

The Tax Burden on Global Workers

A Comparative Index

Fourth Edition | September 2024

James Rogers
Nicolas Marques

The Tax Burden on Global Workers

A Comparative Index

Fourth Edition

2024

James Rogers
Nicolas Marques

TABLE OF CONTENTS

Author's Note	2
Abstract and Background... ..	2
Main Results.....	3
Noteworthy in 2024.....	4
Outlook	6
Definitions and Methodology	7
2024 Tax Liberation Day Calendar	8
Data Summary (in €EUR).....	9
Data Summary (in €USD)	10
Research Notes	11
Appendix 1: Cost to employer of €1 net to employee.....	13
Appendix 2: Additional Rankings (in €EUR).....	15
Appendix 3: Additional Rankings (in \$USD)	15

Author's Note

In response to global interest generated by *The Tax Burden of Typical Workers in the EU (2010-2020)*, the scope of its 12th edition (in 2021) was expanded to include Australia, Brazil, Canada, Japan, South Africa, the United Kingdom (no longer a European Union member since Brexit) and the United States of America – and was retitled as *The Tax Burden on Global Workers*. As a group, the 34 countries studied represent 58.2% of the global economy¹.

The methodology is unchanged from previous editions.

Abstract

The purpose of this study is to compare the taxes imposed on individual employees earning **typical** salaries in different countries around the world; and, in doing so, to determine a “Tax Liberation Day” for workers in each of these countries – measuring, in effect, how many days of each year’s work are devoted to paying taxes.

Background

Numerous studies rank political systems by various measures of “economic freedom”. While valuable for researchers, the aggregate data in these studies fail to shed light on the role of **working individuals** in financing their state and social security.

Further, many organizations calculate an annual “tax freedom day” for their countries. Unfortunately, inconsistent approaches to this calculation make cross-border comparisons difficult.

This study aims to create an “apples to apples” comparison of tax rates, with data that reflect the reality experienced by **real, working people** around the world. Finally, it serves as a reference to the **true cost of hiring** employees in each country and to the **real purchasing power** of their employees.

¹ Measured by GDP, according to World Bank figures (2017).

Main Results

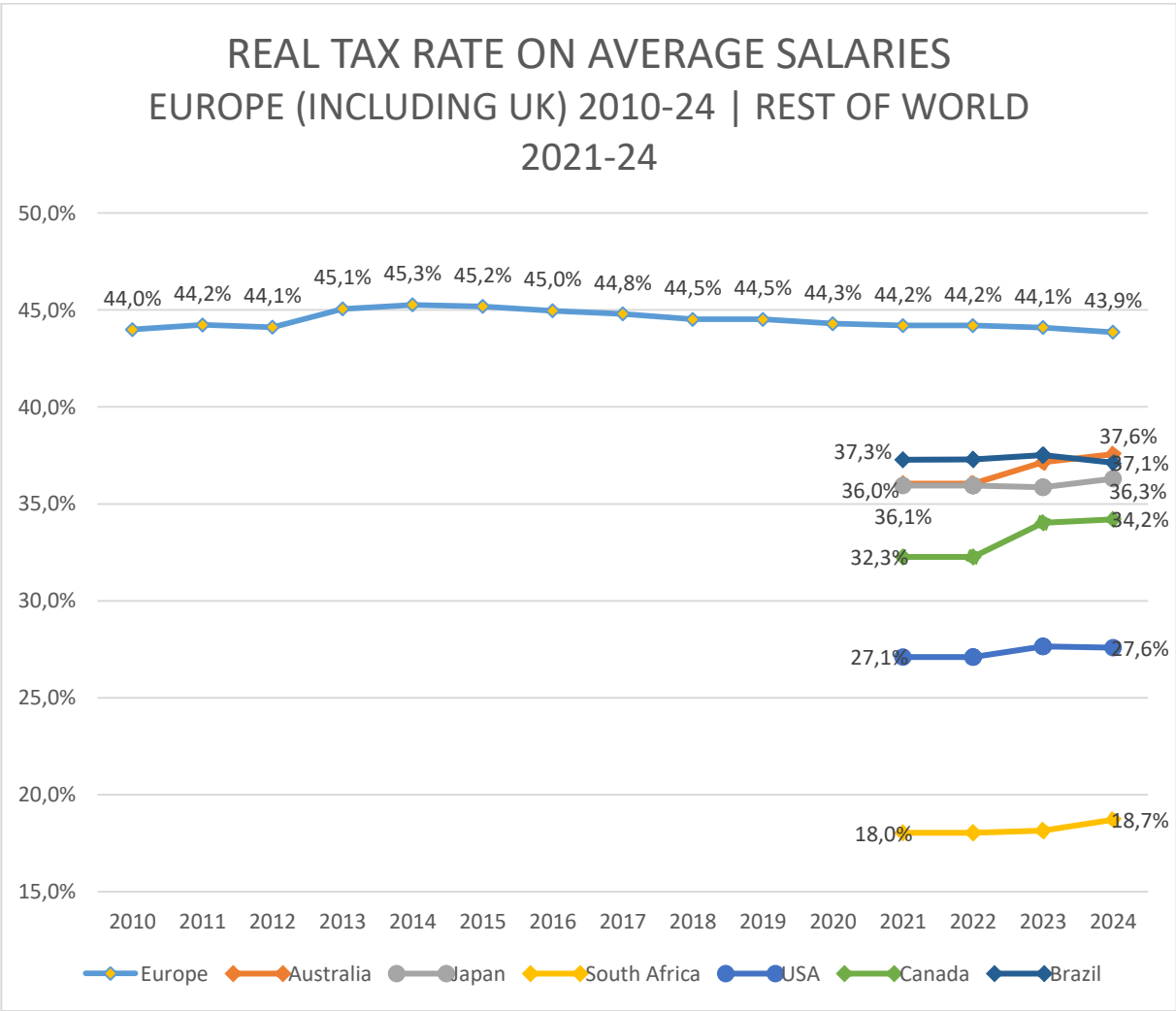
Taxes on European workers' salaries dip again to 11-year low; global coverage continues with six added countries

