



CARE RESEARCH PAPER

the taxation of **families**

international comparisons 2014

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Preface

I am delighted to commend to you The Taxation of Families – International Comparisons 2014. This report examines how UK families fare in comparison with their OECD counterparts with regard to the tax burdens and Effective Marginal Tax Rates they face.

Key Findings

As with the reports on previous years, the 2014 edition does not make for easy reading.

It shows that we have a tax system that is deeply insensitive to family responsibility.

On the one hand it demonstrates that we place a smaller proportion of the tax burden on people without children than across the OECD and EU on average wages. On the other hand it demonstrates that we place a significantly higher tax burden on one-earner married couple families on average wage than is the case across the OECD developed countries of the world on average. Not surprisingly, when we look at the tax burden placed on a one-earner married family with two children (four mouths to feed) as a percentage of that placed on a single person (just one mouth to feed) on the same income, the resulting figures are quite disturbing.

While across the OECD as a whole the average tax burden placed on a one-earner married family with two children on average wage is just over half that placed on a single person on the same wage at 59%, the burden placed by the UK on such a family is closer to the burden placed on a single person with no family responsibility at 79%.

The report also highlights that one-earner married families with two children on 50% and 75% of the average wage – key income points at which we should be working hard to encourage families to aspire to better things – we have the highest average Effective Marginal Tax Rates in the world, at 73% under tax credits, rising to 76% under Universal Credit. This means that as these families consider the possibility of working more hours they will know that they will only take home between 27 and 24 pence in the pound. Far from facilitating aspiration amongst those we should be encouraging, we are actually at risk of imprisoning them on low incomes.

Rather than worrying about a top rate of tax of 45% for the rich, according to which they take home 55 pence in the pound, we should be worrying about the 76% rate for the poor.

Again it is interesting to note that our tax system gives single people with no dependents a much easier ride. Far from imposing upon them an Effective Marginal Tax Rate that is significantly higher than the OECD average, the effective marginal tax rate on single people on 50%, 75% and indeed 100% average income is actually lower in the UK than across the OECD and EU!

Key Solution

CARE is delighted that after 15 years of having a completely individualistic income tax system that took no account of family responsibility that in April 2015 a partially transferable allowance came into effect for married couples. This development is of seminal significance. The transferable allowance provides a basis from which to:

- Work to ensure that marriage – with its numerable public policy benefits – is made no less accessible in the UK than is the case across the OECD on average
- Begin to reintroduce recognition of family responsibility in the tax system and thereby start to lay the foundation for depending less on the benefits system which is the source of our very high Effective Marginal Tax Rates.

There is, however, a very significant problem in that the transferable allowance provided for by the 2014 Finance Act only allows the stay at home spouse to transfer 10% of their allowance. In other words they cannot transfer a full 90% of their tax allowance which remains unrecognised and of no benefit to them. The limited nature of the allowance means that it will hardly dent the problems set out above.

The great news, though, is that the provision of this very limited transferable allowance recognises the importance of the marriage commitment and provides an excellent foundation upon which to develop a significant transferable allowance that could then begin to address the challenges outlined above.

When David Cameron announced in April 2010 that the Conservative transferable allowance commitment would initially only be partial (at that point the proposal was just to transfer 11.4% of the allowance) he said in an interview with Sky News that he was sorry that it could not be more but then went on to say, 'Of course I want to go further and I'm sure over a Parliament we would be able to go further, but this is a good first step that says commitment is important, marriage is important.' In the event, of course, he was constrained by the fact that his coalition partners were opposed and the proportion that can be transferred currently is actually limited to just 10%.

Given, however, that he is no longer constrained by being in coalition there is now the opportunity to provide a much more generous allowance in accordance with his initial commitment. As if this early 2010 commitment was not enough, though, of crucial importance, the Prime Minister gave a very helpful pre-election interview to the Telegraph on 28 March 2015 in which he again said that he wanted to see the allowance expanded.

Quite apart from any other considerations, the findings in this report mean that 'making good' on this commitment must now be a priority.

Nola Leach

Chief Executive and Head of Public Affairs, CARE

April 2016

Acknowledgements

Once again we record our gratitude to the OECD, who publish the data on which CARE's international comparisons are based.

We should like to thank Dan Boucher, Director of Parliamentary Affairs at CARE, and Virginia Newsom, fellow member of CARE's Fiscal Policy Group, for their comments and suggestions. Samuel Yung kindly helped with the compilation of data.

We stress that any errors or omissions are entirely our own responsibility, and that the views expressed are our own.

Alistair Pearson, Leonard Beighton and Don Draper

Executive Summary

1. This review of the taxation of families uses statistics published by the Organisation for Economic Co-operation and Development (OECD) in *Taxing Wages* to make comparisons between the UK and other developed countries. It examines tax burdens on households at various income points. Following established OECD practice, 'tax' is defined as income tax plus employee social security contributions less cash benefits. The UK tax rates take account of tax credits and child benefit but not housing benefit or council tax support.
2. International comparisons for 2014, the latest year for which there is OECD data, reveal that the tax burden on one-earner families on the average wage remains significantly greater than OECD and EU benchmarks.
3. At the OECD average wage for the UK of £35,633, the tax burden is 17% greater than the OECD average on single parents with two children, and 25% greater on one-earner married couples with two children. The unfavourable position of these one-earner families results mainly from the fact that UK income tax does not take account of marriage or family responsibilities.
4. UK tax credits compensate low income families for the heavy income tax burden, such that their overall tax rate is low by international standards. However, the withdrawal of UK tax credits as incomes rise is largely responsible for high effective marginal tax rates (EMTRs) across a wide income range.
5. By contrast with the position of one-earner families, the tax burden on single people without family responsibilities is less than OECD and EU averages. For one-earner married couples with two children on an average wage, the tax burden is 79% of that of a single person compared with the OECD average of 59%. For single parents with two children on an average wage, the comparable figures are 79% and 63%.
6. It is possible to make international comparisons for two-earner couples at only two income points (133% and 167% of the OECD average wage). At these points the UK tax burden on couples without children and on couples with two children is less than the international averages.
7. Although the UK tax system is not more burdensome in general than the tax systems of other developed countries, its treatment of one-earner families on the average wage is clearly unfavourable by international standards.
8. The tax and benefit changes proposed for the current Parliament do not deal with the problems highlighted by this report and its predecessors. Families with incomes well below the average wage will continue to bear a much heavier tax burden than that borne by similar families in other developed countries. Although Universal Credit will reduce marginal rates for some families, others will see an increase. Even those who will see a reduction may still only keep less than 24p of every extra pound earned. Some families will find that the marginal rate has fallen but the average rate has increased.
9. To deal with the injustices highlighted by the report, policy makers need to rethink the way families are taxed. High marginal rates result from the need to underpin the income tax system with a system of credits. Other countries avoid the need to do this by having income tax systems which take account of family responsibilities. The UK should do the same.
10. The new transferable allowance for married couples and civil partnerships is welcome, but the level at which it has been set makes it little more than a shadow of what is needed to bring the tax burden on UK one-earner families into line with that in other OECD and EU countries. A fully transferable allowance should be introduced for married couples with children as a first step towards a comprehensive solution.

Chapter 1

Introduction

1. This is our ninth annual international review of the taxation of families. It compares both the tax burdens and effective marginal tax rates (EMTRs) of various household types in the UK with those of similar households in other developed countries in the calendar year 2014. We consider not only households with an 'average wage' but also those with incomes above and below this figure.
2. For the purposes of this report, 'tax' means income tax plus employee social security contributions (SSCs) less cash benefits.¹ The combined effect of these three elements determines how well off any particular family is. The term 'tax rate' or 'tax burden' is used when tax is expressed as a percentage of gross wage earnings. A negative percentage indicates that cash benefits exceed income tax and SSCs.

Structure of document

3. The remainder of this report is structured as follows:
 - Chapter 2 uses OECD data for 2014 to compare UK tax burdens on different household types at various income points with those in other countries;
 - Chapter 3 uses OECD data for 2014 to compare EMTRs faced by UK households with those in other countries; and
 - Chapter 4 considers the impact on families of UK tax policy and highlights what should change.

Data sources

4. For international comparisons, we use statistics published by the OECD in Taxing Wages.² These statistics take account of income taxes, SSCs and cash benefits of eight different kinds of household in the 34 OECD member countries.³ The 2015 edition of Taxing Wages shows estimates for 2014 and definitive results for 2013.
5. The OECD average wage used for international comparisons is a mean, or arithmetic average, and takes account of the earnings of manual and non-manual workers including supervisory staff. The OECD estimate of the average wage in the UK in 2014 is £35,633,⁴ or £683 per week. This compares with UK median gross earnings for all employees of £27,600 per annum (£529 per week).⁵
6. The OECD provides a link to unpublished data, enabling us to look at tax burdens and marginal rates for more income points than has previously been possible. We use footnotes throughout the document to indicate where we have taken figures from Taxing Wages and where figures have been derived from linked individual country data ('statlink' data).

