



OHIO COMMON GROUND RESEARCH CENTER

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The Paycheck and the Bill: Taxes, Essential Costs, and Household Breathing Room in Ohio and Five European Countries

Prepared by the Ohio Common Ground Research Center

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Executive Summary

This report fact-checks a widely shared social-media graphic that listed income tax rates, value-added tax (VAT) rates and gasoline prices for five European countries, then follows the comparison past the paycheck to the cost of a basic household budget in Ohio.

The graphic's VAT rates are correct. Its income tax figures are top marginal rates that apply only to income above high thresholds, from €40,000 in Greece to €277,826 in Germany, and in two cases they include social levies. An average-wage worker paid 12.7% to 19.1% of gross pay in income tax in 2025 in those five countries, against 16.7% in the United States. The graphic's gasoline prices are below official 2026 year-to-date averages.

Tax rates alone do not settle what a household keeps. OECD data show higher tax wedges alongside higher take-home pay in Germany and the United Kingdom, and alongside lower take-home pay in France, Italy and Greece. In Ohio, a two-earner family earning U.S. average wages and paying Ohio and Columbus income taxes has \$3,039 left after MIT's basic-needs budget, and childcare is the deciding cost. Whether a European family of the same type ends the year with more depends chiefly on childcare and out-of-pocket health costs that this report does not estimate; break-even values show where that line falls.

This is a Research Center product: it is descriptive, not prescriptive. It documents what the underlying government and survey data show, separates observed data from OCG calculations, states plainly where a comparison is constructed rather than observed, and does not recommend any policy response.

Key Findings

- **The graphic's income tax figures are top marginal rates, not what typical workers pay.** They are assembled from national income tax rates and, for some countries, local taxes, surtaxes or social levies, and apply only to income above a threshold: €40,000 in Greece, €50,000 in Italy, £125,140 in the UK, €181,917 per tax share in France and €277,826 in Germany. An average-wage worker paid 12.7% to 19.1% of gross pay in income tax in 2025. The U.S. figure was 16.7%, and a top earner in Columbus faces a combined 42.25% income tax rate.
- **The VAT rates are right; the gasoline prices are too low.** Standard VAT rates of 19% to 24% match official figures. Pump prices for 2026 through late September averaged \$7.69 to \$9.02 a gallon, above every price in the graphic, and taxes made up 52% to 56% of each. Ohio drivers averaged \$3.70.
- **Counting every payroll charge, the 44–55% range does appear.** The OECD “tax wedge,” which adds employee and employer social contributions to income tax, reached 45.8% to 49.3% for average-wage workers in Italy, France and Germany. The UK and U.S. wedges stayed below 40%.
- **A higher tax wedge did not mean a smaller paycheck.** The OECD's standard two-earner family of four kept \$109,007 in Germany and \$111,489 in the United Kingdom, against \$100,188 in the United States (PPP dollars). Families in France, Italy and Greece kept less.
- **In Ohio, essential costs take nearly all of it.** Against MIT's 2026 Ohio basic-needs budget for two working parents and two children, a two-earner family earning U.S. average wages and paying Ohio and Columbus income taxes has \$3,039 left for the year. Childcare and medical care account for \$36,129 of the \$98,475 budget. Under a lower-childcare scenario, the family keeps \$16,908.

- **Under OCG's common-basket normalization, Germany and the UK leave more room for childcare and health costs; France, Italy and Greece leave less.** After the same real basket of food, housing, transportation and other necessities, headroom runs from \$4,046 (Greece) to \$44,286 (UK), against \$42,218 for the Ohio household. Final breathing room in Europe depends on childcare and out-of-pocket health costs that this paper does not estimate.

1. Purpose

This report answers two questions. First, are the figures in a widely shared graphic about European taxes accurate, and do they describe what ordinary European workers pay? Second, once taxes are paid, how much room does a working family have after the essential bills it pays itself, in Ohio and in the five European countries the graphic names?

The first question is answered with observed data: national tax schedules, OECD *Taxing Wages 2026*, European Commission and UK fuel and VAT data, and U.S. Energy Information Administration prices. The second requires a constructed comparison. OCG pairs the OECD's standardized two-earner family with MIT's Ohio basic-needs budget, substitutes Ohio and Columbus income taxes for the OECD's Detroit assumption and restates the budget in national-price dollars. Each step is labeled as observed or calculated, and every calculation reproduces from the companion workbook.

2. The Claim, Line by Line

A widely shared social-media graphic, headlined as showing “how much tax people pay in Europe for their ‘free stuff,’” (Figure 1) lists five countries with an income tax rate, a value-added tax (VAT) rate and a gasoline price. It credits the Tax Foundation, the OECD, the European Commission and Global Petrol Prices and says its data “reflects 2026 averages.” The graphic closes with a partisan message; this paper examines only its factual claims, against the primary sources behind them.

Figure 1. The graphic, as circulated



Screenshot of a social-media post reproduced unaltered for purposes of commentary and fact-checking. Original author unknown. Icons on the right edge are part of the screenshot. Ohio Common Ground did not create this graphic and does not endorse its framing.

Income tax: real rates, rarely paid

The income tax figures correspond to top marginal rates: the rate charged on each additional euro or pound above a high-income threshold. They are assembled from national income tax rates and, in some countries, local taxes, surtaxes or social levies. None is an ordinary worker's income tax rate. Table 1 sets the claims beside the official schedules and beside what an average-wage worker actually pays.

