the average part-time worker as well as by gender, and compares it to that of the average full-time worker in *Taxing Wages* (OECD, 2020^[6]). The analysis covers all OECD countries except for Australia, Colombia, Germany, Japan and Korea (see section 3.1.3 for details on the country coverage).

3.2.1. Net personal average tax rates of the average part-time worker

41. Figure 8 shows the net personal average tax rates (NPATRs) and their components for single part-time workers working 20 hours per week at the average hourly part-time wage across countries in 2019. The NPATR is defined as income tax plus employee SSCs less cash benefits as a percentage of gross wage earnings. On average, the NPATR for the single average part-time worker amounts to 13.4% of gross wage earnings, consisting primarily of employee SSCs (8.9%) and income tax (5.0%).

42. The size and composition of the NPATR for single part-time workers vary widely across countries. The total NPATR ranges from more than 30% in Denmark (30.5%) and Hungary (33.5%) to -5.5% in Mexico, with two-thirds (21) of the countries in the range of 5% to 20%.

43. Employee SSCs form the largest part of the NPATR in the vast majority of countries (24). Their share ranges from less than 1.0% of gross wage earnings in Denmark, Ireland, New Zealand (all at 0%) and Iceland (0.8%), to 21.1% in Slovenia. In Ireland, where earnings below EUR 352 per week are exempt from SSCs, a worker at the average hourly part-time wage of EUR 15.5 is not subject to employee SSCs when working fewer than 22.7 hours per week. New Zealand and Denmark do not levy any employee SSCs.

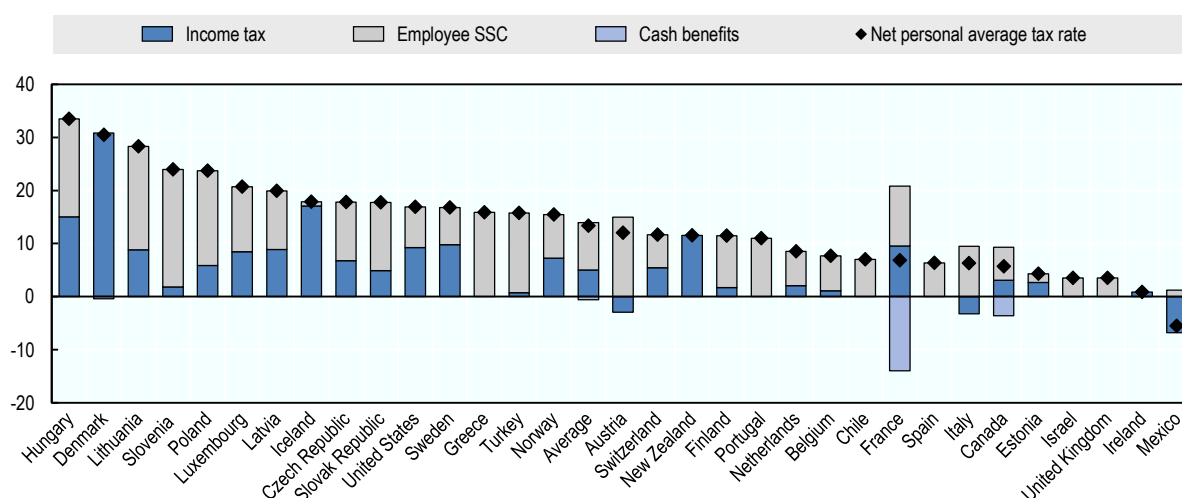
44. The amount of income tax paid by the average part-time worker as a percentage of gross wage earnings is less than or equal to zero in eight countries: Chile, Greece, the United Kingdom, Portugal and Spain (all at 0%), as well as Austria (-2.9%), Italy (-3.2%) and Mexico (-6.8%). Three countries – the Czech Republic (15%), Estonia (20%) and Hungary (15%) – apply a single rate PIT to all levels of taxable income.

45. The negative income tax liability of the average part-time worker in Austria, Italy and Mexico is the result of refundable (non-wastable) tax credits, which exceed the value of the tax liability. In Austria, the negative income tax is a result of a marginal income tax rate of 0% on the average part-time earnings in combination with the traffic (commuting) tax credit, which applies at a maximum of EUR 800 for taxpayers earning less than EUR 15 500 per year and is linearly reduced between EUR 15 500 and EUR 21 500 to a cap of EUR 400 above this amount. In Italy, a refundable tax credit of EUR 960 is provided for employees with incomes between EUR 8 146 and EUR 24 600, resulting in a negative income tax liability for the average part-time worker. In Mexico, a worker at the average part-time wage is eligible for an employment subsidy credit. The negative income tax liability in Mexico (-6.8% of gross wage earnings) in combination with comparably low employee SSCs of 1.3% of gross wage earnings yields a negative NPATR of -5.5%.

46. In three other countries, Canada, Denmark and France, cash benefits reduce the NPATR of the average part-time worker, on average by 6.0 percentage points (p.p.). In Canada, two cash transfers, the Federal Goods and Services Tax Credit and the Ontario Sales Tax Credit, provide a relief of CAD 452 and CAD 314 per year respectively, reducing the NPATR of the single part-time worker from 9.3% to 5.7%. In Denmark, the average part-time worker receives a cash benefit of DKK 805 per year (“green check”), which reduces their NPATR from 30.8% to 30.5%. In France, the in-work benefit, designed to promote a return to full-time work for low-paid workers, reduces the NPATR of the single part-time worker by 14.0 p.p., from 20.8% to 6.9%. These provisions are purely means-based and apply equally to part-time and full-time workers, as detailed in (OECD, 2020^[6]).

Figure 8. Income tax, employee contributions and cash benefits for part-time workers, 2019

As % of gross wage earnings

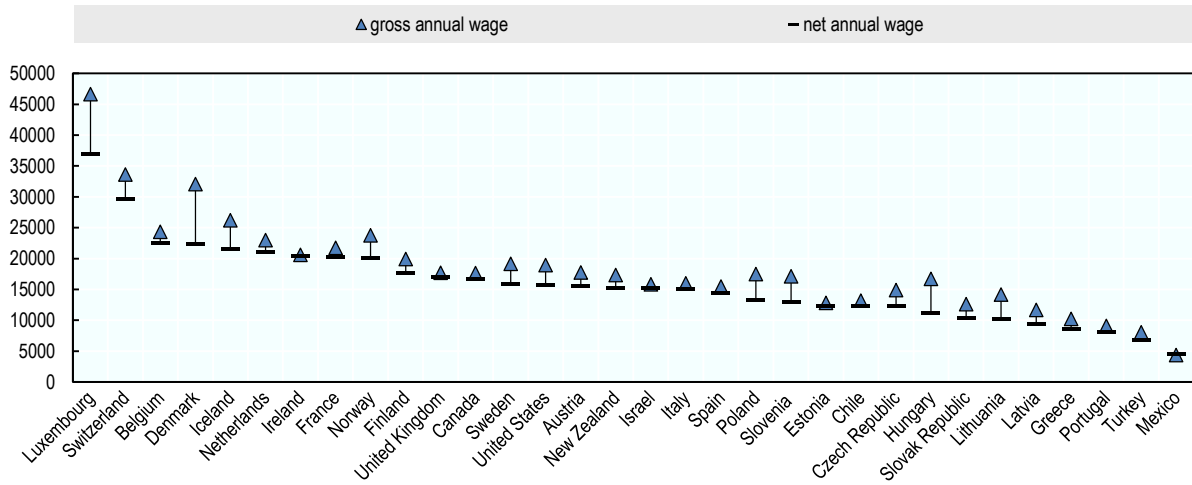


Notes: Net personal average tax rates and their components are calculated for a single individual working part-time (20h/week) without children. Countries are ranked by decreasing net personal average tax rates. The average is a simple average of all countries shown in the graph. Source: Authors' calculations.

47. The resulting gross and net average annual wages in part-time employment are shown in Figure 9.

Figure 9. Gross and net annual wages in part-time employment, 2019

Annual wages in PPP-adjusted USD



Notes: Gross and net annual wages are calculated for a single individual working part-time (20h/week) without children. Countries are ranked by decreasing net annual wages.

Source: Authors' calculations.

3.2.2. To what extent do tax and benefit systems mitigate gender income gaps in part-time employment?

48. However, these average annual part-time wages conceal significant differences in hourly wages between men and women in part-time employment, as well as differences in hours worked. Women are, on average, almost three times more likely to work in part-time employment than men. With almost 30% (27.9%) of women working part-time, compared to only one in every ten men, understanding how the tax and benefit system affects part-time workers is also a matter of gender equity. To provide insights into gender pay gaps in part-time employment and the extent to which tax and benefit systems mitigate them, this section compares average gross and net earnings as well as the NPATRs and their components for male and female part-time employees for the 27 OECD countries for which gender disaggregated earnings data was available.¹¹

49. In most OECD countries, average hourly wages in part-time employment differ significantly between men and women. Female part-time workers earn on average 95.5% of the average part-time wage, compared to male part-time workers who earn 106.2% of the average part-time wage. In three countries, Canada, Italy¹² and the United States¹³, women in part-time employment have higher hourly wages than men do, on average at 103.1% of the average part-time wage, compared to 93.7% for the

¹¹ Gender disaggregated data was available for the following 27 OECD countries: Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Iceland, Israel, Italy, Latvia, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

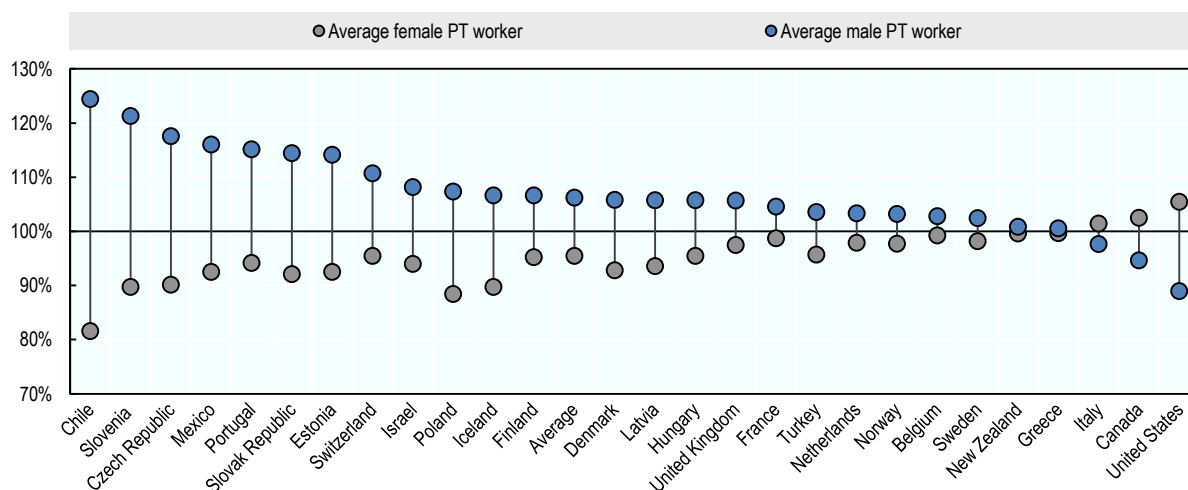
¹² Data in Italy shows median instead of average hourly wages.

¹³ The average hourly wage of part-time workers in sectors B-N was calculated by adjusting data on median weekly part-time earnings in all NACE economic sectors and results should be interpreted with care.

average male part-time worker. Among the remaining countries, male part-time workers earn on average 108.6% of the average part-time wage, compared to female part-time employees who earn 94.2% of the average part-time wage.

Figure 10. Average hourly gross wages in part-time employment by gender

As % of the total average hourly part-time wage



Note: The average is a simple average of all countries shown in the graph.

Source: Authors' calculations.

50. Differences in the number of hours worked between male and female part-time workers often mean that there is less disparity in annual than in hourly wages. For a discussion on how differences in the number of hours worked affect the difference in earnings levels between male and female part-time workers, see Box 1. For the purposes of this paper, however, all workers are assumed to work 20 hours per week to ensure comparability across and within countries. However, relaxing this assumption and considering the differing lengths of the work-weeks of male and female part-time employees could be an interesting avenue for future work.

51. Figure 11 shows the differences in gross and net annual earnings between male and female part-time workers assuming that both work 20 hours per week. The sum of the two bars shows the part-time gender wage gap (GWG) for each country, i.e. the difference between average gross earnings of male and female part-time employees as a percentage of male gross part-time earnings.

52. The average part-time (pre-tax) GWG amounts to 10.2%, meaning that, on average, the annual gross income of a female part-time worker is more than 10% lower than that of a male part-time employee. By contrast, the full-time (pre-tax) GWG in OECD countries amounted to 12.5% in 2019 (OECD, 2021^[4]). In Italy, Canada, and the United States, where the part-time GWG is negative, the average female part-time worker has a higher hourly wage than the average male part-time worker, by 3.9%, 8.3% and 18.5% respectively.¹⁴ Among those countries where average hourly wages of female part-time workers are lower than those of male part-time workers, the gender part-time pay gap ranges from less than 5% in Greece,

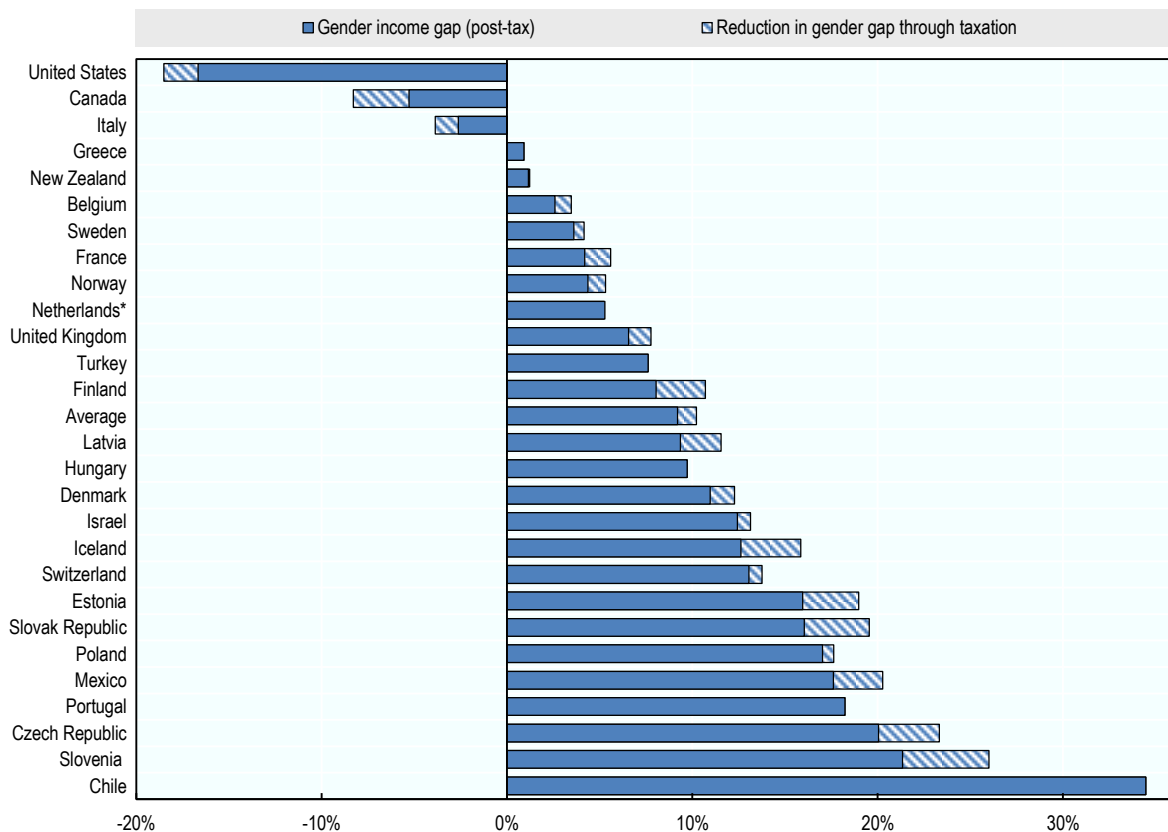
¹⁴ In Italy, data on the hourly wage of part-time employees shows median instead of average earnings.

New Zealand, Belgium and Sweden to more than 25% in the Czech Republic and Slovenia, with Chile at 34.5%.

53. Due to the progressivity of tax and benefit systems, earnings differences can cause the NPATRs to differ between male and female part-time employees. As a result, earnings gaps between male and female part-time employees can differ when looking at net rather than gross earnings. The solid blue bars in Figure 11 show the part-time gender income gap (GIG), i.e., the difference in average net earnings of male and female part-time employees as a percentage of male net part-time earnings. On average, the earnings gap between male and female workers is reduced by 1.0 p.p. when looking at net rather than gross earnings, from 10.2% to 9.2%. Slovenia has the highest absolute difference between the part-time gender wage and income gap, at 4.7 p.p., followed by the Slovak Republic (3.5 p.p.), the Czech Republic (3.3 p.p.) and Iceland (3.2 p.p.). In five countries (Chile, Greece, Hungary, Portugal and Turkey), there is no difference between net and gross earning gaps and in the Netherlands, the part-time gender earnings gap increases by 0.4 p.p. when looking at net rather than gross earnings.