Chapter 2

Comparison of Tax Burdens

This chapter uses OECD data to compare tax burdens (i.e. average tax rates). We look at six different household types at various income points, comparing the UK with all OECD countries together and with the EU(15) and EU(21) groups. Then we compare the tax burden on families with the tax paid by single people.

7. We use new OECD data for 2014 (UK tax year 2014-15) to compare the UK tax burden with OECD and EU averages for four different one-earner household types:
 - singles without children
 - one-earner married couples without children
 - singles with two children
 - one-earner married couples with two children.⁶
8. We consider tax burdens on these one-earner household types at five income points ranging from 50% to 150% of the OECD average wage. The average wage is as defined by the OECD i.e. average gross annual earnings of both manual and non-manual workers including supervisory staff. The average wage in the UK in 2014 is stated by the OECD to be £35,633, compared with £35,548 in 2013. The 75% income point for the UK (£26,724) is close to 2014-15 median gross annual earnings of full-time employees (£27,600).
9. In addition, we look at tax burdens on two-earner married couples with and without children at two income points (133% and 167% of the OECD average wage).
10. References to the EU are to be understood as references to EU countries that are also OECD members. These EU countries are grouped in the EU(15) and the EU(21).⁷ Historical data for eight household types, comprising UK and average OECD and EU tax rates for 2000 and 2006-2014, are to be found in Appendix A. Data for 2014 for individual countries for the same eight household types are to be found in Appendix B.

Tax burden on one-earner households

Single person without children

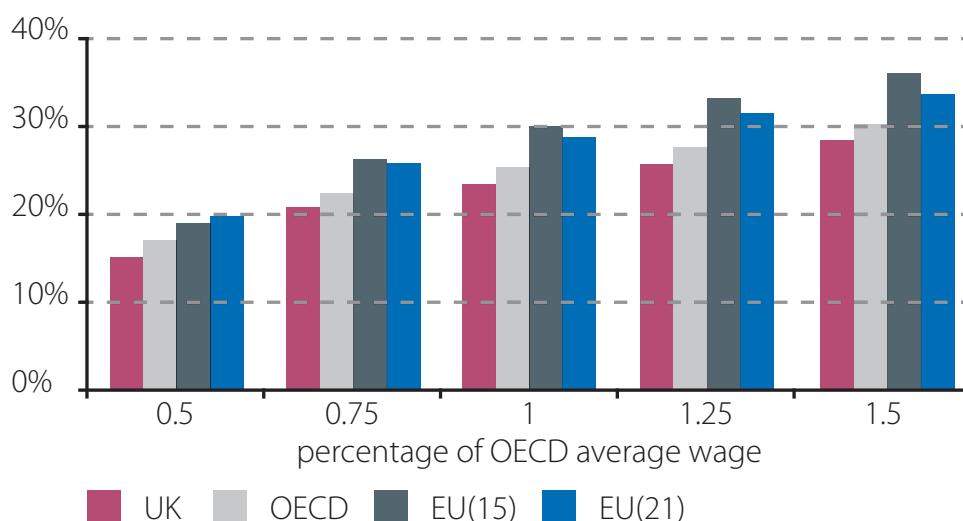
11. Table 1 and Chart 1 show the tax burden on a single person without children at five income points. We compare the UK with all OECD countries together and with the EU(15) and EU(21) countries. At all five income points, the tax burden in the UK is slightly less than the OECD average and significantly less than the EU averages.

Tax as percentage of gross wages 2014 – single person without children

Table 1

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
UK	15.4%	20.9%	23.7%	26.0%	28.6%
OECD	17.2%	22.5%	25.5%	28.0%	29.9%
EU(15)	19.1%	26.2%	30.0%	33.3%	36.0%
EU(21)	19.7%	25.8%	29.0%	31.6%	33.7%

Chart 1



Source: OECD statlink tables pp.75-106

One-earner married couple without children

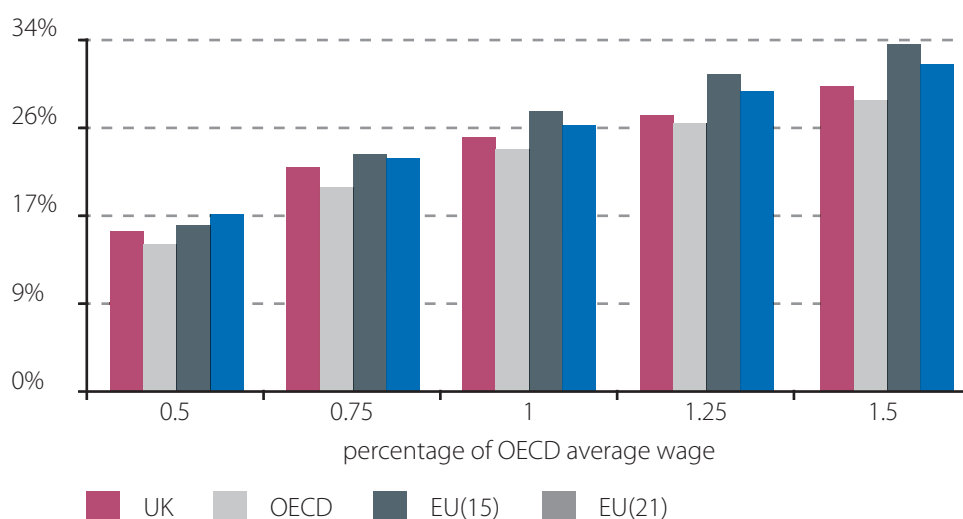
12. Table 2 and Chart 2 compare the tax paid by a one-earner married couple without children as a percentage of income in the UK with the tax burden in OECD and EU countries. At all income levels, UK one-earner married couples without children bear a greater tax burden than the OECD average. However, the UK tax burden is less than the EU averages.

Tax as percentage of gross wages 2014 – one-earner married couple without children

Table 2

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
UK	15.0%	20.9%	23.7%	26.0%	28.6%
OECD	13.8%	19.1%	22.4%	25.1%	27.3%
EU(15)	15.7%	22.3%	26.2%	29.7%	32.6%
EU(21)	16.6%	21.9%	25.2%	28.1%	30.6%

Chart 2



Source: OECD statlink tables pp. 75-106

Single person with two children

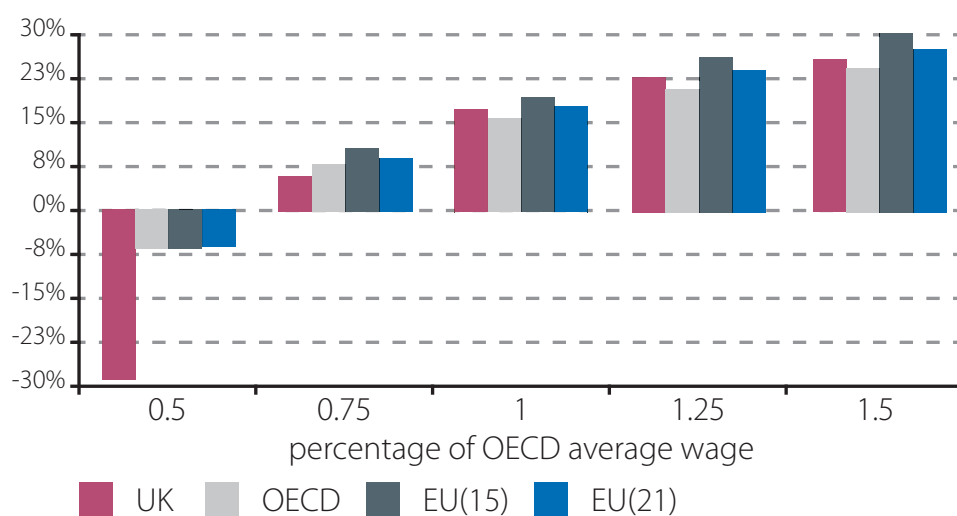
13. Table 3 and Chart 3 compare the tax paid by a single person with two children as a percentage of income in the UK with the tax burden in OECD and EU countries. At 50% of average wage, a single parent with two children has a negative tax liability (i.e. cash transfers exceed income tax and SSCs.) The international averages are also negative, but much smaller. As incomes rise, the UK burden rises rapidly as tax credits are withdrawn, whereas the increases in the OECD and EU averages are less pronounced. At and above average wage, the UK tax burden exceeds the OECD average, and is similar to the EU averages.

