

France

Tax system

Tax unit

The "quotient familial system" give a quite a-typical treatment of the family size. Its foundation is not a lump sum deduction based upon the number of individuals in the family as it is usual in many countries. In France, this family deduction depends on taxable income. "Given the progressivity of the income tax schedule, this implies that the deduction for the children, and spouse, is larger in rich than in poor families, indeed a strongly regressive feature"¹. Ceiling on that family deduction concern only the upper 5% of the income distribution.

The specific "family quotient system" takes into account, essentially, the number of children in the household. It means that tax allowances are granted, irrespective of whether the wife is economically active or not. So, there is not a negative incentive for women to work outside the home.

Tax Bands

The income tax is a standard piecewise linear function of "taxable" income with the marginal tax rate increasing by 5% steps from zero to 55%.

With all that various deductions, the average tax rate - as for all the direct taxes, like firms taxes, for the same reasons - is extremely low by international standards : Bourguignon and Magnac estimations are that, averaged over all taxpayers, the income tax amounts to around 8% of full primary income, where benefits represent 4% of that income. For the lowest half of household earners, there no income taxation at all, for the other half, the income tax is extremely progressive -more than in other countries-. But, when we consider all the kinds of taxes -national as local, direct as indirect, fiscal as social security ones ...-, the french system is a quasi proportional system.

Taxable Income

"Taxable" income means full income of the household minus a lot of deductions :

- deductions for work expenses;
- "deductions aimed at making the tax treatment of wage incomes and self-employment earning homogeneous, since the latter generally are significantly under-reported". With this only kind of deductions, the effective marginal tax rates are lowered for 28%;
- various deductions for quite a lot of specific jobs. Since now, the efforts of right-side and left-side governments to reduce this last deductions have reached very poor results.

Social security system

All the contributions are proportional or nearly proportional ones. This is specially the case for the two new kinds of income taxes, called "C.S.G.", for "contribution sociale généralisée", which is, for formal reasons, a social security contribution: one of them, "the non deductible C. S. G." is a strictly proportional income tax, as they were to the beginning of the century. The final result of the other one, "the de-

¹ Opus citatus.

ductible C.S.G." is a marginal regressive effect, because it reduces the progressive impact of the traditional progressive income tax.

Assumptions for the model calculations

We have used the average earnings of production workers in the manufacturing industry in 1997, issued by the INSEE : 162 560 FF

For women, we have used a specific average income (132 600 FF) which correspond to 81,57% of the average earnings of production workers in the manufacturing industry in 1997. This percentage corresponds to the ratio female earnings/male earnings in the manufacturing industry in 1997 according to French Labour Ministry.

In fact, we used gross earnings minus the worker's social security contributions in order to obtain the taxable income, which was then used as a basis for calculating the net income.

Male earnings for men and women

Average Male Income without children

	Income after Taxes and Social Security Contributions, Average Income												
	Gross Earnings			Social Security contributions in %							Taxable Net Income		
	A	B	A+B	Pensions		Health	CSG	CSG	Unempl.	Others	A	B	A+B
				Statutory	Sup.		deductible	no deductible					
Single (AI)	162560	-	162560	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	-	138282
Married													
Sole earner (AI+0)	162560	0	162560	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	0	138282
Full/Part time (AI+0,2*AI)	162560	32512	195072	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	27656	165938
Full/Part time (AI+0,25*AI)	162560	40640	203200	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	34570	172852
Full/Part time (AI+0,5*AI)	162560	81280	243840	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	69141	207422
Both full time (AI+0,75*AI)	162560	121920	284480	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	103711	241993
Both full time (AI+AI)	162560	162560	325120	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	138282	276563

cont.

	Taxable Net Income after deductions			Income Tax in %			Net Income (including CSG)		
	A	B	A+B	A	B	A+B	A	B	A+B
Single (AI)	99562	-	99560	15,5%	-	15,5%	115022	-	115022
Married									
Sole earner (AI+0)	-	-	99560	-	-	5,1%	-	-	125330
Full/Part time (AI+0,2*AI)	-	-	119470	-	-	8,1%	-	-	146795
Full/Part time (AI+0,25*AI)	-	-	124452	-	-	8,7%	-	-	152120
Full/Part time (AI+0,5*AI)	-	-	149340	-	-	11,3%	-	-	178747
Both full time (AI+0,75*AI)	-	-	174230	-	-	13,1%	-	-	205375
Both full time (AI+AI)	-	-	199120	-	-	15,5%	-	-	230043