The continuation of pandemic relief measures and other rate changes brought, on the balance, slightly lower taxes to workers this year in Europe (now defined as the EU countries plus the United Kingdom²), where the average “real tax rate” ticked down 0.3% this year to 43.8%.

Around the world, the average “real tax rate” among the 34 countries studied is 41.6%, down 0.1% this year.

2024's Tax Liberation Day arrives earlier in 13 countries, later in 15, and on the same day in 6.

The chart below shows the progression in Europe since 2010, plus 2021-2024 data points for the six new countries added to our research in 2021:



² Removing the United Kingdom from the equation, the average rate in the EU-27 is 44.3%, down 0.2% since 2021.

Noteworthy in 2024

The podium: France retains its title as “world champion” of taxation for ninth consecutive year; Belgium alone in second as Austria continues to protect salaries

French workers are the last to celebrate their Tax Liberation Day (TLD) again this year, and again on July 17th. This has been the case every year since 2016, when the “tax shift” implemented by the government in **Belgium** ended that country’s workers’ five-year hold at the top of the table.

While nothing changed this year for typical Belgian workers, their **Austrian** counterparts’ tax brackets were indexed to inflation in 2023 and again in 2024, protecting salaries from “bracket creep” as they rise. Consequently, workers there have an extra €2797 in their pockets versus 2022, though they remain in third place – five days later than fourth-place Germany.

No such relief came for workers in **France**, where workers are once again the last to celebrate, on July 17th.

UK celebrates eight days earlier than in 2023

“In 2024-25, the median full-time employee will pay less tax as a share of their earnings than they did in 2010-11 by 4.6 ppts,” promised Rishi Sunak’s Conservative government on the gov.uk website³. Significant tax relief did indeed come, primarily in cuts to National Insurance payments, moving British workers’ TLD from May 9th in 2023 to May 1st in 2024. (Back in 2010, the UK date was May 13th.)

Temporary relief expires in Finland

In Finland, a number temporary of tax measures were enacted last year in response to soaring energy prices – including deductions workers could claim against high electricity costs increased commuting expenses – but the government has let these breaks expire. The result of this “reset” is that Finns’ TLD has swung from June 14th in 2022, to June 5th in 2023, and now back to June 14th.

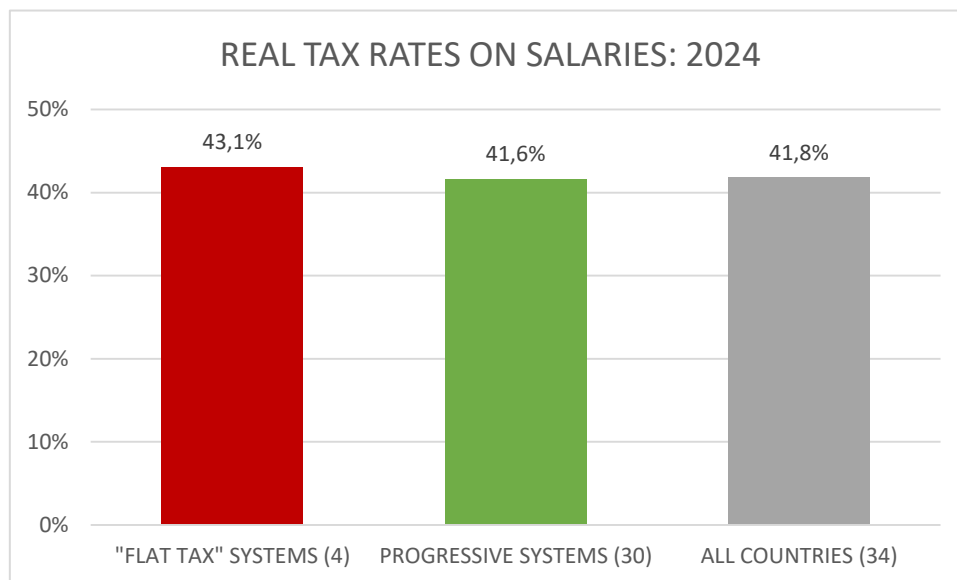
Estonian tax overhaul benefits workers, for now

Citing soaring spending (especially on defense), the Kallas government announced a mix of changes, raising personal exemptions while increasing VAT (sales tax) from 22% to 24%. The combined effect moved Estonian workers’ TLD four days earlier, to May 27th. The government announced plans to increase the flat income tax rate from 20% to 22% in 2025.