Table 1. The graphic's income tax claims, checked

Country	Graphic	Top marginal rate, as verified	Top rate begins at	Average worker's income tax, 2025
Germany	47.5%	47.5%	€277,826 taxable income	17.2%
"England" (UK)	47%	45% (47% with NI)	£125,140	17.6%
Italy	47.3%	47.2% (Rome)	€50,000	19.1%
Greece	44%	44%	€40,000	12.7%
France	55.4%	~55% composite	€181,917 per tax share	16.7%
United States (Columbus, Ohio)	Not shown	42.25%	\$640,600 (single, 2026)	16.7%

Top marginal rates combine national, regional and local income taxes and surtaxes. Germany: 45% plus the 5.5% solidarity surcharge on the tax. UK: 45% additional rate; the graphic's 47% adds the 2% employee National Insurance rate. Italy: 43% plus Lazio's 3.33% regional and Rome's 0.9% municipal surcharges; local rates vary. France: a composite of the 45% top bracket, a 4% contribution on income above €500,000 (single) plus CSG and CRDS social levies on wages. United States: 37% federal, 2.75% Ohio, 2.5% Columbus. German, Italian and Greek thresholds are 2025 schedules. Average worker: single, 100% of average wage, income tax only (OECD table 3.4).

Two of the five entries fold social charges into "income tax." The UK's 47% adds the 2% National Insurance rate employees pay on earnings above the upper earnings limit to the 45% income tax rate.¹ France's 55.4% stacks the 45% top bracket, a 3% to 4% surcharge on very high incomes, and the CSG and CRDS levies of 9.7% that fund social security, part of which is deductible.² Germany's 47.5% is the 45% top rate plus the 5.5% solidarity surcharge on the tax itself.³ Italy's figure depends on where the taxpayer lives: the 43% national rate plus regional and municipal surcharges that the OECD models at 3.33% and 0.9% for Rome.⁴ Greece's 44% is a single national rate.⁵

The thresholds differ sharply. Italy's top bracket begins at €50,000, about 1.4 times the Italian average wage of €36,594. Greece's begins at €40,000, 1.5 times its €26,563 average. Germany's begins at €277,826 of taxable income, roughly four times its €66,700 average. A top rate also applies only to income above the threshold, so even top earners pay a lower average rate.

¹GOV.UK, "Income Tax Rates and Personal Allowances," <https://www.gov.uk/income-tax-rates>; GOV.UK, "National Insurance Rates and Categories," <https://www.gov.uk/national-insurance-rates-letters>. Rates for 2026–27 in England, Wales and Northern Ireland; Scotland's bands differ. Because the personal allowance is withdrawn at £1 for every £2 of income above £100,000, income between £100,000 and £125,140 faces an effective marginal income tax rate of 60%.

²Service-Public.fr, "Barème de l'impôt sur le revenu," <https://www.service-public.gouv.fr/particuliers/vosdroits/F1419> (45% above €181,917 per tax share); Service-Public.fr, "Contribution exceptionnelle sur les hauts revenus," <https://www.service-public.gouv.fr/particuliers/vosdroits/F31130>; OECD, "France," in *Taxing Wages 2026* (CSG 9.2% and CRDS 0.5% on 98.25% of gross pay; 6.8 points of CSG deductible).

³OECD, "Germany," in *Taxing Wages 2026*, https://www.oecd.org/en/publications/taxing-wages-2026_3a5169ef-en/full-report/germany_8f4270cd.html. The 45% rate applies to taxable income of €277,826 and above (2025); the solidarity surcharge is 5.5% of income tax liability above an exemption limit; average earnings €66,700 (Secretariat estimate). Church tax is not included.

⁴OECD, "Italy," in *Taxing Wages 2026*, https://www.oecd.org/en/publications/taxing-wages-2026_3a5169ef-en/full-report/italy_9e7c857d.html. National brackets of 23%, 35% and 43% (above €50,000); Lazio regional surcharge 3.33% above €15,000; Rome municipal surcharge 0.9%; average earnings €36,594.

⁵OECD, "Greece," in *Taxing Wages 2026*, https://www.oecd.org/en/publications/taxing-wages-2026_3a5169ef-en/full-report/greece_027f4efa.html. Employment income scale of 9%, 22%, 28%, 36% and 44% above €40,000; average earnings €26,563. National schedules may differ in 2026; this paper uses the 2025 schedules published by the OECD.

For comparison, a single filer in Columbus earning more than \$640,600 in 2026 pays 37% federal income tax, 2.75% Ohio income tax and 2.5% Columbus city tax on each additional dollar: 42.25% in income taxes.⁶ On the graphic's own terms, Columbus's top earners sit near Greece's.

What an average worker pays

The graphic presents top rates as “how much tax people pay.” The OECD's *Taxing Wages* report measures what workers at the average wage actually pay.⁷ Three different measures are commonly called a worker's “tax rate”:

- **Income tax:** personal income tax at all levels of government, as a share of gross pay.
- **Income tax plus employee contributions:** everything withheld from the paycheck, including the worker's share of social insurance such as pensions, health insurance and unemployment insurance.
- **Tax wedge:** income tax plus employee *and employer* social contributions, minus cash family benefits, as a share of the employer's total labor cost. Employer contributions never appear on the worker's pay stub.

