Title: From Gross Wages to Net Household Income: a Distributional Analysis of the Gender Wage Gap

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Abstract: Numerous studies analyze gender wage differences focusing on gross hourly wages. The analysis of differences in gross wages allows statements on productivity differences between men and women and to quantify the unexplainable wage gap which is often attributed to discrimination. While there is plenty evidence that the gender (gross) wage gap is a persistent labor market phenomenon, less is known about its effects on the income distribution. In this paper, we therefore go a step further and ask how differences in gross wages – in particular the unexplained gap – show up in available income and its distribution. This is particularly relevant from a policy perspective because of its implications for income inequality and working incentives. The empirical analysis is carried out for West Germany with data from the GSOEP pooled for the years 2006 to 2011. Germany is an interesting case because it is one of the few countries with a system of joint taxation for married couples. This leads to high marginal tax rates for second earners and affects after-tax income differences between men and women.

Best regards,
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