Figure 11. Differences in male and female gross and net annual earnings in part-time employment

As % of male average gross annual earnings in part-time employment



Note: Part-time gender wage and income gaps are calculated for a single part-time worker working 20 hours per week, without children. The gender wage (income) gap is calculated as male average gross earnings (net income) minus female average gross earnings (net income) as a share of male average gross earnings (net income) in part-time employment. The reduction in the gender gap through taxation is calculated as the difference between the gender wage gap (pre-tax) and the gender income (post-tax) gap.

* In the Netherlands, the tax and benefit system increases the gender pay gap by 0.4 p.p., which is not visible on the graph.

Source: Authors' calculations.

Box 2. The impact of differences in working hours on part-time gender wage gaps

Part of the difference in earnings levels between male and female part-time workers in practice is compensated for by differences in the number of hours worked. As shown in Figure 5, there are significant differences in average working hours between male and female part-time employees (i.e., differences of one hour per week or more) in more than half (19) of all OECD countries, with differences ranging up to 4.9 hours per week in Japan.

These differences in the number of hours worked between male and female part-time employees have an impact on the annual part-time gender wage gap (GWG). The modelling results presented in this paper follow the assumption that both male and female part-time employees work exactly 20 hours per week. The hourly part-time GWG is unaffected by a change in this assumption, meaning that the results presented in Figure 11 can be interpreted as the true hourly part-time GWG.¹⁵ However, annual gross wage earnings and hence the annual part-time GWG depend on the number of hours worked. The impact of differences in working hours on the part-time GWG differs across countries:

- In eleven OECD countries (Belgium, Chile, Denmark, Estonia, Greece, Mexico, New Zealand, Portugal, Slovak Republic, Switzerland and the United Kingdom), women in part-time employment have lower hourly wages and work fewer hours than men in part-time employment do. As women in part-time employment work fewer hours than men do, the earnings difference between male and female part-time employees in these countries increases over time, causing the annual part-time GWG to be larger than the hourly GWG.
- In 13 countries (the Czech Republic, Finland, France, Hungary, Iceland, Israel, Latvia, the Netherlands, Norway, Poland, Slovenia, Sweden and Turkey), women in part-time employment have lower hourly wages than part-time employed men, but work on average longer hours. Due to the difference in hourly wages, the lower hourly part-time GWG is decreased due to female part-time employees working longer hours, meaning that the GWG is smaller the longer the time period observed. In fact, if the difference in working hours between male and female part-time employees is sufficiently large, the part-time GWG may decrease so much over the course of the year that it turns negative, meaning that the average female part-time worker can earn more per year than the average male part-time worker does.
- In Canada, women in part-time employment have, on average, higher hourly wages than men do, causing the hourly part-time GWG to be negative. In addition to earning more for every hour worked than men do, women in part-time employment also work longer hours on average, meaning that the part-time GWG increases (in absolute terms) in the time period observed.

¹⁵ However, this holds only for gender gaps in gross earnings. Part-time gender *income* gaps (i.e., gaps in net earnings) can be affected by differences in the hours worked because the resulting changes in gross annual earnings may alter the NPATRs of male and female part-time employees to varying degrees. This has an impact on both the annual and the hourly part-time gender income gap.

In Italy and in the United States, female part-time employees also have higher hourly wages than male part-time employees, meaning that both countries show a negative hourly part-time GWG. However, male part-time employees partly compensate for these differences in average hourly earnings by working, on average, longer hours, causing the annual part-time GWG to decrease. For sufficiently large differences in working hours, the part-time GWG can even reverse when looking at annual rather than hourly wages, as is the case in Italy. In Italy, the average male part-time worker earns more than their female counterpart does over the course of the year, despite having a lower hourly wage.

54. Figure 12 decomposes the difference in NPATRs between male and female part-time workers across countries into differences in income tax, employee SSCs and cash benefits. In three-quarters of the countries (20), differences in NPATRs between male and female part-time employees result solely from differences in income tax. In five countries, Canada, Iceland, the Netherlands, the Slovak Republic and the United Kingdom, employee SSCs as a share of gross wage earnings differ between the average male and female part-time employee. Three countries show differences in cash benefits as a percentage of gross wage earnings: Canada (0.3 p.p.), Denmark (-0.05 p.p.) and France (-1.4 p.p.).

55. France is the only country where the differences in NPATRs between male and female part-time workers result entirely from differences in cash benefits. In France, part-time workers are eligible for the “prime d’activité”, a cash benefit targeted to promote a return to full-time work for low-paid workers. The average female part-time worker has lower annual earnings than their male counterpart does, and therefore receives a higher in-work cash benefit as a share of gross wage earnings (by 1.4 p.p.).

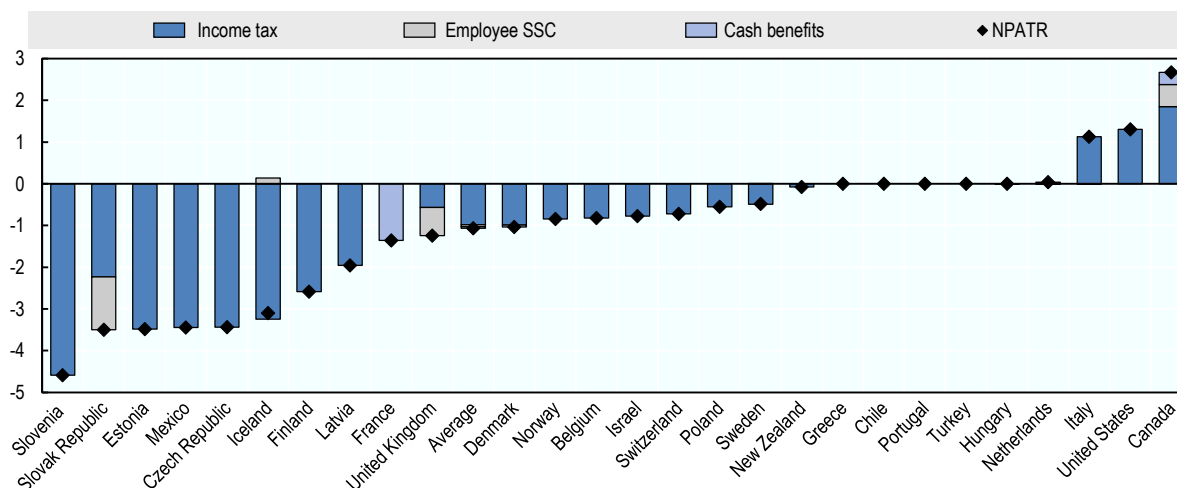
56. In five countries there are no differences between net and gross earnings gaps (Chile, Greece, Hungary, Portugal and Turkey) and male and female part-time employees are subject to the same NPATR. In Chile and in Greece, the basic tax allowance and the basic tax credit, respectively, result in an income tax liability of zero for both the average male and the average female part-time worker, while both workers are subject to the same employee SSC rate. In Portugal and in Turkey, both part-time workers fall in the same income tax bracket and are subject to a flat employee SSC rate, and in Hungary, all workers are subject to a single rate income tax and employee SSC system, resulting in the same NPATR for the average male and female part-time worker in these countries.

57. In the Netherlands, the average female part-time employee pays higher income tax (0.1 p.p.) and employee SSCs (0.3 p.p.) as a percentage of gross wage earnings than the average male part-time employee does, despite having a lower annual gross wage. These differences are due to the work credit, which graduated according to income level¹⁶ and reaches its maximum at an income of EUR 20 940 (OECD, 2020_[6]). The average male part-time worker, with gross wage earnings of EUR 18 714 per year, therefore receives a higher work credit than the average female part-time worker earning EUR 17 735 per year. As the work tax credit is deducted partly from the income tax liability and partly from the contributions that are made to the general social security schemes (see (OECD, 2020_[6])), both the income tax and employee SSCs as a percentage of gross wage earnings are lower for the average male than for the average female part-time worker.

¹⁶ For taxable work income up to EUR 9 694, the work credit equals 1.754% of taxable income. For taxable work income from EUR 9 694 to EUR 20 940, the work credit equals EUR 170 plus 28.712% of the part of income that is above EUR 9 694. For details on the tax and benefit system in the Netherlands, see (OECD, 2020_[6]).

Figure 12. Difference in net personal average tax rates (NPATRs) for male and female part-time workers

Percentage point difference in income tax, employee contributions and cash benefits as % of gross wage earnings



Notes: Countries are ranked by decreasing difference in the NPATRs for male and female part-time workers. Household types: a single individual earning the male average part-time wage and a single individual earning the female average part-time wage, both working 20 hours per week without children. The average is a simple average of all countries shown in the graph.

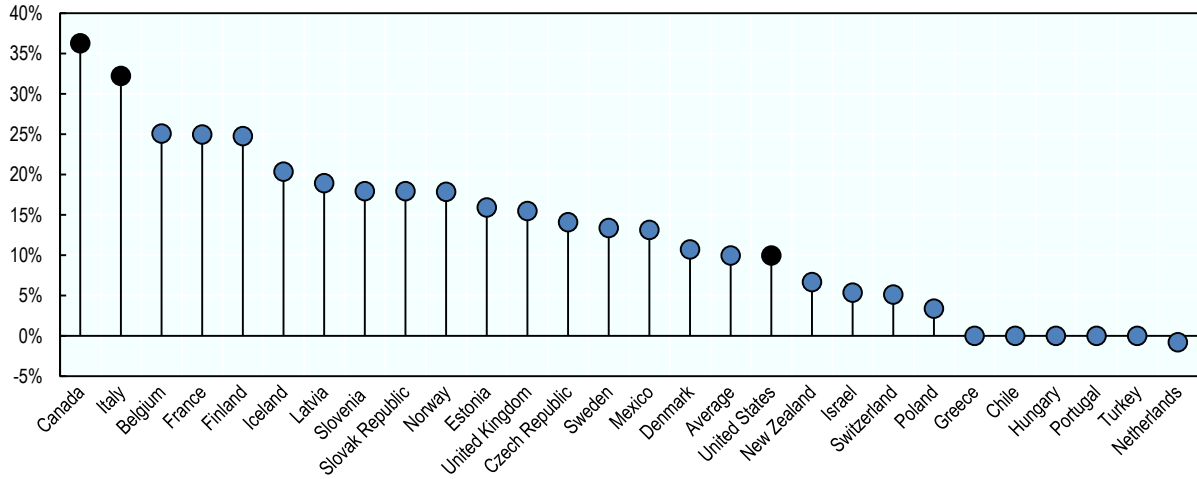
Source: Authors' calculations.

58. The difference between pre and post-tax gender wage gaps shows the effect of the tax and benefit system in mitigating earning inequalities between male and female part-time employees. Figure 13 expresses the difference in part-time gender wage and income gaps as a share of the gender wage gap. As the only difference between the average male and female part-time worker modelled is their earnings level, the reduction in gender earnings gaps gives an indication of the degree of progressivity of the tax and benefit system at relatively low earnings levels (<67% of the average full-time wage).

59. On average, the tax and benefit system reduces the part-time earnings gap by 9.9%. The largest reductions in earnings differences are observed in Canada (36.3%) and Italy (32.2%), where female part-time workers have, on average, higher hourly wages than male part-time workers, and in Belgium (25.1%) and France (25.0%), where male part-time workers have higher hourly wages. In Chile, Greece, Hungary, Portugal and Turkey, earnings differences between male and female part-time employees remain unchanged, and the Netherlands is the only country where the tax and benefit system increases the part-time gender earnings gap (by 0.8%).

Figure 13. Impact of the tax system in reducing gender income inequalities in part-time employment

Post-tax reduction in gender wage gap, as a share of pre-tax gender wage gap

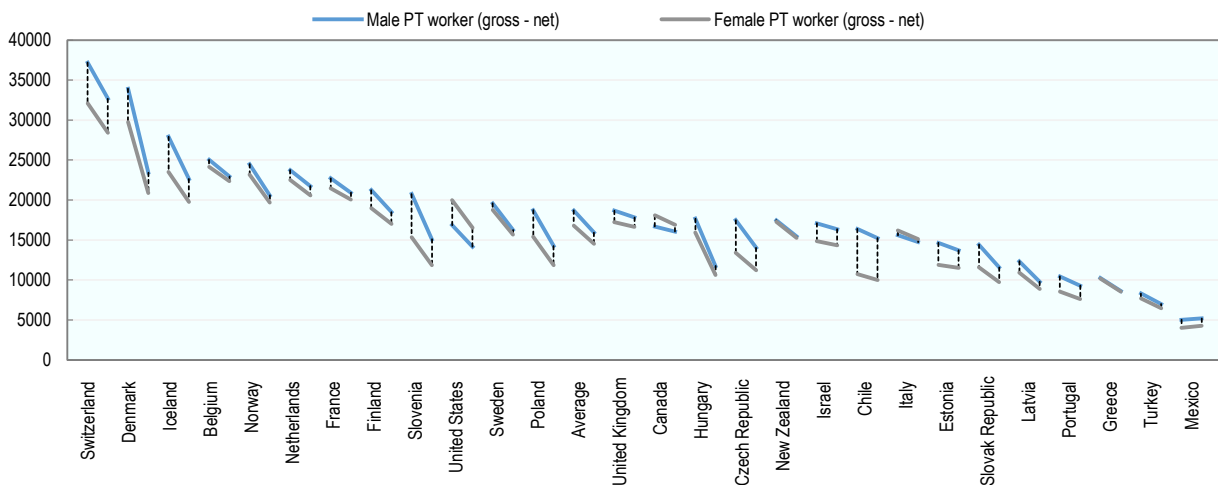


Note: Part-time gender wage and income gaps are calculated for a single part-time worker working 20 hours per week, without children. Countries in which the average hourly wage in part-time employment is higher for women than it is for men are coloured in black.
Source: Authors' calculations.

60. Figure 14 shows the gross and net average annual wages in part-time employment for male employees (blue line) and female employees (grey line), with the average gross income in each country shown on the left side of the box, and the average net (i.e. post-tax) income shown on the right side of the box for that country. The dotted grey lines between the blue and grey lines show the difference in gross and in net average annual wages respectively.

Figure 14. Gross and net annual wages in part-time employment by gender

Annual wages in PPP-adjusted USD



Note: The average is a simple average of all countries shown in the graph.
Source: Authors' calculations.

3.2.3. Comparing part-time to full-time workers: what drives the different labour tax treatments?

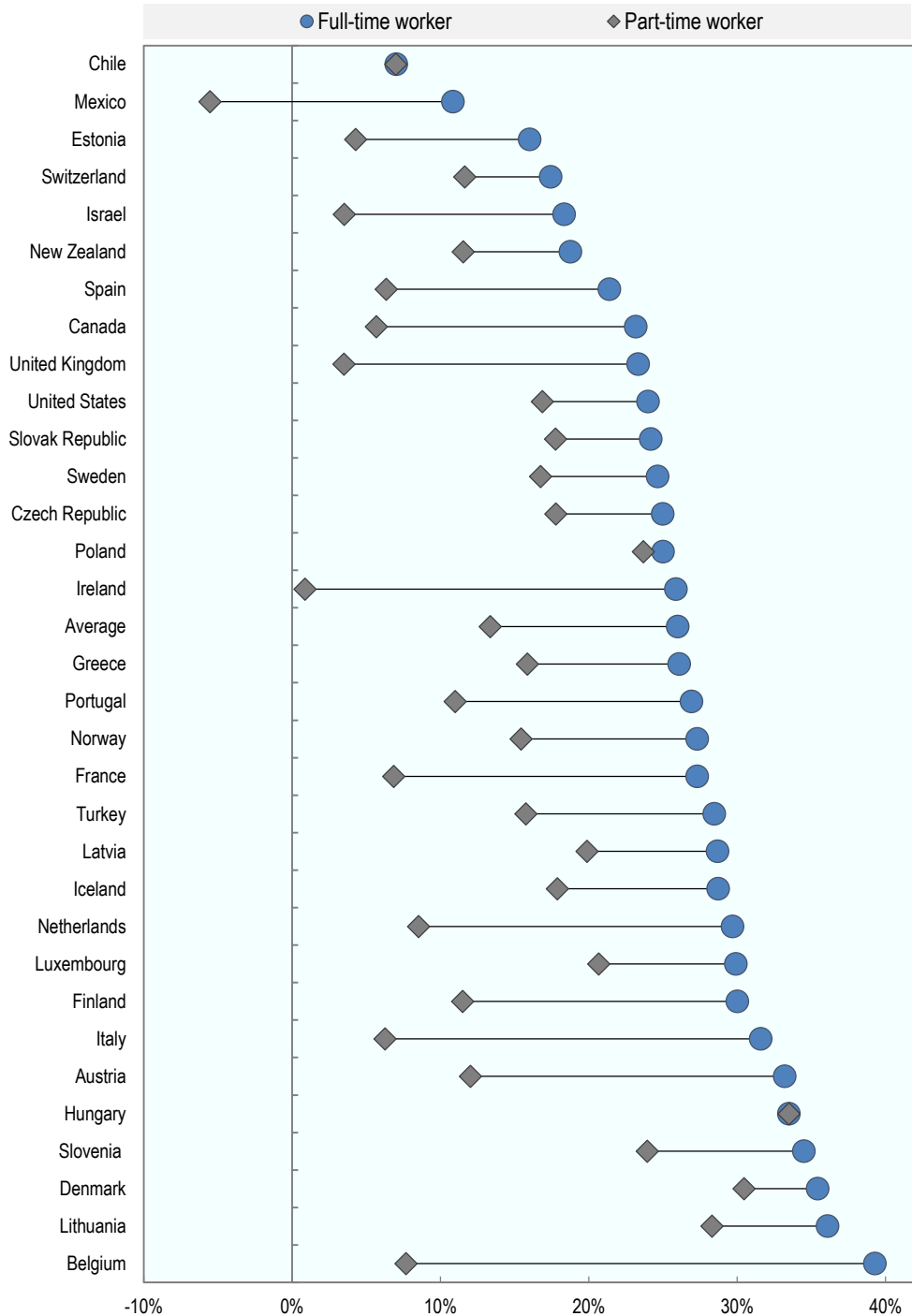
61. Tax policy can play an important role in reducing income inequalities. With part-time workers earning, on average, less than 40% of the average full-time wage, comparing the taxation of part-time and full-time workers provides important insights into the drivers of progressivity in tax and benefit systems. To increase the progressivity of the tax system at the lower end of the earnings distribution, many countries apply tax credits, tax allowances, SSC floors and cash benefits in addition to progressive PIT rate schedules. This section assesses to what extent, and how, these provisions mitigate differences in earning levels, by comparing the tax and benefit treatment of part-time and full-time workers.