Table 2. Three measures of the tax on an average single worker, 2025

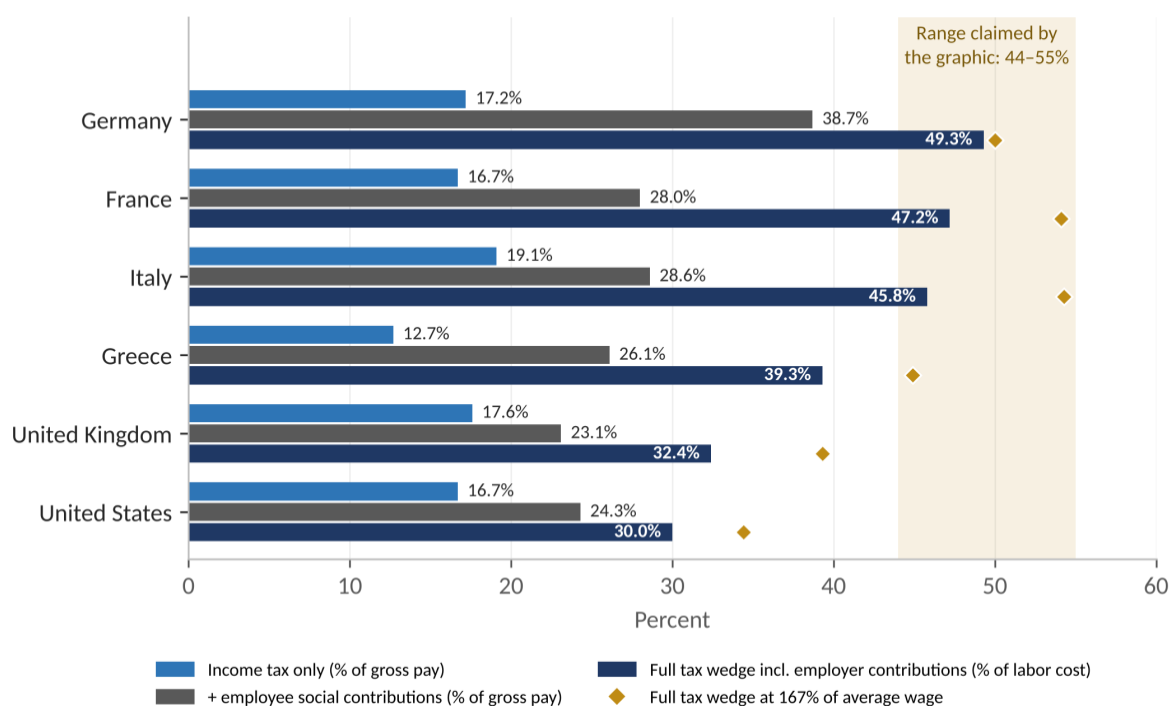
Jurisdiction	Income tax, 100% AW	+ employee contrib., 100% AW	Tax wedge, 100% AW	Income tax, 167% AW	Tax wedge, 167% AW
Germany	17.2%	38.7%	49.3%	26.6%	50.0%
France	16.7%	28.0%	47.2%	22.8%	54.1%
Italy	19.1%	28.6%	45.8%	30.3%	54.3%
Greece	12.7%	26.1%	39.3%	19.6%	44.9%
United Kingdom	17.6%	23.1%	32.4%	26.6%	39.3%
United States	16.7%	24.3%	30.0%	21.5%	34.4%
OECD average	15.5%	25.1%	35.1%	21.2%	39.4%

AW = national average wage. Income tax and employee contributions are shares of gross pay; the tax wedge is a share of total labor cost. Single worker, no children. Source: OECD, *Taxing Wages 2026*, tables 3.1, 3.2 and 3.4.

Income tax alone stayed under 20% of pay for an average worker in every country examined, and under 31% even at 167% of the average wage. The broadest measure does reach the graphic's range. At the average wage, the full tax wedge was 49.3% in Germany, 47.2% in France and 45.8% in Italy; at 167% of the average wage, Greece (44.9%) joined them. The UK and U.S. wedges stayed below 40%.

⁶Internal Revenue Service, “IRS Releases Tax Inflation Adjustments for Tax Year 2026,” October 9, 2025 (Rev. Proc. 2025-32); Ohio Legislative Service Commission, *H.B. 96 Final Analysis*, 136th General Assembly, 456 (flat 2.75% rate on income over \$26,050 for 2026); City of Columbus Income Tax Division, “General Income Tax Information” (2.5%); Internal Revenue Service, “Topic No. 751, Social Security and Medicare Withholding Rates.” Rates are summed without adjusting for deductibility. Adding the 1.45% Medicare tax and the 0.9% Additional Medicare Tax on wages above \$200,000 would bring the combined marginal rate to 44.6%; those are payroll taxes, not income taxes.

⁷OECD, *Taxing Wages 2026: The Progressivity of Labour Taxation in OECD Countries* (Paris: OECD Publishing, 2026), tables 3.1, 3.2 and 3.4, https://www.oecd.org/en/publications/taxing-wages-2026_3a5169ef-en/full-report/effective-tax-rates-on-labour-income-in-2025_b7bb1854.html.

Figure 2. Income tax versus the full tax wedge, single worker, 2025

Source: OECD, *Taxing Wages 2026*, tables 3.1, 3.2 and 3.4. Shaded band marks the 44–55% range of the graphic's income tax figures.

Much of the European wedge is social insurance rather than income tax, and much of that is paid by employers. The OECD counts employer contributions because they are part of what it costs to employ the worker, even though the worker never sees them.⁸ The U.S. wedge contains the same kind of charge in Social Security and Medicare payroll taxes, at a lower combined rate.

VAT and gasoline

Table 3. The graphic's VAT and gasoline claims, checked

Country	Graphic VAT	Standard VAT	Graphic gasoline	2026 YTD avg. gasoline	Taxes in pump price
Germany	19%	19%	\$7.37	\$9.02	54%
"England" (UK)	20%	20%	\$7.45	\$7.69	52%
Italy	22%	22%	\$7.24	\$8.10	52%
Greece	24%	24%	\$7.58	\$8.63	56%
France	20%	20%	\$7.12	\$8.62	52%
Ohio	Not shown	5.75% state sales tax	Not shown	\$3.70	—

Gasoline in U.S. dollars per gallon. 2026 YTD = average of weekly prices January 5 to September 28, 2026; not a full-year average. Europe: Euro-super 95; Ohio: regular grade. Euro prices converted at the 2026 year-to-date average ECB

