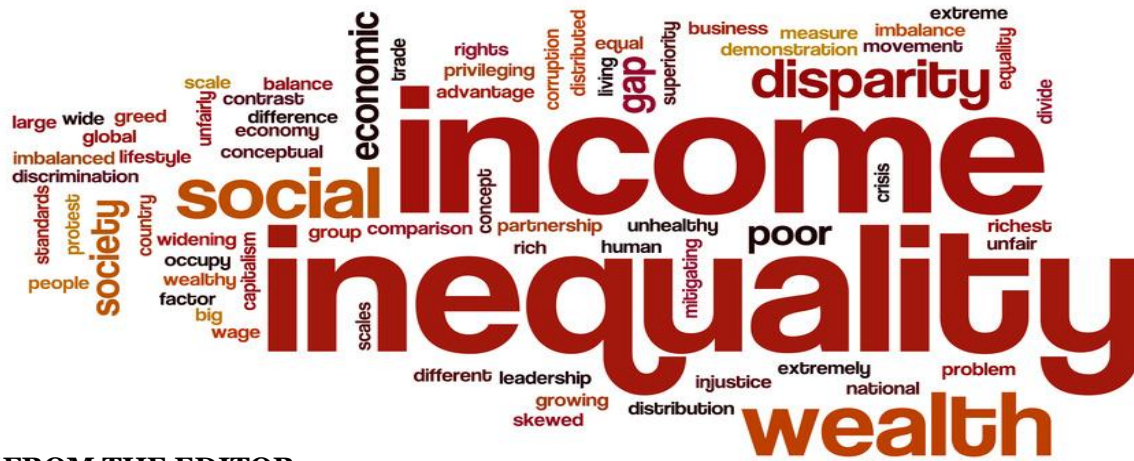


Inequality Matters

Quarterly updates on inequality research, LIS micro data releases,
and other developments at LIS



MESSAGE FROM THE EDITOR

Dear readers,

We are excited to open this issue with major news: the beta release of the **Luxembourg Consumption Study (LCS) Database!** LCS is the third pillar of the LIS Cross-National Data Center's microdata infrastructure, alongside the Luxembourg Income Study (LIS) and Luxembourg Wealth Study (LWS), delivering harmonised, cross-national household consumption microdata aligned with COICOP 2018. The beta release covers 113 datasets from 16 countries spanning the income spectrum, from long-standing LIS members such as Belgium, Italy, and the United Kingdom to newer additions like Mali, Laos, and the Philippines, and captures both monetary and non-monetary consumption, including imputed rent, own production, and in-kind transfers. The beta microdata are now live on LISSY and immediately available for research use. Find more information on the LCS project [here](#) and in the devoted *Inequality Matters* article in this issue.

Beyond LCS, we have also added four new datasets to the LIS Database and two new datasets to the LWS Database. We are especially pleased to welcome Ireland to the LWS Database, with two new datasets (IE13 and IE20) based on the Household Finance and Consumption Survey (HFCS).

The United Kingdom's LIS series grew by three new datasets (UK22, UK23, and UK24). South Africa's series was extended with ZA23, now based on the Income and Expenditure Survey (IES) rather than the previously used National Income Dynamics Study (NIDS). Last but not least, following Bulgaria's adoption of the Euro, the entire Bulgarian LIS series has been converted from Lev to Euro.

This issue's Inequality Matters section features two articles. The first, by Xincheng Qiu (Guanghua School of Management, Peking University) and Nicolò Russo (Goethe University Frankfurt), winner of the 2025 Aldi Award, compares effective income taxation across countries. Using the two-parameter log-linear tax function popularized by Heathcote, Storesletten, and Violante, the authors estimate comparable effective tax functions for a broad set of countries and periods, showing how average taxation and progressivity vary with economic development and family structure. The second article introduces the newly launched LCS Database, its conceptual framework and structure, before turning to its first empirical findings: a sharp food-to-housing shift across country's income levels, a striking reversal in Spanish elderly households' position in the consumption distribution between 2006 and 2022, and a marked rise in Polish households' financial satisfaction between 2013 and 2023.

Enjoy reading!

Jörg Neugschwender

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Income Taxation Across Countries

Xincheng Qiu , Guanghua School of Management, Peking University

Nicolò Russo , Goethe University Frankfurt

This article draws on “Income Taxation Across Countries” LIS Working Paper Series, No. 906 – winner of the 2025 Aldi Award at LIS.

Key Messages

- Using household microdata from eleven LIS waves covering 36 countries, we show that a two-parameter log-linear function provides an accurate approximation of effective income taxation across all countries and periods in our sample. We provide country- and wave-specific estimates for use in empirical and structural work.
- Countries with higher average tax rates tend to have more progressive income tax systems. Income tax progressivity is also positively associated with economic development.
- Income tax progressivity varies systematically by family structure. Moreover, the tax-and-transfer system is substantially more progressive than the income tax system alone, indicating that transfers account for a large part of government redistribution.

Why compare effective income taxation?

Income tax systems are inherently complex, shaped by statutory rates, deductions, credits, and filing rules. This complexity is magnified in cross-country comparisons due to institutional and policy differences. Yet, accurately capturing the key features of income taxation is crucial: economists require precise characterizations of the tax system to study the effects of tax policies on individual and aggregate behavior, and policymakers need reliable measures of tax progressivity to design effective redistribution and social insurance policies.

Our LIS Working Paper (Qiu and Russo 2025) pursues two main goals. The first is to systematically describe and compare effective income taxation across countries. The second is to provide estimates of effective tax functions that can be readily used in empirical and structural work. Effective tax functions characterize the empirical relationship between taxes paid and pre-tax income and summarize the combined effect of the many provisions embedded in tax systems.

We use the two-parameter log-linear tax function introduced by Feldstein (1969) and Benabou (2000) and subsequently popularized by Heathcote, Storesletten, and Violante (2017). Previous work has used this function primarily for the United States, although a smaller literature has applied it to individual countries and cross-country samples. Our contribution is to estimate comparable effective income tax functions for a much broader set of countries and periods and to use them to document how average taxation and progressivity vary with economic development and family structure.

Our analysis uses 7,595,640 household-wave observations from the Luxembourg Income Study (LIS) Database. The final sample contains 36 countries observed across eleven LIS waves, spanning the early 1970s to 2019.

A common framework for comparing tax systems

To compare effective income taxation across countries, we apply the same income definitions, sample restrictions, and estimation method to every country and LIS wave in our sample.

We define household pre-tax income as the sum of labor income, capital income, private transfers, pensions, and public social benefits. Post-tax income is pre-tax income minus income taxes and social security contributions. To improve comparability across countries, we impose a number of restrictions on the sample. In particular, we restrict our focus to households whose head is between 25 and 60 years old and focus on four “standard” household types: singles without children, single parents, married couples without children, and married couples with children.

We use the two-parameter log-linear tax function

$$\log(\text{post-tax income}) = \log(1 - \lambda) + (1 - \tau)\log(\text{pre-tax income}).$$

In this function, the parameter λ represents the average level of taxation, while the parameter τ governs progressivity, as $1 - \tau$ is the elasticity of post-tax income with respect to pre-tax income.

The tax system is progressive when $\tau > 0$, regressive when $\tau < 0$, and flat when $\tau = 0$. A larger value of τ implies that post-tax income rises less than proportionally with pre-tax income and hence that the tax system is more progressive.

