

EUROMOD

COUNTRY REPORT



SWEDEN (SE)

2009-2013

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EUROMOD is a tax-benefit microsimulation model for the European Union (EU) that enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

EUROMOD has been enlarged to cover 27 Member States and is updated to recent policy systems using data from the European Union Statistics on Income and Living Conditions (EU-SILC) as the input database, supported by DG-EMPL of the European Commission.

This report documents the work done in one annual update for Sweden. This work was carried out by the EUROMOD core developer team, based mainly in ISER at the University of Essex, in collaboration with a national team.

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The results presented in this report are derived using EUROMOD version G.2.0. EUROMOD is continually being improved and the results presented here may not match those that would be obtained with later versions of EUROMOD.

For more information, see: <http://www.iser.essex.ac.uk/research/euromod>

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This programme is managed by the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. It was established to finally support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA-EEA and EU candidate and pre-candidate countries.

PROGRESS mission is to strengthen the EU contribution in support of Member States' commitment. PROGRESS is instrumental in providing analysis and policy advice on PROGRESS policy areas; monitoring and reporting on the implementation of EU legislation and policies in PROGRESS policy areas; promoting policy transfer, learning and support among Member States on EU objectives and priorities; and relaying the views of the stakeholders and society at large

For more information see: <http://ec.europa.eu/progress>

The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.

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1. BASIC INFORMATION

1.1 Basic information about the tax-benefit system

- The tax-benefit system is largely a unified, national system.¹ Income tax is paid to the state, municipalities and county councils. Tax rates for the municipalities and county councils vary.
- The tax system generally changes in January each year. Main benefit changes happen at the same time, but may also be implemented in July. Both taxes and benefits can at rare occasions be changed at any month during the year.
- State pension age is flexible and varies from 61-67 years of age. 65 is the most common pensioning age.
- Minimum school leaving age is 16; dependent children are defined as aged under 16 or under 20 and in full-time upper secondary education.
- The income tax system is an individual system, with the spouses being assessed independently.
- The means-tested benefit system assesses entitlement according to benefit unit income. The benefit unit is the nuclear family - the couple (cohabiting or married) or single adult plus any dependent children.
- Social contributions and state benefits and pensions are usually assessed and delivered on a monthly basis. Amounts are referred to in monthly terms. The exception is income tax, where liability is based on annual income and allowances and thresholds are referred to in annual terms. Incomes related to means-tested systems are often defined in annual terms.
- Income tax withholdings are collected on a cumulative basis, i.e., the system tries to ensure withholding the exact amount due in the financial year. Most people however have to fill in an income tax return, which however can be very simple when the amounts are known by the tax authority. Wages and interests are normally pre-printed on the income tax return.

1.2 Social Benefits

1.2.1 Simulated Social Benefits.

Child benefit (Barnbidrag) is received for each child until 16 years. Child 2, 3, etc gets extra benefit. If the child is in primary school, the child benefit is prolonged. If the child is in secondary school, he/she can get financial help during 10 months/ a year until 20 years of age with the same amount as the child benefit. The benefit is not taxable

Housing allowance (Bostadsbidrag) can be given to families with children and to single and married/cohabiting families where all family members are 18-29 years old without children. The maximum allowance depends on the number of children and the housing cost (within certain limits). If the size of the dwelling exceeds a certain area, the accepted housing cost is proportionally reduced to match the maximum accepted area

Housing allowance for pensioners (Bostadstillägg , BT) can be given to old age pensioners and persons with disability pension. It is considered to be a part of the pension system. From the

¹ The way it operates in practice may vary across regions and by other characteristics.

age of 65 you can get age allowance and for younger persons you can get disability allowance. The benefit is not taxable.