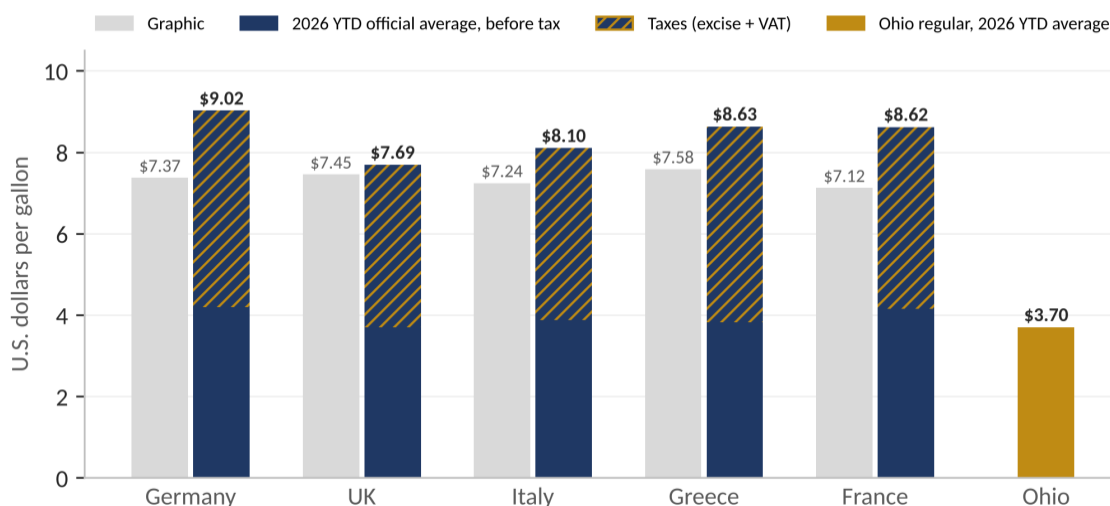
⁸OECD, "Methodology and Limitations," in *Taxing Wages 2026*, https://www.oecd.org/en/publications/taxing-wages-2026_3a5169ef-en/full-report/methodology-and-limitations_f25b8cbc.html.

reference rate (\$1.1609 per euro); UK at \$1.3447 per pound (derived from ECB rates). Taxes = excise duty plus VAT. Ohio combined state and county sales tax rates range from 6.50% to 8.25%. Sources: European Commission Weekly Oil Bulletin; UK Department for Energy Security and Net Zero; U.S. Energy Information Administration; European Central Bank; Ohio Department of Taxation. Conversions are OCG calculations.

The VAT column is correct. The standard rates shown match those the European Commission and UK government report: 19% in Germany, 20% in France and the UK, 22% in Italy and 24% in Greece.⁹ These are headline rates; each country also sets reduced rates for specified goods. VAT is built into the shelf price. Ohio's 5.75% state sales tax, plus county rates that bring the combined rate to between 6.50% and 8.25%, is added at the register.¹⁰

The gasoline column understates 2026 prices to date. Over the first 39 weeks of 2026 (January 5 to September 28), average pump prices converted to dollars ran from \$7.69 a gallon in the UK to \$9.02 in Germany, above every figure in the graphic. Prices rose through the year on both sides of the Atlantic. Taxes made up 52% to 56% of the European pump price. Ohio drivers paid an average of \$3.70 a gallon for regular over the same weeks.¹¹

Figure 3. Gasoline prices: the graphic versus 2026 year-to-date official averages



Sources: European Commission Weekly Oil Bulletin; UK DESNZ weekly road fuel prices; EIA; ECB. Average of weekly prices, January 5–September 28, 2026. Hatched portion of each official bar is taxes (excise duty plus VAT).

⁹European Commission, *Weekly Oil Bulletin*, price history file, VAT sheet, https://energy.ec.europa.eu/data-and-analysis/weekly-oil-bulletin_en; UK Department for Energy Security and Net Zero, "Weekly Road Fuel Prices," <https://www.gov.uk/government/statistics/weekly-road-fuel-prices>; European Commission, "VAT Rates," https://taxation-customs.ec.europa.eu/taxation/vat/vat-directive/vat-rates_en.

¹⁰Ohio Department of Taxation, "Sales and Use Tax Rates by County, October 1, 2026 – December 31, 2026," <https://tax.ohio.gov/business/sales-and-use-tax/rate-tables/by-county-q4-2026>.

¹¹European Commission, *Weekly Oil Bulletin*, Euro-super 95 prices with and without taxes; DESNZ, "Weekly Road Fuel Prices" (ULSP pump price, duty and VAT); U.S. Energy Information Administration, "Weekly Ohio Regular All Formulations Retail Gasoline Prices," https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPMR_PTE_SOH_DPG&f=W; European Central Bank, euro foreign exchange reference rates, January 2 to October 1, 2026. Weekly prices January 5 to September 28, 2026, averaged and converted at 3.785 liters per gallon. OCG calculation.

VAT and fuel taxes fall on spending rather than wages, so they are outside the OECD wage measures. Section 5 accounts for them through the price comparison: purchasing-power parities are built from the prices consumers actually pay, which include VAT and fuel taxes.¹²

3. A Family, Not a Rate

Tax rates describe how a paycheck is divided. They do not say how large the paycheck is. To compare what households actually keep, the OECD models a standard family: a married couple with two children aged 6 to 11, one spouse earning the national average wage and the other 67% of it. The OECD computes gross pay, taxes, contributions and cash benefits for this family in each country, then converts the results into U.S. dollars of equal purchasing power (PPP dollars).¹³

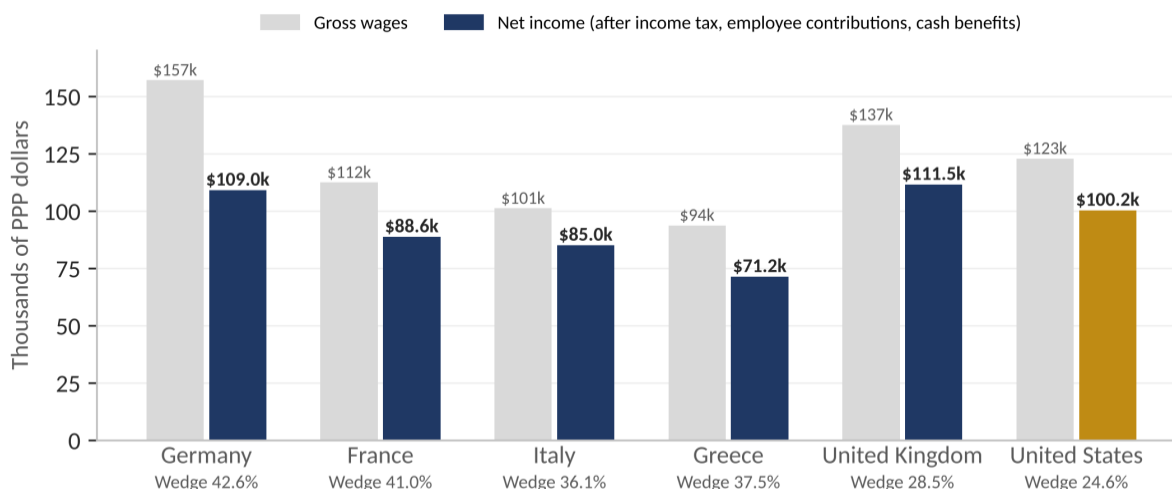
Table 4. OECD two-earner family of four, 2025, in PPP dollars