³ <https://www.gov.uk/government/publications/spring-budget-2024-personal-tax-factsheet>

Four “flat tax” countries remain

Though the scope of this study has expanded from 28 to 34 countries, the number whose governments have “flat tax” policies remains at 4. Although the purported “flat” rates are attractively low (10% in Bulgaria, 15% in Hungary, 16% in Romania, and 20% in Estonia), such rates only apply to income tax; these countries’ social security contributions make *real* tax rates for workers higher than in progressive tax systems.



Flat tax regimes impose a fixed rate on income tax, but not other taxes: Social security rates in flat tax countries are, on average, higher than in progressive states. In 2024, social contributions comprise 77% of payroll taxes collected in flat tax countries, versus 65% in progressive systems.

Outlook

Workers' taxes pay not only for their governments day-to-day operations, but also for their debts. Total annual borrowing by governments in OECD countries (27 of the 34 countries surveyed here are members) has more than doubled since 2008⁴. A 70% debt increase came in 2020 alone, owing heavily to the COVID-19 pandemic, but another crisis always comes – in 2023 and 2024, vast sums were borrowed for defense spending, just as national, regional, and municipal budgets faced higher prices due to **inflation**. Making matters worse, **interest rates** have been rising, making all of these bonds more expensive to pay off in the future.

Last year, federal spending and borrowing in the **United States** reached the point where two independent agencies (Standard & Poor's and Fitch) downgraded American treasury obligations from their triple-A rating; a third agency (Moody's) has warned of a downgrade. Now in 2024, Standard & Poor's has lowered its rating of bonds issued by the government in **France**, from AA to AA-.

For taxpaying workers, **demographics** remain a cause for concern: In 10 of the 34 countries studied, more than 20% of the population is now over age 65⁵ – a demographic reality that every country studied here, with the exception of South Africa, is expected to face by 2050. Aging populations will indubitably lead to higher pension and health care expenditures, as there will be fewer young workers to pay for future retirees' benefits. Currently, only 217 million (48.1%) of the EU's 450 million citizens are in the labour force⁶; the figures are similar in the United States (48.5%) and Japan (55.5%)⁷.

On a positive note, two liberties – the growth of the teleworking economy, along with workers' freedom to cross borders (between countries in the EU, between states in the U.S.) – continue to allow many of us to choose better climates, more affordable housing, and lower taxes; digital nomads are flocking to cities like Lisbon, Malaga, Nashville and Austin for all of these reasons. Workers who must be physically present for their jobs – those who cannot “vote with their feet” against excessive taxation, should perhaps worry most in the near future.

We maintain again that, fundamentally, making it less expensive to hire employees – by lowering the taxes levied both on employees and employers – will ensure that the greatest number are hired; the more of their income workers can save, spend and invest, the less will be needed from governments to care for them in the future. And with reasonable taxes in exchange for government services, workers are more likely to stay.

⁴ <https://www.weforum.org/agenda/2024/03/oecd-government-bonds-and-other-economic-stories-to-read/>

⁵ Japan, Italy, Finland, Portugal, Greece, Germany, Bulgaria, Croatia, France, and Latvia (2023). From Population Research Bureau (prb.org)

⁶ Population and employment statistics for 2021 from ec.europa.eu/eurostat

⁷ Population and labor force statistics for 2023 from cia.gov/the-world-factbook

Definitions and Methodology

The following terms are used in this study:

Real Gross Salary represents the total cost of employing an individual, including social security contributions made on top of an employee’s salary. Because in either case, the state is taking from the budget used to hire the employee, we believe this is the fairest method of comparing payroll taxes. Consider two countries:

Country A		Country B	
Real gross (employer cost)	60,000	Real gross (employer cost)	60,000
Employer Social Security (50%)	(20,000)	Employer Social Security (10%)	(6,000)
Gross Salary	40,000	Gross Salary	54,000
Income tax (20%)	(8,000)	Income tax (35%)	(18,900)
Employee Social Security (10%)	(4,000)	Employee Social Security (12%)	(6,480)
Net pay	28,000	Net pay	28,620

The employee in the 20% income tax bracket (country A) actually receives less than the employee in the 35% bracket. In both cases, the employer spends 60,000 euros – and more half of it goes to the government.

Real Net Salary is the “bottom line” figure: How much cash a worker has left over to spend that will not be paid to the state. (Other additional taxes – such as those on petrol, airline tickets, tobacco, and alcohol – are not considered in this study.)

An individual’s **Real Tax Rate (%)** is:

$$\frac{\text{Social Security Contributions + Income Tax + VAT}}{\text{Real Gross Salary}}$$

365 (days) × the Real Tax Rate = the number of days an employee works each year to pay taxes. Starting from New Year’s Day and counting, the next calendar day is the **Tax Liberation Day** for workers in that country.