Tax as percentage of gross wages 2014 – single person with two children

Table 3

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
UK	-28.9%	5.1%	18.7%	22.0%	26.5%
OECD	-6.0%	8.2%	16.0%	20.6%	24.0%
EU(15)	-5.9%	10.7%	19.7%	25.5%	29.6%
EU(21)	-5.3%	9.7%	18.0%	23.1%	26.8%

Chart 3



Source: OECD statlink tables pp. 75-106

One-earner married couple with two children

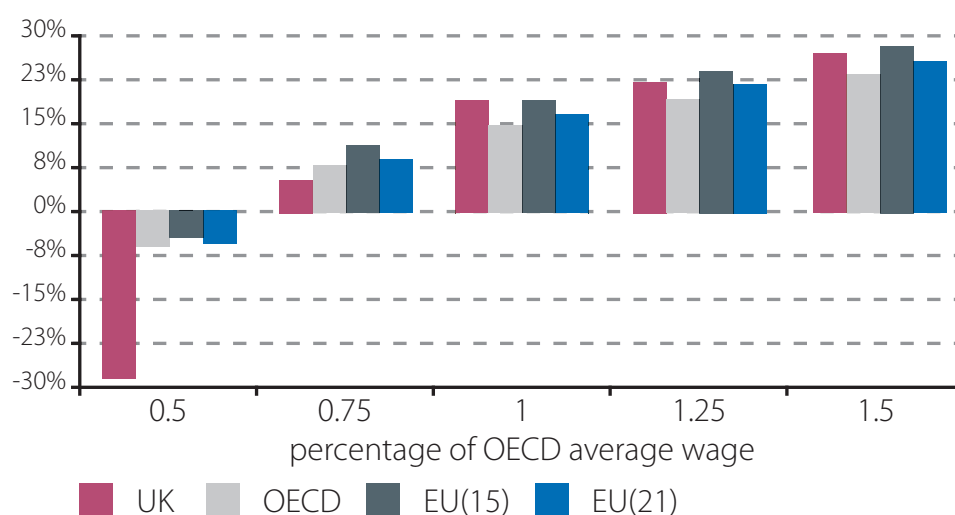
14. Table 4 and Chart 4 compare the tax paid by a one-earner married couple as a percentage of income in the UK with the tax burden in OECD and EU countries. At 50% of average wage, one-earner married couples with two children fare well in the UK. However, the picture changes significantly as income rises: at the 100% income point, UK one-earner married couples with two children pay 25% more tax than the OECD average.

Tax as percentage of gross wages 2014 – one-earner married couple with two children

Table 4

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
UK	-28.9%	5.1%	18.7%	22.0%	26.5%
OECD	-6.0%	8.2%	16.0%	20.6%	24.0%
EU(15)	-5.9%	10.7%	19.7%	25.5%	29.6%
EU(21)	-5.3%	9.7%	18.0%	23.1%	26.8%

Chart 4



Source: OECD statlink tables pp. 75-106

Tax burden on two-earner households

Two-earner married couple without children

15. For two-earner married couples without children, comparative data is only available where the main earner is on the average wage and the second earner earns one third of the average wage. The OECD data shows that in 2014 the UK tax burden was 19.5%. This is less than the OECD average of 22.1% and the EU averages, which were 25.2% for the EU(15) and 25.0% for the EU(21).

Two-earner married couple with two children

16. Comparative data is available for two-earner married couples with two children on 100% and 33% of average wage and 100% and 67% of average wage. At a combined income of 133% of average wage, the 2014 UK tax rate was 15.8%, less than the OECD average of 16.8%, the EU(15) average of 19.5% and the EU(21) average of 18.5%. At a combined income of 167% of average wage, the 2014 UK tax rate was 19.1%, less than the OECD average of 20.0%, the EU(15) average of 23.4% and the EU(21) average of 22.1%.

Tax burden on families compared with singles' tax

17. Table 5 shows the UK tax burden on two family types (single person with two children and one-earner married couple with two children) as a percentage of that on a single person without children at five income points, with averages for the OECD, EU(15) and EU(21). Appendix C shows percentages for all OECD countries at single income points for these two family types, and also for a two-earner married couple with two children.

Tax on one-earner families as percentage of tax on single person without children 2014

Table 5

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
(a) single person, two children					
UK	-187%	24%	79%	85%	92%
OECD	-35%	37%	63%	74%	80%
EU(15)	-31%	41%	66%	76%	82%
EU(21)	-27%	38%	62%	73%	79%
(b) one-earner married couple, two children					
UK	-187%	24%	79%	85%	92%
OECD	-38%	33%	59%	69%	77%
EU(15)	-25%	40%	63%	72%	78%
EU(21)	-29%	35%	57%	67%	74%

Note: A negative figure means that the tax liability of the (a) or (b) household is negative i.e. there is a net benefit. The negative percentage amount denotes the size of the net benefit (as a proportion of income) compared with the size of the liability of a single person without children.

Source: derived from Tables 1, 3 and 4

18. At low levels of income, the difference between the tax rate of one-earner families and that of single people without children is significantly greater in the UK than in the OECD or EU as a whole. This results from the relative generosity of UK tax credits. However, the picture changes rapidly as income rises, such that at and above average wage the gap between one-earner families and single people is narrower in the UK than in the OECD or EU as a whole.
19. At average wage, the 2014 UK tax burden on a single parent with two children was 79% of that on a single person without children, whereas the OECD average was 63%, the EU(15) average 66% and the EU(21) average 62%. At the same income point, the 2014 UK tax burden on a one-earner married couple with two children was 79% of that on a single person without children, whereas the OECD average was 59%, the EU(15) average 63% and the EU(21) average 57%.
20. By contrast, the gap between the tax burdens on two-earner families and single people at 167% of average wage is similar in the UK to that in the OECD as a whole. At this income point, the 2014 UK tax burden on a two-earner married couple with two children was 64% of that on a single person without dependants (a tax rate of 19.1% compared with the single person's tax rate of 30.0%), whereas the OECD average was 65% (20.0% compared with 31.0%).

Historical perspective

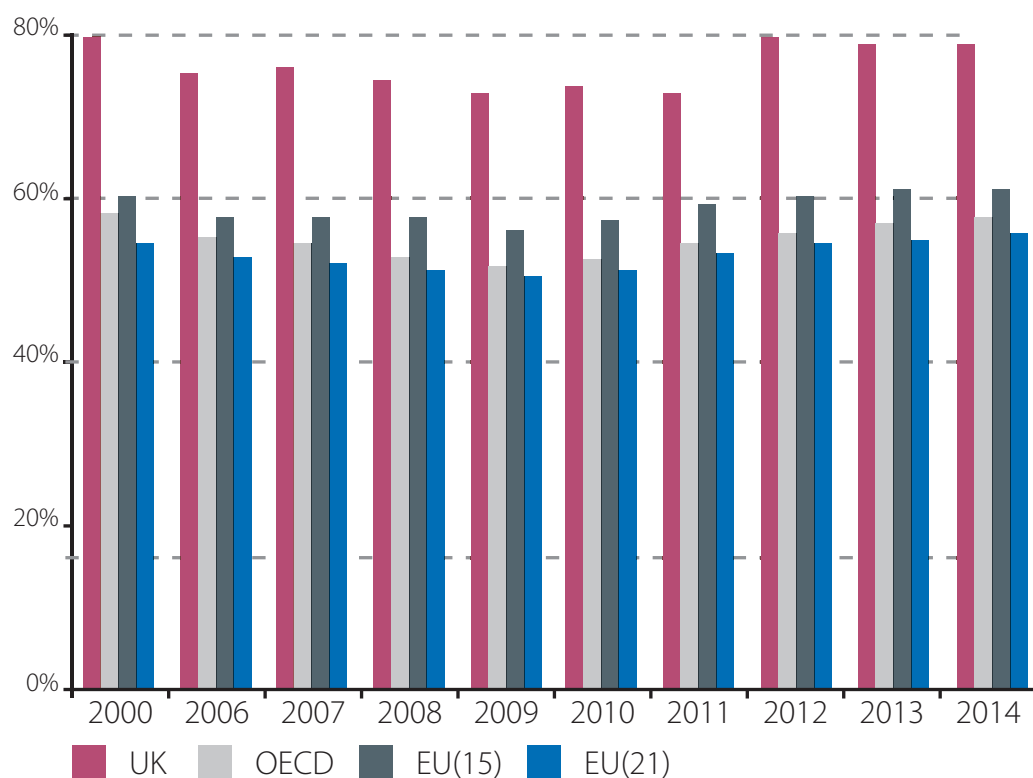
21. Table 6 and Chart 5 show the tax burden on a one-earner married couple with two children on average wage as a percentage of that on a single person without children on the same income. There are percentages for the UK, OECD, EU(15) and EU(21) for the year 2000 and for the period 2006-2014. The UK figure, 79.0% in 2014, remains much greater than the international averages.