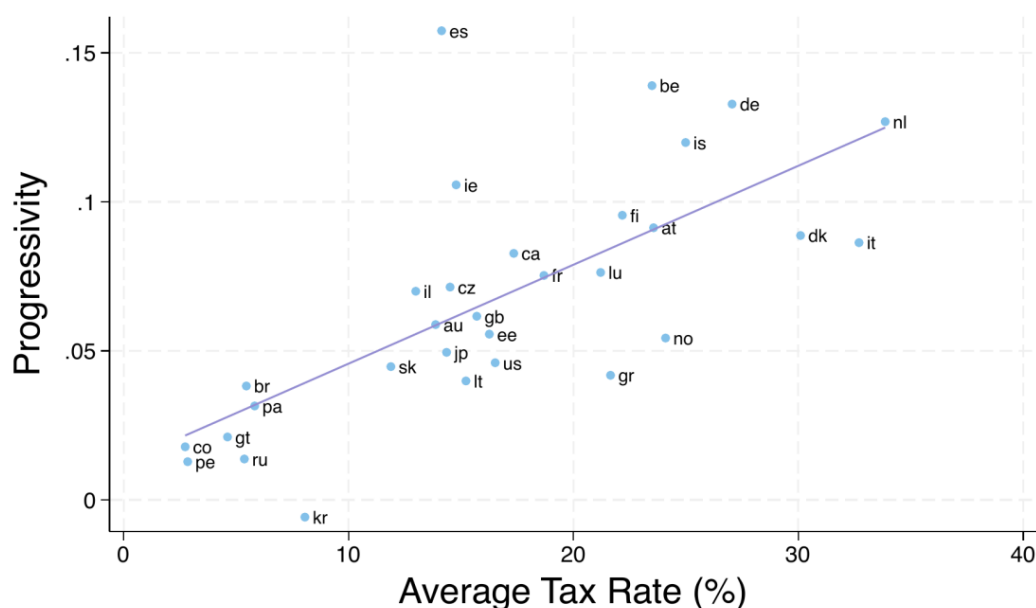
Despite its simplicity, the function approximates effective income taxation remarkably well. Across all country-wave regressions, the mean R^2 is 0.976 and the median is 0.984. The lowest R^2 is 0.86. While previous research established the quality of this approximation for the United States and a few other countries, we show that it extends to every country and period in our sample. This consistently high fit makes the resulting country- and wave-specific parameters a parsimonious representation of effective income taxation for use in empirical and structural work.

Average taxation, progressivity, and economic development

Figure 1 plots income tax progressivity against the average tax rate paid by the median-income household in each country in LIS wave 8, corresponding to 2010. The figure shows a positive association: countries with more progressive income taxes also tend to impose higher average tax rates. The same relationship appears in the other LIS waves included in our analysis.

Our estimates also reveal large differences across countries. Germany, Belgium, and the Netherlands combine relatively high average tax rates with high progressivity. In contrast, Brazil, Colombia, Peru, and the Republic of Korea have almost flat effective income taxes in most waves despite having progressive statutory tax schedules. Using the progressivity tax wedge, an alternative transformation of our progressivity parameter, the income tax systems of Belgium, Finland, Germany, Iceland, Ireland, the Netherlands, and Spain in 2010 are more than twice as progressive as that of the United States. Our estimates are broadly consistent with previous studies based on survey and administrative data (Guner, Kaygusuz, and Ventura 2014; Holter, Krueger, and Stepanchuk 2019; Tran and Zakariyya 2021).

Figure 1. Tax Progressivity and Average Tax Level



Notes: Progressivity against the average tax rate in LIS wave 8 (2010). The average tax rate is evaluated at the median income of each country. The solid line is the OLS fitted line.

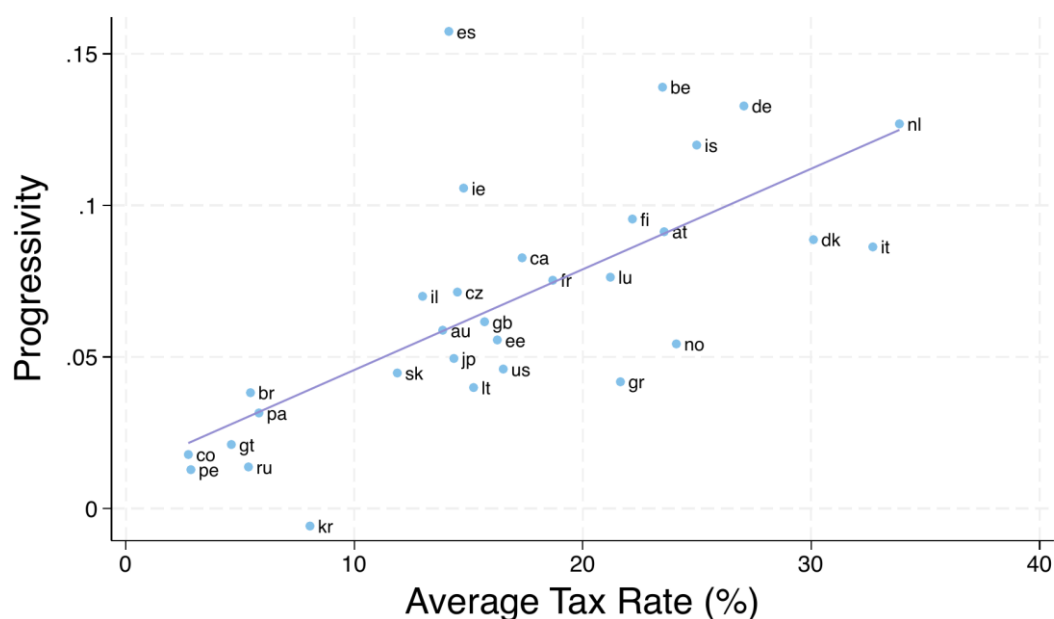
We next examine how progressivity varies with economic development. The tax-capacity literature documents that high-income countries collect a larger share of tax revenue through personal income taxes, whereas lower-income countries rely more heavily on taxes on goods and services (Besley and Persson 2014). We ask whether higher-income countries also have more progressive income tax systems.

Figure 2 plots progressivity against median household income in 2010. This figure shows that richer countries tend to have more progressive income tax systems. Belgium, Germany, and the Netherlands are among the countries with both high median income and high progressivity,

whereas Guatemala, Colombia, and Peru are at the lower end of both distributions. The positive relationship appears consistently from 1995 onward, and it is also present when development is measured using mean household income or GDP per capita.

These results line up with the differences in tax-revenue composition. In 2010, Denmark and the United States collected about half of their tax revenue through personal income taxes, while Peru and Guatemala collected less than 10 percent. Lower-income countries in our sample both rely less on income taxation and display lower effective income tax progressivity.

Figure 2. Tax Progressivity and Development



Notes: Progressivity against median income in LIS wave 8 (2010). Progressivity is measured by τ , and income is measured in 2017 USD PPP. The solid line is the OLS fitted line.

Progressivity differs across family structures

Tax systems often distinguish households by marital status and the presence of children through joint taxation, deductions, and tax credits. A single country-level tax function can therefore conceal substantial differences across household types. We estimate separate functions for married couples with children, married couples without children, single parents, and singles without children.

Figure 3 reports the results for six countries in 2010 and shows that progressivity varies markedly across family structures. Conditional on the presence of children, marriage is associated with higher progressivity. The progressivity parameter is, on average, 25.6 percent higher for married couples without children than for singles without children and 27.1 percent higher for married couples with children than for single parents.

Conditional on marital status, the presence of children is also associated with higher progressivity. Progressivity is 18.5 percent higher for married couples with children than for married couples without children. The difference between single parents and singles without children is smaller, at 5.9 percent. Despite variation across countries and periods, a stable ordering emerges in most country-wave observations: singles without children face the lowest progressivity, while married couples with children face the highest.