Social assistance (Ekonomiskt bistånd) is the ultimate and last part of the social safety net. It can be paid out if the family has temporary financial problems, or if the disposable income/month is too low. Two important conditions to get social assistance are that the family doesn't have any wealth and is willing to take a job if this is offered. The income limits for getting the benefit are based on the normative costs for a basket of commodities needed to get a reasonable standard of living. The income limits depend on the age of children, single or cohabitant couple, and the number of individuals in the family. Housing costs, and costs for health, dentist, furniture, local commuting, insurance and child care costs are not included in the normative costs. Actual costs are used instead. The benefit is not taxable.

Maintenance support for elderly (Äldreförsörjningsstöd) can be given to old individuals (≥ 65 years) if their disposable income is below the limits for reasonable level of living. Normative rules are used for calculating the income. This benefit is valid for e.g. immigrants who don't have earned Swedish pension rights. The benefit is not taxable. The rules are quite similar to Social assistance and hence the Maintenance support will be simulated as part of the Social assistance.

Unemployment insurance benefit (Arbetslöshetsförsäkring) consists of a mandatory part (basic insurance) and a voluntary income related insurance. Membership of an unemployment insurance fund is voluntary. However, eligibility for unemployment insurance benefits requires membership for 12 months prior to the first day of unemployment. If a person is not a member of unemployment insurance fund the daily allowance is 223 SEK (2009-2013).

1.2.2 Non simulated social benefits

Sickness benefit (Sjukpenning) Sickness insurance provides compensation in the event of sickness that reduces work capacity by at least one-quarter. Sickness benefit is payable for a maximum of one year unless the person on sick leave is suffering from a very serious illness. Sickness benefit is based on the sickness benefit qualifying annual income (SGI). In principle the income is supposed to correspond to the annual income before tax, non-monetary taxable benefits should not be included. The SGI is determined by the Social Insurance Agency. Sick pay is paid by the employer for the first 14 days period and thereafter the Social Insurance Agency pays sickness benefit. No compensation is paid on the first day (the qualifying day). If an individual is unemployed the maximum benefit is the same as the unemployment insurance. The benefit is taxable.

Parental leave insurance (Föräldraförsäkringen) consists of parental leave at birth, temporary parental leave at sickness, maternity allowance, and special days for the father.

Parental leave at birth is the biggest part of the parental leave insurance and which all parents are eligible to. The days can be used from 60 days before the expected birth until the day when the child is 8 years old, or has passed the first year at school. Both parents have the right to half of the days, but can give up all days except 60 to the other parent. It is possible to get the benefit full time or part time. The benefit is taxable. If the parents get twins, 90 extra days are paid out according to the 80 per cent rule and 90 days according to the basic level.

Temporary parental leave at sickness. For children under the age of 12 (and in certain cases under 16) temporary parental leave at sickness can be paid. The benefit can be paid for 60 (+ 60 additional days) working days per year, when a parent needs to stay away from work. Parents of a seriously sick child can get an unlimited number of days until the age of 18. It is possible to get the benefit full time or part time. The benefit is taxable.

Maternity allowance. If the work conditions make it impossible to work, a pregnant woman can apply for maternity allowance during maximum 50 days. The benefit rules are the same as for the sickness benefit. The benefit is taxable.

Special days for the father. The father has the right to temporary parental benefit for 10 days when the baby is born or adopted. The days have to be used within 60 days after the child's arrival at home. The benefit rules are the same as for the temporary parental leave at sickness.

Special housing allowance for pensioners (SBT, Särskilt Bostadstillägg) can be paid out if the disposable income is low and the housing cost is high. The amounts vary with age, disability and marital status (single/married). The benefit is not taxable.

Old age pension (Ålderspensionen). The mandatory parts of the age-pension are under the process of changing from the old system (born 1937 or earlier) to the new system which started in 2003. Pensioners born in 1938 or later are gradually subject to a new system. From age class 1954 the new system is fully implemented. For age classes 1938-1953 the benefits are partly from the old system and partly from the new system. If born in 1953, 1/20 comes from the old system and if born in 1938 16/20 comes from the old system.