***Tax on one-earner two-child married couple as percentage of tax paid
by single person without children 2000, 2006-2014***

Table 6

at 100% OECD average wage				
Year	UK	OECD	EU(15)	EU(21)
2000	79.8%	58.1%	60.1%	54.4%
2006	75.5%	55.3%	57.7%	52.7%
2007	76.3%	54.6%	57.7%	52.1%
2008	74.4%	53.0%	57.7%	51.2%
2009	73.0%	51.6%	56.1%	50.4%
2010	73.5%	52.4%	57.4%	51.1%
2011	73.0%	54.6%	59.2%	53.2%
2012	79.6%	55.8%	60.4%	54.3%
2013	79.1%	57.0%	61.2%	55.0%
2014	79.0%	58.0%	61.6%	55.9%

Chart 5



Source: derived from columns 2 and 5 of Appendix A

Chapter 3

Comparison of Effective Marginal Tax Rates

This chapter uses OECD data to compare effective marginal tax rates. We look at four different one-earner households at various income points, comparing the UK with all OECD countries together and with the EU(15) and EU(21) groups.

22. It is not only the average tax rate that matters. The marginal tax rate, which shows how much of an extra unit of income is retained, is an important influence on whether people work, whether they increase working hours, and whether they look for a better-paid job. This EMTR takes account of income tax and employee SSCs payable, and cash benefits foregone.⁸
23. We use OECD data for 2014 (UK tax year 2014-15) to compare the UK with all OECD countries together and with the EU(15) and EU(21) countries for four different one-earner household types:
 - singles without children;
 - one-earner married couples without children;
 - singles with children; and
 - one-earner married couples with children.Our five income points for each household type range from 50% to 150% of the OECD average wage.
24. The EMTRs faced by one-earner families in individual OECD countries at three income points (50%, 75% and 100% of OECD average wage) are set out in Appendix D.

EMTRs for one-earner households

Single person without children

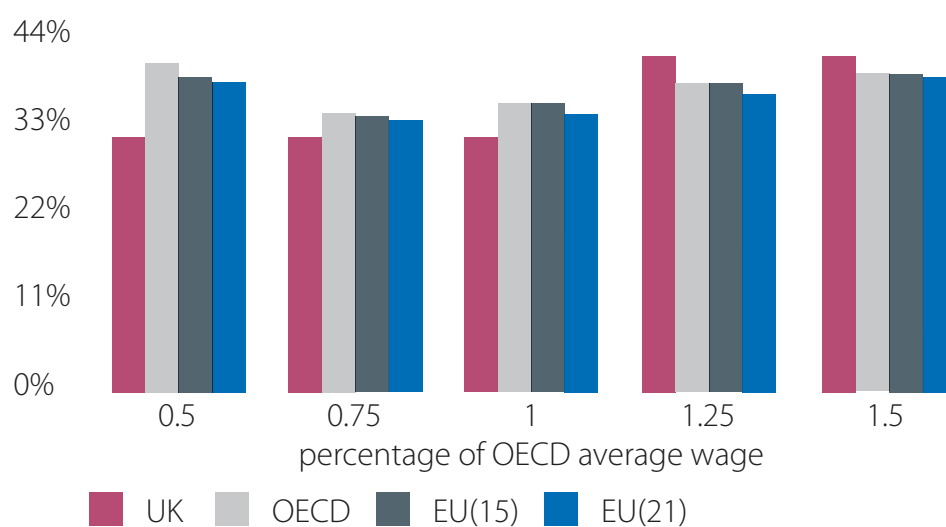
25. Table 7 and Chart 6 show the EMTR for a single person without children at five income points. The UK EMTR is lower than the OECD and EU averages at the 50%, 75% and 100% income points, but higher at 125% and 150% of average wage.

EMTR 2014 – single person without children

Table 7

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
UK	32.0%	32.0%	32.0%	42.0%	42.0%
OECD	41.5%	35.0%	36.3%	39.0%	40.0%
EU(15)	39.7%	34.7%	38.7%	40.2%	29.6%
EU(21)	39.2%	34.1%	35.2%	39.7%	39.8%

Chart 6



Source: OECD statlink tables pp. 75-106

One-earner married couple without children

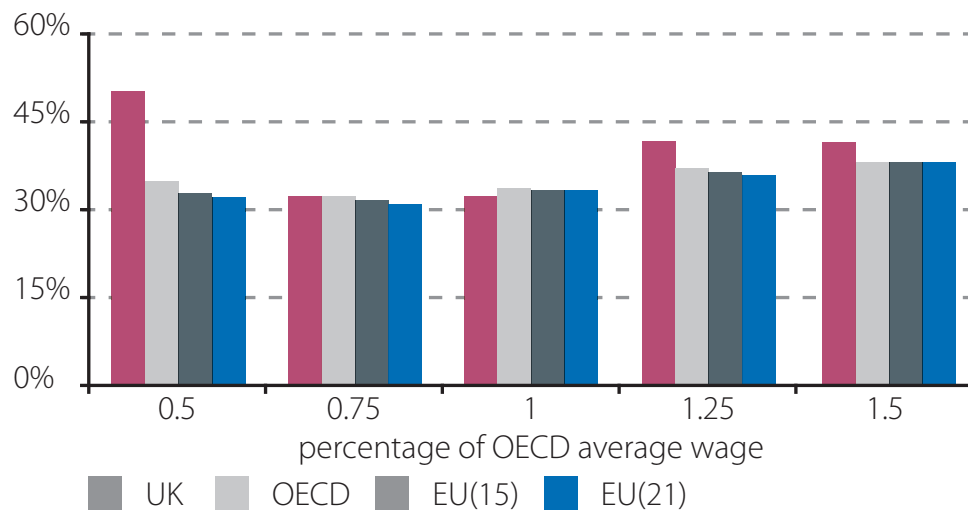
26. Table 8 and Chart 7 show the EMTR for a one-earner married couple without children at five income points. The UK EMTR is significantly higher than the OECD and EU averages at 50% of average wage, but there are only slight differences at the other income points.

EMTR 2014 – one-earner married couple without children

Table 8

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
UK	50.3%	32.0%	32.0%	42.0%	42.0%
OECD	35.2%	32.2%	33.9%	37.3%	38.1%
EU(15)	32.6%	31.7%	33.5%	36.7%	38.2%
EU(21)	32.4%	31.4%	33.3%	36.1%	37.9%

Chart 7



Source: OECD statlink tables pp. 75-106

Single person with two children

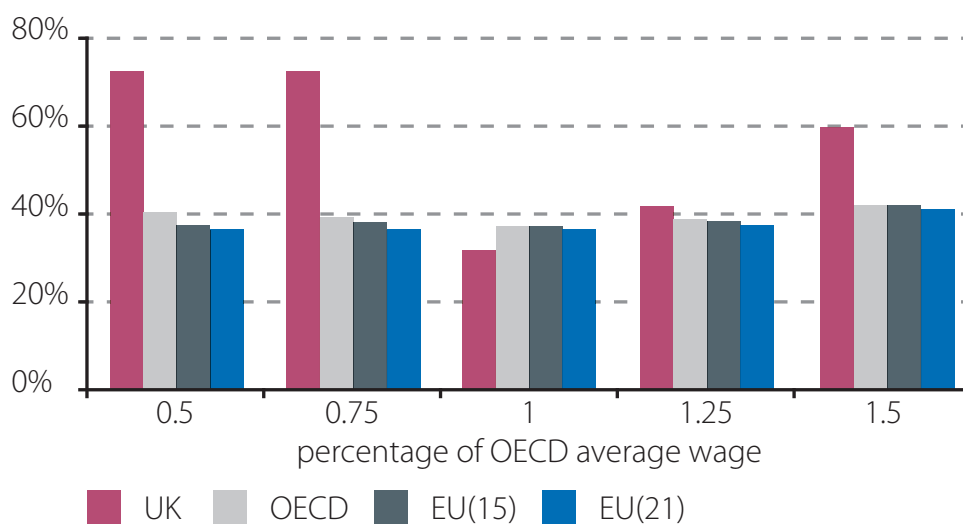
27. Table 9 and Chart 8 show the EMTR for a single person with two children at five income points. The UK EMTR far exceeds the international averages at income points below 100% of average wage.⁹ It is lower than the international averages at the 100% income point, slightly higher at the 125% income point, and significantly higher at the 150% income point.