62. The level of progressivity, as measured by the difference in the NPATR as income increases, is an important consideration in the design of tax and benefit systems. Figure 15 provides an insight into the progressivity of the tax and benefit systems of OECD countries by comparing the NPATR of a part-time worker to that of the average full-time worker as modelled in *Taxing Wages* (OECD, 2020^[6]).

63. In all countries except for Hungary, the lower-paid (i.e. part-time) worker faces a lower NPATR. On average, the NPATR of part-time workers is 12.6 p.p. lower than that of a comparable full-time worker, at 13.4% compared to 26.0%. Differences in NPATRs between part-time and full-time workers range from 25% or more in Ireland, Italy and Belgium, to less than 5% in Denmark, Poland, Chile and Hungary (see also Figure 16). In seven countries (Belgium, Canada, Ireland, Israel, Italy, Mexico and the United Kingdom), the NPATR of the average part-time worker is less than a quarter of that of the average full-time worker.

Figure 15. Net personal average tax rates of the average part-time worker compared to the average full-time worker

Income tax plus employee contributions less cash benefits as % of gross wage earnings



Notes: Countries are ranked by decreasing rates for single taxpayer working full-time without children. Household types: a single individual working full-time earning the average wage and a single individual working part-time (20h/week), both without children. The average is a simple average of all countries shown in the graph.

Source: Authors' calculations; Net personal average tax rates in full-time employment: (OECD, 2020^[6])

64. Differences in personal income tax (PIT), social security contributions (SSCs) and cash benefits for part-time relative to full-time workers may result from special part-time specific provisions (as described in section 3.1) or from differences in earnings levels. In the vast majority of OECD countries (29), differences in the taxation of the average part-time and full-time worker result solely from differences in earnings levels. A handful of countries (eight, of which six are modelled) show differences in the taxation of the two workers due to special provisions for part-time workers.

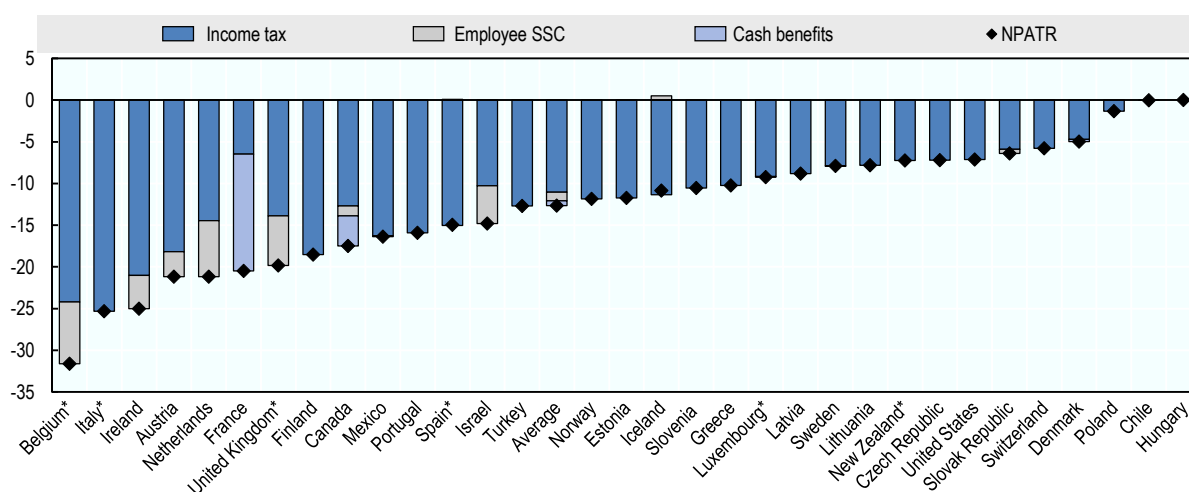
65. The income tax, SSCs and cash benefits that apply to part-time workers may differ from those applicable to full-time workers as modelled in *Taxing Wages*, due to special provisions based on the number of hours worked or due to provisions that are targeted specifically at part-time workers (as described in section 3.1). However, even if part-time employees have the same access to social protection as employees on full-time contracts, their tax and benefit treatment may differ in practice due to differences in earnings levels.

66. Figure 16 decomposes the difference in NPATRs between part-time and full-time workers into differences in income tax, employee SSCs and cash benefits. On average, almost 90% (87.2%) of the difference in NPATRs between part-time and full-time workers results from differences in income tax as a share of gross wage earnings. Differences in employee SSCs account for, on average, 8.2% of the difference in NPATRs and differences in cash benefits account for 4.6% on average.

67. All countries except for Hungary show differences in income tax as a share of gross wage earnings between part-time and full-time workers. In almost half of the countries (15), differences in income tax as a percentage of gross wage earnings are the sole driver of differences in NPATRs between part-time and full-time workers, and in all countries except for France, they account for more than two-thirds of the difference. In France, where the NPATR of part-time workers is 20.5 p.p. lower than that of an average full-time workers, differences in NPATRs result predominantly from differences in cash benefits (16.4 p.p.), with income tax accounting for 4.0 p.p. of the difference.

Figure 16. Difference in net personal average tax rates (NPATRs) for full- and part-time workers

Percentage point difference in income tax, employee contributions and cash benefits as % of gross wage earnings



Notes: Countries are ranked by decreasing difference in the net personal average tax rates for full- and part-time workers. Household types: a single individual working full-time earning the average wage and a single individual working part-time (20h/week), both without children. The average is a simple average of all countries shown in the graph.

* Country applies different provisions for part-time compared to full-time workers. However, these provisions do not necessarily affect the NPATR of the average part-time worker shown here. For details, please see the discussion in sections 3.1.2 and 3.1.3.

Source: Authors' calculations; Net personal average tax rates in full-time employment: (OECD, 2020^[6])

68. In eleven countries, part-time workers pay a lower share of their gross wage earnings in employee SSCs than the average full-time worker does, which accounts for 14.8% of the difference in NPATRs between the two taxpayers. Iceland is the only country where the share of employee SSCs in gross wage earnings is higher for part-time workers than it is for full-time workers, reducing the difference in NPATRs by half a percentage point.

69. Three countries (Canada, Denmark and France) show differences in cash benefits as a share of gross wage earnings between part-time and full-time workers. This reflects the fact that in most OECD countries, cash benefits are not paid to single workers at these earnings levels, whether the work on a part-time or full-time basis.

Impact of differences in earnings levels

70. In the vast majority of OECD countries (29), there are no differences in the tax provisions modelled for part-time and full-time workers, meaning that differences in NPATRs between part-time and full-time workers result solely from differences in earnings levels. These countries are: Australia, Austria, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Iceland, Ireland, Israel, Japan, Korea, Latvia, Lithuania, Mexico, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Sweden, Switzerland, Turkey and the United States.

71. On average across these 29 countries, the NPATR of the average part-time worker is 11.4 p.p. lower than that of the average full-time worker, at 14.3% compared to 25.7%. Differences in NPATRs among these countries range from more than 20 p.p. in France, the Netherlands, Austria and Ireland, to less than 2 p.p. in Poland, Chile and Hungary. In Hungary, where a single rate PIT and a single employee SSC rate apply to all levels of taxable income, part-time workers are subject to the same NPATR as full-time workers.

72. Across the six countries where the provisions modelled for part-time workers differ from those for full-time workers (Belgium, Italy, Luxembourg, New Zealand, Spain and the United Kingdom; see section 3.1.2 for details on these provisions), the NPATR of the average part-time worker is 18.1 p.p. lower than that of the average full-time worker, at 9.3% compared to 27.4%. However, in five of these countries, the average single part-time worker modelled (i.e., working 20 hours per week at the average hourly part-time wage without children) is not affected by these differences in provisions, meaning that differences in NPATRs also result solely from differences in earnings levels:

- In Italy, the family cash benefit depends on the number of hours worked per week. However, single workers are not eligible for the family cash benefit, and with both workers being subject to the same employee SSC rate, the difference in NPATRs between the average part-time and full-time worker is entirely driven by differences in income tax as a percentage of gross wage earnings (25.3 p.p.). This difference in income tax is a result of the basic employee tax credit, which is higher for the average part-time worker than it is for the full-time worker (see (OECD, 2020^[6]) for details).
- Spain reported differences in the employee SSC floor that applies to part-time compared to full-time workers, which in practice do not affect the average part-time worker modelled, as the average annual part-time wage in 2019 was higher than the respective SSC floor. The NPATR of the average part-time worker in Spain is 15.0 p.p. lower than that of the average full-time worker, at 6.4% compared to 21.4%. This results from differences in income tax (15.0 p.p.), which are due to a combination of the employment related allowance and the deductibility of employee SSCs. Neither part-time or full-time workers are eligible for any cash benefits.
- In Luxembourg, as described previously, the provision of the social minimum wage tax credit (CISSM) for part-time workers differs from that for full-time workers. For part-time employees, the social minimum wage tax credit is calculated based on the theoretical full-time gross monthly salary

the employee would have earned had they worked full-time at the same hourly wage. However, neither the part-time or full-time workers at average earnings level are eligible for the CISSM.

- In New Zealand, eligibility for two family cash benefits depends on the number of hours worked. With both the single part-time and the single full-time worker modelled here not being eligible for any cash benefits, and in the absence of SSCs in New Zealand, the difference in NPATRs between the two workers is driven entirely by differences in income tax as a percentage of gross wage earnings (7.2 p.p.). These differences in income tax result from the progressivity of the PIT schedule in combination with the Independent Earner Tax Credit of NZD 520 per year, for which the average part-time worker, unlike the average full-time worker, is eligible.
- In the United Kingdom, part-time workers may be eligible for the Working Tax Credit (WTC)¹⁷ contingent on a minimum number of hours worked per week. However, the part-time worker modelled here does not meet the minimum hours requirement and is hence not eligible for the WTC.¹⁸ Nevertheless, the NPATR of the average part-time worker in the United Kingdom is almost 20 p.p. lower than that of the average full-time worker, at 3.5% compared to 23.3%. The difference in income tax as a percentage of gross wage earnings (13.9 p.p.) results from the basic income tax allowance of GBP 12 500, which reduces the taxable income of the average part-time worker to zero; and the difference in employee SSCs (6.0 p.p.) is due to the SSC floor.

Impact of differences in the tax and benefit provisions in Belgium

73. **Belgium** shows the largest difference in NPATRs between part-time and full-time workers, at 31.6 p.p.. This difference results primarily from differences in income tax (24.2 p.p.), driven by the overall progressivity of the income tax system. The difference in employee SSCs (7.4 p.p.) results from the reduction in employee SSCs for low-income earners, for which a worker at the average part-time wage level is eligible.

74. However, the average part-time worker in Belgium receives a lower reduction in SSCs than they would have received if they had worked full-time at the same annual wage. As described in section 3.1.2, eligibility of part-time workers for the reduction in employee SSCs is based on a theoretical full-time gross wage that the employee would have earned if they had worked full-time at the same hourly wage. Thus, the reference salary used to assess the eligibility in the case of a part-time worker is higher than their actual salary. In the case of the average part-time worker, this reference salary (EUR 37 232)¹⁹ falls into a different band of the schedule for employee SSC reductions than the actual annual wage of the part-time worker (EUR 18 710). As a result, the average part-time worker pays a higher share of their gross wage earnings in employee SSCs than they would have paid working full-time at the same annual wage, at 6.6% compared to 0.1%.

¹⁷ At April 2019, there were 670 000 individuals in employment receiving the Universal Credit. In contrast, there were 2.6 million individuals in employment receiving working tax credits. Therefore in 2019, WTC was more representative of the tax/benefit situation faced by the majority of people in the UK and was used in *Taxing Wages* for that year, as well as in this analysis.

¹⁸ The minimum limit of the WTC in the United Kingdom is 30 hours per week for workers without children (see section 3.1.2 for details).

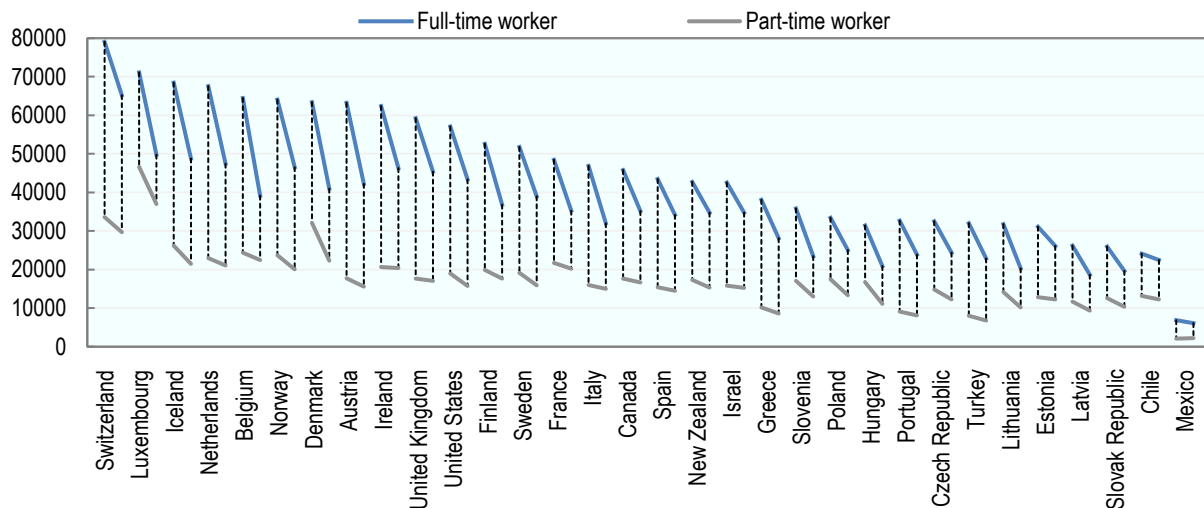
¹⁹ This reference salary is calculated according to the following formula (as provided in section 3.1.2): *(gross monthly salary / declared number of hours worked) * maximum number of hours for the month concerned in the respective work pattern*. The average part-time worker is assumed to work 20 hours per week, constituting the declared number of hours worked. The maximum number of monthly working hours in the respective work pattern is given by the average number of hours worked in full-time employment (39.8 hours per week).

75. This difference in employee SSCs in Belgium between a part-time worker and a full-time worker at the same annual wage in turn influences their respective income tax liability, as employee SSCs are deductible from gross income. In fact, a full-time worker earning the same annual wage as the average part-time worker pays 2.2 p.p. more in income tax as a percentage of gross wage earnings than the average part-time worker does, at 3.3 compared to 1.1 p.p.. This reduces the overall difference in NPATRs between the two workers to 4.2 p.p., at 7.7% for the average part-time worker compared to 3.5% for a full-time worker earning the same annual wage.