Jurisdiction	Gross wages	Net income	Net as % of gross	Tax wedge	Net vs. U.S.
Germany	\$156,955	\$109,007	69.5%	42.6%	+\$8,819
France	\$112,345	\$88,634	78.9%	41.0%	-\$11,554
Italy	\$101,039	\$84,989	84.1%	36.1%	-\$15,199
Greece	\$93,640	\$71,249	76.1%	37.5%	-\$28,939
United Kingdom	\$137,490	\$111,489	81.1%	28.5%	+\$22,301
United States	\$122,779	\$100,188	81.6%	24.6%	—

*Married couple, earners at 100% and 67% of the national average wage, two children aged 6–11. Net income is gross wages minus income tax and employee contributions, plus cash family benefits. U.S. figures assume a worker living in Detroit, Michigan. Source: OECD, *Taxing Wages 2026*, tables 3.1, 3.3 and 3.11; “Net vs. U.S.” is an OCG calculation.*

¹²Eurostat and OECD, *Eurostat-OECD Methodological Manual on Purchasing Power Parities*, 2012 ed. (Luxembourg: Publications Office of the European Union, 2012). PPPs are compiled from purchasers' prices, which include taxes on products.

¹³OECD, “Methodology and Limitations”; OECD, *Taxing Wages 2026*, table 3.11.

Figure 4. Gross wages and net income, OECD two-earner family of four, 2025

Source: OECD, *Taxing Wages 2026*, tables 3.1 and 3.11. Thousands of PPP dollars.

Germany's family faces the highest wedge in the group and still keeps \$8,819 more than the U.S. family, because the German average wage, converted at purchasing-power parity, is higher: \$93,985 against \$73,520 for a single average earner.¹⁴ The UK family pays a wedge close to the U.S. level and keeps \$22,301 more. Families in France, Italy and Greece keep less than the U.S. family, by \$11,554 to \$28,939.

Net income here is the OECD's modeled household income after personal income taxes and employee social contributions, plus applicable cash benefits. It excludes costs a family pays on its own: rent, food, childcare fees, and health insurance premiums paid outside compulsory contributions. That boundary matters. Statutory health insurance contributions in Germany and France are compulsory, so they are already subtracted from net income. A U.S. worker's share of an employer health plan premium is not a tax, so it stays inside net income and shows up later as household spending.¹⁵

4. The Ohio Bill

To make the cost side visible, OCG uses the MIT Living Wage Calculator's 2026 statewide budget for an Ohio household of two working adults and two children. MIT builds the budget from federal data series: HUD Fair Market Rents for housing, Medical Expenditure Panel Survey premiums plus Consumer Expenditure Survey out-of-pocket costs for medical care, and published center-based childcare prices. Figures are in December 2025 dollars.¹⁶

¹⁴OECD, *Taxing Wages 2026*, table 3.10 (single worker at the average wage, gross earnings in PPP dollars).

¹⁵OECD, "Methodology and Limitations." The tax wedge covers taxes and compulsory social security contributions paid to general government; premiums for employer-arranged private health plans are not included.

¹⁶Massachusetts Institute of Technology, "Living Wage Calculation for Ohio," Living Wage Calculator, updated February 15, 2026, <https://livingwage.mit.edu/states/39>; Massachusetts Institute of Technology, *Living Wage Benchmark Series 2026 Technical Documentation* (Cambridge, MA: MIT, 2026).

Table 5. MIT basic-needs budget, Ohio, two working adults and two children, 2026

Expense	Annual cost	Share of budget
Childcare	\$26,811	27.2%
Transportation	\$14,755	15.0%
Housing	\$14,743	15.0%
Food	\$12,497	12.7%
Other necessities	\$9,846	10.0%
Medical	\$9,318	9.5%
Civic engagement	\$8,485	8.6%
Internet & mobile	\$2,021	2.1%
Required income after taxes	\$98,475	100.0%

Components sum to \$98,476; MIT's published total is \$98,475 (rounding). MIT also reports \$14,626 in annual taxes and \$113,101 in required income before taxes. Housing is HUD's 40th-percentile Fair Market Rent for a two-bedroom unit. Source: MIT Living Wage Calculator, Ohio, updated February 15, 2026.

Childcare and medical care together cost \$36,129, or 37% of the budget. Those are also the two categories that national systems finance most differently. Much of their cost in Europe runs through taxes and compulsory contributions already deducted in Section 3. In Ohio, most of it arrives as a household invoice.

A mismatch in the children

MIT's two-child family has children aged 4 and 9, both in center-based care.¹⁷ The OECD family's children are 6 to 11, of school age. School-age children typically need before- and after-school and summer care rather than full-day care, which costs less. OCG did not find a primary source that prices care for two children aged 6 to 11 in Ohio on MIT's basis.

To show how much the answer depends on childcare, OCG adds a **lower-childcare scenario**. MIT's three-child Ohio budget adds a third child, age 15, in before- and after-school and summer care, and raises childcare from \$26,811 to \$33,282. OCG applies that \$6,471 increment to each of two children, for \$12,942 in childcare. This is an OCG sensitivity assumption, not an MIT estimate: MIT does not report the cost of care for a child aged 6 to 11, and the increment for a 15-year-old may differ from it. Results are reported both ways: the MIT budget as published, and the lower-childcare scenario.