EMTR 2014 – single person with two children

Table 9

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
UK	73.0%	73.0%	32.0%	42.0%	59.8%
OECD	40.6%	39.5%	38.1%	39.2%	42.3%
EU(15)	38.2%	38.8%	37.8%	38.7%	42.2%
EU(21)	36.9%	37.2%	37.2%	38.2%	41.6%

Chart 8



Source: OECD statlink tables pp. 75-106

One-earner married couple with two children

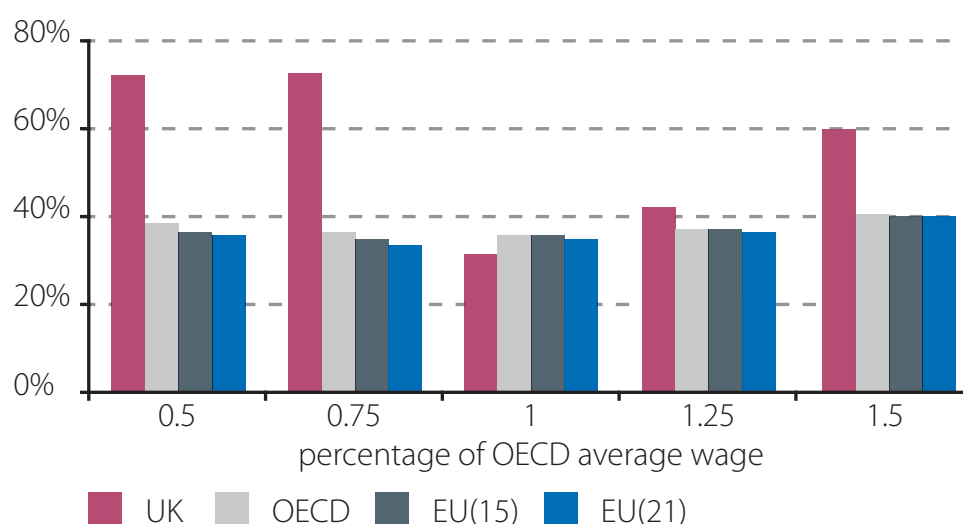
28. Table 10 and Chart 9 show the EMTR for a one-earner married couple with two children at five income points. The UK EMTR far exceeds the OECD and EU averages at income points below 100% of average wage. It is slightly lower than the international averages at the 100% income point, slightly higher at the 125% income point, and significantly higher at the 150% income point.

EMTR 2014 – one-earner married couple with two children

Table 10

	percentage of OECD average wage				
	50%	75%	100%	125%	150%
UK	73.0%	73.0%	32.0%	42.0%	59.8%
OECD	38.6%	36.3%	35.8%	37.4%	40.6%
EU(15)	36.6%	35.5%	35.6%	37.2%	40.4%
EU(21)	35.6%	34.1%	35.4%	36.6%	39.8%

Chart 9



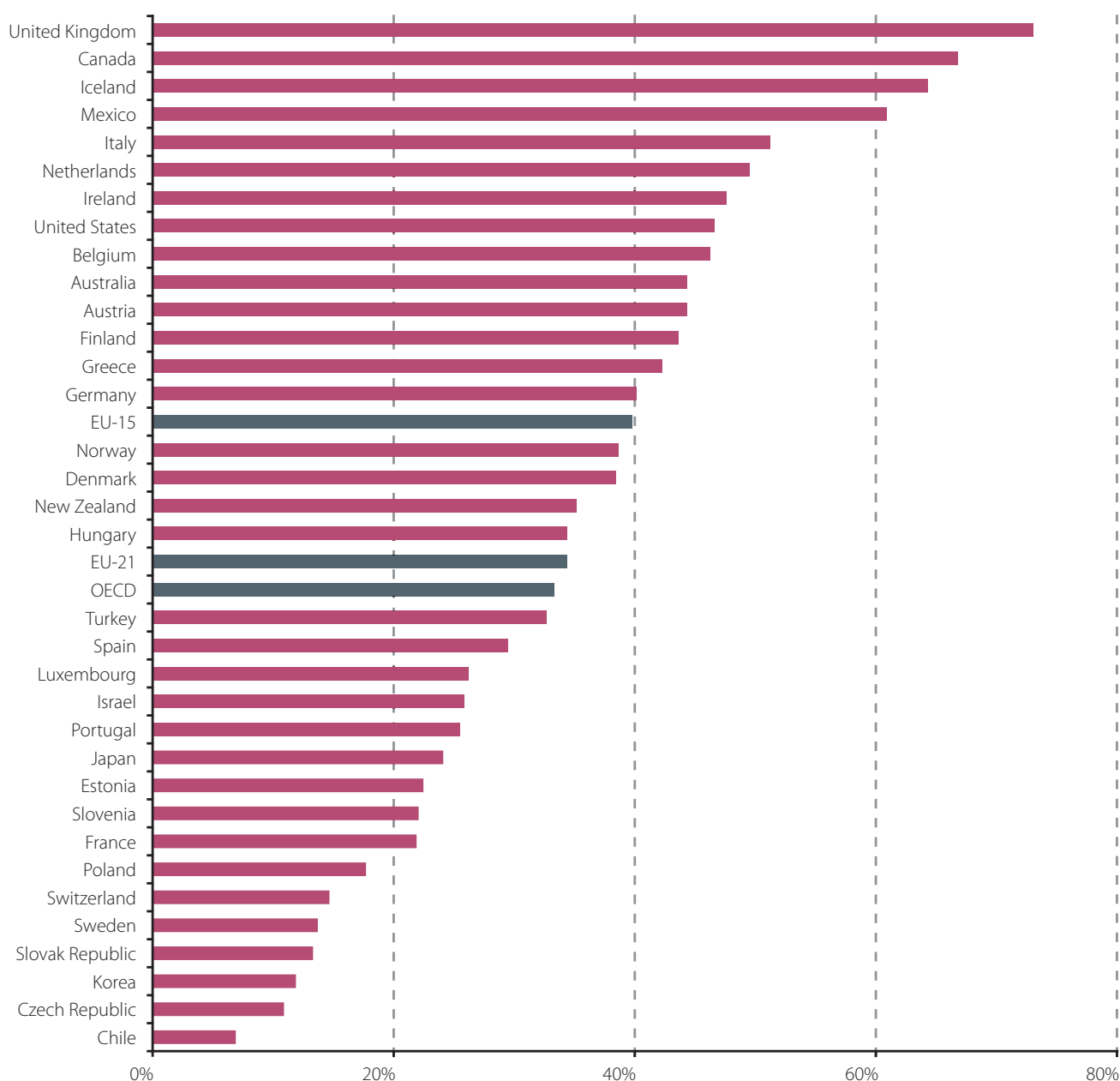
Source: OECD statlink tables pp. 75-106

29. The withdrawal of tax credits accounts for much of the high UK EMTR. Both Working Tax Credit and Child Tax Credit are income related. They are tapered jointly, with Working Tax Credit being withdrawn first. The 73% EMTR faced by one-earner families comprises income tax payable 20%, SSCs payable 12%, and tax credits withdrawn 41%.

30. Chart 10 shows EMTRs in OECD countries at 75% of average wage for a one-earner married couple with two children. The UK EMTR is the highest of all OECD countries, more than twice as high as the OECD and EU(21) averages, and nearly double the EU(15) average.

EMTR at 75% of average wage One-earner married couple with two children 2014

Chart 10



Source: OECD statlink tables pp. 75-106

31. The reason why EMTRs for one-earner families on modest incomes are so much higher in the UK than in other OECD countries is that family responsibility is recognised not within the income tax system, but rather by means of tax credits which are tapered sharply. When independent taxation was introduced in the UK (in 1990), recognition of family responsibility was retained within the income tax system through provision of the Married Couples Allowance and the Additional Persons Allowance, and the EMTR for a one-earner family on 75% average wage was only 34%, very close to the OECD average in 2014. In 1999-2000, however, both these provisions were removed. The income tax system ceased to recognise family responsibility and the benefits system was used to compensate – by means of tax credits. It is the withdrawal of these compensatory benefits as incomes rise that has caused UK EMTRs to rise to 73% in 2014.
32. In the UK, the tax credits a family receives are determined mainly by income, number of children and childcare costs. Single parents and two-earner couples can be entitled to tax credits in respect of childcare costs, whereas one-earner couples receive no additional credits for these. Table 11 shows for various household types the income points beyond which tax credits are no longer payable, and up to which high EMTRs apply.