76. Figure 17 shows the gross and net annual wages for part-time (grey line) and full-time workers (blue line), with the average gross income in each country shown on the left side of the box, and the average net (i.e. post-tax) income shown on the right side of the box for that country. The dotted grey lines between the blue and grey lines show the difference in gross and in net average annual wages respectively.

Figure 17. Gross and net annual wages in part-time and full-time employment, 2019

Annual wages in PPP-adjusted USD



Note: The average is a simple average of all countries shown in the graph.
 Source: Authors' calculations; gross and net annual earnings in full-time employment: (OECD, 2020^[6])

77. On average, full-time workers before tax earned 163% more than part-time workers. After tax, this difference was reduced to 124% as a result of progressive taxation and cash benefits for workers on lower income levels, a reduction of 40 percentage points (24%). The largest reductions in income differences between full- and part-time workers before and after tax were seen in Belgium (where taxation reduced the gap by 91 p.p.), Austria (86 p.p.) and Italy (79 p.p.) while the smallest reductions were seen in Poland (3 p.p., Hungary and Chile (no change in either country).

Table 7. Net personal average tax rates of part-time compared to full-time workers

Income tax plus employee contributions less cash benefits as % of gross wage earnings; part-time worker by gender

	Part-time			Full-time	Difference (4) - (1)
	neutral	female	male		
Australia	..	..	..	23.6	..
Austria	12.0	..	..	33.2	21.18
Belgium	7.7	7.5	8.3	39.3	31.61
Canada	5.7	6.5	3.8	23.2	17.51
Chile	7.0	7.0	7.0	7.0	0.05
Colombia	..	..	..	0.0	..
Czech Republic	17.8	16.3	19.8	25.0	7.21
Denmark	30.5	29.9	30.9	35.4	4.97
Estonia	4.3	2.9	6.4	16.0	11.75
Finland	11.5	10.3	12.9	30.0	18.74
France	6.9	6.5	7.9	27.3	20.46
Germany	..	..	..	39.3	..
Greece	15.9	15.9	15.9	26.1	10.24
Hungary	33.5	33.5	33.5	33.5	0.00
Iceland	17.9	15.9	19.0	28.7	10.85
Ireland	0.9	..	..	25.9	25.00
Israel	3.5	3.5	4.3	18.3	14.81
Italy	6.3	6.7	5.5	31.6	25.25
Japan	..	..	..	22.4	..
Korea	..	..	..	15.3	..
Latvia	19.9	18.8	20.8	28.7	8.81
Lithuania	28.3	..	..	36.1	7.81
Luxembourg	20.7	..	..	29.9	9.26
Mexico	-5.5	-6.6	-3.1	10.8	16.38
Netherlands	8.5	8.5	8.5	29.7	21.18
New Zealand	11.5	11.5	11.6	18.8	7.23
Norway	15.4	15.1	16.0	27.3	11.86
Poland	23.7	23.3	23.9	25.0	1.33
Portugal	11.0	11.0	11.0	26.9	15.93
Slovak Republic	17.8	16.2	19.7	24.2	6.42
Slovenia	23.9	22.7	27.3	34.5	10.43
Spain	6.4	..	..	21.4	15.04
Sweden	16.8	16.5	17.0	24.7	7.79
Switzerland	11.6	11.4	12.1	17.4	5.79
Turkey	15.8	15.8	15.8	28.5	12.71
United Kingdom	3.5	3.3	4.5	23.3	19.84
United States	16.9	17.3	16.0	24.0	7.13
Average	13.4	12.9	13.9	26.0	12.64

Notes: Household types: a single individual working full-time earning the average wage and a single individual working part-time (20h/week) by gender, both without children. For Australia, Japan and Korea, data on the average hourly part-time wage was not available. For Austria, Lithuania, Luxembourg and Spain, data on the average part-time wage by gender was not available. The part-time models for Colombia and Germany were not available at the time this paper was drafted. The average is a simple average of all countries for which the average part-time wage by gender was available.

Source: Authors' calculations; Net personal average tax rates in full-time employment: (OECD, 2020^[6])

3.2.4. The part-time work trap: marginal effective tax rates on the additional earnings from full- relative to part-time work

78. The differences in the taxation of part-time work and of full-time work can affect the incentives for workers to enter part-time or full-time work (extensive margin), or to move from part-time to full-time work (intensive margin). In some tax systems, the combined impact of progressive taxation and the withdrawal of cash benefits, as well as changes in specific tax or benefit provisions available to part-time workers, can combine to tax away a large proportion of the gain in income that employees receive when moving from part-time to full-time work, creating a “part-time work trap”²⁰.

79. While average tax rates, presented in earlier sections of this report, measure the tax-created incentives for workers to enter part-time or full-time work, they do not directly provide information on the incentives for workers to move from part-time to full-time work. An average tax rate on labour income identifies that part of total wages which is taken in tax and social security contributions net of cash benefits. In contrast, a marginal tax rate identifies the part of an increase in wages (OECD, 2021^[7]) that is paid in taxes and social security contributions less cash benefits. To assess the impact of the tax system on the incentives for part-time workers to consider full-time employment, this section calculates the marginal effective tax rate (METR) on the additional earnings received if an employee works full-time relative to part-time.

80. A marginal tax rate can be calculated for any margin of increase in wages. The OECD already calculates a number of METRs on labour income. These include METRs on an increase of one unit of currency (as in *Taxing Wages* (OECD, 2021^[7])) as well as on larger earnings increases, including those due to working additional hours (as included in the OECD Tax-Benefit indicators (OECD, 2021^[8])).²¹

81. In *Taxing Wages*, METRs are calculated at two margins: an increase of one currency unit and for a non-working spouse entering employment with earnings at 67% of average wage (OECD, 2021^[7]). The METR calculations account for personal income taxes and SSCs, net of standard cash benefits (i.e. those that apply to the majority of private sector workers in the same family and income circumstances). In the *Taxing Wages* framework, METRs are thus calculated as:

$$\text{METR} = \frac{\text{Change in taxes and SSCs paid, net of cash benefits}}{\text{Change in gross earnings}}$$

82. The OECD Tax-Benefit indicators include calculations for a range of margins, including the transition from no employment (and receipt of applicable out-of-work benefits) to employment at the minimum wage, average wage, or 67% of average wage; as well as the impact of moving between various percentages of full-time work (e.g. from 33% to 67%, 50% to 67%, 50% to 100% and 67% to 100% (OECD, 2021^[8])). The Tax-Benefit indicators account for the taxes, social security contributions and cash benefits covered by the *Taxing Wages* models, a range of non-tax compulsory payments and out-of-work benefits and related transfers (notably unemployment benefits, minimum-income benefits and cash housing assistance, as relevant).

83. This paper builds on the existing marginal tax rate framework in *Taxing Wages* to calculate indicators for the transition from part-time to full-time employment. These indicators measure the

²⁰ The term “trap” refers to a situation where an increase in gross in-work earnings fails to translate into a net income increase that is felt by the individual to be a sufficient return for the additional effort.” (Carone et al., 2003^[9]).

²¹ For more information, see the benefits and wages project webpage (<https://www.oecd.org/els/soc/benefits-and-wages/>), the tax-benefit data portal (<https://www.oecd.org/els/soc/benefits-and-wages/data/>) and the methodology (<https://www.oecd.org/social/benefits-and-wages/Calculating-tax-benefit-indicators-using-TaxBEN.pdf>)

difference in the amount of tax paid for a single worker in full-time versus part-time employment, as a share of the difference in gross income of that worker. In other words, they measure the proportion of additional earnings received by a part-time employee moving into full-time employment that is taxed away.

84. The METR on the transition from part-time to full-time work used in this paper uses the approach of the *Taxing Wages* framework. It is calculated for the marginal difference between wage levels in full-time employment and part-time employment and is measured as:

$$METR_{ft-pt} = \frac{(PIT_{ft} + \text{employee SSCs}_{ft} - \text{cash benefits}_{ft}) - (PIT_{pt} + \text{employee SSCs}_{pt} - \text{cash benefits}_{pt})}{\text{Gross earnings}_{ft} - \text{Gross earnings}_{pt}}$$

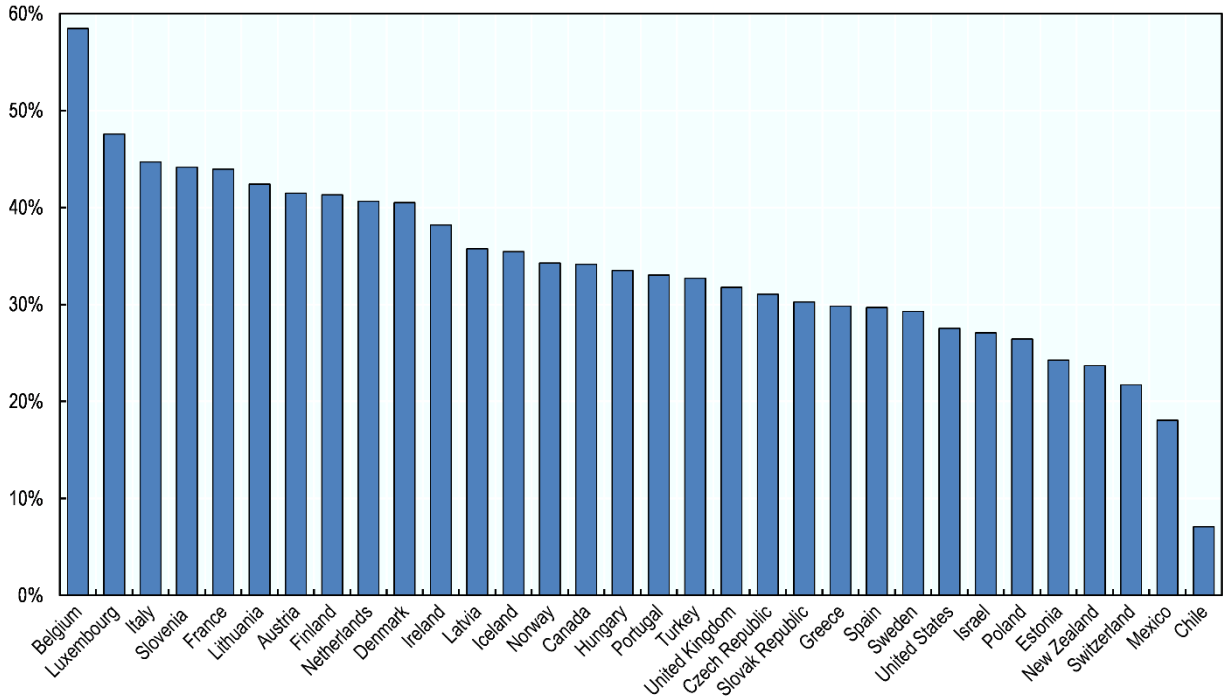
85. The METR for a part-time worker is an indicator of the so-called part-time work trap. It is the rate at which taxes increase and cash benefits decrease as a person takes up a full-time position. The METR as presented here aims to measure the short-term financial incentives to move from part-time work into full-time work. The measure is related to the “unemployment trap” (measured by the financial disincentive to return to work), the “low-wage trap” (measured by the participation tax rate for families claiming guaranteed minimum income benefits) and the “inactivity trap” (measured by the financial disincentive to increase working hours and the effective tax rate on increasing working hours) (OECD, 2021^[8]) (Carone et al., 2003^[9]).

86. The indicator is modelled under the same assumptions outlined in the earlier part of this section, including that both the part-time and full-time employees are earning the average wage for each group; that the worker is single and without children; and that the part-time worker is working 20 hours per week.

87. Figure 18 shows the METR for part-time workers moving into full-time employment. On average, the METR for these workers is 33.8%, and METRs range from 7.1% in Chile to 58.5% in Belgium, which is the only country in which over half the additional income from moving into full-time employment is taxed away. The high METR in Belgium is due to the progressive income tax system and also to the fact that the average part-time worker starts to pay an income related special social security contribution when moving to full-time work at the full-time average wage level. The next highest METR, at 47.6% in Luxembourg, is due to the combined effect of the progressive tax system and a reducing refundable worker tax credit with increasing earnings. Most countries have an METR on part-time workers of between 25% and 45%, with only seven countries lying outside this range: Belgium and Luxembourg at the upper-end, and Chile, Mexico, Switzerland, New Zealand and Estonia below it. Countries with low METRs either have relatively little change in marginal statutory tax rates between the levels of part-time and full-time workers, and/or no or little change in cash benefits. By contrast, a high METR on the transition from part-time to full-time work typically results from high levels of progressivity (e.g. via progressive marginal rates or the removal of tax benefits for the lowest income workers) between the two levels of income considered.

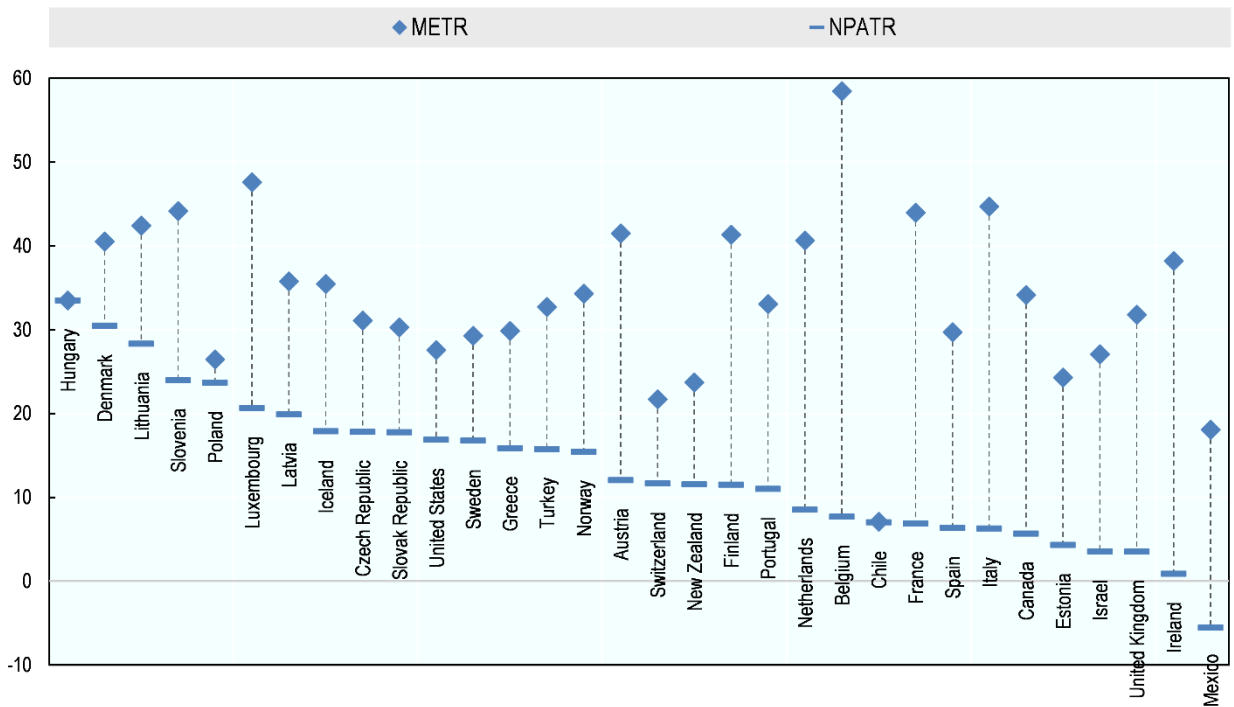
88. In all but two OECD countries the marginal tax rate a part-time worker would pay on the difference between a part-time and full-time wage is higher than the net personal average tax rate paid on the part-time wage (Figure 19), indicating that the tax system provides a disincentive for a worker to move from part-time to full-time work.