The old system consists of a supplementary pension and a guarantee pension. The supplementary pension is based on the average of the 15 years with the highest work income. Only incomes up to 7.5 income base amounts/year (7.5*50,900 SEK in 2009) are included. The supplementary pension is indexed with the average salary minus 1.6 percentage points.

If the supplementary pension is low, guarantee pension can be achieved. For a single pensioner the maximum guarantee is 2.1814 price basic amounts/year and is reduced with increased supplementary pension. For a married pensioner the maximum is 1.9334 price basic amounts.

In the new system income related pension can be earned during the whole lifetime. 18.5% of the earnings finance the earned pension rights (up to 7.5 income base amounts). 16% are going to public funds, which you cannot handle yourself. 2.5% goes to private funds, where you can decide how it should be composed. Over time the pension funds rise with the average wage in the whole economy. The earliest pensionable age is 61 years, but there is no last pension age, even if traditionally many retire at the age of 65. You also have legal right to work to the month of your 67th birthday. At the age for retirement the pension is determined by the total pension rights divided with the expected number of remaining years to live. After retirement the pension is indexed with the average salary minus 1.6 percentage points.

If the related income is too low, guarantee pension can be achieved from the age of 65. The maximum value is 2.13 price base amounts for unmarried and 1.90 for married people.

Both in the old and new system, not only earnings but also insurance benefits like sickness, unemployment and parental leave benefits give pension rights.

In the new system you also get pension rights when studying, doing military (duty) service or taking care of small children (up to 4 years of age).

In addition to the mandatory pension most employees have occupational pensions, with different rules for different sectors of the labour market. Typically the employers pay a fee between about 3,5% and 4.5% of the salary. For all contracting parties, except private and cooperative workers, the employers also give an extra compensation for income shares above the income ceiling for the mandatory pensions.

All pensions are taxable. It is possible to retire full-time or part-time.

Disability pension (Sjukersättning/aktivitetsersättning). If disabled or so sick or so injured, that you cannot work any longer, you can get disability pension in the form of *sjukersättning* (if aged 30-64) or *aktivitetsersättning* (if aged 19- 29). The benefit is taxable.

Disability pension (Sjukersättning (aged 30-64)). The benefit can be income related or a guarantee benefit. The income related benefit is based on an expected income up to a certain level, as if the ability to work had not decreased. The assumed forecasted income is based on the average of the 3 highest annual incomes within a number of years before the person became sick. The number of years depends on the age of the person.

Disability pension (Aktivitetsersättning (aged 19-29 years)). They can only get time-limited benefit. The assumed income can be based on the 2 highest annual incomes if that gives a higher assumed income.

Not strictly benefits

Maintenance support (Underhållsstöd). When a child lives with only one parent, the other parent must pay child support (underhållsbidrag). If child support is not received, the child may be entitled to maintenance support. This is a benefit for children whose parents do not live together. Maintenance support is at most SEK 1 273 per child and month, and is paid to the parent with whom the child lives

Childcare allowance (Vårdbidrag) Parents taking care of a sick child or a child with a disability can obtain childcare allowance. The child must need special supervision and care for at least six months. The childcare allowance can also be obtained by families having large additional expenses due to the child's disability or illness. The childcare allowance can be obtained from the time of the child's birth until the month of June in the year the child attains the age of 19.

Student aid (studiemedel) Students attending a college or university can apply for student aid. Student aid includes both grants and loans. The student can chose between applying only for the grant or applying for both grant and loan. The loan has to be paid back during a number of years after the studies are finished. The amount of student aid received depends on the number of weeks of studying and if full-time or part-time studies.

1.3 Social contributions

Social contributions refer to health insurance, parental insurance, occupational injuries, old age pension, survivors pension, labour market, general wage fee and a special wage tax (for persons older than 65 years).

Employees pay a general social security contribution, around 7.0 % of the gross salary.

The employer pays social contributions as a proportion of the gross salary. Mostly they are treated together, summing up at almost 33%.