UK income levels and EMTRs 2014

Table 11

Family type	Number of children	Childcare credits?	Income point (£) above which no tax credits payable	EMTR up to this income point	EMTR above this income point
Single parent/ one-earner couple	1	No childcare credits	25,915	73%	32%
	2		32,589	73%	32%
	3		39,316	73%	32%
	4		46,042	83%	42%
Single Parent/ Two Earner couple	1	Maximum childcare credits	41,506	73%	32%
	2		59,286	73%/83%*	32%/42%*
	3		65,752	73%/83%*	32%/42%*
	4		76,962	73%/83%*	32%/42%*

**For a two-earner family entitled to tax credits in respect of childcare costs, the higher rate applied if the main earner paid income tax at the higher rate (payable on incomes above £41,865 in 2014).*

Chapter 4

What Next for the UK?

This chapter considers the impact on families of UK tax policy and highlights what should change.

33. This report has highlighted two significant problems: the UK tax system places a greater burden on one-earner families on the average wage than is borne by comparable families in most other developed countries, and confronts many in-work families with a crippling marginal tax rate, much higher than elsewhere. These problems reflect the fact that for twenty-five years successive governments have developed the tax system in ways that have been unhelpful for one-earner families.¹⁰
34. Much has changed since 2014. Before considering policy solutions to address the problems highlighted in Chapters 2 and 3, we summarise recent developments: the introduction of the partially transferable personal allowance, changes in tax thresholds, and measures regarding tax credits and Universal Credit (UC). Some developments have compounded the underlying problems; others have suggested potential solutions.

Recent developments

Transferable personal allowance

35. From April 2015, a spouse or civil partner with an unused tax allowance has been able to transfer up to 10% (i.e. £1,060 in 2015/16, rising to £1,100 in 2016/17 and £1,150 in 2017/18) to their spouse/civil partner, provided that the recipient of the transfer is not a higher rate taxpayer. This is a step, if a small one, in the right direction.

Tax thresholds

36. The personal allowance is to rise to £11,500 in April 2017, and the higher rate threshold to £45,000. As the IFS point out, these changes come at the considerable cost of £2.5 billion, bringing the total cost since 2010 to £15 billion. Moreover, the Government is planning to increase the personal allowance to £12,500 and the higher rate threshold to £50,000 by the end of the Parliament. This will cost a further £3 billion.¹¹ Although these changes seem likely to bring the tax paid by a one-earner married couple with two children on an average income closer to the OECD average¹², they do little for the lower income and larger families who bear a disproportionately high tax burden.
37. As many now recognise, increasing the personal allowance disproportionately benefits taxpayers in the top half of the income distribution.¹³ Basic rate taxpayers gain £60 from the latest Budget proposals, whereas some higher rate taxpayers gain £200.¹⁴ A basic rate taxpaying family within UC will benefit even less, gaining only £21, because UC is based on net of tax income.

Tax credits and Universal Credit

38. The most significant development since our last report is the set of changes to tax credits and UC announced in the Summer Budget. The family element in tax credits is being withdrawn for those starting a family after April 2017 and – most notably – support for families will be limited to two children where a third or later child is born after that date. Other credits are being frozen, which means in effect that they are being reduced in real terms. However, the Chancellor was forced to withdraw the proposed reduction in the tax credit threshold and the increase in the taper rate.
39. However, the changes to UC corresponding to the adjustments in the tax credit threshold and taper rate are still going ahead. The Chancellor has bought himself time without dealing with the substantive issues that will become increasingly important after 2017. At present, only a comparatively small number of families are on UC, but unless the timetable slips again many more will be within the next few years. There will be transitional protection for families moving off tax credits, but this will be easily lost. The Office for Budget Responsibility is assuming that the Treasury will recoup almost all the cost of cancelling two of the tax credit changes by the end of the Parliament.¹⁵
40. The transition from tax credits to UC will increase the tax burden on many families. The IFS estimate an average loss of £1,506 per annum for owner occupiers among the middle-earning third of working households.¹⁶ It seems that few middle income families who are not renting will be entitled to UC. Increases in the personal allowance hardly begin to compensate.¹⁷
41. The picture is different for a family entitled to housing support. The IFS say that, of the four million in-work households currently getting 'legacy benefits', 2.2 million are renters, who will gain on average £429 per annum from the transition to UC; and 1.8 million are owner-occupiers, who will lose on average £1,066.¹⁸ Among these four million households, one-earner couples with children are the only household type with a net gain on average – just over £500.¹⁹ But 300,000 of these one-earner couple families are losers, along with 600,000 gainers.²⁰
42. The effect of the transition to UC on marginal rates is complicated. Many owner occupiers will be losing entitlement to credits completely (and will be poorer as a result), but their EMTR will fall from 73% to 32%. The number of people who keep less than 30% of what they earn when they move into work will fall from 2.1 million to 0.7 million. UC will also reduce the number facing very high EMTRs as a result of the move from housing benefit.
43. Other families will see an increase in their EMTR. For those still entitled to credits not living in rented accommodation, it will increase from 73% to 76%. A non-earning spouse/partner going into paid work, but not earning enough to pay income tax or NICs, will find that their EMTR increases from 41% to 65%.
44. UC will not solve the marginal rate problem for low and middle income families who rent. It will deliver a lower EMTR for only certain groups of claimants, and even for them the effect may be small because UC does not take account of council tax support or passported benefits such as free school meals.
45. The disincentive effects caused by very high marginal rates will become more apparent than they are today. At present, changes in the level of tax credits are made in the July following the end of the tax year, by which time a number of things may have happened which will affect the amount awarded and obscure the reasons for it. But under UC, the impact will be almost immediate, e.g. overtime worked in June will reduce the credit paid in July.

46. To really understand the UC cuts, they must be seen in context. Between 1946 and 1999 the UK, like most other developed countries, acknowledged family responsibility in both the income tax system and the benefits system. However, in 1999 the UK took the unusual step of completely removing recognition of family responsibility from the tax system. In doing so, it was recognised that this highly unusual arrangement could not be sustained without compensatory measures in the benefits system.
47. What is now happening, and will particularly take effect from 2017, is that recognition of family responsibility through the benefits system is also being subject to far reaching cuts. It simply is not credible to dramatically cut recognition of family responsibility through the benefits system without restoring it in the income tax system. To do so would create a deeply hostile fiscal environment for the family which would be difficult for the Government to sustain. It is hard to conceive how such a policy manoeuvre can possibly be deemed to have passed the family test announced by David Cameron in August 2014.

Where we go from here

48. Having considered developments since 2014, we now look at potential solutions to the challenges identified by our analysis of OECD data, some of which have been compounded by subsequent policy measures.
49. The attempt to combine income tax with a system of means tested cash payments for families has failed. Many families are faced with very high marginal rates, and middle-income families bear a disproportionate share of the tax burden. If families are not in the future going to be supported through credits, the Treasury must reconsider the income tax treatment of households with family responsibilities. This is now urgent, especially in the light of the UC cuts.
50. What is needed is a comprehensive solution that reduces the tax burden on families while being compatible with our system of independent taxation. Increasing the personal allowance is expensive and not well targeted, as it disproportionately benefits families in the top half of the income distribution.
51. Our recommendation is to put increases in the personal allowance on hold and develop the transferable allowance for couples (i.e. married couples and civil partners) with children so that it applies to the whole personal allowance. The level at which the new transferable allowance has been set makes it little more than a shadow of what is needed to bring the tax burden on UK one-earner families into line with that in other OECD and EU countries. A fully transferable allowance is required.
52. The introduction of a fully transferable allowance for couples with children would disproportionately benefit families in the bottom half of the income distribution. It would also be a significant step towards providing working families with an adequate amount of support in the absence of tax credits. It would lift some families out of UC, improve work incentives, and reduce inequality.²¹ It would be costly, but almost certainly less costly than increasing the personal allowance.
53. Transferable allowances would do nothing, of course, for working single parents, many of whom seem likely to lose from the switch from tax credits to UC, particularly if they are owner occupiers. One way of supporting these families through the tax system would be by the reintroduction of the Additional Personal Allowance.
54. It is notable that the UK is almost alone among OECD countries in providing very little support to families through the income tax system (as the UK did also before 1990). It could not be done overnight, but some of the problems highlighted in this report could be reduced if UK tax policy had greater regard for families.