Figure 18. Marginal effective tax rates for part-time workers moving to full-time work



Source: Authors' calculations; Net personal average tax rates in full-time employment: (OECD, 2020^[6])

Figure 19. Comparison of METRs on the difference between part-time and full-time wages with the NPATR on part-time wages, single worker



Source: Authors' calculations; Net personal average tax rates in full-time employment: (OECD, 2020^[6])

3.3. Taxation of dual-earner married couples

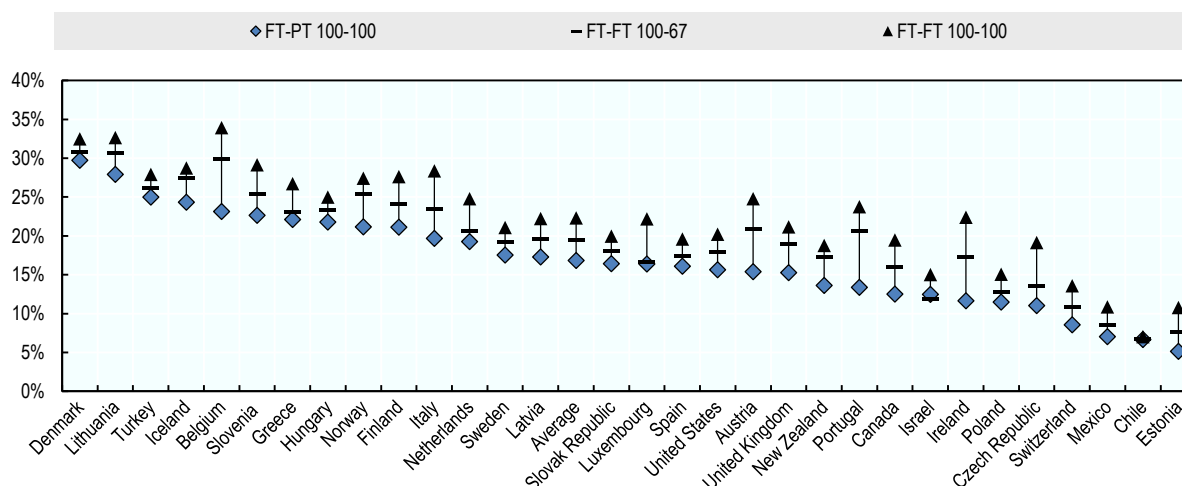
89. This section compared the earnings levels and the taxation of a married couple with two children where one spouse is working full-time and one spouse is working part-time, both at the respective average annual wage, to two full-time household types from *Taxing Wages*: a dual-earner couple at 100% and 67% of the average wage; and a dual-earner couple where both spouses earn 100% of the average wage, both with two children. These two household types are used to illustrate the differences between a second-earner working part-time and one working full-time at a lower wage; and between a second-earner working at the part-time average wage and one earning the full-time average wage, with all other factors held constant.

3.3.1. Net personal average tax rates of dual-earner married couples

90. In all countries except Israel, the dual-earner household with one spouse working part-time has a lower tax rate than the two other family types, although in Chile the difference between the couple working part-time and full-time and the dual earner-couple working full-time with one spouse at 67% of average wage is very small, at 0.03 percentage points. Differences between these two household types were on average 2.51 percentage points, and were between 0 and 4 percentage points in 28 countries. The largest differences were seen in Portugal (7.3 p.p.) and Belgium (6.6 p.p.). As discussed above, differences in the NPATRs in Portugal result solely from the differences in earnings levels of the different households, whereas in Belgium, differing provisions for individual SSCs also contributed to the lower rates for the dual-earner couple where one spouse works part-time.

Figure 20. Net personal average tax rates for dual earner households at different employment patterns

Primary worker working full-time at the average full-time wage (AW), secondary worker working full-time at 100% AW or at 67% AW, or part-time at the average part-time wage



Note: The average is a simple average of all countries shown in the graph.

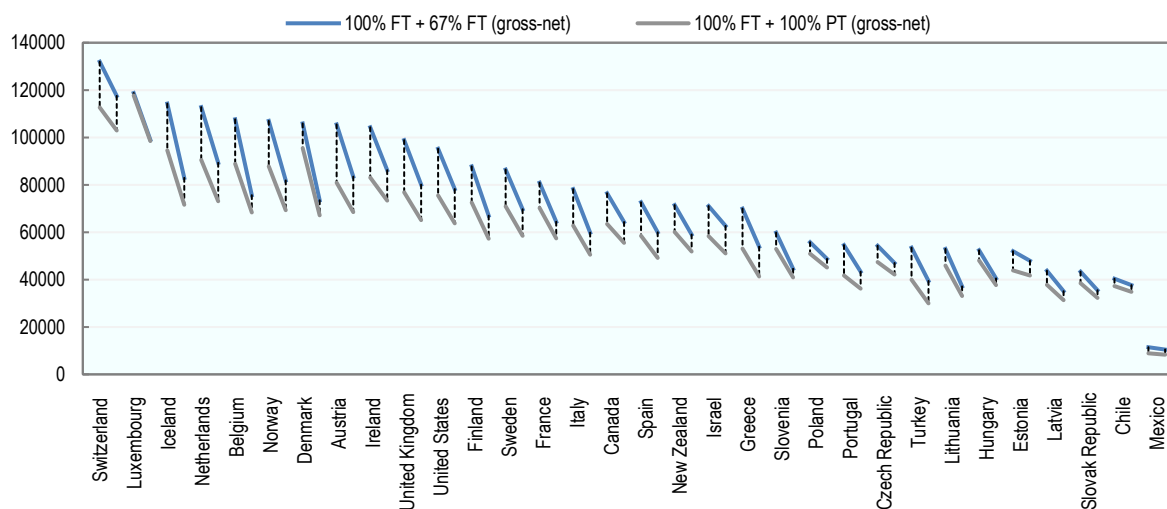
Source: Authors' calculations; Net personal average tax rates in full-time employment: (OECD, 2020^[6])

91. Figure 21 shows the gross and net annual wages for two dual-earner household types, each with two children: a household where both spouses are working full-time (at 100% and 67% of average wage,

respectively) (blue line); and a household where one spouse works full-time and one works part-time (both at the respective average wage) (grey line). The average gross income in each country shown on the left side of the box, and the average net (i.e. post-tax) income shown on the right side of the box for that country. The dotted grey lines between the blue and grey lines show the difference in gross and in net average annual wages respectively.

Figure 21. Gross and net annual wages by household types, 2019

Primary worker working full-time at the average full-time wage (AW), secondary worker working full-time at 100% AW or part-time at the average part-time wage; annual wages in PPP-adjusted USD



Note: The average is a simple average of all countries shown in the graph.

Source: Authors' calculations; Net personal average tax rates in full-time employment: (OECD, 2020^[6])

92. On average, a dual earner household with both spouses working full-time (one spouse at 100% of average wage, and the other at 67%) earned 20% more than a dual earner household with one partner working full- and one part-time. After tax, this difference was reduced to 16%, with the smaller reduction relative to the individual workers discussed above reflecting the more similar initial starting income levels for the dual-earner households.

Table 8. Net personal average tax rates of dual earner households, two children

Income tax plus employee contributions less cash benefits as % of gross wage earnings

	100% full-time AW & 100% part-time AW	100% & 67% full-time AW	100% & 100% full-time AW	Difference (3) - (2)	Difference (4) - (2)
Australia	..	..	..	..	..
Austria	15.4	20.9	24.8	5.5	9.4
Belgium	23.1	29.7	33.8	6.6	10.7
Canada	12.5	16.0	19.5	3.5	7.0
Chile	6.6	6.7	7.0	0.0	0.4
Colombia	..	..	..	..	..
Czech Republic	11.0	13.6	19.1	2.6	8.1
Denmark	29.7	30.7	32.4	0.9	2.7

Estonia	5.1	7.6	10.7	2.5	5.6
Finland	21.1	23.8	27.4	2.7	6.3
France	18.1	20.4	23.2	2.3	5.1
Germany	..	..	..	..	..
Greece	22.1	23.0	26.6	0.9	4.5
Hungary	21.8	22.7	24.5	1.0	2.7
Iceland	24.3	27.4	28.7	3.1	4.4
Ireland	11.6	17.3	22.4	5.7	10.8
Israel	12.4	11.9	15.0	-0.6	2.6
Italy	19.7	23.5	28.4	3.9	8.8
Japan	..	..	..	..	..
Korea	..	..	..	..	..
Latvia	17.3	19.8	22.4	2.5	5.1
Lithuania	27.9	29.8	31.9	1.9	4.0
Luxembourg	16.3	16.6	22.1	0.2	5.8
Mexico	7.0	8.5	10.8	1.5	3.8
Netherlands	19.3	20.8	25.0	1.5	5.8
New Zealand	13.6	17.3	18.8	3.7	5.2
Norway	21.1	23.5	25.3	2.3	4.1
Poland	..	..	..	..	..
Portugal	13.3	20.6	23.7	7.3	10.4
Slovak Republic	16.4	18.0	20.0	1.6	3.6
Slovenia	22.6	25.5	29.3	2.9	6.7
Spain	16.1	17.5	19.7	1.4	3.6
Sweden	17.5	19.4	21.2	1.9	3.7
Switzerland	8.6	10.9	13.6	2.4	5.0
Turkey	25.0	26.2	27.9	1.2	2.9
United Kingdom	15.3	19.0	21.1	3.7	5.9
United States	15.6	17.8	20.2	2.2	4.6
Average	17.0	19.6	22.5	2.5	5.5

Source: Author's calculations.

3.3.2. Marginal effective tax rates on the additional earnings of part-time and full-time second earners

93. Marginal effective tax rates (METRs) on the increment in earnings between part-time and full-time work, discussed above, can also provide insights into the tax incentives for second earners to work part-time or full-time. The METR on a second earner in full- relative to part-time work is calculated as the change in the household's tax payment when a second earner enters employment, as a share of the household's change in total income.²² The measure therefore includes increases in the tax and social security contributions paid by the second earner, and reductions in their cash benefits, when a second-earner moves into full-time employment; as well as any reductions in the allowances, tax credits or cash benefits applied to the primary earner or the household, as a result of the second-earner working full-time.

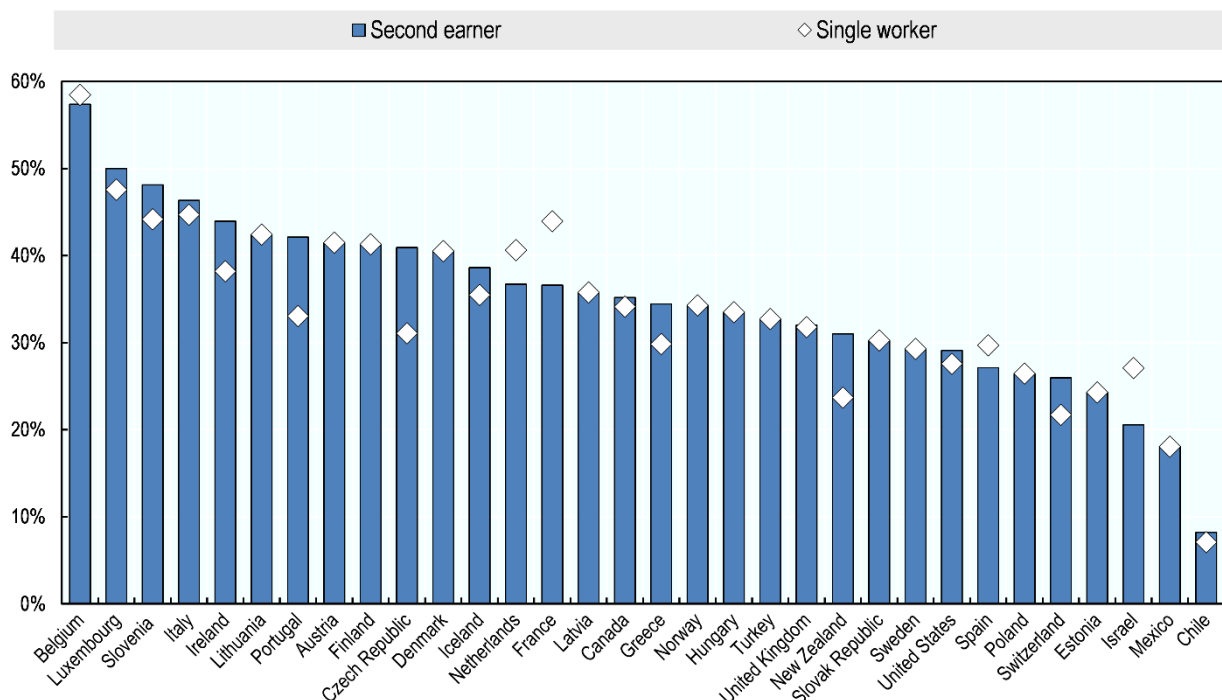
94. This indicator provides insights into the incentives created by the tax system for a second earner, typically female, to enter part-time as opposed to full-time work. In modelling the indicator, this section

²² This was also the approach followed in Thomas & O'Reilly (2016), as well as in the Tax-Benefit indicators.

compares a married two-earner couple where one earner is at 100% of the full-time average wage, and the second earner is at 100% of the part-time average wage, and a married two-earner couple where both partners work full-time at the average wage, all with two children.

95. Results are shown in Figure 22 for all countries. They are also compared against the METR for single part-time workers shown earlier in this paper, indicating the degree to which the tax system provides incentives for married second-earners with children to work part-time, compared to single workers without children. This difference is particularly relevant in considering the tax-created incentives for married women with children to enter full-time employment, although other non-tax factors that also affect these incentives, such as the availability and cost of child-care, are also relevant to second earners' decisions.

Figure 22. Marginal effective tax rates for single and second earner part-time workers



Source: Authors' calculation.

96. The highest METRS for second earners are also found in Belgium and Luxembourg, at 57.4% and 50.0% respectively. Similarly, the lowest METR for the second earner is also found in Chile, at 8.2%. On average, the METR is 1 p.p. higher for the second-earner than for the single worker, although there is great variation across countries. In a number of countries, the METR for single workers and second earners is the same. These countries include Austria, Denmark, Estonia, Finland, Hungary, Latvia, Lithuania, Mexico, Norway, Poland, Slovak Republic, Sweden and Turkey.

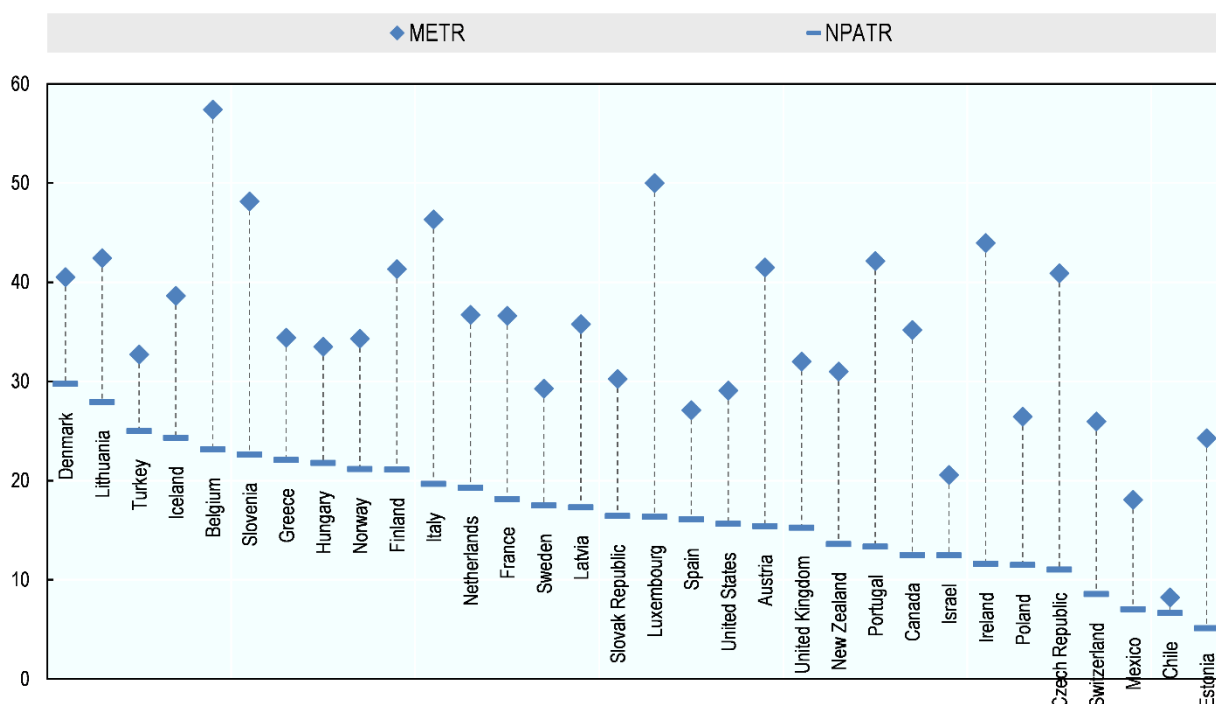
97. In a further group of countries, including Canada, Chile, the Czech Republic, Greece, Iceland, Ireland, Italy, Luxembourg, New Zealand, Portugal, Slovenia, Switzerland, the United Kingdom and the United States the METRs are higher for second earners than for single workers, indicating that the tax system creates a greater disincentive for second earners to work than for single individuals. This is primarily due to the withdrawal of cash benefits available for families as income increases, and to joint taxation in five of these countries. The highest difference is seen in the Czech Republic and in Portugal, where there is a complete withdrawal of the cash benefit for second earners between the income levels of

part and full-time work. Joint taxation also played a role in Portugal. Similarly, Chile, Greece, Iceland and New Zealand also have a complete withdrawal of the cash benefits for second earners at full-time average wage; whereas Canada, Italy and Slovenia have a reduced level of cash benefits for second earners at the level of the full-time average wage. Joint taxation of the household is the reason for the higher METRs for second earners in Ireland, Luxembourg, Switzerland and the United States, and also contributed in Portugal. Finally, the loss of the marriage tax allowance causes the difference in the United Kingdom.