5. Breathing Room

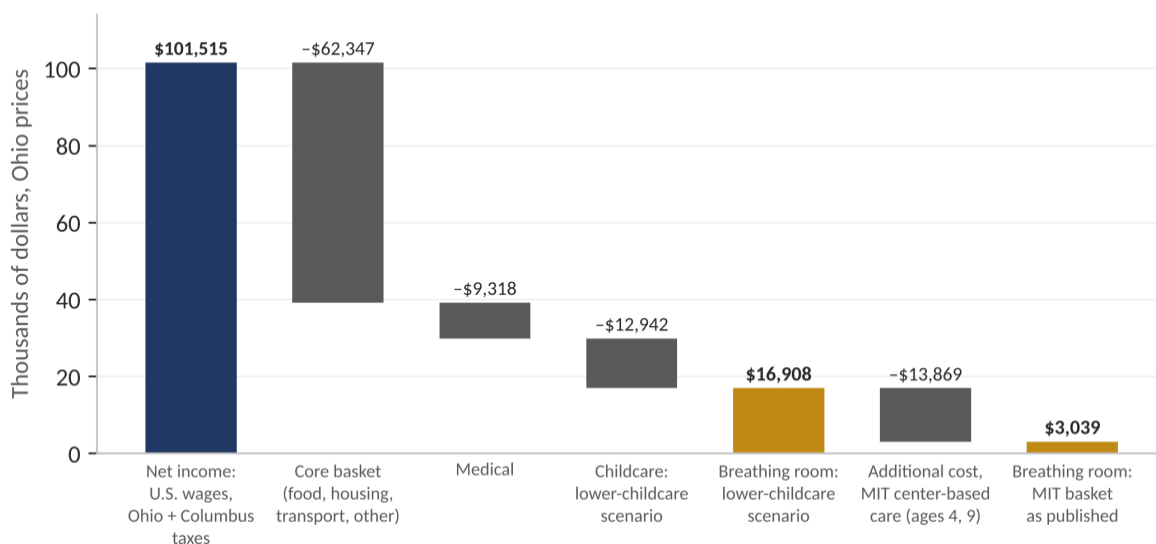
Breathing room = net household income after taxes and cash benefits, minus a defined basic-needs budget. It is an OCG model output, not an official statistic, and it describes a standardized household rather than any particular family.

¹⁷MIT, *Technical Documentation*: "the first child is 4; the second is 9; and the third is 15."

The Ohio household

The OECD does not publish an Ohio family. Its U.S. figures assume the average worker lives in Detroit, Michigan, and pays Michigan's 4.25% income tax and Detroit's 2.4% city income tax.¹⁸ To build an Ohio household, OCG keeps the OECD's U.S. wages, federal income tax and payroll taxes, and replaces the Michigan and Detroit taxes (\$7,121) with Ohio's 2025 income tax (\$2,725 after the joint filing credit) and Columbus's 2.5% city income tax (\$3,069), assuming no school district income tax.¹⁹ Net income rises by \$1,327, to **\$101,515**. The result describes a family earning U.S. average wages, paying Ohio and Columbus income taxes, and buying the MIT budget at Ohio prices. It is not an estimate for a family earning Ohio's average wages.

Figure 5. From net income to breathing room, Ohio household



Sources: OECD, *Taxing Wages 2026*, table 3.11 and United States chapter; Ohio Department of Taxation; City of Columbus; MIT Living Wage Calculator, Ohio, 2026. The Ohio tax substitution, lower-childcare scenario and breathing room are OCG calculations.

With the MIT budget as published, the household has **\$3,039** left, 3.0% of net income. Under the lower-childcare scenario, it has **\$16,908**, or 16.7%. In both cases the core basket of food, housing, transportation and other necessities takes \$62,347, and childcare is the single largest swing factor.

A common yardstick across countries

Comparing countries requires holding the basket constant in real terms. OCG restates Ohio's \$62,347 core basket at U.S. national prices using the Bureau of Economic Analysis's Regional Price Parity for Ohio, 92.8 in 2024 (U.S. = 100).²⁰ That puts the basket at **\$67,203** in the same national-price PPP dollars the OECD

¹⁸OECD, "United States," in *Taxing Wages 2026*, https://www.oecd.org/en/publications/taxing-wages-2026_3a5169ef-en/full-report/united-states_4899032e.html: "The Taxing Wages calculations assume that the average worker lives in Detroit, Michigan." Michigan allows a \$5,800 exemption per person; Detroit allows \$600 per person.

¹⁹Ohio Department of Taxation, *2025 Ohio IT 1040 Instructions*, 17 (exemption of \$1,900 per person for modified adjusted gross income of \$80,001 to \$749,999), 18 (tax brackets), 29 (joint filing credit of 5% for income less exemptions above \$75,000, maximum \$650), https://dam.assets.ohio.gov/image/upload/v1767095693/tax.ohio.gov/forms/ohio_individual/individual/2025/it1040-booklet.pdf; City of Columbus Income Tax Division, "General Income Tax Information" (2.5%). OCG calculation; the companion workbook shows each step.

²⁰U.S. Bureau of Economic Analysis, "Regional Price Parities: All Items for Ohio [OHRPPALL]," retrieved from FRED, Federal Reserve Bank of St. Louis, updated February 20, 2026, <https://fred.stlouisfed.org/series/OHRPPALL>. The 2024 value is 92.774.

uses. Subtracting it from each family's net income leaves its **headroom**: what remains for childcare, health costs outside compulsory contributions, and savings.

