indirectly benefits European businesses, which can apply for access to its electronic services and take advantage of the detailed information collected by TIPS on Latin American SMEs interested in international partnerships (10 000 are registered). The Latin American Parliament confirmed to the Commission, in a letter from its President, Mr Juan Adolfo Singer, dated 13 April 1999, that it attached great importance to TIPS.

(2000/C 303 E/032) **WRITTEN QUESTION E-2240/99**

by Christopher Huhne (ELDR) to the Commission

(1 December 1999)

Subject: Tax wedge in each Member State

Please indicate the tax wedge at 25 per cent, 50 per cent, 75 per cent, 125 per cent, 150 per cent, 200 per cent, 250 per cent, 300 per cent, 350 per cent, 400 per cent and 500 per cent of median employees' earnings in each Member State, state the level of median employees' earnings and specify the components of the tax wedge in each case between the cost to the employer and the net amount received by the employee.

Answer given by Mr Bolkestein on behalf of the Commission

(20 January 2000)

The Commission neither computes nor possesses data concerning tax wedges in each Member State in the detailed form requested.

However, the Commission has calculated ex ante tax wedges and their detailed breakdown for some ad hoc representative case studies of employees. A first approximation to the concept and calculations of the tax wedge can be found in part III, Section 1, of the 1995 'Employment in Europe' report (1), with a calculation of average and marginal tax rates, and in the annual publication 'Net earnings of employees in manufacturing industry in the EU' (2). More recently, further analysis of the tax wedge on labour and its components is presented in Study No 2, Section 2 of 'The EU Economy Review 1999' (3).

In addition, in order to provide a unified framework to compare the heterogeneous taxation systems of different Member States and to measure the taxation of labour, the Commission calculates implicit tax rates. These rates are calculated by dividing the taxes on a specific activity or good by an appropriate corresponding tax base, from a macroeconomic point of view.

The implicit tax rates are computed for consumption, labour and 'other factors of production'. The implicit tax rate on labour is defined as the total amount of taxes on employed labour divided by the compensation of employees. The denominator 'compensation of employees' consists of gross wages and thus also the amounts paid as social insurance contributions and as wage taxes.

A table illustrating the implicit tax rates on labour for the Member States from 1980 to 1997 is sent direct to the Honourable Member and to Parliament's Secretariat.

The Commission regularly produces the publication 'Structures of the taxation systems in the European Union' (4). This is a collection of annotated data on the evolution of the structure of the taxation system in the Community.

(1) COM(95) 396 final.
(2) http://www.cc.cec/eurostat/eudor-stat/mst3/en/11225/00000001.htm.
(3) European Economy series No 69.
(4) http://www.cc.cec/eurostat/eudor-stat/mst2/en/24248/00000001.htm.