Male earnings for men and women

High Income (Average Male Income) without children

	Income after Taxes and Social Security Contributions, high Income												
	Gross Earnings			Social Security contributions in %							Taxable Net Income		
	A	B	A+B	Pensions		Health	CSG deductible	CSG no deductible	Unempl.	Others	A	B	A+B
Statutory				Sup.									
Single (2*AI)	325120	-	325120	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	-	276563
Married													
Sole eamer (2*AI+0)	325120	0	325120	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	0	276563
Full/Part time (2*AI+0,2*AI)	325120	32512	357632	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	27656	304220
Full/Part time (2*AI+0,25*AI)	325120	40640	365760	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	34570	311134
Full/Part time (2*AI+0,5*AI)	325120	81280	406400	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	69141	345704
Both full time (2*AI+0,75*AI)	325120	121920	447040	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	103711	380275
Both full time (2*AI+AI)	325120	162560	487680	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	138282	414845

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Taxable Net Income after deductions	Income Tax in %	Net Income (including CSG)
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	A	B	A+B	A	B	A+B	A	B	A+B
Single (2*AI)	199120	-	199120	27,0%	-	27,0%	207018	-	207018
Married									
Sole earner (2*AI+0)	-	-	199120	-	-	15,5%	-	-	230043
Full/Part time (2*AI+0,2*AI)	-	-	219030	-	-	17,0%	-	-	249553
Full/Part time (2*AI+0,25*AI)	-	-	224016	-	-	17,4%	-	-	254431
Full/Part time (2*AI+0,5*AI)	-	-	248906	-	-	19,0%	-	-	278818
Both full time (2*AI+0,75*AI)	-	-	273797	-	-	20,2%	-	-	303206
Both full time (2*AI+AI)	-	-	298688	-	-	21,7%	-	-	326442

Male earnings for men and women

Low Income (Average Male Income) without children

	Income after Taxes and Social Security Contributions, low Income												
	Gross Earnings			Social Security contributions in %							Taxable Net Income		
	A	B	A+B	Pensions		Health	CSG	CSG	Unempl.	Others	A	B	A+B
Statutory				Sup.		deductible	no deductible						
Single (0,75*AI)	121920	-	121920	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	-	103711
Married													
Sole earner (0,75*AI+0)	121920	0	121920	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	0	103711
Full/Part time (0,75*AI+0,2*AI)	121920	32512	154432	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	27656	131368
Full/Part time (0,75*AI+0,25*AI)	121920	40640	162560	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	34570	138282
Full/Part time (0,75*AI+0,5*AI)	121920	81280	203200	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	69141	172852
Both full time (0,75*AI+0,75*AI)	121920	121920	243840	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	103711	207422

cont.

	Taxable Net Income after deductions			Income Tax in %			Net Income (including CSG)		
	A	B	A+B	A	B	A+B	A	B	A+B
Single (0,75*AI)	74670	-	74670	11,3%	-	11,3%	89374	-	89374
Married									
Sole earner (0,75*AI+0)	-	-	74670	-	-	2,2%	-	-	96140
Full/Part time (0,75*AI+0,2*AI)	-	-	94580	-	-	4,8%	-	-	119332
Full/Part time (0,75*AI+0,25*AI)	-	-	99560	-	-	5,1%	-	-	125330
Full/Part time (0,75*AI+0,5*AI)	-	-	124450	-	-	8,7%	-	-	152120
Both full time (0,75*AI+0,75*AI)	-	-	149343	-	-	11,3%	-	-	178747

Gender specific income:

Average Income without children

	Income after Taxes and Social Security Contributions												
	Gross Earnings			Social Security contributions in %							Taxable Net Income		
	A	B	A+B	Pensions		Health	CSG deductible	CSG no deductible	Unempl.	Others	A	B	A+B
Statutory				Sup.									
Single (AI)	162560	-	162560	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	-	138282
Married													
Sole eamer (AI+0)	162560	0	162560	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	0	138282
Full/Part time (AI+0,2*WAI)	162560	26520	189080	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	22559	160841
Full/Part time (AI+0,25*WAI)	162560	33150	195710	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	28199	166481
Full/Part time (AI+0,5*WAI)	162560	66300	228860	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	56398	194680
Both full time (AI+0,75*WAI)	162560	99450	262010	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	84597	222879
Both full time (AI+WAI)	162560	132600	295160	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	138282	112796	251078

cont.