2024 Tax Liberation Day Calendar

MARCH	10		South Africa
APRIL	11		United States
	21		Cyprus
MAY	1		United Kingdom
	2		Malta
	5		Canada
	13		Japan
	16		Ireland
	16		Brazil
	18		Australia
	24		Bulgaria
	27		Lithuania
	28		Estonia
	30		Denmark
	31		Croatia
JUNE	8		Poland
	10		Spain
	10		Czech Republic
	10		Slovenia
	12		Greece
	13		Netherlands
	13		Luxembourg
	13		Portugal
	14		Finland
	15		Latvia
	18		Sweden
	19		Hungary
	19		Romania
	20		Slovakia
JULY	3		Italy
	7		Germany
	12		Austria
	15		Belgium
	17		France

Data Summary in €⁸

Country	Real Gross Salary ⁹	Employer Social Security	Gross Salary ¹⁰	Income Tax	Employee Social Security	Take-home Pay (Net Income)	VAT Rate (Sales Tax)	Estimated VAT (Sales Tax)	Real Net Salary	Real Tax Rate	Tax Liberation Day 2024
AUSTRALIA	68,516	10,008	58,508	13,125	1,170	44,214	10.0%	1,437	42,777	37.57%	18-May
AUSTRIA	68,408	15,742	52,666	8,637	9,543	34,486	20.0%	2,242	32,244	52.86%	12-Jul
BELGIUM	68,250	12,919	55,332	14,049	7,195	34,088	21.0%	2,326	31,761	53.46%	15-Jul
BRAZIL ¹¹	8,631	2,317	6,314	3	568	5,744	17.0%	317	5,427	37.13%	16-May
BULGARIA ¹²	12,902	2,116	10,786	930	1,486	8,370	20.0%	544	7,826	39.35%	24-May
CANADA ¹³	60,903	4,880	56,023	10,686	3,500	41,837	13.0%	1,768	40,069	34.21%	05-May
CROATIA ¹⁴	19,289	2,732	16,557	1,736	2,484	12,338	25.0%	1,002	11,335	41.23%	31-May
CYPRUS ¹⁵	30,493	4,069	26,424	779	3,026	22,619	19.0%	1,397	21,222	30.40%	21-Apr
CZECH REPUBLIC	25,658	6,482	19,176	1,626	2,109	15,441	21.0%	1,054	14,387	43.93%	10-Jun
DENMARK	63,103	305	62,798	22,027	152	40,619	25.0%	3,300	37,319	40.86%	30-May
ESTONIA [†]	26,595	6,599	19,996	2,175	720	17,101	22.0%	1,223	15,878	40.30%	28-May
FINLAND	60,624	9,850	50,774	9,908	4,766	36,100	24.0%	2,816	33,284	45.10%	14-Jun
FRANCE	59,458	17,918	41,540	2,451	9,864	29,225	20.0%	1,900	27,326	54.04%	17-Jul
GERMANY	66,710	11,669	55,041	8,377	11,999	34,665	19.0%	2,141	32,525	51.24%	07-Jul
GREECE	24,351	4,438	19,912	2,473	2,762	14,677	24.0%	1,145	13,532	44.43%	12-Jun
HUNGARY [†]	18,737	2,156	16,582	2,487	3,068	11,027	27.0%	968	10,059	46.31%	19-Jun
IRELAND	60,688	6,039	54,649	11,200	2,186	41,263	23.0%	3,084	38,178	37.09%	16-May
ITALY	44,011	10,156	33,855	7,297	2,993	23,565	22.0%	1,685	21,880	50.29%	03-Jul
JAPAN	38,665	5,516	33,149	2,515	5,182	25,452	10.0%	827	24,625	36.31%	13-May
LATVIA	20,711	3,953	16,758	2,857	1,760	12,142	21.0%	829	11,313	45.38%	15-Jun
LITHUANIA	21,033	366	20,667	3,145	4,030	13,492	21.0%	921	12,571	40.23%	27-May
LUXEMBOURG	80,928	10,739	70,189	14,347	8,644	47,199	17.0%	2,608	44,591	44.90%	13-Jun
MALTA ¹⁶	23,047	2,095	20,952	2,513	2,095	16,344	18.0%	956	15,388	33.23%	02-May
NETHERLANDS	70,724	13,211	57,513	9,321	6,358	41,833	21.0%	2,855	38,978	44.89%	13-Jun
POLAND	20,158	3,427	16,731	824	3,593	12,314	23.0%	920	11,393	43.48%	08-Jun
PORTUGAL	26,738	5,131	21,606	3,311	2,377	15,918	23.0%	1,190	14,728	44.92%	13-Jun
ROMANIA ¹⁷	15,876	349	15,527	1,009	5,434	9,083	19.0%	561	8,522	46.32%	19-Jun
SLOVAKIA	21,007	5,469	15,538	1,484	2,082	11,972	20.0%	778	11,194	46.72%	20-Jun
SLOVENIA	27,088	3,756	23,332	1,849	5,156	16,327	22.0%	1,167	15,159	44.04%	10-Jun
SOUTH AFRICA ¹⁸	14,908	251	14,656	1,814	105	12,738	15.0%	621	12,117	18.72%	10-Mar
SPAIN	36,982	8,621	28,360	4,258	1,829	22,274	21.0%	1,520	20,753	43.88%	10-Jun
SWEDEN	58,165	13,906	44,259	10,192	0	34,067	25.0%	2,768	31,299	46.19%	18-Jun
UNITED KINGDOM	56,923	5,855	51,068	7,316	2,920	40,833	20.0%	2,654	38,179	32.93%	01-May
USA (AVERAGE)	63,751	4,530	59,220	7,302	4,530	47,388	8.0%	1,227	46,161	27.59%	11-Apr

⁸ All figures in euros. "Flat tax" countries are marked with a dagger (†).