98. In the five remaining countries, the METR is lower for a second earner than for a single person (Israel, Spain, Netherlands, France and Belgium); i.e. the tax system provides a greater incentive for second earners with children to work full-time, relative to single people. Reasons for this differ: in Belgium, it is due to regressive special SSC joint payments; in France, it is due to the full withdrawal of the in-work benefit for the single worker at these income levels; in Israel, it is due to the tax credit for women; and in the Netherlands and Spain, it is due to the tax credit for children.

99. However, as for the single worker, the marginal tax rate a second earner pays on the difference between a part-time and full-time wage is considerably higher than the net personal average tax rate paid on their part-time wage (Figure 23), also suggesting that the tax system provides a disincentive for a worker to move from part-time to full-time work.

Figure 23. Comparison of METRs on the difference between part-time and full-time wages with the NPATR on part-time wages, second earner



Source: Authors' calculations.

100. These indicators show the impact of cash benefits for working families and joint taxation on the incentives for second earners to work part or full time, which can have gender implications and may contribute to the high rates of women in part-time work as described in section 2 of this paper. The design of these indicators can also fundamentally change their impact on incentives for second earners to work

full- or part-time. While these measures are typically introduced to address other important policy goals, policymakers may also wish to assess their impact on the workforce participation of women in evaluating these provisions.

4 Conclusions

101. Over the past few decades, part-time employment has become more common in OECD countries, alongside an increase in non-standard work. At the same time, there has been a significant decline in the earnings of part-time workers relative to full-time workers, as well as an increase in involuntary part-time employment in a number of countries. These challenges have been amplified by the COVID-19 pandemic, which has disproportionately affected workers on non-standard and part-time contracts. In addition, women are considerably more likely to work part-time than men in OECD countries: on average, almost three out of ten employed women work part-time, compared to only one in ten men, meaning that female employees are, on average, almost three times more likely to work in part-time employment than male employees.

102. The taxation of part-time workers therefore has implications for both reducing inequality and for providing access to social benefits in many countries. To analyse the impact of taxation on part-time workers, this paper uses the *Taxing Wages* models, adapted to include part-time workers, to generate net personal average tax rates (NPATRs) for these workers, comparing these to the taxation of full-time workers. Given that most OECD countries have progressive personal income tax systems, differences in the tax treatment may result from either differences in earnings levels between part-time and full-time workers, as well as to differences in the personal income tax (PIT), social security contributions (SSCs) and cash benefits that apply to part-time workers.

103. In the adapted *Taxing Wages* models, all provisions meeting the standard *Taxing Wages* models have been included for part-time workers; that is, measures that apply to the majority of private sector workers, and that are standard in nature. Measures targeted to a particular sector, or that are not classified as taxes under the OECD classification, have not been included. To generate the indicators for part-time workers, the part-time worker is assumed to earn the country's hourly average wage for part-time earners, across a standard 20-hour work week. In addition, where data are available, results have also been calculated for male and female part-time workers based on data on hourly earnings disaggregated by gender.

104. The analysis shows that differences between the taxation of part-time and full-time workers is largely due to differences in earnings levels, and therefore to the progressivity of countries' tax systems, rather than to differences in the tax treatment applied to part-time workers relative to full-time workers.

105. In the majority of OECD countries (21), there are no differences in the tax or benefit provisions applied to part-time and full-time workers. In these countries, differences in net personal average tax rates between part-time and full-time workers result solely from differences in earnings levels. On the other hand, sixteen OECD countries apply differing tax and benefit provisions for part-time and full-time workers. Provisions in eight of these countries (Belgium, Colombia, Germany, Italy, Luxembourg, New Zealand, Spain, and the United Kingdom) met the standard *Taxing Wages* assumptions (i.e. relating to the majority of part-time workers in the private sector) and were included in the *Taxing Wages* models for six of these countries (models were not received from Colombia or Germany). In these six countries, differences in the effective tax rates for part-time workers relative to full-time workers arise due to both differences in earnings levels and differences in tax provisions applying to part-time workers.

106. Across the OECD, the NPATR for the single average part-time worker was 13.4% of gross wage earnings in 2019, with the largest share of the NPATR deriving from employee SSCs (8.9%) and income

tax (5.0%), offset by cash benefits. The highest NPATR for a part-time worker was seen in Denmark (30.5%) and Hungary (33.5%), with the lowest in Mexico (-5.5%). Employee SSCs also form the largest part of the NPATR in 24 OECD countries, although they are zero or negligible in Denmark, Ireland, New Zealand and Iceland.

107. Compared to full-time workers – who are at a higher earnings level – the part-time worker faces a lower NPATR in all countries except for Hungary, with an average difference of 12.6 p.p. (13.4% compared to 26.0%). Differences in NPATRs between part-time and full-time workers range from 25 p.p. or more in Ireland, Italy and Belgium, to less than 5 p.p. in Denmark, Poland, Chile and Hungary. In 29 OECD countries, these differences result solely from the differences in earnings levels between part-time and full-time workers, with an average difference of 11.4 p.p. (14.3% compared to 25.7%). In the remaining six countries for which specific part-time provisions were modelled (Belgium, Italy, Luxembourg, New Zealand, Spain and the United Kingdom; see section 3.1.2 for further information), the differences were greater although even in five of these countries, the difference resulted from differences in the earnings levels of the part-time and full-time workers considered. In these countries, the NPATR of the average part-time worker was 18.1 p.p. lower in 2019 than that of the average full-time worker, at 9.3% compared to 27.4%.

108. Across all countries, differences in the tax rates for single part-time workers without children result from:

- Lower income taxes: all countries except for Hungary show differences in income tax as a share of gross wage earnings between part-time and full-time workers; and in 15 countries, these are the sole driver of the difference.
- Lower social security contributions: in eleven countries, part-time workers pay a lower share of their gross wage earnings in employee SSCs than the average full-time worker does, which accounts for 14.8% of the difference in NPATRs between the two taxpayers.
- Higher cash benefits: three countries (Canada, Denmark and France) show differences in cash benefits as a share of gross wage earnings between part-time and full-time workers.

109. These differences in taxation result in post-tax wages between part-time and full-time workers being less unequal than pre-tax wage differences in most countries. On average, the difference in pre-tax and post-tax wages between the two groups is reduced by 40 percentage points, although there is great variation across countries, ranging from no difference in Hungary and Chile to a reduction of over 90 percentage points in Belgium.

110. The paper also considered the taxation of male and female part-time workers, based on data on average earnings provided by national jurisdictions. On average, the tax and benefit system reduces the part-time gender wage gap by 9.9%. The largest reductions in earnings differences are seen in two countries where male part-time workers earn less than female part-time workers (Canada and Italy), with reductions of over 25 p.p. also seen in Belgium and France, where female part-time workers have, on average, lower hourly wages than male part-time workers. In five countries (Chile, Greece, Hungary, Portugal and Turkey), there was no change in the pre- and post-tax earnings gap, and the Netherlands is the only country where the tax and benefit system increases the part-time gender earnings gap (by 0.8 p.p.).

111. In addition to single earners, the paper also considered the differences in NPATRs for dual-earner households, where one spouse works part-time and the other full-time, with NPATRs for dual-earner households from *Taxing Wages* where both spouses work full-time (at 100% and 67% of average full-time wage). All dual-earner households were assumed to have two children. In all countries except Israel, the dual-earner household with one spouse working part-time has a lower tax rate than the two other family types, with an average difference of 2.51 percentage points. As for the single workers, these differences largely resulted from differences in earnings levels between the households, with differing provisions for part-time work playing a role only in only a small number of countries.

112. Finally, for both single earners and dual household incomes, the paper presents a new indicator, the marginal effective tax rate on part-time work, measuring the proportion of the increase in income that is taxed away if a worker chooses to work full- rather than part-time:

- For single workers, on average, 33.8% of the gains from working full- relative to part-time are taxed away, with countries ranging from 7.1% in Chile to 58.4% in Belgium. For a household with children where the second earner moves from part-time to full-time employment, an average of 34.8% of the gain in income is taxed away, with countries ranging from 8.2% in Chile to 57.4% in Belgium.
- The difference in the METR for single workers and second earners is on average 1 p.p., and second earners face a higher METR than single workers in 15 countries due to the impact of cash benefit withdrawals, loss of allowances, progressive taxation, and joint taxation between the respective income levels of part-time and full-time workers. However, in five countries, the METR is lower for second earners than for single workers, due to the design of tax credits for women or for children in three of these countries.

113. These METRs on the transition from part-time to full-time work are relevant to assessing the part-time work trap, i.e., the incentives provided by the tax system for workers to choose part-time employment in preference to full-time employment. The higher METRs for second earners in several countries is also relevant for the consideration of the impact of tax system design on the full-time participation incentives of women, who are more commonly second earners in all OECD countries, indicating that while in many countries the tax system can provide disincentives for second earners to enter full-time rather than part-time employment, some tax credits can have the opposite impact depending on their design. This underscores the importance of considering the impact of the labour tax system on incentives for workers, particularly second-earners, in their decisions about workforce participation at the intensive margin.

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Annex A. Definition of part-time work in OECD countries

114. The OECD Labour Force Statistics Database²³ defines part-time employment as less than 30 usual weekly hours of work in the main job. Definitions used in the country statistics covered in this paper differ across the OECD, but countries most commonly also use a definition based on the number of working hours. Eighteen countries report using a definition based on the number of hours worked per week, as set out in Table A.1.

Table A.1. Definitions of part-time employment in OECD countries based on an hour threshold

Usual hours of work per week	
Less than 30	Canada, Chile, New Zealand, Turkey, United Kingdom ¹
Less than 32	Denmark
Less than 35	Australia, France, Netherlands, Sweden ² , United States
Less than 36	Austria, Korea
Less than 40	Estonia, Latvia, Lithuania, Poland, the Slovak Republic

Note: ¹ The Annual Survey of Hours and Earnings (ASHE) defines part-time employment as working less than 30 hours per week, or 25 hours for teachers.

² The Swedish Labour Force Survey (LFS) defines part-time employment as working less than 35 hours per week. Other data sources may use different definitions, and definitions may vary between different professions.

Source: Information provided by country delegates.

115. Out of the remaining countries, 12 (Germany, Greece, Hungary, Ireland, Italy, Japan, Luxembourg, Norway, Portugal, Slovenia, Spain, and the United Kingdom) use a definition that is relative to comparable full-time workers. Three countries (Belgium, Finland and Switzerland) base the definition of part-time employment fully or partially on self-reporting. In the United Kingdom, definitions of part-time work differ across data sources. In the Czech Republic, there is no definition of part-time work for statistical purposes because this type of data is not being worked with. Table A.2 provides more information on the definitions of part-time work in these countries.

116. No definition of part-time work was reported by three countries (Iceland, Israel and Mexico).

Table A.2. Definitions of part-time employment in OECD countries based on comparable full-time workers or self-reporting

Country	Definition of part-time work
BEL	Self-reported in Labour Force Survey (applying Eurostat standards)
FIN	Self-reported
DEU	An employee is defined as working part-time, if her or his regular weekly working time is shorter than that of a comparable employee working on a full-time basis. If a regular weekly working time has not been agreed, an employee is considered working part-time, if his or her regular working time on average with respect to an employment period up to one year lies below that of a comparable full-time employee.
GRC	According to the definition of Law 3846/2010, article 2, a part-time employee is any employee with a contract or employment relationship whose working hours, calculated on a daily, weekly, fortnightly or monthly basis,

²³ https://stats.oecd.org/Index.aspx?DataSetCode=FTPTC_D

	are less than the normal working hours of the comparable full-time employee.
HUN	Full-time workers are those workers whose compulsory daily working time is identical with the standard time specified by the employer for the job. Part-time workers are those whose working hours are less than that specified as compulsory for the job.
IRL	Part-time workers are employees whose regular working hours are less than the collectively agreed or customary hours worked in the enterprise. The definition of part-time varies from enterprise to enterprise but in general part-time employees work 80% or less of the regular hours of the enterprise.
ITA	Part-time employment is established as working fewer hours than those defined by sectors agreements as for full-time work. 40 hours per week represents the maximum threshold established by law.
JPN	A part-time worker is defined as those whose prescribed weekly working hours are shorter than those of ordinary workers employed at the same place of business.
LUX	Weekly working time below the regular working time
NOR	Everyone with a job percentage lower than 100 is considered to work part-time. By combining information about the position percentage and the number of hours in full position, an agreed work time per week is calculate for each employee.
PRT	Part-time employment is defined as any work with less than the established number of hours worked per week depending on the same sector.
SVN	Part-time employment is by definition each employment shorter than full-time. Full-time means 40 work-hours per week, however, it may also be agreed shorter than that but not less than 36 hours per week.
ESP	Part-time employment is defined as one with less duration per day than a comparable full-time employee (same company, with the same kind of contract and similar responsibilities). The regular duration for full-time employment is 40h/week (8h/day), in annual average.
CHE	Combination of self-reported and benchmark (less than 90%)
GBR	There is no specific number of hours defining full-time or part-time employment for the purpose of tax and benefits. The Labour Force Survey (LFS) defines part-time employment based on self-reporting in line with other EU countries.

Source: Information provided by country delegates.

Annex B. Provisions on the taxation of part-time work that are not included in *Taxing Wages* models for full-time workers

117. This section details the differences in the taxation of part-time workers, compared to full-time workers, in all OECD countries. These differences may result from special provisions based on the number of hours worked, or from provisions targeted specifically at part-time workers. Purely income-based provisions are not detailed here, if they apply equally to full-time and part-time workers.²⁴ This section covers differences between the taxation of part-time and full-time workers in income tax rules, SSCs, payroll taxes, non-tax compulsory payments (NTCPs)²⁵ and cash benefits paid to all workers.

118. The OECD's *Taxing Wages* publication provides details of the tax treatment applied to full-time workers, which is used as the basis for this discussion. In many countries, there are no differences in the treatment of part-time and full-time workers, and in the remaining countries, differences are typically small.

No differences in the tax treatment

119. Twenty-one OECD countries report that there are no differences in the tax provisions applied to part-time and full-time workers, including in income tax rules, SSCs, payroll taxes, NTCPs and cash benefits. These countries are Canada, Chile, the Czech Republic, Estonia, Finland, Greece, Hungary, Iceland, Ireland, Israel, Korea, Latvia, Lithuania, Mexico, Norway, Poland, Portugal, the Slovak Republic, Sweden, Switzerland, and Turkey.

Income taxation

120. Across OECD countries, there are very few differences in the income tax rules applied to part-time workers, relative to full-time workers. All countries apply the same tax schedule and use the same rules to calculate taxable income for part-time workers as they do for full time workers. Two countries, Austria and the Netherlands, reported a difference in the tax allowances available to part-time workers relative to full-time workers:

- In **Austria**, a person with long distance between workplace and place of settlement respectively, if there is no public transport available and who commutes to work less than 11 days per month is allowed a reduced commuting allowance, relative to workers above this threshold. They also receive a lower commuting tax credit (mentioned below).
- In **the Netherlands**, the commuting tax allowance for commuting with public transport over distances of more than 10km per way is dependent on the number of days worked per week, meaning that a part-time worker receives a higher commuting tax allowance the more days per week the worker commutes to work, irrespective of the number of hours worked.

²⁴ For information on purely-income based provisions, see (OECD, 2020_[6]).

²⁵ These payments are not detailed in *Taxing Wages* because they are not defined as taxes. For an overview of the different non-tax compulsory payments levied in OECD countries, see (OECD, 2019_[75]).

121. **Austria** also reported differences in the provision of tax credits for part-time workers relative to those provided for full-time work. As mentioned above, a person with long distance between workplace and place of settlement respectively, if there is no public transport available and who commutes to work less than 11 days on a regular basis receives a reduced commuting tax credit. The commuting tax credit does not distinguish between part-time and full-time worker, meaning that part-time workers are entitled to the full commuting tax credit. The tax credit is only reduced in cases where the employee is not employed during the whole year.

Social security contributions (SSCs)

122. Five OECD countries (Belgium, Italy, Japan, Spain and the United States) reported differences in the SSC provisions that apply to part-time workers compared to full-time workers:

- In **Belgium**, a reduction in individual SSCs is granted monthly for low-income earners depending on their gross annual salary, as described in section 3.1.
- In **Italy**, the minimum threshold for SSCs differs between part-time and full-time workers, as detailed in section 3.1.
- In **Japan**, all compulsory SSCs except for industrial accident compensation insurance depend on the agreed number of hours worked per week. These provisions are not modelled in *Taxing Wages*:
 - Pensions: Part-time workers whose weekly working hours (or monthly working days) are less than three-fourths of those of full-time workers and who meet certain requirements such as working 20 hours or more, earnings of JPY 88,000 or more per month, and being employed by companies with more than 500 employees, are covered by the Employees' Pension Insurance (EPI). Part-time workers who are not covered by the Employees' Pension Insurance are covered only by the National Pension System.
 - Health: The same requirements also apply to the public medical insurance for employees.
 - Employment: All workers whose agreed working time exceeds 20 hours per week and who are expected to be employed for at least 31 consecutive days are covered by employment insurance and must make contributions.
- In **Spain**, SSCs are assessed on the basis of an employee's gross earnings, as detailed in section 3.1.
- In the **United States**, employers with 50 or more full-time or equivalent employees must provide Affordable Health Care coverage. For this purpose, employees who are working at least 30 hours per week or 130 hours per month are considered full-time. While full-time employees must be offered health insurance, coverage for part-time employees is not mandatory. The Affordable Health Care coverage is not included in the *Taxing Wages* model for the United States because it is not possible to determine a representative health insurance premium related to the *Taxing Wages* household types, and also because the Affordable Health Care coverage is more incentive based than a compulsory system.