The role of transfers

Our primary analysis focuses on income tax progressivity. Public social benefits are included in pre-tax income, allowing us to isolate the mapping from income before taxes to income after taxes. Governments, however, also redistribute through transfers. To assess their role, we estimate a tax-and-transfer function in which public social benefits are included in post-tax rather than pre-tax income.

Figure 4 compares the two measures and shows that the tax-and-transfer system is substantially more progressive than the income tax

system alone in every country shown. Including transfers does not substantially alter the ranking at the extremes: countries with high income tax progressivity also tend to have high tax-and-transfer progressivity. The difference between the two functions indicates that a large part of government redistribution is carried out through transfers, particularly at the bottom of the income distribution.

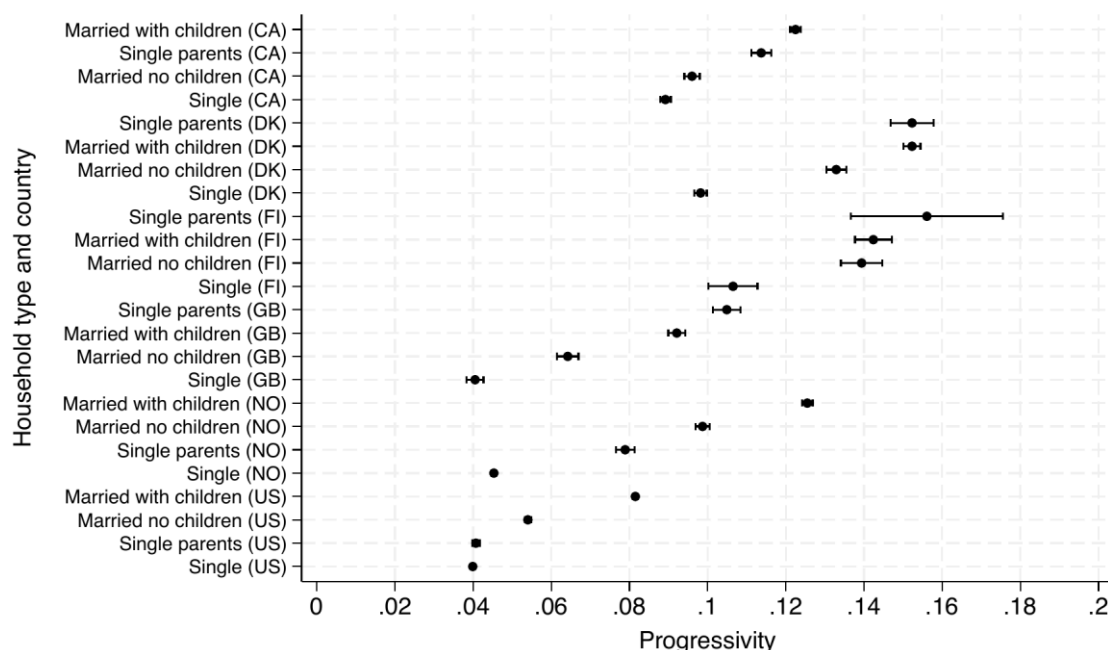
The broader measure must nevertheless be interpreted with care. Transfer programs differ substantially across countries, transfer income is frequently misreported in household surveys, and the log-linear function fits the tax-and-transfer relationship considerably less well than it fits income taxation. Estimates are also sensitive to the treatment of low-income households. When the bottom of the pre-tax income distribution is excluded, estimated tax-and-transfer progressivity falls sharply because these are the households for which transfers are most important.

Concluding remarks

We provide comparable estimates of effective income tax functions for more than thirty countries over the past forty years. A two-parameter log-linear function approximates income taxation well throughout the sample and offers a parsimonious representation that can be used in empirical and structural work.

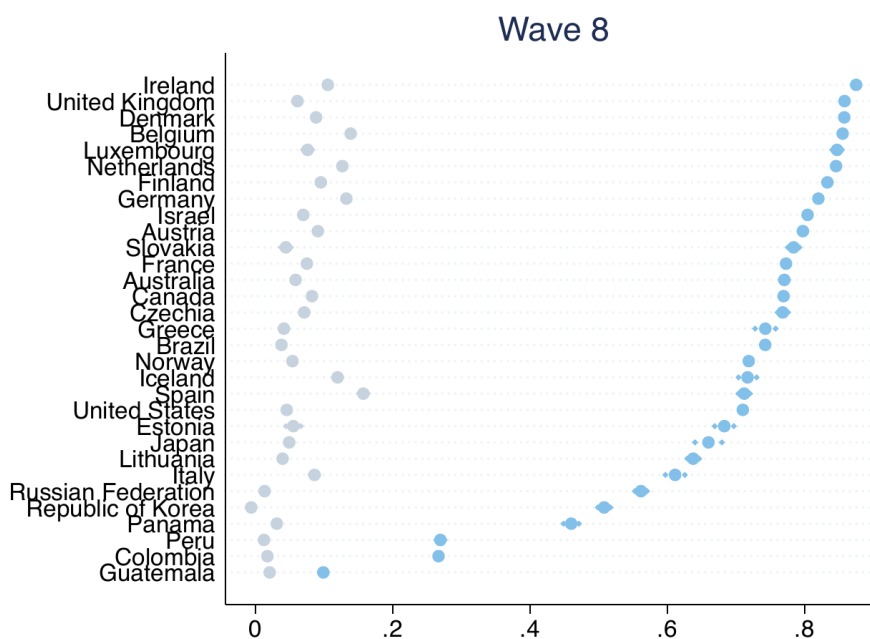
The estimates document considerable variation across countries and households. Higher average taxation is associated with higher progressivity, and richer countries tend to have more progressive income tax systems. Progressivity also differs substantially by family structure: marriage and the presence of children are associated with higher progressivity. Finally, income tax progressivity alone does not capture the full extent of government redistribution. Once public social benefits are included, the estimated progressivity of the tax-and-transfer system is substantially higher.

Figure 3. Income Tax Progressivity by Family Structure



Notes: LIS wave 8 (2010). Dots are estimates of the progressivity parameter τ ; horizontal lines show 95 percent confidence intervals. Within each country, household types are ordered from least to most progressive. Country codes are CA for Canada, DK for Denmark, FI for Finland, GB for the United Kingdom, NO for Norway, and US for the United States.

Figure 4. Progressivity of the Tax and Tax-and-Transfer Functions



Notes: LIS wave 8 (2010). Gray dots denote progressivity estimated using the income tax function, while blue dots denote progressivity estimated using the tax-and-transfer function. Smaller dots show the corresponding 95 percent confidence intervals.

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Luxembourg Consumption Study (LCS) Database – Beta Launch

Jörg Neugschwender ✉, LIS

1. Introduction

After four decades of harmonising income microdata through the *Luxembourg Income Study (LIS)* and two decades of harmonising wealth microdata through the *Luxembourg Wealth Study (LWS)*, LIS is now establishing a third pillar of its data infrastructure: the *Luxembourg Consumption Study (LCS)*. This initiative responds to a long-standing gap in comparative household research and is grounded in the Stiglitz–Sen–Fitoussi Commission Report of 2009, which identified income, consumption, and wealth as three core, complementary dimensions of household economic well-being.

Over the past several decades, cross-national research on household living standards has relied predominantly on income as a proxy for welfare (e.g., Atkinson et al. (1995) and Smeeding et al. (1990)). Yet income captures only one dimension of a household’s economic position. Consumption is argued by many scholars to be a more direct and stable measure of material well-being, particularly at the lower end of the distribution. The *Luxembourg Consumption Study (LCS)* addresses this gap directly, aiming to produce a harmonised, cross-national micro-database of household consumption. It draws on household budget survey data from countries at all income levels, using a consistent framework broadly aligned with the international Classification of Individual Consumption According to Purpose (COICOP) 2018, while accounting for both monetary and non-monetary components of consumption.