⁹ Total cost of employment, social security, income tax and net income calculated by EY. Other calculations by Institut Économique Molinari.

¹⁰ Unless otherwise noted, Average Gross Salary figures are from OECD's *Taxing Wages*.

¹¹ Average Gross salary for Brazil from the national statistics office: ibge.gov.br

¹² Average Gross Salary figure for Bulgaria from the national statistics office: nsi.bg

¹³ For Canada's VAT (HST) rate, Ontario's rate is used (8% Provincial + 5% Federal)

¹⁴ Average Gross Salary figure for Croatia from the national statistics office: dzs.hr

¹⁵ Average Gross Salary figure for Cyprus from the national statistics office: mof.gov.cy

¹⁶ Average Gross salary for Malta from the national statistics office: nso.gov.mt

¹⁷ Average Gross salary for Romania from the national statistics office: insse.ro

¹⁸ Average Gross salary for South Africa from the national statistics office: statssa.gov.za

Data Summary in \$¹⁹

Country	Real Gross Salary ²⁰	Employer Social Security	Gross Salary ²¹	Income Tax	Employee Social Security	Take-home Pay (Net Income)	VAT Rate (Sales Tax)	Estimated VAT	Real Net Salary	Real Tax Rate	Tax Liberation Day 2024
AUSTRALIA	74,881	10,938	63,944	14,344	1,279	48,321	10.0%	1,570	46,751	37.57%	18-May
AUSTRIA	74,763	17,204	57,558	9,440	10,430	37,689	20.0%	2,450	35,240	52.86%	12-Jul
BELGIUM	74,591	14,119	60,472	15,354	7,864	37,254	21.0%	2,543	34,712	53.46%	15-Jul
BRAZIL ²²	9,433	2,532	6,901	3	620	6,278	17.0%	347	5,931	37.13%	16-May
BULGARIA ²³	14,101	2,313	11,788	1,016	1,624	9,147	20.0%	595	8,553	39.35%	24-May
CANADA ²⁴	66,560	5,333	61,227	11,678	3,825	45,723	13.0%	1,932	43,791	34.21%	05-May
CROATIA ²⁵	21,081	2,986	18,095	1,897	2,714	13,484	25.0%	1,096	12,388	41.23%	31-May
CYPRUS ²⁶	33,326	4,447	28,879	852	3,307	24,720	19.0%	1,526	23,194	30.40%	21-Apr
CZECH REPUBLIC	28,041	7,084	20,958	1,777	2,305	16,876	21.0%	1,152	15,724	43.93%	10-Jun
DENMARK	68,965	333	68,632	24,073	166	44,392	25.0%	3,607	40,785	40.86%	30-May
ESTONIA [†]	29,066	7,212	21,854	2,377	787	18,690	22.0%	1,336	17,353	40.30%	28-May
FINLAND	66,256	10,765	55,491	10,828	5,209	39,454	24.0%	3,077	36,376	45.10%	14-Jun
FRANCE	64,982	19,583	45,399	2,679	10,780	31,940	20.0%	2,076	29,864	54.04%	17-Jul
GERMANY	72,907	12,753	60,154	9,155	13,114	37,886	19.0%	2,339	35,546	51.24%	07-Jul
GREECE	26,613	4,851	21,762	2,703	3,018	16,041	24.0%	1,251	14,790	44.43%	12-Jun
HUNGARY [†]	20,478	2,356	18,122	2,718	3,353	12,051	27.0%	1,057	10,994	46.31%	19-Jun
IRELAND	66,325	6,600	59,726	12,241	2,389	45,096	23.0%	3,371	41,725	37.09%	16-May
ITALY	48,100	11,100	37,000	7,975	3,271	25,754	22.0%	1,841	23,913	50.29%	03-Jul
JAPAN	42,257	6,029	36,228	2,749	5,663	27,816	10.0%	904	26,912	36.31%	13-May
LATVIA	22,635	4,320	18,315	3,122	1,923	13,270	21.0%	906	12,364	45.38%	15-Jun
LITHUANIA	22,987	400	22,587	3,437	4,404	14,745	21.0%	1,006	13,739	40.23%	27-May
LUXEMBOURG	88,446	11,737	76,710	15,680	9,447	51,583	17.0%	2,850	48,733	44.90%	13-Jun
MALTA ²⁷	25,188	2,290	22,898	2,746	2,290	17,862	18.0%	1,045	16,817	33.23%	02-May
NETHERLANDS	77,294	14,438	62,856	10,187	6,949	45,720	21.0%	3,120	42,599	44.89%	13-Jun
POLAND	22,030	3,745	18,286	901	3,927	13,458	23.0%	1,006	12,452	43.48%	08-Jun
PORTUGAL	29,222	5,608	23,614	3,619	2,597	17,397	23.0%	1,300	16,097	44.92%	13-Jun
ROMANIA ²⁸	17,351	382	16,969	1,103	5,939	9,927	19.0%	613	9,314	46.32%	19-Jun
SLOVAKIA	22,959	5,977	16,981	1,622	2,276	13,084	20.0%	850	12,233	46.72%	20-Jun
SLOVENIA	29,604	4,105	25,499	2,020	5,635	17,843	22.0%	1,276	16,567	44.04%	10-Jun
SOUTH AFRICA ²⁹	16,292	274	16,018	1,983	114	13,921	15.0%	679	13,242	18.72%	10-Mar
SPAIN	40,417	9,422	30,995	4,653	1,999	24,343	21.0%	1,661	22,681	43.88%	10-Jun
SWEDEN	63,568	15,198	48,370	11,139	0	37,231	25.0%	3,025	34,206	46.19%	18-Jun
UNITED KINGDOM	62,211	6,399	55,812	7,995	3,191	44,626	20.0%	2,901	41,725	32.93%	01-May
USA (AVERAGE)	69,673	4,951	64,722	7,980	4,951	51,791	8.0%	1,342	50,449	27.59%	11-Apr