123. In **Slovenia**, the minimum SSCs base for particular part-time workers is proportional to their hours worked. For full-time employees, the minimum SSCs base amounts to a set percentage of the average full-time gross wage of the previous year. In 2019, it was set at 56% of the average full-time wage in 2018. The majority of part-time workers is fully socially insured, in which case they are subject to the same minimum SSCs base as full-time workers (i.e., 56% of the average full-time wage in 2018). However, for the particular part-time worker the minimum SSCs base is proportional to her/his hours worked relative to full time employment. This special provision is not included in the *Taxing Wages* model for Slovenia because the majority of part-time workers is fully socially insured.

124. Further, **Germany** reported certain means-tested SSC provisions that do not consider the hours worked, but which in practice affect part-time workers only. In Germany, coverage under the statutory pension scheme is mandatory for all employees, at the full pension contribution rate of 18.6% in 2019, as detailed in *Taxing Wages*. However, there are special income-based provisions that do not affect full-time workers as their income level lies above the respective income thresholds even at statutory minimum wage:

- “Mini-job” workers (i.e., workers earning EUR 450 or less per month) who took up their mini-job after 2013 are generally subject to mandatory insurance coverage in the statutory pension scheme at the full pension contribution rate. If monthly earnings are lower than the minimum contribution limit of EUR 175, a minimum contribution of EUR 32.55 has to be paid (18.6% of EUR 175). In this case, the employer’s share amounts to 15% of the whole pay and the employee’s share to 3.6% (i.e., the difference between minimum contribution and employer’s share). In addition, the employer has to pay a flat tax of 2% on the employee’s earnings and has to make a payment of 13% of the employee’s earnings to the statutory health insurance. However, by applying for an exemption from the mandatory pension coverage, the mini-job holder may reduce its share to EUR 0, whereas the employer still has to pay an amount of 15% of the employee’s earnings to the pension insurance. Mini-job holders are exempt from payments to the statutory unemployment, health and invalidity insurances.
- For employees in the so-called ‘transition band’ (i.e., “mini-job” holders with a monthly remuneration between EUR 450.01 and EUR 1 300), part of the remuneration is exempt from social insurance contributions. The employee’s contributions to pension insurance rise linearly over the income band, reaching the full rate at EUR 1 300 per month. Employers are still required to pay the regular contributions on the employee’s earnings. Within the ‘transition band’, employees’ reduced contribution rates to pension insurance will not minimise their pension entitlements. The concession intends to relieve the financial burden on employees.

Non-tax compulsory payments (NTCPs)

125. **Denmark** was the only country to report differences in NTCPs depending on the number of hours worked, affecting two NTCPs:²⁶

- The Maternity Equalisation Scheme for Private Employers is a compulsory scheme aimed at distributing the financial burden of pay during maternity leave across private employers. All private employers pay an annual contribution per worker, the level of which depends on the number of hours worked and on the method of payment (monthly, twice a month, or on a weekly basis). As of 1 October 2019, the full-time contribution for a worker paid on a monthly basis is DKK 1 150 per year and part-time workers pay contributions that are proportional based on the number of hours worked.

²⁶ Part-time employees (employees who do not work more than 130 hours per month) may pay contributions to an unemployment insurance fund in order to be eligible for unemployment insurance and an early retirement pension. The contribution consists of a flat payment of DKK 2 784 per year for the unemployment insurance (A-kassebidrag) and DKK 4 056 per year for the voluntary early retirement scheme (Efterlønsbidrag), with an additional administration fee of DKK 1 518 on average. Contributions for full-time employees consist of DKK 4 128 for the unemployment insurance and DKK 6 024 for the early retirement scheme, with an additional administration fee of DKK 1 575 on average. Contributions to unemployment funds are not mandatory and are not classified as taxes in the Danish national accounts because there is no direct link between members’ contributions to the scheme and the benefits they receive, and the funds are subsidised by the government. These contributions are not modelled in *Taxing Wages*.

- The Danish Labour Market Supplementary Pension (ATP) provides an old-age pension and a survivors' lump sum benefit for dependents in the case of early death. The ATP covers almost all wage earners and almost all recipients of social security benefits. The contribution is a fixed amount that varies depending on the number of hours worked, as shown in Table B.1. A full-time employee pays DKK 3 408 per year in 2019. Contributions are split, with two-thirds paid by the employer and one-third by the employee.

Table B.1. Contribution schedule for the Danish ATP for an employee paid on a monthly basis

Monthly hours worked	<39	39-77	78-116	>116
Contribution (employer plus employee contribution), DKK/month as from 2019	0	94.65	189.35	284.00

Note: Contributions are split, with two-thirds paid by the employer and one-third by the employee.

Source: Information provided by the country delegate.

Payroll taxes

126. No country reported differences in payroll taxes between part-time and full-time workers.

Cash benefits

127. The most common difference in the treatment of part-time workers compared to full-time workers are the cash benefits available for part-time workers. This section details differences for cash benefits for part-time workers in respect of provisions already included in *Taxing Wages*, as well as of those not currently included in the *Taxing Wages* models. Non-inclusion in *Taxing Wages* may be because the provisions do not apply to full-time workers (*Taxing Wages* currently includes only full-time employees) or because they do not meet one of the other assumptions for inclusion in the *Taxing Wages* models (e.g. the cash benefit must be available to all workers of the same family status and income level, and that they apply to workers working consistently throughout the full year).²⁷

128. Three countries, Australia, Italy and New Zealand, reported differences for part-time workers in the provisions for those cash benefits modelled in *Taxing Wages* depending on the number of hours worked per week:

- In **Australia**, the Newstart Allowance, which was renamed the Jobseeker Payment from 20 March 2020, assesses the number of hours worked as part of its eligibility criteria. The Jobseeker Payment is the main cash benefit for people who are unemployed (or are regarded as unemployed) or not in full-time employment, i.e., working less than 38 hours per week. In addition to an income and assets test, the Jobseeker Payment also requires the receiver to spend a certain amount of time per week working, studying, or looking for work. Minimum working hours will depend on the circumstances of the individual and there is no maximum number of working hours before a part-time worker ceases to be eligible for the Jobseeker Payment. The Jobseeker Payment is included in the *Taxing Wages* models as it is payable to single persons and partnered individuals who are

²⁷ Non-tax compulsory payments are included in a supplementary *Taxing Wages* paper, available here: <https://www.oecd.org/tax/tax-policy/tax-database/non-tax-compulsory-payments.pdf>. As discussed earlier, the OECD Tax-Benefit models also include these non-tax compulsory payments, as well as a range of non-standard benefits including unemployment and minimum income benefits and housing assistance.

regarded as unemployed, which, under certain circumstances, may include people who are in paid work.

- In **Italy**, the amount of the family cash benefit is adjusted if employees work less than 24 hours per week, as described in section 3.1.
- In **New Zealand**, eligibility for the Minimum Family Tax Credit (MFTC) and the In-Work Tax Credit (IWTC), depends on the number of hours worked, as detailed in section 3.1.

129. Additionally, several countries provide differing benefits for part-time workers, or that depend on the number of hours worked, that are not modelled in *Taxing Wages*:

- In **Australia**, Paid Parental Leave benefits, the Parental Leave Pay, and the Dad and Partner Pay, assess previous hours worked as part of their eligibility criteria. The Parental Leave Pay and the Dad and Partner Pay are short-term payments for individuals who are on leave from work to care for their new child. Both require the recipient to have worked for at least 10 of the last 13 months and for at least 330 hours in that 10-month period with no more than a twelve-week gap between two working days.
- In **France**, the child care benefit (“complement de libre choix du mode de garde”) and the parental leave benefit (“prestation partagée d’éducation de l’enfant”) are adjusted depending on the number of hours worked, with thresholds at 50% and at 80% of full-time working hours.
- In **the Netherlands**, the childcare allowance is contingent on the hours worked by the parent working the fewest hours. The childcare allowance for day care amounts to EUR 8.02 per hour, whereby the number of hours is equal to 140% of the hours worked by the parent working the fewest hours. In the case of after school care, the allowance amounts to EUR 6.89 per hour for 70% of the hours worked by the least-working parent. The allowance is granted up to a maximum of 230 hours per month.
- In **New Zealand**, eligibility for Paid Parental Leave (PPL) requires the primary carer to have worked an average of 10 hours per week over any 26 of the 52 weeks prior to the child’s due date or date of adoption. The hours-worked eligibility requirement of the PPL benefit applies regardless of the primary carer’s relationship status.
- In the **United Kingdom**, there are a number of Department of Work and Pensions (DWP) benefits (e.g. Income Support, Employment and Support Allowance) that are targeted at the out of work and therefore have thresholds on the maximum number of hours able to be worked. Most of these benefits are currently being phased out and replaced by the Universal Credit (UC), which does not have any hour thresholds.

130. In **Belgium**, a special scheme in the family cash benefits that is targeted at low income earners may apply to part-time workers, as detailed in section 3.1.

Table B.2. Summary of differences in the tax and benefit provisions between part-time and full-time workers

	Personal income tax system				SSCs	NTCP ³	Payroll taxes	Cash benefits	
	Income tax base	Income tax allowances	Income tax schedule	Income tax credits				those currently in TW	other cash benefits
AUS	-	-	-	-	-	-	-	X ²	X ²
AUT	-	X ²	-	X ²	-	-	-	-	-
BEL	-	-	-	-	X	-	-	-	X ^{1,2}
CAN	-	-	-	-	-	-	-	-	-
CHL	-	-	-	-	-	-	-	-	-

COL ²⁸									
CZE	-	-	-	-	-	-	-	-	-
DNK	-	-	-	-	-	X ³	-	-	-
EST	-	-	-	-	-	-	-	-	-
FIN	-	-	-	-	-	-	-	-	-
FRA	-	-	-	-	-	-	-	-	X ²
DEU	-	-	-	-	X ¹	-	-	-	-
GRC	-	-	-	-	-	-	-	-	-
HUN	-	-	-	-	-	-	-	-	-
ISL	-	-	-	-	-	-	-	-	-
IRL	-	-	-	-	-	-	-	-	-
ISR	-	-	-	-	-	-	-	-	-
ITA	-	-	-	-	X ²	-	-	X	-
JPN	-	-	-	-	X ²	-	-	-	-
KOR	-	-	-	-	-	-	-	-	-
LVA	-	-	-	-	-	-	-	-	-
LTU	-	-	-	-	-	-	-	-	-
LUX	-	-	-	X	-	-	-	-	-
MEX	-	-	-	-	-	-	-	-	-
NLD	-	X ²	-	-	-	-	-	-	X ²
NZL	-	-	-	-	-	-	-	X	X ²
NOR	-	-	-	-	-	-	-	-	-
POL	-	-	-	-	-	-	-	-	-
PRT	-	-	-	-	-	-	-	-	-
SVK	-	-	-	-	-	-	-	-	-
SVN	-	-	-	-	X ²	-	-	-	-
ESP	-	-	-	-	X	-	-	-	-
SWE	-	-	-	-	-	-	-	-	-
CHE	-	-	-	-	-	-	-	-	-
TUR	-	-	-	-	-	-	-	-	-
GBR	-	-	-	X	-	-	-	-	X ²
USA	-	-	-	-	X ²	-	-	-	-

Note: ¹ Means-tested provisions that do not consider the hours worked, but which in practice affect part-time workers only. ² These specific provisions are not modelled in *Taxing Wages*. ³ These payments are not detailed in *Taxing Wages* because they are not defined as taxes.
Source: Information provided by country delegates.

²⁸ Information for Colombia was not available at the time this paper was prepared.

Annex C. Notes on data used

Table C.1. Country-specific notes

	Notes
AUS	Data on the average number of hours worked per week in full-time and in part-time employment includes overtime as far as it is done regularly.
AUT	Data on the absolute number of full-time and part-time employees and on the average number of hours worked in full-time and in part-time employment covers all NACE economic sectors. Sectoral minimum wages are typically negotiated by collective agreements, which differ depending on the provisions of each collective agreement.
BEL	Data on the average number of hours worked per week in full-time and in part-time employment includes overtime. Minimum wages can be negotiated in sectoral collective agreements that acquire legal force through royal decrees. The negotiated minimum wages differ per sector and subsector, depending on the provisions of each collective agreement. The data in Table 5 shows the “guaranteed average minimum monthly income”, which applies unless sectoral collective agreements provide better conditions.
CZE	Data from the OECD Labour Force Statistics (LFS) database was used for the average number of hours worked per week in full-time and in part-time employment and for the absolute number of full-time and of part-time employees. The OECD LFS database covers all NACE economic sectors and relates to the year 2018; part-time is defined as less than 30 usual hours of work per week.
DNK	Data on the average hourly wage rate of part-time employees excludes the value of salaries in kind and labour market supply pension scheme contributions (in Danish ATP). Sectoral minimum wages are typically negotiated by collective agreements, which differ depending on the provisions of each collective agreement. The collective agreement for the manufacturing sector (‘industriens overenskomst’) is sometimes used as a minimum wage benchmark, and defines a minimum wage of DKK 117.65 per hour in 2019.
EST	Data from the OECD LFS database was used for the average number of hours worked per week in full-time employment. The OECD LFS database covers all NACE economic sectors and relates to the year 2018; part-time is defined as less than 30 usual hours of work per week.
FIN	Sectoral minimum wages are typically negotiated by collective agreements, which differ depending on the provisions of each collective agreement.
FRA	Data on the absolute number of full-time and part-time employees covers all NACE sectors. Data on the average number of hours worked in full-time and in part-time employment includes overtime and covers all NACE economic sectors
DEU	Table 5 shows the general statutory minimum wage, which applies to workers in industry as well as to all other branches of the economy. Some sector-specific minimum wages apply on the basis of the Posting of Workers Act.
HUN	There are two different levels of minimum wages depending on the classification of the worker’s occupation. For workers in sectors B-N, the minimum wage for Standard Classification of Occupations (FEOR) categories 1-8 (as shown in the table) usually applies. A lower minimum wage applies for people working in occupations in the FOER category 9.
IRL	Data on the absolute number of full-time and part-time employees, on the average number of hours worked per week in full-time and in part-time employment and on the average hourly wage rate of part-time employees covers enterprises with three or more employees only.
ITA	Data on the absolute number of full-time and part-time employees covers ATECO b-n sectors with regard to active firms. Data on the average number of hours worked in full-time and in part-time employment covers all NACE economic sectors. Data on the average hourly wage rate of part-time employees shows median instead of average earnings for private sector employees.
JPN	Data on the absolute number of full-time and part-time employees, on the average number of hours worked per week in full-time and in part-time employment, and on the average hourly wage rate of part-time employees covers all industries except for agriculture, fisheries and the government.
LVA	Data on the absolute number of full-time and part-time employees and on the average number of hours worked per week in full-time and in part-time employment comes from the Latvian LFS and covers all NACE economic sectors. The number of hours worked are calculated according to Eurostat methodology: average number of actual hours worked per week – employees, main job + second job, hours between 1 and 98.
POL	Data on the absolute number of full-time and part-time employees, on the average number of hours worked per week in full-time and in part-time employment, and on the average hourly wage rate of part-time employees includes workers on civil contracts and self-employed workers.
SVN	Data from the OECD LFS database was used for the average number of hours worked per week in full-time

	employment. The OECD LFS database covers all NACE economic sectors and relates to the year 2018; part-time is defined as less than 30 usual hours of work per week.
SWE	Data on the number of part-time employees includes part-time employees that did not work during the entire year. Data from the OECD LFS database was used for the average number of hours worked per week in full-time and in part-time employment. The OECD LFS database covers all NACE economic sectors and relates to the year 2018; part-time is defined as less than 30 usual hours of work per week.
USA	The Current Population Survey (CPS) provides data on median weekly earnings of part-time workers for the year 2018, covering all wage and salary workers in all NACE economic sectors. This data has been transformed into average wages by adjusting wage and salary data for sectors B-N and by dividing it by the average number of hours worked per week in part-time employment.

Source: Information provided by country delegates.