The ICW Framework and LCS Positioning

The concept of joint income–consumption–wealth (ICW) measurement provides the overarching intellectual framework within which the LCS is positioned. Prompted by the Stiglitz–Sen–Fitoussi Report, two major expert groups have shaped the methodological agenda: the OECD Expert Group on the Joint Distribution of Income, Consumption, and Wealth (EG ICW) and the OECD–Eurostat Expert Group on Disparities in National Accounts (EG DNA). These groups have worked to develop guidelines and experimental results for measuring household well-being in a coherent, multi-dimensional manner.

LIS extends this agenda at the micro level. Whereas the ICW framework as developed by the OECD focuses primarily on linking macro-level national accounts data with micro distributional information, the LCS provides a fully harmonised micro-database enabling direct household-level analysis. The LCS complements LIS and LWS by adding the missing consumption dimension, enabling researchers to study the joint distribution of income, consumption, and wealth for the first time in a harmonised cross-national setting, even though the three dimensions are in most countries not currently observed on the same households.

2. Research Motivation and Conceptual Background

The case for a harmonised consumption database rests on multiple complementary arguments. First, consumption provides a more direct measure of current living standards than income, particularly in contexts where income is volatile, underreported, or smoothed through savings and borrowing. Consumption expenditure is less sensitive to transitory income shocks and tends to track permanent income more closely. Second, in many lower-income countries, household budget surveys recording consumption are the primary instrument for measuring household welfare. Excluding these countries from comparative welfare databases creates a serious blind spot. Third, a rapidly expanding research agenda on inflation inequality, carbon footprints, distributional effects of indirect taxation, and energy poverty requires consumption microdata at the level of detail that LCS provides.

The literature has long recognised the limitations of relying exclusively on income for welfare analysis. Deaton and Zaidi (2002), Mancini and Vecchi (2022), and Garner et al. (2025) have laid out the methodological foundations for constructing comparable consumption aggregates across countries. The LCS draws directly on this body of work, operationalising its insights into a practical harmonisation framework.

Consumption vs. Expenditure vs. Welfare

A central distinction runs through the LCS framework: expenditure, consumption, and welfare are related, but not interchangeable.

Expenditure refers to households’ monetary spending on goods and services — the most readily available survey measure, but broader than consumption: it also includes purchases given away as gifts or donations. **Consumption expenditure** narrows this down to spending on goods and services intended for the direct satisfaction of the household’s own needs or wants (SNA 2025), but still misses non-monetary items such as own production, in-kind transfers, and in-kind pay or benefits.

Consumption itself is the flow of goods and services actually available to and used by the household: purchases, home production (notably food and owner-occupied housing), in-kind receipts from employers, the state, or other households, and ideally the service flow from durables rather than their purchase price. Durables bought at one point but used for years otherwise distort the timing of consumption; health and education spending, meanwhile, often reflects public provision more than welfare, and remain the most debated items in consumption-based measures.

Welfare is the broader concept, which consumption only partly approximates. The **LCS Expert Workshop** (January 2026) stressed that no single indicator fully captures welfare. Consumption serves poverty analysis well but is less suited to measuring top-end inequality.

The LCS therefore adopts a modular approach: rather than one definitive measure, it offers clearly labelled building blocks from which users can construct the aggregate best suited to their research.

3. The LCS Project: From Feasibility Studies to Beta Launch

The LCS has followed a staged, evidence-based path spanning several years, each phase feeding into the methodological design and operational framework reflected in the September 2026 beta-launch variable list.

Feasibility Studies

Two feasibility studies have shaped the LCS framework:

Mancini and Vecchi (2023) confirmed the viability of a comparable consumption micro-database, proposed a cross-country consumption aggregate, built an LCS-specific harmonisation template, and piloted it across four countries. A key finding: excluding durable flows mattered less than expected, but imputed rent proved critical for cross-country comparability.

Garner et al. (2025) extended the analysis to nine countries spanning low- to high-income contexts (Mali, Laos, Palestine, Peru, Georgia, Italy, France, the United Kingdom, and the United States). It established COICOP 2018 as the LCS's structural backbone, refined the consumption aggregate, documented equivalence-scale sensitivity, and confirmed housing and imputed rent as central to cross-country comparability, reinforcing a flexible design over a single rigid measure.

Both studies are published as LIS Working Papers and are publicly available: [Mancini and Vecchi \(2023\)](#) and [Garner et al. \(2025\)](#), and directly inform the variable list, schema, and harmonisation choices described here.

Expert Workshop, January 2026

A two-day **LCS Expert Workshop** (14–15 January 2026, Belval) brought together scholars and institutional partners, including the OECD and the World Bank, to review the LCS's methodological priorities and research agenda. Its key conclusions are summarised below.

Emerging Consensus

No single aggregate suits every purpose: the LCS provides components so users can build the aggregate that fits their question. Modularity is the guiding principle: a core aggregate plus clearly flagged extensions for imputed rent, durable flows, health and education, and social transfers in kind (STiK), which cannot simply be excluded without biasing welfare-state comparisons. Different research purposes, ranging from poverty analysis, inequality measurement, environmental research, fiscal incidence call for different lenses and different aggregate definitions, so comparability

should be operational rather than doctrinal: respecting national survey practices while documenting differences serves research better than forcing standardisation.

Health and Education

Health and education were the most debated components. Out-of-pocket health and education expenses are excluded from the core LCS well-being measure. Health because it is often an involuntary response to illness with poor cross-country comparability, education for similar reasons tied to differing public provision. Both remain available as separate variables and are included in the COICOP expenditure aggregate. Health insurance contributions are excluded from both, since private and social insurance could not be consistently distinguished across surveys, and are reported instead among non-consumption expenditure.

Durables and Service Flows

Durables expenses are recorded in the COICOP aggregate but excluded from the core LCS well-being measure, since a full inclusion overstates consumption in the purchase year and understates it afterwards. Where national providers can supply service-flow estimates instead, these would feed a separate module and an extended consumption aggregate, though none currently provide this information, so this section remains unpopulated for now. A non-core file on durable goods ownership is nonetheless being built, so this can be modelled as more data become available, and will be released shortly.