Footnotes

1. The report does not take account of VAT or any other indirect tax, or of housing benefit or any other income related benefits.
2. Taxing Wages 2013-2014, OECD, Paris, 2015
3. In 2014 there were 34 OECD member countries: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.
4. Taxing Wages 2013-2014, p.520
5. Annual Survey of Hours and Earnings (ASHE), ONS, 18 November 2015. For the year ending 5 April 2015, median gross annual earnings for full-time employees (who had been in the same job for at least 12 months) were £27,600.
6. The OECD data available does not enable us to make equivalent international comparisons for cohabiting as opposed to married couples. It seems from the limited information provided by the OECD that the tax treatment of cohabiting couples is in many countries less generous than that of married couples. In the UK in 2014 there was no difference for income tax purposes between married and cohabiting couples.
7. In 2014 these EU countries were OECD members: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom. They constitute the EU(21). The EU(15) excludes Czech Republic, Estonia, Hungary, Poland, Slovak Republic and Slovenia.
8. EMTRs take no account of 'passported benefits', which are linked to entitlement to other benefits. In the UK one of the most important of these is free school meals, the loss of which is a significant disincentive to obtain a job which gives an entitlement to Working Tax Credit.
9. The UK EMTR takes account of income tax, national insurance contributions and withdrawal of tax credits. For the many claimants in rented accommodation and entitled to housing benefit, the rate is 90.6%.
10. Draper and Beighton, Independent Taxation – 25 Years On, CARE, London, 2013
11. Adam, IFS Budget presentation on Personal taxes and benefits, Institute for Fiscal Studies, March 2016
12. The authors estimate that with a £12,500 personal allowance and 10% transferable allowance, the 2014 tax burden on a one-earner married couple with two children at the OECD average wage for the UK (£35,663 per annum) would have been 16.5% rather than 18.7%, compared with the OECD average of 15.0% (see Table 4 above).
13. Pearson, The taxation of families – international comparisons 2013, CARE 2015 Chart 12
14. Adam, IFS Budget presentation on Personal taxes and benefits, Institute for Fiscal Studies, March 2016
15. Office of Budget Responsibility Supplementary forecast information release: Tax credits costings November 2015
16. Browne, Hood and Joyce, IFS Green Budget, Institute for Fiscal Studies, February 2016 Table 10.2
17. In 2014, a UK one-earner married couple with two children on 75% of the OECD average wage (close to median gross earnings of £27,600 per annum) had a tax burden of only 5.1% compared with an OECD average of 7.5% and an EU (15) average of 10.6%. Without tax credits, the UK burden would have been 14.8%, twice the OECD average. Even if there had been a personal allowance of £12,500 and a 10% transferable personal allowance in 2014, the tax burden would have been 12.1%.
18. Browne, Hood and Joyce, IFS Green Budget, Institute for Fiscal Studies, February 2016 Table 10.2. We understand that these figures only take account of the losses arising from the switch to UC – they do not include losses from changes to tax credits that take effect in April 2016.
19. Browne, Hood and Joyce, IFS Green Budget, Institute for Fiscal Studies, February 2016 Figure 10.7
20. Figures given to the authors by the IFS.
21. It should apply also to couples where one spouse has a physical or mental disability which restricts their ability to take paid work.

Appendix A

Tax Burden 2000, 2006-2014

Household type	Single no child	Single no child	Single no child	Single two children	Married two children	Married two children	Married two children	Married no children
Wage as % of average wage	67	100	167	67	100	100,33	100,67	100,33
United Kingdom								
2000	22.8	25.8	28.8	7.7	20.6	18.8	21.5	22.7
2006	23.9	26.9	30.6	6.1	20.3	18.9	22.1	23.8
2007	24.1	27.0	30.8	7.6	20.6	19.2	22.7	24.0
2008	22.9	25.6	30.3	3.0	19.0	17.9	21.3	22.9
2009	22.4	25.2	29.7	-0.2	18.4	17.2	20.7	22.3
2010	22.6	25.4	30.0	0.6	18.7	17.5	21.1	22.6
2011	21.7	25.1	30.4	-1.8	18.3	17.7	20.6	21.6
2012	21.2	24.7	30.4	-2.0	19.7	17.3	20.3	21.1
2013	20.0	24.0	30.1	-3.1	19.0	16.2	19.4	19.9
2014	19.6	23.7	30.0	-3.0	18.7	15.8	19.1	19.5
OECD								
2000	22.1	26.0	31.7	4.9	15.1	17.8	20.5	22.9
2006	21.3	25.5	31.1	3.9	14.1	16.7	19.7	22.2
2007	21.3	25.6	31.1	3.9	14.0	16.3	19.5	22.2
2008	20.8	25.2	30.7	3.1	13.4	15.8	19.0	21.8
2009	20.3	24.7	30.3	2.2	12.7	15.3	18.6	21.2
2010	20.4	24.6	30.3	2.6	12.9	15.4	18.7	21.2
2011	20.9	25.1	30.6	3.4	13.7	16.0	19.3	21.7
2012	21.1	25.2	30.6	3.9	14.1	16.4	19.6	21.9
2013	21.3	25.4	30.9	4.5	14.5	16.7	19.9	22.1
2014	21.3	25.5	31.0	4.7	14.8	16.8	20.0	22.1
EU-15								
2000	25.9	30.7	37.2	9.3	18.4	21.0	24.1	26.7
2006	24.7	29.8	36.6	6.3	17.2	19.3	22.9	25.3
2007	24.5	29.6	36.4	6.2	17.1	18.8	22.6	25.0
2008	24.2	29.3	36.2	5.9	16.9	18.7	22.4	24.9
2009	23.9	28.9	35.9	4.3	16.2	18.2	21.8	24.5
2010	24.0	29.0	35.8	4.6	16.6	18.4	22.1	24.6
2011	24.7	29.5	36.6	5.6	17.5	19.2	22.9	25.1
2012	24.8	29.6	36.6	5.8	17.9	19.3	23.1	25.1
2013	24.9	29.9	37.3	6.4	18.3	19.7	23.5	25.3
2014	24.6	30.0	37.4	6.4	18.5	19.5	23.4	25.2
EU-21								
2000	25.5	29.7	35.5	6.2	16.1	19.6	23.0	26.3
2006	24.1	29.0	35.0	4.8	15.3	18.3	21.8	25.0
2007	24.1	28.9	34.8	5.0	15.1	17.7	21.4	24.8
2008	23.8	28.6	34.6	4.4	14.6	17.4	21.1	24.6
2009	23.4	28.2	34.2	3.4	14.2	17.0	20.7	24.1
2010	23.5	28.0	34.0	3.7	14.3	17.1	20.8	24.0
2011	24.3	28.6	34.5	4.8	15.2	17.9	21.5	24.7
2012	24.5	28.7	34.4	5.2	15.6	18.2	21.7	24.9
2013	24.6	28.9	34.7	5.8	15.9	18.5	22.0	25.0
2014	24.4	29.0	34.8	5.9	16.2	18.5	22.1	25.0