Table C.2. Industry classification and treatment of overtime in Taxing Wages compared to the data provided in the questionnaire on part-time work

	Taxing Wages average full-time wage		Average part-time wage		Hours worked in full-time employment		Hours worked in part-time employment	
	Economic sectors covered	Treatment of overtime	Economic sectors covered	Treatment of overtime	Economic sectors covered	Treatment of overtime	Economic sectors covered	Treatment of overtime
AUS	based on ANZSIC06 such that the categories substantially overlap with ISIC 4, sectors B-N	Inc	..	..	B-N	Exc	B-N	Exc
AUT ¹	B-N	Inc	all NACE sectors	Exc	all NACE sectors	Inc ¹	B-N	Inc ¹
BEL	B-N	Inc	B-N	Exc	B-N	Inc	B-N	Inc
CAN	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
CHL	based on ISIC4.CL2012 sectors B-R, excluding O (8422) "Defense Activities" and O (8423) "Public order and safety activities"	Inc	B-N	Exc	B-N	Exc	B-N	Exc
COL	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
CZE	B-N	Inc	..	..	all NACE sectors	Exc	all NACE sectors	Exc
DNK	based on sectors B-N and R-S (NACE rev 2)	Exc	B-N	Exc	B-N	Inc	B-N	Inc
EST	B-N	Inc	B-N	Exc	all NACE sectors	Exc	all NACE sectors	Exc
FIN	B-N	Inc	..	..	B-N	Exc	B-N	Exc
FRA	B-N	Inc	..	..	all NACE sectors	Inc	all NACE sectors	Inc
DEU	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
GRC	based on sectors B-N (NACE Rev 2), including Division 95 and excluding Divisions 37, 39 and 75	Inc	..	..	B-N	Exc	B-N	Exc
HUN	B-N	Inc	B-N	Exc	B-N	Inc	B-N	Inc
ISL	B-N	Inc	..	..	..	..	..	..
IRL	B-N	Inc	B-N; covers enterprises with three or more employees only	Exc	B-N; covers enterprises with three or more employees only	Exc	B-N; covers enterprises with three or more employees only	Exc
ISR	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
ITA	B-N	Inc	all private sector employees	Exc	Total ATECO sectors (data also provided for ATECO b-f)	Exc	Total ATECO sectors (data also provided for ATECO b-f)	Exc
JPN	B-N	Inc	non-agricultural industries	Exc	industries, except agriculture, fisheries and government	Exc	industries, except agriculture, fisheries and government	Exc
KOR	based on 9th Korean Standard Industrial Classification (KSIC) B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc

	except E							
LVA	based on NACE rev. 2, covers the private sector that includes commercial companies with central or local government capital participation up to 50%, commercial companies of all types without central or local government capital participation, individual merchants, and peasant and fishermen farms with 50 and more employees	Inc	B-N	Inc	all NACE sectors	Inc	all NACE sectors	Inc
LTU	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
LUX	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
MEX	based on the Mexican Classification of Economic Activities (Clasificación Mexicana de Actividades Económicas (CMAE)) which is based on one of the first versions of ISIC	Exc	B-N	Exc	B-N	Exc	B-N	Exc
NLD	includes all economic activities (sectors A-U from SBI2008). Values for the private sector only (sectors B-N) are not available	Exc	B-N	Exc	B-N	Exc	B-N	Exc
NZL	based on ANZSIC06 such that the categories substantially overlap with ISIC 4, sectors B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
NOR	B-N	Inc	..	..	..	..	..	..
POL	B-N	Inc	..	..	B-N	Exc	B-N, including people working on civil contracts and self-employed workers	Exc
PRT	B-N	Inc	..	..	..	..	..	..
SVK	based on ISIC Rev. 4 classification (B-N), including self-employment data	Inc	B-N	Exc	B-N	Exc	B-N	Exc
SVN	B-N	Inc	B-N	Exc	all NACE sectors	Exc	all NACE sectors	Exc
ESP	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
SWE	B-N	Inc	B-N, including workers who did not work during the entire year	Exc	all NACE sectors	Exc	all NACE sectors	Exc
CHE	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
TUR	B-N	Inc	B-N	Exc	..	..	..	..
GBR	B-N	Inc	B-N	Exc	B-N	Exc	B-N	Exc
USA	B-N	Inc	all wage and salary workers	Inc	non-agricultural industries	Exc	non-agricultural industries	Exc

Notes: Not all national statistical agencies use ISIC Rev.3 or Rev.4 to classify industries. However, the Statistical Classification of Economic Activities in the European Community (NACE Rev.1 or Rev.2), the North American Industry Classification System (US NAICS 2012). The Australian and New Zealand Standard Industrial Classification (ANZSIC 2006) and the Korean Standard Industrial Classification (6th to 9th KISC) include a classification which broadly conforms either with industries C-K in ISIC Rev. 3 or industries B-N in ISIC Rev.4.

¹ Austria: Overtime in part-time employment is included as far as it is done regularly.

Source: Information provided by country delegates.

Annex D. Data on employment and wages

Table D.1. Gross earnings for part-time and full-time workers used in the analysis, 2019

Annual wages in PPP-adjusted USD

	Part-time single worker (20 hour work week), no children			Full-time single worker, no children	Dual-income households, 2 children		
	Neutral	Female	Male		100% full-time AW & 100% part-time AW	100% & 67% full-time AW	100% & 100% full-time AW
Australia	..	..	..	..	..	..	..
Austria	17 733	..	..	63 204	80 937	105 551	126 409
Belgium	24 349	24 160	25 026	64 505	88 855	107 724	129 011
Canada ²⁹	17 642	18 075	16 691	45 813	63 455	76 507	91 625
Chile	13 170	10 741	16 388	24 160	37 329	40 348	48 321
Colombia	..	..	..	..	..	..	..
Czech Republic	14 876	13 407	17 486	32 532	47 408	54 328	65 064
Denmark	32 064	29 752	33 914	63 426	95 490	105 921	126 852
Estonia	12 834	11 870	14 649	31 111	43 945	51 955	62 222
Finland	19 920	18 965	21 237	52 615	72 535	87 868	105 231
France	21 738	21 456	22 726	48 465	70 203	80 936	96 929
Germany	..	..	..	..	..	..	..
Greece	10 199	10 162	10 255	38 086	53 114	69 964	83 790
Hungary	16 710	15 950	17 667	31 406	48 116	52 448	62 812
Iceland	26 191	23 502	27 926	68 443	94 634	114 301	136 887
Ireland	20 616	0	0	62 430	83 045	104 258	124 859
Israel	15 804	14 846	17 091	42 577	58 382	71 104	85 155
Italy	15 982	16 204	15 601	46 842	62 824	78 227	93 685
Japan	..	..	..	..	..	..	..
Korea	..	..	..	..	..	..	..
Latvia	11 673	10 919	12 344	26 198	37 872	43 751	52 397
Lithuania	14 175	..	..	31 736	45 910	52 999	63 472
Luxembourg	46 635	..	..	71 102	117 737	118 740	142 204
Mexico	2 094	1 937	2 430	6 848	8 942	11 437	13 697
Netherlands	22 992	22 509	23 751	67 518	90 510	112 755	135 036
New Zealand	17 327	17 256	17 470	42 757	60 084	71 404	85 513
Norway	23 737	23 195	24 496	64 066	87 803	106 990	128 132
Poland	17 461	15 434	18 736	33 447	..	..	..
Portugal	9 076	8 545	10 451	32 702	41 778	54 613	65 405
Slovak Republic	12 604	11 603	14 422	25 924	38 528	43 293	51 848
Slovenia	17 113	15 357	20 753	35 830	52 943	59 836	71 659
Spain	15 452	..	..	43 491	58 556	72 630	86 982
Sweden	19 125	18 775	19 592	51 785	70 910	86 481	103 570
Switzerland	33 604	32 083	37 200	79 038	112 643	131 994	158 076
Turkey	8 020	7 674	8 305	32 000	40 020	53 440	63 999
United Kingdom	17 670	17 218	18 668	59 211	76 881	98 882	118 422
United States	18 949	19 978	16 858	57 055	75 525	95 282	114 110

²⁹ The full-time average wage used for Canada in 2019 was taken from the 2020 edition of *Taxing Wages*. From 2021 onwards, the full-time wage series for Canada in *Taxing Wages* has been revised to better exclude the impact of part-time workers on the full-time average wage, which has increased the full-time average wage in Canada across the historical time series. For this reason, the results for full-time workers may not align with those shown in the latest edition of *Taxing Wages*.

Average	18 431	16 202	18 026	46 364	65 371	78 330	93 808
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Source: Data on hourly wages for part-time workers was provided by country delegates; annual wages have been calculated by assuming a 20-hour work week. Data on full-time average wages are taken from Taxing Wages.

Table D.2. Absolute number of employees (in thousands)

	Full-time employment			Part-time employment			Year
	TOTAL	Men	Women	TOTAL	Men	Women	
AUS	5801.7	4181.6	1620.1	2434.4	959.1	1475.3	2019
AUT ¹	2712.6	1764.4	948.2	1088.0	203.4	884.6	2018
BEL	1923.5	1410.4	513.1	527.7	157.1	370.6	2018
CAN	13278.4	7183.3	6095.1	2874.6	983.6	1891.0	2019
CHL	6747.7	4193.1	2554.6	1760.6	758.9	1001.7	2019
COL	6356.0	4133.0	2223.0	589.0	235.0	354.0	2019
CZE ¹	4154.0	2271.0	1884.0	208.0	52.0	156.0	2018
DNK	1096.2	755.3	340.9	468.9	252.5	216.4	2018
EST	289.7	164.8	124.9	35.8	12.8	23.0	2019
FIN	1171.0	793.0	378.0	193.0	74.0	119.0	2018
FRA ¹	14039.9	9515.7	4523.9	2103.3	658.0	1444.2	2018
DEU	15257.1	11677.0	3580.0	3871.3	888.8	2982.5	2018
GRC	2052.4	1358.2	694.2	222.3	99.7	122.6	2019
HUN	4253.1	2369.4	1883.7	216.4	76.8	139.6	2018
ISL	..	..	..	..	..	..	..
IRL	997.4	..	..	357.8	..	..	2018
ISR	1600.3	1046.0	554.3	295.7	128.0	167.7	2017
ITA ¹	8204.6	5898.5	2282.5	2952.7	1037.4	1914.8	2017
JPN	..	..	..	10210.0	1180.0	9030.0	2018
KOR	12884.0	8751.0	4132.0	1591.0	492.0	1100.0	2019
LVA	743.9	370.3	373.6	60.4	19.6	40.8	2019
LTU	725.2	437.5	287.7	136.4	64.7	71.7	2019
LUX	366.0	..	..	82.0	..	..	2019
MEX	17513.5	11131.1	6382.4	2613.8	837.4	1776.4	2019
NLD	2905.0	2367.0	539.0	2484.0	1012.0	1471.0	2017
NZL	1093.4	710.0	383.4	224.0	76.8	147.2	2018
NOR	1242.0	924.0	317.0	314.0	129.0	185.0	2018
POL	10344.5	6678.3	3656.4	613.8	239.9	372.1	2018
PRT	..	..	..	..	..	..	..
SVK	1734.8	1125.0	609.8	53.2	16.4	36.8	2018
SVN	614.4	397.5	217.0	27.0	9.1	17.9	2019
ESP	8900.7	..	..	1482.7	..	..	2019
SWE	2454.5	1740.1	714.5	532.8	252.3	280.8	2018
CHE	1908.0	1461.0	447.0	715.0	216.0	498.0	2018
TUR	16054.8	10948.1	5106.7	2179.5	1329.0	850.6	2018
GBR	12259.0	8668.0	3590.0	3830.0	1317.0	2513.0	2018
USA	77576.0	44296.0	33280.0	20698.0	8264.0	12434.0	2019

Note: ¹ See country notes in Annex C.

Source: Information provided by country delegates.

Table D.3. Minimum wages in OECD countries

	Minimum wages (level in national currency)	Year
AUS	19.49 AUD/hour	2019
AUT ¹	-	-
BEL ¹	1 593.81 EUR/month	2019
CAN	14.00 CAD/hour	2019
CHL	Jan-Feb 28, 2019: 1 477 CLP/hour; since March 1, 2019: 1 544 CLP/hour	2019
CZE	The minimum wage differs across industries, ranging from 79.80 CZK/hour for ancillary jobs to 159.00 CZK/hour for a set of specialized professions.	2019
DNK ¹	-	-
EST	3.21 EUR/hour and 540 EUR/month	2019
FIN ¹	-	-
FRA	10.03 EUR/hour	2019
DEU ¹	9.19 EUR/hour	2019
GRC	3.90 EUR/hour	2019
HUN ¹	1121 HUF/hour	2019
ISL	-	-
IRL	Age 20 and over: 9.80 EUR/hour; age 19: 8.82 EUR/hour; age 18: 7.84 EUR/hour	2019
ISR	28.49 ILS/hour	2019
ITA	-	-
JPN	874 JPY/hour	2018
KOR	8'350 won/hour	2019
LVA	430 EUR/month	2019
LTU	555 EUR/month and 3.39 EUR/hour	2019
LUX	12.0795 EUR/hour	2019
MEX	102.68 MXN/day; 12.84 MXN/hour	2019
NLD	1 635.60 EUR/month	2019
NZL	17.70 NZD/hour	2019
NOR	-	-
POL	14.7 PLN/hour	2019
PRT	600 EUR/month	2019
SVK	2.989 EUR/hour	2019
SVN	886.63 EUR/month	2019
ESP	900 EUR/month or 30 EUR/full-time day	2019
SWE	-	-
CHE	-	-
TUR	11.37 TRY/hour	2019
GBR	Aged 25 and over: 8.21 GBP/hour; Aged 21-24: 7.70 GBP/hour; Aged 18-20: 6.15 GBP/hour	2018
USA ¹	7.25 USD/hour	2019

Notes: This table shows the minimum wages that apply to adult workers in sectors B-N. In some countries, different minimum wages may apply to other types of workers. In countries where the minimum wage is set at an hourly rate, part-time workers are entitled to the same hourly minimum wage as full-time workers. In countries where the minimum wage is set at a monthly rate, the minimum wage for part-time workers is adjusted according to the number of hours worked. Column three shows the year to which the provided minimum wage data relates.

¹ The table shows the federal minimum wage. 29 States and some localities have higher minimum wages.

Source: Information provided by country delegates.

Annex E. NPATRs for part-time workers using national data on average hours worked

Table E.1 Net personal average tax rates of dual earner households, two children

Income tax plus employee contributions less cash benefits as % of gross wage earnings

	Part-time single worker (country average work week), no children			NPATRs, single part-time worker, no children			NPATRs, dual earner couple, 2 children
	Neutral	Female	Male	neutral	female	male	100% full-time AW & 100% part-time AW
Australia							
Austria	18 974			12.2	0.0	0.0	28.4
Belgium	30 923	30 683	31 783	17.7	17.4	18.7	32.6
Canada	15 261	15 635	14 438	1.1	1.8	-0.7	19.9
Chile	11 405	9 301	14 192	7.0	7.0	7.0	7.0
Colombia							
Czech Republic							
Denmark	27 896	25 884	29 505	29.3	28.7	29.8	33.6
Estonia	13 136	12 149	14 993	4.7	3.3	6.7	12.7
Finland	20 219	19 249	21 556	11.8	10.7	13.2	25.0
France	25 325	24 996	26 476	11.2	10.6	12.9	25.7
Germany							
Greece	10 658	10 619	10 716	15.9	15.9	15.9	24.6
Hungary	18 798	17 944	19 876	33.5	33.5	33.5	33.5
Iceland							0.0
Ireland	21 853			1.6			16.9
Israel	17 543	16 480	18 971	4.5	3.9	5.2	14.0
Italy	17 580	17 824	17 161	9.0	9.3	8.3	25.4
Japan							
Korea							
Latvia	13 483	12 611	14 257	22.0	21.1	22.8	26.4
Lithuania	13 466			27.7			33.6
Luxembourg	43 138			19.4			23.3
Mexico	1 822	1 685	2 114	-7.5	-8.7	-5.4	7.0
Netherlands	20 923	20 483	21 614	8.6	8.6	8.6	24.7
New Zealand	13 619	13 563	13 732	12.6	12.5	12.6	17.3
Norway							
Poland ²	19 905	17 594	21 359	24.0	23.7	24.2	24.6
Portugal							
Slovak Republic	12 478	11 487	14 278	17.6	16.0	19.6	22.0
Slovenia	18 294	16 416	22 185	24.6	23.5	29.3	31.2
Spain	14 317			6.4			17.6
Sweden							

Switzerland	32 932	31 442	36 456	11.5	11.3	12.0	15.6
Turkey	6 737	6 446	6 976	15.8	15.8	15.8	26.3
United Kingdom	15 338	14 946	16 203	2.2	1.9	2.7	18.5
United States	25 202	26 571	22 422	19.0	19.4	18.1	21.8
OECD	18 636	17 082	18 797	13.5	12.5	13.5	21.8

Note: These results use data on average hourly earnings and average hours worked, provided by national delegates. They therefore differ from the results presented in the paper, which are based on a common 20 hour work week.

Source: Authors' calculations