

NET EARNINGS : Illustrative calculations : Single person

Portugal		1999				
The tax/benefit position of single individuals						
		Earnings (per cent of APW)	67	100	167	67
		Number of children	none	none	none	2
1.	Gross earnings		972841	1459261	2432102	972841
2.	Standard tax allowances					
	Basic allowance		529632	529632	529632	529632
	Married or head of family					
	Dependent children					
	Deduction for social security contributions and income taxes					
	Work-related expenses		0	0	0	0
	Other					
	Total		529632	529632	529632	529632
3.	Tax credits or cash transfers included in taxable income		0	0	0	0
4.	Central government taxable income (1 - 2 + 3)		443209	929629	1902470	443209
5.	Central government income tax liability (exclusive of tax credits)		62049	132444	358117	62049
6.	Tax credits					
	Basic credit		36000	36000	36000	36000
	Married or head of family					
	Children		0	0	0	39600
	Other					
	Total		36000	36000	36000	75600
7.	Central government income tax finally paid (5-6)		26049	96444	322117	0
8.	State and local taxes		0	0	0	0
9.	Employees' compulsory social security contributions					
	Gross earnings		107012	160519	267531	107012
	Taxable income					
	Total		107012	160519	267531	107012
10.	Total payments to general government (7 + 8 + 9)		133062	256963	589649	107012
11.	Cash transfers from general government:					
	For head of family					
	For two children		0	0	0	73680
	Total		0	0	0	73680
12.	Take-home pay (1-10+11) = NET EARNINGS		839779	1202298	1842453	939508
13.	Employer's compulsory social security contributions		231050	346574	577624	231050
14.	Average rates of tax					
	Income tax		2,7%	6,6%	13,2%	0,0%
	Employees' social security contributions		11,0%	11,0%	11,0%	11,0%
	Total payments less cash transfers. The tax rate = (1 - row12/row1) x 100		13,7%	17,6%	24,2%	3,4%
	Total tax wedge including employer's social security contributions		30,2%	33,4%	38,8%	22,0%
15.	Marginal rates of tax					
	Total payments less cash transfers: Principal earner		25,0%	26,0%	36,0%	11,0%
	Total payments less cash transfers: Spouse		n.a.	n.a.	n.a.	n.a.
	Total tax wedge: Principal earner		39,4%	40,2%	48,3%	28,1%
	Total tax wedge: Spouse		n.a.	n.a.	n.a.	n.a.

NET EARNINGS : Illustrative calculations : Married couple

Portugal		1999				
The tax/benefit position of married couples						
		Earnings (per cent of APW)	100-0	100-33	100-67	100-33
		Number of children	2	2	2	none
1.	Gross earnings		1459261	1945681	2432102	1945681
2.	Standard tax allowances					
	Basic allowance		529632	870126	1059264	870126
	Married or head of family					
	Dependent children					
	Deduction for social security contributions and income taxes					
	Work-related expenses		0	0	0	0
	Other					
	Total		529632	870126	1059264	870126
3.	Tax credits or cash transfers included in taxable income		0	0	0	0
4.	Central government taxable income (1 - 2 + 3)		929629	1075555	1372838	1075555
5.	Central government income tax liability (exclusive of tax credits)		130148	150578	192197	150578
6.	Tax credits					
	Basic credit		54800	54800	54800	54800
	Married or head of family					
	Children		39600	39600	39600	0
	Other					
	Total		94400	94400	94400	54800
7.	Central government income tax finally paid (5-6)		35748	56178	97797	95778
8.	State and local taxes		0	0	0	0
9.	Employees' compulsory social security contributions					
	Gross earnings		160519	214025	267531	214025
	Taxable income					
	Total		160519	214025	267531	214025
10.	Total payments to general government (7 + 8 + 9)		196267	270203	365328	309803
11.	Cash transfers from general government					
	For head of family					
	For two children		73680	73680	73680	0
	Total		73680	73680	73680	0
12.	Take-home pay (1-10+11) = NET EARNINGS		1336674	1749159	2140453	1635879
13.	Employer's compulsory social security contributions		346574	462099	577624	462099
14.	Average rates of tax					
	Income tax		2,4%	2,9%	4,0%	4,9%
	Employees' social security contributions		11,0%	11,0%	11,0%	11,0%
	Total payments less cash transfers. The tax rate = (1 - row12/row1) x 100		8,4%	10,1%	12,0%	15,9%
	Total tax wedge including employer's social security contributions		26,0%	27,4%	28,9%	32,1%
15.	Marginal rates of tax					
	Total payments less cash transfers: Principal earner		25,0%	25,0%	25,0%	25,0%
	Total payments less cash transfers: Spouse		15,2%	15,2%	25,0%	15,2%
	Total tax wedge: Principal earner		39,4%	39,4%	39,4%	39,4%
	Total tax wedge: Spouse		31,5%	31,5%	39,4%	31,5%