Imputed Rent – flow of services from shelter

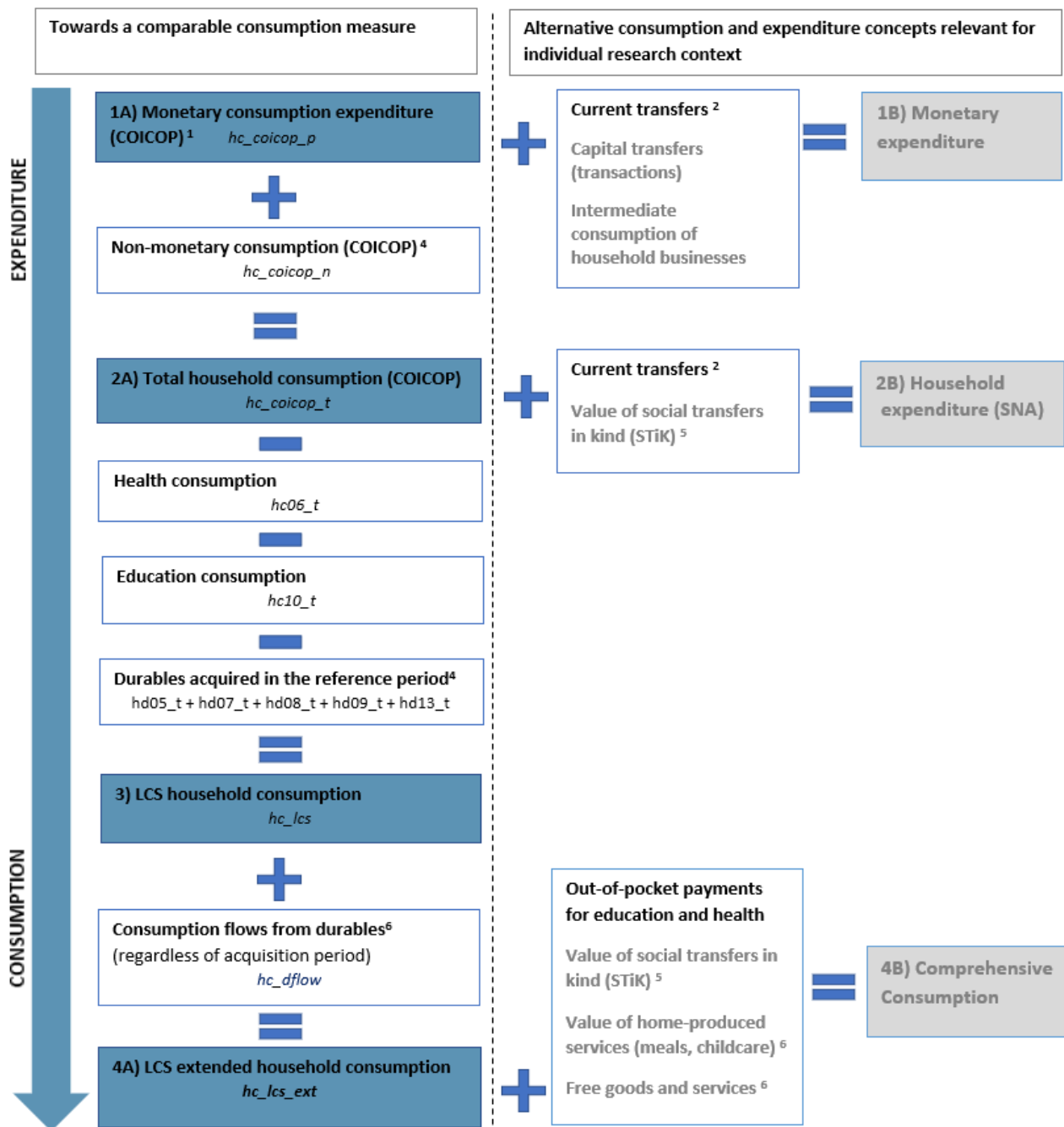
Imputed rent — the flow of housing services from shelter — was flagged as a high-priority investment: its absence, notably in Poland, Switzerland and the United Kingdom, is a major limitation for cross-country comparability, especially between tenure types. It is typically valued through rental-equivalence, whether from self-assessment, hedonic modelling, or administrative valuation, though all these methods depend on a comparable local rental market. Where owner-occupied imputed rent is missing, the LCS does not build the upper-level aggregates that require it.

Deflation

The workshop prioritised temporal deflation for over-time comparisons. LIS has already mapped annual World Bank price indices for this purpose. Further investigations about detailed information for consumption items are underway. Spatial deflation was seen as valuable but more context-dependent, since local price differences can reflect amenities as much as costs.

Figure 1 sets out the resulting conceptual schema: the current state of consumption expenditure measurement and the paths toward a fully comprehensive consumption concept. It is advised to consult the technical LCS documentation for further detail.

Figure 1. The LCS Conceptual Schema



* Components marked in grey fall outside the current LCS operational framework because they rely on modelling and simulation and cannot be constructed consistently from the available microdata.

¹ Monetary consumption expenditure include: purchased goods (including durables) & services, including out-of-pocket expenses for health and education.

² Current transfers include taxes on income and wealth, other direct taxes, and social contributions paid, interhousehold transfers (remittances, alimony payments, child support, etc.), interest payments on loans, net insurance premiums for health insurance, unemployment insurance, and life insurance; donations and contributions to charitable organisations.

³ Non-monetary consumption expenditure include: value of goods & services own produced (including owner equivalent rent), in-kind payments from employers, in-kind benefits from the State, in-kind donations from private institutions, and gifts and in-kind transfers from other households.

⁴ In order to enhance cross-country comparability, the LCS consumption framework excludes out-of-pocket expenditures on education (e.g., tutoring and fees for public and private schooling) and health services. This adjustment effectively normalizes differences in public provision across countries but, in doing so, abstracts from potentially substantial household expenditures that are directly linked to well-being and inequality.

⁵ STiK stands for Social Transfers in Kind, which are "goods and services provided by government and non-profit institutions that benefit individuals but are provided free or at subsidised prices" (Canberra Group Handbook, 2011). The value of STiK, home-produced services (e.g. meals and childcare), and free goods and services is not readily available in the LCS data and requires modelling by researchers.

⁶ A consumption flow from a durable (or its service flow) represents the economic utility or benefit that a consumer derives from using a long-lasting good over the reference period. Modelling the service flow of durables is not feasible for all countries in the LCS Database. The necessary information on durables ownership, purchase prices, and year of acquisition is available only for a subset of countries and, within those countries, only for selected durable items.

4. What the Data Show

Table 1 illustrates the consumption mix across 13 of the 16 beta-release countries. Poland, Switzerland, and the United Kingdom are excluded from this table: imputed rent is an important component of housing consumption, and without a reliable estimate for it, these countries' consumption mix would generally understate housing in the LCS well-being measure. For the remaining 13 countries it is a clean illustration of Engel's law at work: as income rises, the food and non-alcoholic beverages share falls from 65.7% in Mali to 24.6% in Mexico, 17.9% in Spain, and just 11.2% in Luxembourg. Housing moves in the opposite direction, from 11% of the budget in Mali to over 35% across most high-income countries and 42.3% in Luxembourg, becoming the

largest single spending category well before the top of the income range.

Focusing on the time dimension, in Spain, the data reveal a striking generational shift. Single elderly households (65+) were once heavily concentrated at the bottom of the consumption distribution, with 45% in the bottom consumption quintile in 2006 (Figure 2). By 2020, that share had fallen to 16.6%, while their presence in the top quintile roughly tripled, from 7% to nearly 25%. Couple retire households show a similar pattern. Since 2021 the patterns remained stable for all population groups. It is this kind of within-group change over time that a harmonised consumption series, rather than a single cross-section, can capture.