¹⁹ All figures in U.S. Dollars, using 17 July 2023 exchange rate of €0.915 = \$1. “Flat tax” countries are marked with a dagger (†).

²⁰ Total cost of employment, social security, income tax and net income calculated by EY. Other calculations by Institut Économique Molinari.

²¹ Unless otherwise noted, Average Gross Salary figures are from OECD’s *Taxing Wages*.

²² Average Gross salary for Brazil from the national statistics office: ibge.gov.br

²³ Average Gross Salary figure for Bulgaria from the national statistics office: nsi.bg

²⁴ For Canada’s VAT (HST) rate, Ontario’s rate is used (8% Provincial + 5% Federal)

²⁵ Average Gross Salary figure for Croatia from the national statistics office: dzs.hr

²⁶ Average Gross Salary figure for Cyprus from the national statistics office: mof.gov.cy

²⁷ Average Gross salary for Malta from the national statistics office: nso.gov.mt

²⁸ Average Gross salary for Romania from the national statistics office: insse.ro

²⁹ Average Gross salary for South Africa from the national statistics office: statssa.gov.za

Research Notes

Gross Salary

When available, salary figures come from the OECD's *Taxing Wages*. Others are sourced from government statistics offices (see footnotes on pages 9 and 10).

Gross salaries ranged from a low of €6,314 (\$6,901) in Brazil, to a high of €70,189 (\$76,709) in Luxembourg. The average gross salary among the 34 countries was €34,308 (\$37,495).

Employer Contributions to Social Security

Averaging 19.6% across the countries studied here, these taxes vary to a great degree and are invisible to employees in many countries, where only deductions from gross salaries appear on pay slips. For typical workers, these costs range from less than 1% of gross salary in Denmark to 43% in France (where the employer's contributions are, at least, shown on payslips).

Individual Contributions to Social Security

Visible on most employees' payslips, the lower and upper reaches of these deductions are set, respectively, by Sweden (zero) and Romania (35%), with a worldwide average of 12%.

Total Contributions to Social Security

France (67%) is the only country taxing more than half of a typical worker's gross salary as "social security contributions". Six other countries in this study also collect more than 40% this way – in descending order Slovakia (49%), Austria (48%), Brazil (46%), Czech Republic (45%), Germany (43%), and Poland (42%) – while in Denmark, these taxes again amount to less than 1% of the gross salary figure. The average figure is 31.5% – making the value of "social security" payments more than twice that of income taxes (see below).

Personal Income Taxes

On average, the income tax rate over the 34-country global spectrum is 14.1%. While Denmark can claim it imposes the lowest combined social security taxes, its treasury is compensated by the highest personal income tax rates in this global study, collecting 35.1% from a typical worker's salary this way. Workers in Brazil (0.04%) and Cyprus (3%) enjoy the lowest income tax rates.

Income tax rates in the United States (USA)

In addition to the income tax imposed by their federal government, Americans in 41 of its 50 states are subject to state-level income taxes. In this study, the figures appearing are an average of five highly-populated states – New York, California, Ohio, Texas, and Florida – the latter two having no state income taxes.

Estimated Value-Added Tax (VAT), also known as Sales Tax, HST, or GST

To determine estimated VAT we assume, conservatively, that only 32.5% of a worker's net income will be subject to VAT. *Estimated Rent* is assumed to be 35% of the employee's net (take-home) income. After subtracting rent, remaining net income is divided in half to estimate the sum left over that will be subject to VAT when spent.

Since 2009, only 8 of the 28 European countries studied herein have not increased VAT rates: Austria, Belgium, Bulgaria, Denmark, Germany, Latvia, Malta, and Sweden. The largest increases in these "sales tax" rates occurred in Hungary (from 20% to 27%), the United Kingdom (from 15% to 20%), Spain (from 16% to 21%), Greece (from 19% to 24%), and Romania (from 19% to 24%, then back to 19%).

The USA stands out among our 34 countries as the only one whose workers do not pay federal sales tax on their retail purchases. Americans do, however, pay such taxes to local and/or state governments, depending where they live. In our sample of five populous states, the combined rates ranged from 7% in Florida to 8.8% in California.