	Taxable Net Income after deductions			Income Tax in %			Net Income (including CSG)		
	A	B	A+B	A	B	A+B	A	B	A+B
Single (AI)	99562	-	99560	15,5%	-	15,5%	115022	-	115022
Married									
Sole earner (AI+0)	-	-	99560	-	-	5,1%	-	-	125330
Full/Part time (AI+0,2*WAI)	-	-	115800	-	-	7,6%	-	-	142869
Full/Part time (AI+0,25*WAI)	-	-	119860	-	-	8,2%	-	-	147213
Full/Part time (AI+0,5*WAI)	-	-	140160	-	-	10,5%	-	-	168934
Both full time (AI+0,75*WAI)	-	-	160470	-	-	12,2%	-	-	190653
Both full time (AI+WAI)	-	-	180770	-	-	13,7%	-	-	212065

Gender specific income:

High Income without children

	Income after Taxes and Social Security Contributions,												
	Gross Earnings			Social Security contributions in %							Taxable Net Income		
	A	B	A+B	Pensions		Health	CSG	CSG	Unempl.	Others	A	B	A+B
				Statutory	Sup.		deductible	no deductible					
Single (2*AI)	325120	-	325120	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	-	276563
Married													
Sole eamer (2*AI+0)	325120	0	325120	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	0	276563
Full/Part time (2*AI+0,2*WAI)	325120	26520	351640	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	22559	299123
Full/Part time (2*AI+0,25*WAI)	325120	33150	358270	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	28199	304762
Full/Part time (2*AI+0,5*WAI)	325120	66300	391420	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	56398	332962
Both full time (2*AI+0,75*WAI)	325120	99450	424570	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	84597	361161
Both full time (2*AI+WAI)	325120	132600	457720	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	276563	112796	389360

cont.

	Taxable Net Income after deductions			Income Tax in %			Net Income (including CSG)		
	A	B	A+B	A	B	A+B	A	B	A+B
Single (2*A _I)	199120	-	199120	27,0%	-	27,0%	207018	-	207018
Married									
Sole earner (2*A _I +0)	-	-	199120	-	-	15,5%	-	-	230043
Full/Part time (2*A _I +0,2*W _{A_I})	-	-	215360	-	-	16,8%	-	-	245958
Full/Part time (2*A _I +0,25*W _{A_I})	-	-	219420	-	-	17,1%	-	-	249937
Full/Part time (2*A _I +0,5*W _{A_I})	-	-	239730	-	-	18,4%	-	-	269827
Both full time (2*A _I +0,75*W _{A_I})	-	-	260030	-	-	19,6%	-	-	289721
Both full time (2*A _I +W _{A_I})	-	-	280330	-	-	20,5%	-	-	309615

Gender specific income:

Low Income without children

cont.

cont.	Income after Taxes and Social Security Contributions, low Income												
	Gross Earnings			Social Security contributions in %							Taxable Net Income		
	A	B	A+B	Pensions		Health	CSG deductible	CSG no deductible	Unempl.	Others	A	B	A+B
Statutory				Sup.									
Single (0,75*AI)	121920	-	121920	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	-	103711
Married													
Sole earner (0,75*AI+0)	121920	0	121920	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	0	103711
Full/Part time (0,75*AI+0,2*WAI)	121920	26520	148440	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	22559	126271
Full/Part time (0,75*AI+0,25*WAI)	121920	33150	155070	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	28199	131910
Full/Part time (0,75*AI+0,5*WAI)	121920	66300	188220	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	56398	160109
Both full time (0,75*AI+0,75*WAI)	121920	99450	221370	6,55%	1,72%	0,75%	5,1%	2,9%	3,01%	0,15%	103711	84597	188309

cont.

	Taxable Net Income after deductions			Income Tax in %			Net Income (including CSG)		
	A	B	A+B	A	B	A+B	A	B	A+B
Single (0,75*AI)	74670	-	74670	11,3%	-	11,3%	89374	-	89374
Married									
ole earner (0,75*AI+0)	-	-	74670	-	-	2,2%	-	-	96140
Full/Part time (0,75*AI+0,2*WAI)	-	-	90910	-	-	4,6%	-	-	114912
Full/Part time (0,75*AI+0,25*WAI)	-	-	94970	-	-	4,8%	-	-	119803
Full/Part time (0,75*AI+0,5*WAI)	-	-	115270	-	-	7,5%	-	-	142306
Both full time (0,75*AI+0,75*WAI)	-	-	135580	-	-	10,0%	-	-	164024