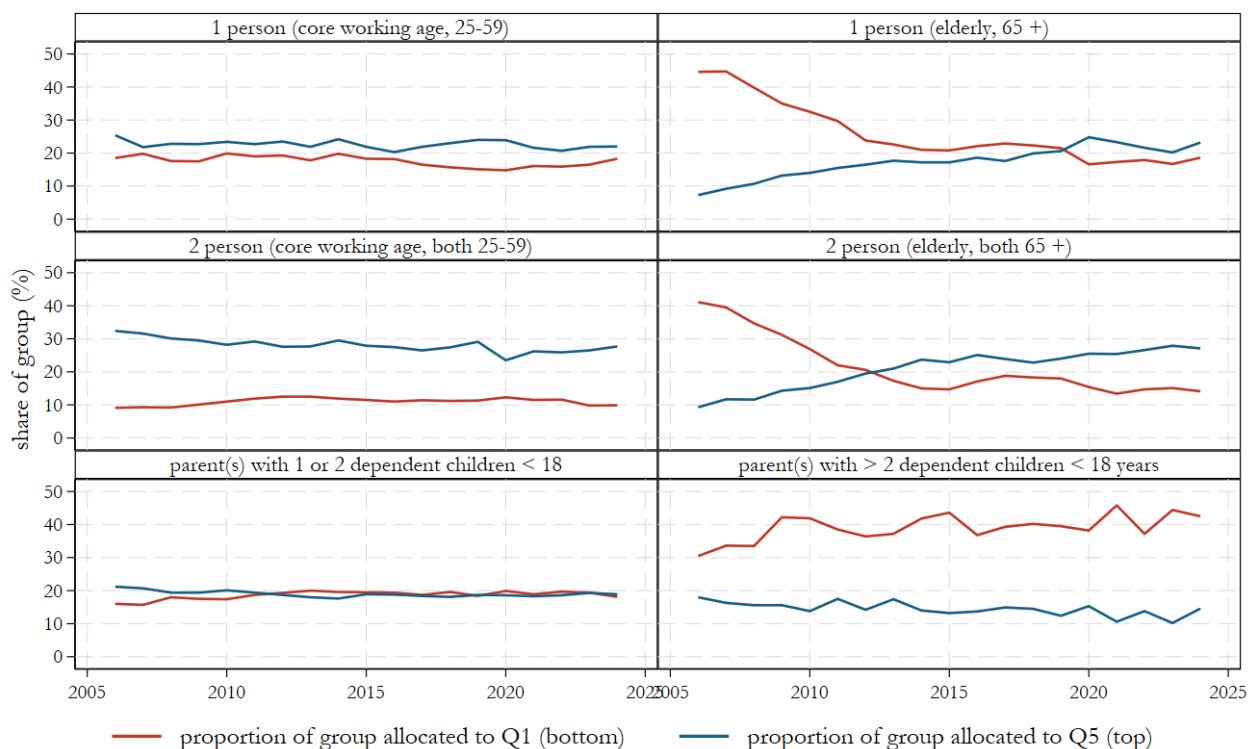
Table 1. Consumption Mix – LCS Well-Being Measure

Category in LCS well-being measure	Mali ml24	Laos la12	Palestine ps23	Philippines ph23	South Africa za23	Mexico mx24	Spain es24	Italy it24	France fr17	Finland fi20	Israel il22	Belgium be24	Luxembourg lu24
LCS food and non-alcoholic beverages	65.7	49.5	35.7	43.8	20.5	24.6	17.9	22.6	17.2	17.2	19.4	15.6	11.2
LCS alcoholic beverages & tobacco	0.4	3.2	5.3	1.9	1.5	0.4	1.5	1.8	2.8	2.2	1.3	1.9	0.7
LCS clothing and footwear	3.1	2.3	5.3	2.2	6.5	4.5	5.0	4.5	5.2	5.3	4.5	4.5	4.7
LCS housing	11.0	21.4	29.2	25.8	38.1	24.2	36.0	37.1	32.3	35.5	35.5	34.0	42.3
LCS household equipment and routine maintenance (excl. D)	1.3	2.1	2.4	2.9	3.6	4.5	2.9	3.0	3.1	2.6	3.9	3.1	2.8
LCS transport (excl. D)	4.7	9.5	11.1	7.9	11.7	11.5	9.2	9.3	9.6	8.9	11.0	7.1	8.5
LCS information and communication (excl. D)	2.1	1.4	1.8	3.1	4.0	4.5	2.9	2.4	3.4	2.9	1.5	3.2	3.1
LCS recreation, sport and culture (excl. D)	0.5	2.0	1.7	1.1	1.5	3.8	5.7	4.5	7.2	8.4	6.7	8.2	5.7
LCS food and beverage serving services	9.9	4.2	0.7	6.6	2.4	15.1	9.9	6.0	6.0	3.9	3.7	7.0	6.2
LCS accommodation services	0.0	0.0	0.1	0.1	0.8	0.1	1.8	0.9	1.3	0.6	3.4	1.5	2.8
LCS insurance	0.0	0.0	2.2	0.1	4.3	0.5	3.1	2.5	4.3	2.8	2.9	4.2	5.9
LCS personal care	0.4	0.7	0.0	4.0	0.4	4.9	3.1	3.4	2.8	1.9	1.9	2.3	3.8
LCS social protection	0.0	0.0	0.0	0.0	0.5	0.1	0.2	0.4	1.3	0.1	1.0	0.7	0.6
LCS miscellaneous non-durables and services n.e.c.	0.9	3.7	4.5	0.4	4.2	1.2	0.8	1.6	3.2	7.7	3.5	6.9	1.7
LCS household consumption	100	100	100	100	100	100	100	100	100	100	100	100	100

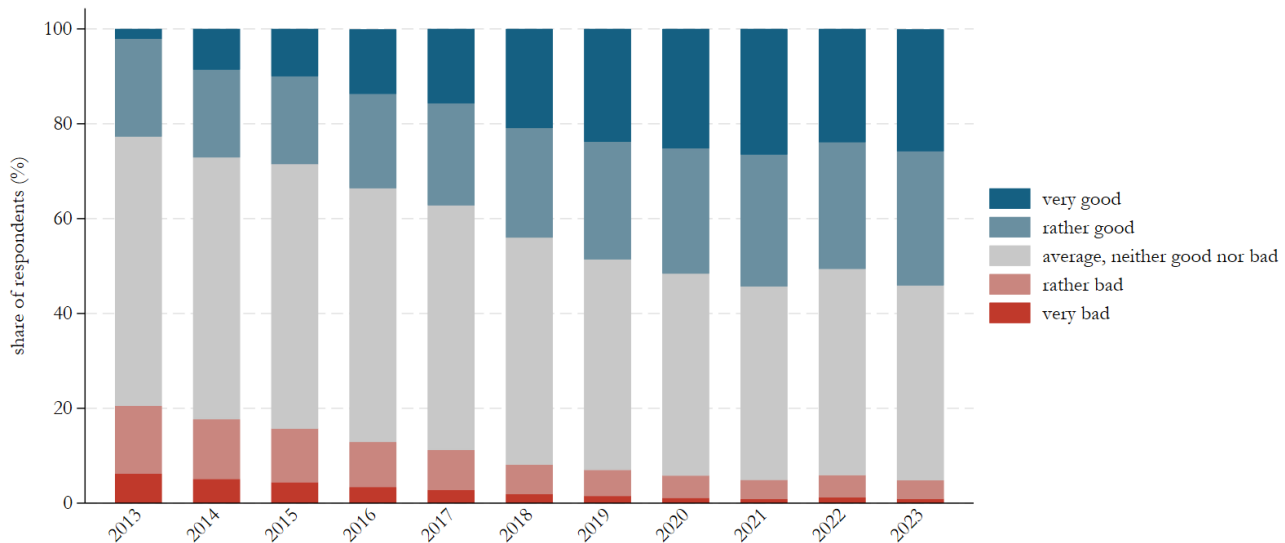
Notes: Countries are ordered by World Bank income classification, from low income (Mali) to high income (Luxembourg). LCS Well-being measure excludes durable expenses and out of pocket expenses for health and education in the reference period.

Source: Luxembourg Consumption Study (LCS) Database.

Figure 2. Household Types Allocated to Bottom and Top Consumption Quintile – Spain



Source: Luxembourg Consumption Study (LCS) Database.

Figure 3. Assessment of Households' Financial Situation – Poland

Source: Luxembourg Consumption Study (LCS) Database.

Another interesting case for over-time trends is identifiable in Poland. Polish household's self-reported financial satisfaction has improved markedly over the period from 2013 to 2023 (Figure 3): the share of households rating their ability to make ends meet as "very good" rose from 2% in 2013 to 26% in 2023, while those rating it "very bad" fell from 6% to under 1%. Alongside the expenditure data, this subjective measure adds a welfare dimension that spending figures alone would not show.

We look forward to your analyses with the LCS data!

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Data News / Data Release Schedule



Ireland (2 new **LWS** dataset) – NEW country added to the **LWS** Database, (**IE13**, and **IE20**).

