### Taxing Wages

**The data**

- **The tax wedge for the average single worker OECD 2020**: 34.6% of labour costs, 0.4 pp below average 2019.
- **In Spain 2020**: 39.3% of labour costs, 0.12 pp less than in 2019.
- **Employer Social Security Contributions in OECD**: 13.3% of labour costs.
- **In Spain**: 23% of labour costs.

*The tax wedge is the difference between the labour costs for the company per worker and what the worker eventually takes home in net terms: income tax + employer and employee social security contributions – cash benefits.*

### Decrease in the tax wedge as a result of the impact of Covid-19

**Assistance and subsidies for companies and families have been generally channeled through income and welfare benefits**.

On average, the OECD has recorded the biggest decrease since the last financial crisis, thereby increasing the differential with Spain.

- % Single person without children at 100% of average earnings.

In Spain, the moderate decrease of the tax wedge does not correspond to the field of social security (SS) contributions.

- Change 2020/2019 in pp

*Single person without children at 100% of average earnings*

### The tax wedge comes into play more in companies and differs according to different types of family

- **Spanish companies bear 20 points more of the tax wedge than the OECD average**.
- **The OECD average in terms of SS contributions per employee is 9.7 points less than in Spain**.

Source: Círculo de Empresarios based on **Taxing Wages 2021 OECD**.

**A**: two-earner married couple, both at 100% of average earnings, 2 children

**B**: two-earner married couple, one at 100% of average earnings and the other at 67%, 2 children.