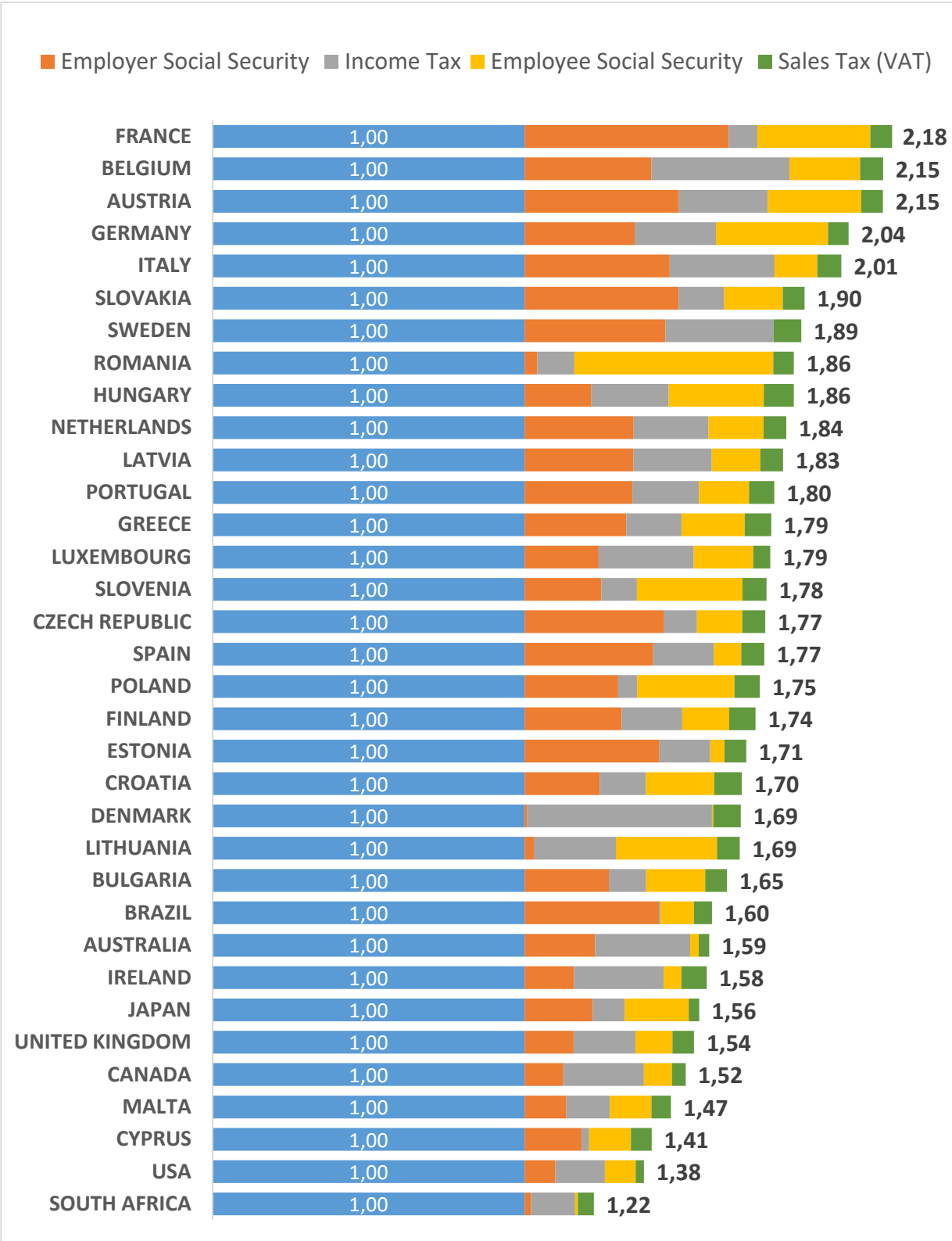
The prevalence of "hidden" tax contributions increases

This year, €40.56 out of every €100 of payroll taxes collected by governments are paid "on top" of gross salaries as employer contributions to social security. In many countries, these taxes do not appear on workers' payslips.



Appendix 1: Cost to employer of €1 or \$1 net to employee

The chart below shows what employers must spend to give 1 euro (or dollar) of real purchasing power to an employee earning an average salary in each country.



Appendix 2: Rankings by total cost of employment, total tax burden and real net salary (in euros)³⁰