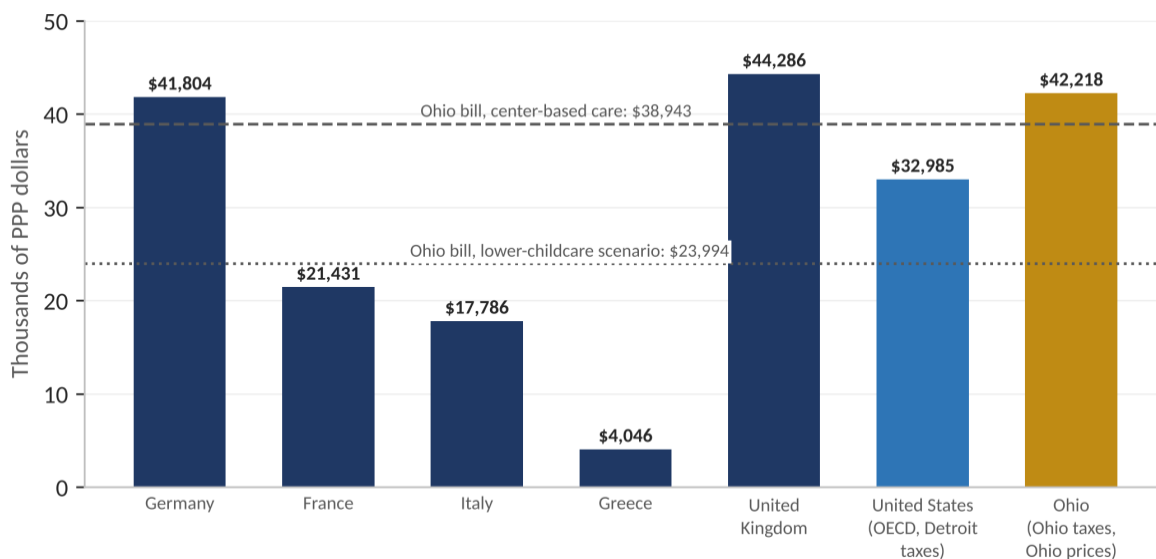
This is an OCG normalization, not a set of observed national household budgets. The basket is built from Ohio spending patterns, and a single all-items price index masks wide differences by category: BEA's 2024 Ohio price levels are 93.7 for goods, 73.0 for housing and 98.9 for other services.²¹ Restating only the housing line at Ohio's housing price level, rather than the all-items level, would raise the national-price basket by about \$4,300, to \$71,504, and lower every European family's headroom by the same amount.

Table 6. Headroom after a common real basket, two-earner family of four

Jurisdiction	Net income	Core basket	Headroom	Headroom % of net
Germany	\$109,007	\$67,203	\$41,804	38.3%
France	\$88,634	\$67,203	\$21,431	24.2%
Italy	\$84,989	\$67,203	\$17,786	20.9%
Greece	\$71,249	\$67,203	\$4,046	5.7%
United Kingdom	\$111,489	\$67,203	\$44,286	39.7%
United States (OECD: Detroit taxes, national prices)	\$100,188	\$67,203	\$32,985	32.9%
Ohio (U.S. wages, Ohio + Columbus taxes, Ohio prices)	\$109,421	\$67,203	\$42,218	38.6%

PPP dollars at U.S. national prices. The Ohio row restates \$101,515 at Ohio prices ($\$101,515 \div 0.92774$). Core basket = MIT Ohio budget excluding childcare and medical, $\div 0.92774$. Sources: OECD, *Taxing Wages 2026*; MIT Living Wage Calculator; BEA. Headroom is an OCG normalization, not an observed household budget.

²¹U.S. Bureau of Economic Analysis, Regional Price Parities for Ohio, 2024: goods (OHRPPGOOD) 93.670, housing services (OHRPPSERVERENT) 73.012, other services (OHRPPSERVEOTH) 98.947, retrieved from FRED, Federal Reserve Bank of St. Louis.

Figure 6. Headroom before childcare and health costs, with the Ohio bill as a reference

Reference lines show the Ohio household's childcare-plus-medical bill restated at national prices ($\$36,129 \div 0.92774$ and $\$22,260 \div 0.92774$). They mark Ohio's costs, not European ones.

Under this normalization, Germany and the UK leave more headroom than the Ohio household; France, Italy and Greece leave less. The OECD's U.S. family, taxed as a Detroit household and paying national prices, sits between them.

Break-even: what childcare and health could cost

OCG did not locate a primary source reporting matched out-of-pocket childcare and health spending for this exact household in all five European countries, and figures that cannot be sourced are not published here. Instead, Table 7 states the threshold. Each value is the most a family could spend on childcare plus out-of-pocket health costs and still keep the same real breathing room as the Ohio household (\$3,275 under the published MIT budget; \$18,224 under the lower-childcare scenario, both in PPP dollars).

Table 7. Break-even childcare plus out-of-pocket health spending, PPP dollars

Jurisdiction	Matches Ohio, MIT budget as published	Matches Ohio, lower-childcare scenario
Germany	\$38,529	\$23,580
France	\$18,156	\$3,207
Italy	\$14,511	Not reachable (-\$438)
Greece	\$771	Not reachable (-\$14,178)
United Kingdom	\$41,011	\$26,062
United States (OECD: Detroit taxes)	\$29,710	\$14,761
Ohio benchmark: actual bill	\$38,943	\$23,994

Break-even = headroom minus the Ohio household's real breathing room. "Not reachable" means the family could not match the Ohio benchmark even at zero childcare and health cost. OCG calculation from OECD, MIT and BEA data.

Read across a row, the table answers a narrow question. A German family of this type keeps more than the Ohio family unless its childcare and out-of-pocket health spending exceeds \$38,529 a year against the published MIT budget, or \$23,580 against the lower-childcare scenario. A Greek family matches the published-budget benchmark only if those costs stay below \$771. Against the lower-childcare benchmark, neither the Italian nor the Greek family can match the Ohio household even at zero cost.

6. Methodology and Calculations

Unit of comparison. OECD *Taxing Wages* standard family: married couple, two earners at 100% and 67% of the national average wage, two children aged 6–11, 2025 tax year. Gross wages and net income in U.S. dollars of equal purchasing power (OECD table 3.11). OCG cross-checked each net-income figure against the OECD net personal average tax rate (table 3.3); all six agree to the published rounding.

Ohio costs. MIT Living Wage Calculator, Ohio statewide, two working adults and two children, updated February 15, 2026 (December 2025 dollars). Core basket = food + housing + transportation + civic + internet and mobile + other = \$62,347. Childcare + medical = \$36,129.