Source: Taxing Wages Tables 6.1c, 6.2c, 6.3c, 6.4c, 6.5c, 6.6c, 6.7c, 6.8c

Appendix B

Tax Burden by Household Type and Wage Level 2014

Household type	Single no child	Single no child	Single no child	Single two children	Married two children	Married two children	Married two children	Married no children
Wage as % of average wage	67	100	167	67	100	100,33	100,67	100,33
Australia	17.8	23.4	29.4	-7.7	12.6	16.3	21.1	19.0
Austria	28.7	34.6	39.2	8.4	20.9	20.5	25.0	29.6
Belgium	35.9	42.3	49.2	18.3	22.9	26.7	33.4	34.7
Canada	17.7	23.3	27.1	-17.4	9.4	15.0	18.5	19.8
Chile	7.0	7.0	7.9	6.1	7.0	4.7	6.6	7.0
Czech Republic	19.2	23.1	26.3	-0.6	1.9	10.1	13.6	20.1
Denmark	36.4	38.1	43.6	9.1	27.2	31.8	33.6	36.7
Estonia	18.2	19.7	20.8	2.8	10.1	13.2	15.1	18.2
Finland	23.8	30.7	37.8	10.6	24.5	21.5	24.3	26.1
France	26.7	28.7	34.2	15.4	17.8	17.7	23.1	26.7
Germany	34.6	39.5	43.8	18.1	21.1	26.7	31.1	34.5
Greece	18.9	24.9	34.5	21.2	28.7	25.6	26.2	23.7
Hungary	34.5	34.5	34.5	5.0	15.9	20.5	23.4	34.5
Iceland	23.7	28.5	33.3	11.3	14.4	21.9	26.1	24.0
Ireland	13.8	20.5	33.1	-31.6	0.2	6.1	11.7	12.9
Israel	10.0	16.5	25.4	-1.8	13.9	9.7	10.6	13.3
Italy	23.9	31.6	39.0	3.2	19.4	20.3	23.9	26.1
Japan	20.2	21.7	25.5	12.9	15.4	17.1	18.2	20.8
Korea	10.6	13.4	16.2	8.3	10.7	10.6	10.9	12.1
Luxembourg	21.8	29.9	37.8	-5.7	4.6	9.6	16.0	19.9
Mexico	2.9	10.0	14.7	2.9	10.0	5.6	7.2	5.6
Netherlands	25.4	31.4	39.3	2.9	25.0	21.9	24.1	27.0
New Zealand	13.4	17.2	23.1	-15.8	3.8	11.1	16.3	16.0
Norway	25.3	28.8	35.2	12.1	23.4	22.5	24.9	25.7
Poland	23.9	24.8	25.5	17.8	18.2	19.9	21.3	23.8
Portugal	19.5	27.3	35.0	7.4	13.2	14.5	21.8	19.3
Slovak Republic	19.4	22.9	25.7	3.9	5.5	12.5	15.2	20.3
Slovenia	28.7	33.2	37.6	-0.6	11.0	19.5	23.9	30.4
Spain	18.5	23.0	28.7	9.8	15.4	17.5	19.0	18.9
Sweden	21.8	24.4	35.1	11.9	17.8	17.1	19.4	22.1
Switzerland	14.4	17.4	22.3	-1.2	4.2	7.5	10.8	15.0
Turkey	24.8	27.4	31.5	23.3	25.7	24.4	25.8	25.1
United Kingdom	19.6	23.7	30.0	-3.0	18.7	15.8	19.1	19.5
United States	21.7	24.8	30.6	2.5	12.8	16.9	19.4	22.3
Unweighted averages								
OECD	21.3	25.5	31.0	4.7	14.8	16.8	20.0	22.1
EU-15	24.6	30.0	37.4	6.4	18.5	19.5	23.4	25.2
EU-21	24.4	29.0	34.8	5.9	16.2	18.5	22.1	25.0

Source: Taxing Wages Table 3.3

Appendix C

Tax Burden on Families Compared with Singles Without Children 2014

	1	2	3	4	5	6	7	8	9
Household type	Single no child	Single no child	Single no child	Single two children	Married two children	Married two children	Col 4 as % of Col 1	Col 5 as % of Col 2	Col 6 as % of Col 3
Wage as % of average wage	67	100	167	67	100	100,33			
Australia	17.8	23.4	29.4	-7.7	12.6	21.1	-43	54	72
Austria	28.7	34.6	39.2	8.4	20.9	25.0	29	60	64
Belgium	35.9	42.3	49.2	18.3	22.9	33.4	51	54	68
Canada	17.7	23.3	27.1	-17.4	9.4	18.5	-98	41	69
Chile	7.0	7.0	7.9	6.1	7.0	6.6	87	100	85
Czech Republic	19.2	23.1	26.3	-0.6	1.9	13.6	-3	8	52
Denmark	36.4	38.1	43.6	9.1	27.2	33.6	25	71	77
Estonia	18.2	19.7	20.8	2.8	10.1	15.1	15	51	73
Finland	23.8	30.7	37.8	10.6	24.5	24.3	45	80	64
France	26.7	28.7	34.2	15.4	17.8	23.1	58	62	68
Germany	34.6	39.5	43.8	18.1	21.1	31.1	52	53	71
Greece	18.9	24.9	34.5	21.2	28.7	26.2	112	115	76
Hungary	34.5	34.5	34.5	5.0	15.9	23.4	14	46	68
Iceland	23.7	28.5	33.3	11.3	14.4	26.1	48	50	78
Ireland	13.8	20.5	33.1	-31.6	0.2	11.7	-230	1	35
Israel	10.0	16.5	25.4	-1.8	13.9	10.6	-18	84	42
Italy	23.9	31.6	39.0	3.2	19.4	23.9	14	62	61
Japan	20.2	21.7	25.5	12.9	15.4	18.2	64	71	71
Korea	10.6	13.4	16.2	8.3	10.7	10.9	79	80	67
Luxembourg	21.8	29.9	37.8	-5.7	4.6	16.0	-26	15	42
Mexico	2.9	10.0	14.7	2.9	10.0	7.2	100	100	49
Netherlands	25.4	31.4	39.3	2.9	25.0	24.1	11	80	61
New Zealand	13.4	17.2	23.1	-15.8	3.8	16.3	-118	22	71
Norway	25.3	28.8	35.2	12.1	23.4	24.9	48	81	71
Poland	23.9	24.8	25.5	17.8	18.2	21.3	75	74	83
Portugal	19.5	27.3	35.0	7.4	13.2	21.8	38	48	62
Slovak Republic	19.4	22.9	25.7	3.9	5.5	15.2	20	24	59
Slovenia	28.7	33.2	37.6	-0.6	11.0	23.9	-2	33	64
Spain	18.5	23.0	28.7	9.8	15.4	19.0	53	67	66
Sweden	21.8	24.4	35.1	11.9	17.8	19.4	55	73	55
Switzerland	14.4	17.4	22.3	-1.2	4.2	10.8	-9	24	49
Turkey	24.8	27.4	31.5	23.3	25.7	25.8	94	94	82
United Kingdom	19.6	23.7	30.0	-3.0	18.7	19.1	-15	79	64
United States	21.7	24.8	30.6	2.5	12.8	19.4	12	52	63
Unweighted averages									
OECD	21.3	25.5	31.0	4.7	14.8	20.0	22	58	65
EU-15	24.6	30.0	37.4	6.4	18.5	23.4	26	62	63
EU-21	24.4	29.0	34.8	5.9	16.2	22.1	24	56	63

Source: Taxing Wages Table 3.3 for columns 1-6; columns 7-9 derived as shown

Appendix D

Effective Marginal Tax Rates 2014

Household type	Single person, two children			One-earner couple, two children		
Wage as % of average wage	50	75	100	50	75	100
Australia	78.3	44.4	49.1	78.3	44.4	49.1
Austria	78.3	44.4	49.1	78.3	44.4	49.1
Belgium	69.9	54.9	54.9	67.9	46.3	54.9
Canada	33.0	66.8	54.0	33.0	66.8	58.0
Chile	7.0	7.0	7.0	7.0	7.0	7.0
Czech Republic	31.1	31.1	31.1	11.0	11.0	31.1
Denmark	38.5	38.5	42.5	38.5	38.5	42.5
Estonia	22.6	22.6	22.6	22.6	22.6	22.6
Finland	37.7	43.7	45.2	37.7	43.7	45.2
France	37.5	21.9	20.8	37.5	21.9	20.8
Germany	42.2	47.5	45.9	33.2	40.2	42.8
Greece	17.6	38.9	38.9	41.4	42.4	43.4
Hungary	34.5	34.5	34.5	34.5	34.5	34.5
Iceland	62.8	72.4	58.5	61.6	64.4	31.0
Ireland	45.4	47.8	43.9	35.8	47.8	47.8
Israel	45.6	12.0	33.0	59.6	26.0	33.0
Italy	9.5	51.0	51.0	9.5	51.0	51.0
Japan	22.6	24.1	27.4	17.0	24.1	27.4
Korea	8.3	17.2	21.0	8.3	11.9	21.0
Luxembourg	12.5	51.7	64.1	12.5	26.2	30.1
Mexico	7.6	60.9	17.6	7.6	60.9	17.6
Netherlands	34.1	49.2	45.8	42.0	49.2	45.8
New Zealand	35.2	35.2	44.2	35.2	35.2	44.2
Norway	17.5	38.7	51.3	17.5	38.7	51.3
Poland	17.8	17.8	26.7	17.8	17.8	26.7
Portugal	158.5	39.5	83.3	134.0	25.5	62.0
Slovak Republic	82.5	29.9	29.9	78.4	13.4	29.9
Slovenia	22.1	34.6	34.6	22.1	22.1	34.6
Spain	61.4	29.5	34.4	61.4	29.5	34.4
Sweden	6.4	13.7	17.8	6.4	13.7	17.8
Switzerland	12.1	14.7	18.7	10.6	14.7	18.7
Turkey	32.8	32.8	32.8	32.8	32.8	32.8
United Kingdom	73.0	73.0	32.0	73.0	73.0	32.0
United States	46.6	51.6	29.3	36.6	46.6	29.3
Unweighted averages						
OECD	39.5	38.0	38.0	38.2	34.9	35.9
EU-15	43.9	42.8	42.9	43.0	39.4	39.9
EU-21	44.5	40.5	41.5	43.7	36.7	39.3

Source: OECD 'statlink' data pp. 75-106



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