South Africa (1 new **LIS** dataset, 5 revised) – addition of **ZA23** to the **LIS** Database.

United Kingdom (3 new **LIS** dataset) – three new datasets (**UK22**, **UK23**, and **UK24**) added to the **LIS** Database.

Bulgaria (all **LIS** revised) – The Bulgarian series in the **LIS** Database has been converted to Euro.

New in LISSY: Luxembourg Consumption Study (LCS) – Beta Release

Exciting news — the beta release of the Luxembourg Consumption Study (LCS) is now live on LISSY: 113 micro datasets from 16 countries, immediately available for research use. Documentation is available in METIS, Compare.It and the LCS Technical Documentation.

Data Releases and Revisions – Luxembourg Income Study (LIS)

South Africa

One new dataset from South Africa, ZA23, has been added to the LIS Database. The dataset is based on the Income and Expenditure Survey (IES), carried out by **Statistics South Africa (Stats SA)**, marking a change in source survey for the South African series, which was previously based on the National Income Dynamics Study (NIDS). In addition, the earlier South African datasets based on NIDS have been revised. An multiplication error has been revealed. In ZA15 and ZA15 actual and imputed rent are now multiplied by 12, referring now to annualized amounts. The recoding from *educ_c* to *educlev* has been adjusted for the whole series.

United Kingdom

Three new datasets from the United Kingdom, UK22, UK23, and UK24, have been added to the LIS Database. The datasets are based on the corresponding waves of the Family Resources Survey (FRS), published by the **Department for Work and Pensions (DWP)**, with fieldwork carried out by the Office for National Statistics (ONS), the National Centre for Social Research (NatCen), and the Northern Ireland Statistics and Research Agency (NISRA).

Bulgaria

Following Bulgaria's official adoption of the Euro on 1 January 2026, the entire Bulgarian series in the LIS Database has been converted from Bulgarian Lev (BGN) to Euro (EUR), using the fixed and irrevocable conversion rate of EUR 1 = BGN 1.95583. This revision also updates the purchasing power parity (PPP) conversion factors used for cross-country comparisons involving the Bulgarian data.

Data Releases and Revisions – Luxembourg Wealth Study (LWS)

Ireland

We are delighted to announce that Ireland has been added to the *Luxembourg Wealth Study (LWS) Database*. Two new datasets, IE13 and IE20, are now available. The datasets are based on the 2013 and 2020 waves of the Household Finance and Consumption Survey (HFCS), carried out by Ireland's **Central Statistics Office (CSO)** in cooperation with the **Central Bank of Ireland**, as Ireland's contribution to the European Central Bank's (ECB) Household Finance and Consumption Network (HFCN).

New in LISSY: Luxembourg Consumption Study (LCS) – Beta Release

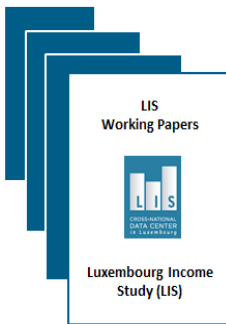
Exciting news — the beta release of the Luxembourg Consumption Study (LCS) is now live on LISSY: 113 micro datasets from 16 countries, immediately available for research use. Documentation is available in METIS, Compare.It and the LCS Technical Documentation.

Please find more information [here](#).

LIS/LWS Data Release Schedule

	Winter 2026	Spring 2027
LIS Database		
Finland	FI89-FI24	
Germany	DE23	
Peru	PE22, PE23, PE24, PE25	
Poland	PL24, PL93-PL03	
Slovenia	SI05-SI24	
Spain		ES23, ES24, ES25
United States	US25	
LWS Database		
Belgium	BE10, BE14, BE17, BE20, BE23	
Ivory Coast		CI18, CI21
Ghana		GH12, GH17

Working Papers & Publications



Focus on **Child Poverty, Labour Markets and Public Policy in Rich Countries**

LIS WP No. 927 by Bruce Bradbury and Markus Jäntti

The authors examine levels and changes across time in the children's economic well-being as well as the drivers of their living standards, in rich countries. Using data from the Luxembourg Income Study Database (LIS), they focus on the worst-off fifth of children, measuring their economic well-being in the latest LIS data as well as over time by the equivalent disposable income of their households, in both relative and absolute terms. Much attention has in recent years has been directed to parental labour force participation – what economists call the extensive margin labour supply – and the role of taxes and transfer in driving that. Bradbury and Jäntti therefore examine the combined roles of labour markets and the public sector through net transfers. Their key policy variables are participation tax rates – the change in household disposable income for a given increase in labour earnings driven by benefit withdrawal and tax increase – and minimum income support in public transfers. Their results show substantial variation across countries in levels of child poverty and the extent to which that level stems from labour markets or public transfers. The author's regression results suggest that neither participation tax rates nor levels of minimum income support appear to matter much for parental labour supply, as market incomes are little affected by either. For overall children's living standards, i.e., their disposable income, levels of minimum income support do matter but participation tax rates do not appear to be important, with the effect of the former operating mainly through net transfers.

LIS working papers series

LIS working papers series - No. 922

Social Protection Puzzle: Reciprocity-based Benefit Complexity in Europe

by Heta Pöyliö

LIS working papers series - No. 923

Is Income Inequality on the Rise Everywhere?

by Facundo Alvaredo, François Bourguignon, Francisco Ferreira, Christoph Lakner, Nora Lustig

Published: LSE International Inequalities Institute, III Working Paper 174, May 2026

LIS working papers series - No. 924

Structural Transformation, Capital-Skill Complementarity, and the Endogenous Fertility Decline

by Liam C. Malloy

LIS working papers series - No. 925

The Value of Time, the Price of Leisure, and the Fertility Decline. Cross-Country Measurement and Evidence

by Liam C. Malloy

LIS working papers series - No. 926

Inequality Among Women: Is There Variety?

by Petra Sauer, Rosa Mulè

LIS working papers series - No. 927

Child Poverty, Labour Markets and Public Policy in Rich Countries?

by Bruce Bradbury, Markus Jäntti

LIS working papers series - No. 928

The Impact of Government Transfers on Labor Supply in Anglo-American Welfare States

by Max Feld

LIS working papers series - No. 929

Social Benefits and Income Inequality: Denmark, Sweden, France, Germany, Greece, Spain, the United Kingdom, and the United States

by Can Verberi

LWS working papers series

LWS working papers series - No. 55

Wealth Inequality Trends Around the World: A First View Leveraging Multiple Data Sources

by Franziska Disslbacher, Salvatore Morelli, Matteo Targa

Published: Stone Center on Socio-Economic Inequality Working Paper Series, No.128 (2026).

https://doi.org/10.31235/osf.io/xrnpj_v1

News, Events and Updates

Cross-Country Tax Function Parameters Dataset: A New Dataset added to the LIS Complementary Database

The Cross-Country Tax Function Parameters Dataset provides country-year estimates of a two-parameter log-linear tax function for countries in the Luxembourg Income Study (LIS). The tax function summarizes the relationship between pre-tax and post-tax household income using a level parameter and a progressivity parameter. The parameters are estimated from harmonized LIS microdata, making them comparable across countries and over time.

The dataset includes estimates based on alternative definitions of pre-tax and post-tax income, as well as separate estimates by family structure. The dataset can be used for cross-country research on taxation, redistribution, and inequality, as well as for the calibration and quantitative analysis of macroeconomic models with heterogeneous households.

The results come from the 2025 **Aldi Award-winning** LIS Working Paper No. 906, **"Income Taxation Across Countries"** by Xincheng Qiu and Nicolò Russo, forthcoming in *The Economic Journal* in 2026.

Users can access the data and its documentation from [here](#).