RANK	TOTAL EMPLOYMENT COST		TOTAL TAXES PAID		REAL SPENDING POWER	
1	Luxembourg	80,928	Belgium	36,489	USA	46,161
2	Netherlands	70,724	Luxembourg	36,338	Luxembourg	44,591
3	Australia	68,516	Austria	36,164	Australia	42,777
4	Austria	68,408	Germany	34,185	Canada	40,069
5	Belgium	68,250	France	32,133	Netherlands	38,978
6	Germany	66,710	Netherlands	31,745	United Kingdom	38,179
7	USA (average)	63,751	Finland	27,340	Ireland	38,178
8	Denmark	63,103	Sweden	26,866	Denmark	37,319
9	Canada	60,903	Denmark	25,784	Finland	33,284
10	Ireland	60,688	Australia	25,740	Germany	32,525
11	Finland	60,624	Ireland	22,509	Austria	32,244
12	France	59,458	Italy	22,131	Belgium	31,761
13	Sweden	58,165	Canada	20,834	Sweden	31,299
14	United Kingdom	56,923	United Kingdom	18,745	France	27,326
15	Italy	44,011	USA	17,590	Japan	24,625
16	Japan	38,665	Spain	16,228	Italy	21,880
17	Spain	36,982	Japan	14,040	Cyprus	21,222
18	Cyprus	30,493	Portugal	12,009	Spain	20,753
19	Slovenia	27,088	Slovenia	11,929	Estonia	15,878
20	Portugal	26,738	Czech Republic	11,270	Malta	15,388
21	Estonia	26,595	Greece	10,818	Slovenia	15,159
22	Czech Republic	25,658	Estonia	10,717	Portugal	14,728
23	Greece	24,351	Slovakia	9,813	Czech Republic	14,387
24	Malta	23,047	Latvia	9,398	Greece	13,532
25	Lithuania	21,033	Cyprus	9,271	Lithuania	12,571
26	Slovakia	21,007	Poland	8,764	South Africa	12,117
27	Latvia	20,711	Hungary	8,678	Poland	11,393
28	Poland	20,158	Lithuania	8,462	Croatia	11,335
29	Croatia	19,289	Croatia	7,953	Latvia	11,313
30	Hungary	18,737	Malta	7,660	Slovakia	11,194
31	Romania	15,876	Romania	7,354	Hungary	10,059
32	South Africa	14,908	Bulgaria	5,077	Romania	8,522
33	Bulgaria	12,902	Brazil	3,204	Bulgaria	7,826
34	Brazil	8,631	South Africa	2,791	Brazil	5,427

³⁰ All figures in Euros (€). Total tax burden and real net salary figures include social charges, income taxes and estimated VAT (sales tax).

Appendix 3: Rankings by total cost of employment, total tax burden and real net salary (in U.S. Dollars)³¹

RANK	TOTAL EMPLOYMENT COST		TOTAL TAXES PAID		REAL SPENDING POWER	
1	Luxembourg	88,446	Belgium	39,879	USA	50,449
2	Netherlands	77,294	Luxembourg	39,713	Luxembourg	48,733
3	Australia	74,881	Austria	39,523	Australia	46,751
4	Austria	74,763	Germany	37,361	Canada	43,791
5	Belgium	74,591	France	35,118	Netherlands	42,599
6	Germany	72,907	Netherlands	34,694	United Kingdom	41,725
7	USA	69,673	Finland	29,880	Ireland	41,725
8	Denmark	68,965	Sweden	29,362	Denmark	40,785
9	Canada	66,560	Denmark	28,180	Finland	36,376
10	Ireland	66,325	Australia	28,131	Germany	35,546
11	Finland	66,256	Ireland	24,600	Austria	35,240
12	France	64,982	Italy	24,187	Belgium	34,712
13	Sweden	63,568	Canada	22,769	Sweden	34,206
14	United Kingdom	62,211	United Kingdom	20,486	France	29,864
15	Italy	48,100	USA	19,224	Japan	26,912
16	Japan	42,257	Spain	17,736	Italy	23,913
17	Spain	40,417	Japan	15,345	Cyprus	23,194
18	Cyprus	33,326	Portugal	13,125	Spain	22,681
19	Slovenia	29,604	Slovenia	13,037	Estonia	17,353
20	Portugal	29,222	Czech Republic	12,317	Malta	16,817
21	Estonia	29,066	Greece	11,823	Slovenia	16,567
22	Czech Republic	28,041	Estonia	11,712	Portugal	16,097
23	Greece	26,613	Slovakia	10,725	Czech Republic	15,724
24	Malta	25,188	Latvia	10,271	Greece	14,790
25	Lithuania	22,987	Cyprus	10,132	Lithuania	13,739
26	Slovakia	22,959	Poland	9,579	South Africa	13,242
27	Latvia	22,635	Hungary	9,484	Poland	12,452
28	Poland	22,030	Lithuania	9,248	Croatia	12,388
29	Croatia	21,081	Croatia	8,692	Latvia	12,364
30	Hungary	20,478	Malta	8,371	Slovakia	12,233
31	Romania	17,351	Romania	8,037	Hungary	10,994
32	South Africa	16,292	Bulgaria	5,548	Romania	9,314
33	Bulgaria	14,101	Brazil	3,502	Bulgaria	8,553
34	Brazil	9,433	South Africa	3,050	Brazil	5,931

³¹ All figures in United States Dollars (\$), based on July 17, 2024 exchange rate of €0.915=\$1. Total tax burden and real net salary figures include social charges, income taxes and estimated VAT (sales tax).

About the authors

James Rogers is Research Fellow at Institut Économique Molinari.

Nicolas Marques is Director General of Institut Économique Molinari.

September 2024

Published in France by Institut Économique Molinari (Paris), and in the USA by Tholos Foundation (Washington).

© 2024 James Rogers

For questions about this report, please contact:

James Rogers

james@institutmolinari.org

or

Nicolas Marques

nicolas@institutmolinari.org