Ohio taxes. OECD U.S. net income (\$100,188) + Michigan tax (\$4,232 = $4.25\% \times [\$122,779 - 4 \times \$5,800]$) + Detroit tax (\$2,889 = $2.4\% \times [\$122,779 - 4 \times \$600]$) – Ohio tax (\$2,869 on \$115,179 taxable after four \$1,900 exemptions, less a 5% joint filing credit of \$143) – Columbus tax (\$3,069 = $2.5\% \times \$122,779$) = \$101,515. OCG reconstructed the OECD figure from its published parameters to within \$1 before substituting.

Lower-childcare scenario. MIT Ohio childcare for two working adults with three children (\$33,282) minus two children (\$26,811) = \$6,471, the increment for a third child aged 15; $\times 2 = \$12,942$. OCG sensitivity assumption.

Price-level adjustment. Ohio dollars $\div 0.92774$ (BEA all-items Regional Price Parity for Ohio, 2024, U.S. = 100) = U.S. national-price dollars, the base of OECD PPP dollars.

Formulas. Ohio breathing room = \$101,515 – core basket – childcare – medical (Ohio dollars). Headroom = net income – \$67,203 (PPP dollars). Ohio real breathing room = \$42,218 – \$38,943 = \$3,275 (published budget) or \$42,218 – \$23,994 = \$18,224 (lower-childcare scenario). Break-even = headroom – Ohio real breathing room. Small differences from hand calculation reflect rounding; the workbook carries full precision.

Taxes not double-counted. Income tax, employee contributions and cash benefits are already reflected in OECD net income and are not subtracted again. Consumption taxes are reflected through prices in both the MIT budget and the PPP conversion and are not subtracted separately.

Interpretive Considerations

A few points of interpretation apply across this entire report and are worth stating together, in one place.

- A top marginal rate is the rate on the last euro, pound or dollar earned above a threshold. It is not the share of income a worker pays. The graphic's income tax column reports the first; Tables 1 and 2 show both.

- Tables 1 through 5 report observed source data. Tables 6 and 7 are OCG normalizations built from those data; they are not observed national household budgets.
- The Ohio household is a constructed benchmark: U.S. average wages from the OECD, Ohio and Columbus income taxes, and MIT's Ohio basic-needs budget. It is not an estimate for a family earning Ohio's average wages.
- PPP dollars are U.S. dollars at the U.S. national price level. Ohio figures are converted to that basis with BEA's all-items Regional Price Parity, which does not capture category-specific differences such as Ohio's much lower housing prices.
- Break-even values are thresholds, not estimates of what European families spend on childcare or health care. They show how high those costs could run before a family keeps less than the Ohio household.
- Gasoline prices are 2026 year-to-date averages through September 28, not full-year figures, and compare European 95-octane unleaded with U.S. regular grade.

Limitations and What This Report Does Not Claim

- **One price index for everything.** The OECD's PPP conversion uses an economy-wide price comparison. It does not reproduce country-specific prices for housing, childcare or health care, which can differ sharply from the general price level.
- **Ohio wages and taxes.** The Ohio household uses the U.S. national average wage with Ohio and Columbus income taxes. The OECD publishes no Ohio-specific wage, and OCG made no wage adjustment. Ohio taxes follow 2025 law to match the OECD tax year; Ohio's 2026 flat 2.75% rate and repeal of the joint filing credit would change the result modestly.
- **Different families.** The OECD family has school-age children; MIT's has a 4-year-old and a 9-year-old. The lower-childcare scenario is an OCG sensitivity assumption, not a sourced cost for school-age care.
- **What contributions buy.** European wedges fund pensions, health coverage and unemployment insurance; the U.S. wedge funds Social Security and Medicare. Benefits received later in life, such as pensions, are not counted in annual breathing room.
- **Employer health premiums.** Employer-paid U.S. health premiums are part of compensation cost but appear in neither the OECD wedge nor the household budget.²²
- **Quality and access.** The paper measures money, not the quality, waiting times or availability of public or private services.
- **A basic-needs budget, not average spending.** MIT's budget sets a floor for meeting basic needs. Actual family spending is typically higher.
- **No ranking of countries.** The report does not claim that any country's households are better or worse off overall. It reports what the selected measures show under stated assumptions.

²²OECD, "Methodology and Limitations"; MIT, *Technical Documentation*. MIT's medical line counts the employee share of the premium plus out-of-pocket costs, not the employer share.

Future Research

- Locate primary-source data on out-of-pocket childcare and health spending for the OECD's standard two-earner family in Germany, France, Italy, Greece and the United Kingdom, to replace break-even thresholds with observed comparisons.
- Build an Ohio-wage household using Ohio wage data in place of the U.S. national average wage.
- Locate a primary-source price for before- and after-school and summer care for two children aged 6 to 11 in Ohio, to replace the lower-childcare scenario.
- Apply category-specific price parities (housing, goods, services) in place of a single all-items conversion.
- Update the Ohio household to 2026 Ohio income tax law (flat 2.75% rate; joint filing credit repealed) once OECD 2026 data are published.
- Replace 2026 year-to-date gasoline averages with full-year 2026 figures.

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Conclusion

The graphic's VAT column is accurate. Its income tax column reports top marginal rates, two of them padded with social levies, that apply only above thresholds most workers never reach; the income tax an average European worker actually paid in 2025 was close to the U.S. figure. Its gasoline prices understate what Europeans paid in 2026.

Past the paycheck, the picture depends on more than tax rates. Higher European tax wedges coexist with higher take-home pay in Germany and the United Kingdom and lower take-home pay in France, Italy and Greece. In Ohio, a family earning U.S. average wages has little left after a basic-needs budget, and childcare decides how little. Whether a European family of the same type ends the year with more or less depends

chiefly on what it pays for childcare and health care out of pocket; the break-even values in Table 7 mark that line.

This report does not evaluate what, if anything, should be done about these differences, consistent with the Research Center's editorial independence. It documents what the available government and survey data show, and states plainly where the data cannot yet answer the fuller question.

Revision History

Version 1.0 — October 2, 2026 — Initial publication.