Upcoming 7th (LIS)²ER Workshop: "Consumption, Financial Security and Well-being" – December 3-4 2026

LIS Cross-National Data Center and LISER are pleased to announce the seventh international scientific workshop under the (LIS)²ER initiative. This year's theme is *"Consumption, Financial Security and Well-being."*

Timed to coincide with the launch of the new Luxembourg Consumption Study (LCS) Database, the workshop brings together new research on socioeconomic inequalities in consumption and financial well-being in Europe and beyond — a topic whose relevance has only grown amid recent geopolitical conflict and the cost-of-living crisis. The workshop will be an interdisciplinary gathering of economists and social policy researchers. The workshop will take place for two days on December 3-4 (Thursday-Friday) 2026 on the Belval Campus in Luxembourg. The program will feature 8-10 invited academic presentations, followed by a roundtable discussion between academics and policy experts.

Organizing Committee: Alessio Fusco (Senior Research Scientist, LISER), Teresa Munzi (LIS), Eugenio Peluso (LISER), Philippe Van Kerm (University of Luxembourg and LIS).

Stay tuned for further details on the programme.

Synopsis of the LIS Summer Workshop 2026

Last June marked the 34th edition of the LIS Introductory Workshop, which has been organised since 1988. Held from 29 June to 3 July 2026 in Esch-Belval, Luxembourg, the five-day workshop brought together 20 participants from universities, research institutions and public organisations across Europe, Asia and the United States.

The programme combined lectures with extensive hands-on training using the LIS and LWS databases, covering income and wealth concepts, data preparation, inequality measurement, panel data analysis, and comparative distributional analysis. Practical sessions were conducted through the LISSY system using both Stata and R, with participants also introduced to the LIS Metadata Information System (METIS).

The 2026 programme welcomed a number of external lecturers. Janet Gornick (Stone Center on Socio-Economic Inequality, CUNY Graduate Center) discussed the use of LIS data for sociological, political and policy research, while Louis Chauvel (University of Luxembourg) led sessions on middle-class dynamics and inequalities across social generations. Eugenio Peluso (LISER) and Vito De Sandi (LISER & University of Luxembourg) introduced participants to the theory and application of multidimensional inequality and deprivation. Daniel Mahler (World Bank) provided a hands-on introduction to accessing and using the World Bank's Poverty and Inequality Data, while Josep Espasa Reig (OECD) presented a practical session on sub-national indicators of income and wealth. In addition to Philippe Van Kerm (LIS Research Director & University of Luxembourg) covered methods for comparing income and wealth distributions across time, population groups and countries, as well as methodological approaches for accounting for distributional differences.

A highlight of this year's programme was the 2026 LIS Summer Lecture, delivered by Prof. Frank Cowell (London School of Economics and Political Science) on *"Demographic Change, Wealth Transmission and Inequality."* The workshop also featured a presentation of the 2025 Aldi Award-winning paper, *"Income Taxation Across Countries,"* by Nicolò Russo (Goethe University Frankfurt).

The programme concluded with participants' group exercises and individual project presentations, bringing an intensive week of learning and exchange to a close.



2026 LIS Summer Lecture: Demographic Change, Wealth Transmission and Inequality

On 29 June 2026, LIS welcomed Prof. Frank Cowell (London School of Economics and Political Science) for its 2026 Summer Lecture, *"Demographic Change, Wealth Transmission and Inequality,"* held in Esch-Belval, Luxembourg.



Drawing on a model of wealth accumulation and inheritance, Prof. Cowell explored how the major demographic transformations of the past two centuries have shaped the distribution of wealth. The lecture offered particularly interesting insights into the contrasting effects of life expectancy and declining fertility on wealth inequality, drawing on evidence from a large-scale real-world demographic experience.

We thank Prof. Cowell and everyone who joined us for this engaging lecture and discussion.

The presentation from the lecture is available [here](#).

LIS Director of Operations Teresa Munzi elected to the IARIW Council

We are pleased to share that Teresa Munzi, LIS's Director of Operations, has been elected to the Council of the International Association for Research in Income and Wealth (IARIW), a leading international association in the field of national accounts and the measurement of income and wealth. The election follows [IARIW's 39th General Conference](#), hosted by the National Bank of Belgium in Brussels, which brought together scholars from nearly 50 countries and saw Shatakshee Dhongde (Georgia Institute of Technology) become the association's new President. Teresa joins a Council that includes Charlotte Bartels, Conchita D'Ambrosio, Marina Gindelsky, Dean Jolliffe, Alicia Rambaldi, Chihiro Shimizu, and Olga Cantó Sánchez, alongside President-Elect Jorrit Zwijnenburg and Executive Director David Johnson.

LIS Team Participation in Conferences/Workshops

- On June 25-26, Jörg Neugschwender contributed to the Expert Group on Disparities in a National Accounts Framework (EG DNA) in Paris, where he gave a presentation on the Luxembourg Consumption Study (LCS) Database and its correspondence to the National Accounts framework.

LIS team participation at the [39th IARIW General Conference](#), Brussels, Belgium, hosted by the National Bank of Belgium, August 24–28, 2026.

- LIS co-organized a themed session directly tied to LCS: “Challenges in Measuring Consumption: Today's Choices and Tomorrow's Outcomes” (Theme 5).
- On August 26, Jörg Neugschwender and Piotr Paradowski presented a poster, [“Integrating Income, Assets, and Debt into Multidimensional Poverty Measures: A Comparative Assessment Using the Luxembourg Wealth Study”](#), co-authored with Heba Omar.
- On August 28, Jörg Neugschwender and Teresa Munzi also presented the paper [“Consumption, Housing Costs, and Disposable Income: Cross-Country Evidence on Poverty Risks Across Tenure Groups”](#), co-authored with Thesia Garner and Maribeth Rucker-Dong (U.S. Bureau of Labor Statistics), with a discussant presentation by Miriam Steurer (University of Graz).
- On September 16, at the 11th Luxembourg Workshop on Household Finance and Consumption, hosted by the Banque Centrale de Luxembourg in Luxembourg, Piotr Paradowski gave a poster presentation - a last-minute addition to the programme - on [“Integrating Income, Assets, and Debt into Multidimensional Poverty Measures: A Comparative Assessment Using the Luxembourg Wealth Study”](#), co-authored with Jörg Neugschwender and Heba Omar.

New Publication: Sample Surveys in Economics and Finance

We are pleased to share the publication of *Sample Surveys in Economics and Finance: A Practical Guide* by Guillaume Osier, published by Chapman & Hall/CRC.

The book provides a practical introduction to survey methodology while also addressing contemporary developments, including microsimulation and artificial intelligence.

The book draws on examples from major surveys in economics and finance, including EU-SILC, HBS, HFCS and SAFE, and includes practical applications of survey data analysis using R. It is intended for students, practitioners, researchers and anyone interested in survey methodology and its applications in economics and finance.

More information about the book is available on the [publisher's website](#).

Stone Center Postdoctoral Positions – Applications Open

The Stone Center on Socio-Economic Inequality at the CUNY Graduate Center is accepting applications for two two-year postdoctoral positions beginning in August 2027:

- Postdoctoral Scholar – Wealth Inequality (Job ID 32383): Research on wealth inequality in the U.S. or other countries, including cross-country comparisons. The scholar will join the international GC Wealth Project, with research areas including wealth distribution and concentration, intergroup wealth disparities, taxation, property and ownership, and wealth inequality and climate policies. [Full description and application.](#)
- Postdoctoral Scholar – Economic Inequality (Job ID 32384): Research on economic inequality, with priority given to work on global inequality, economic inequality in historical perspective, and economic inequality in China. The scholar will have opportunities to collaborate with Professor Branko Milanovic and other Stone Center scholars. [Full description and application.](#)

Applications must be submitted by 2 November 2026.