Farmers and self-employed also pay social contributions but as proportion of the net income. The special wage tax is paid for employees aged 66 or older. The other fees are paid for employees aged 65 or less.

1.4 Taxes

The Swedish system for direct taxes includes income taxes, capital tax and tax on real estate. The sum of taxes cannot be negative.

Indirect taxes. The VAT is 25 % as the normal level and for some goods i.e. food it is 12 % and there is also some goods i.e. books and newspapers with 6 %.

There are taxes on alcohol and tobacco, on traffic and number of energy related taxes.

14.1 Simulated taxes

Income tax (Inkomstskatt) is assessed individually. Earnings, insurance benefits like sickness benefit, pensions etc. are included in the tax base. Costs for work to a limited amount and private premiums to a limited amount for retirement are deducted from the tax base. The result is called assessed income. From the assessed income the basic allowance is deducted according to a rather complex formula. The result is called taxable income, on which the tax schedule is applied. All amounts are expressed in annual terms.

The national income tax is only paid on taxable incomes above a certain amount and there are two tax rates Local taxes are assessed at Municipality and County level. All municipalities (about 300) and county councils (about 25) have taxation rights. The tax is proportional to the taxable income.

Everybody pays a funeral fee which is used for the care of cemeteries and premises for funeral ceremonies. It is not connected to individual's funerals.

Capital tax (Kapitalskatt) is a national individual tax. The tax base consists of capital income and is separate from the national income tax. The general tax rate is 30%, but special rules in specific parts lead to different (lower) tax rates than the general one. If the taxable income is negative this leads to tax reduction on the final tax (sum of local tax and national tax). It is especially common for loans on owned houses.

The tax base consists of interests, cost of interest, interests on bonds, shares, funds etc, capital gains and capital losses on shares, funds, real estate.

1.4.2 Non simulated taxes

Tax on real estate. As from 2008 government property tax on dwellings was abolished and replaced by a municipal property charge. Tax on real estate is included in the SILC data (EUROMOD variable: tpr).

2. SIMULATION OF TAXES AND BENEFITS IN EUROMOD

2.1 Scope of simulation

Table 2.1 and Table 2.2 show respectively the benefits and taxes and contributions which are included (i.e. not simulated but included using the value recorded in the survey) or simulated in EUROMOD.

Table 2.1 Simulation of benefits in EUROMOD

	Variable name(s)	Treatment in EUROMOD					Why not fully simulated?
		2009	2010	2011	2012	2013	
Unemployment benefit	bun	I	I	I	I	I	Lack of info in input data. Simulation of Unemployment benefit is included in order to calculate replacement rates, under assumptions
Parents' allowance	bpl	I	I	I	I	I	Lack of info in input data.
Sickness benefit	bhl	I	I	I	I	I	
Education related allowance	bed	I	I	I	I	I	
Disability benefits	pdi	I	I	I	I	I	
Old age pensions	poa	I	I	I	I	I	
Survivors pensions	psu	I	I	I	I	I	
Child benefit	bch_s	S	S	S	S	S	
Housing allowance	bho_s	S	S	S	S	S	
Housing allowance for pensioners	bhope_s	S	S	S	S	S	
Social Assistance	bsa_s	S	S	S	S	S	

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

Table 2.2 Simulation of taxes and social contributions in EUROMOD

	Variable name(s)	Treatment in EUROMOD					Why not fully simulated?
		2009	2010	2011	2012	2013	
Employee social contributions	tscee_s	S	S	S	S	S	Lack of info in input data. This includes repayment of student loan
Employer social contributions	ils_sicer	S	S	S	S	S	
Self-employed social contributions	ils_sicse	S	S	S	S	S	
Personal income tax	tin_s	S	S	S	S	S	
Tax on capital income	tinkt_s	S	S	S	S	S	
Tax on real estate	tpr	I	I	I	I	I	

Notes: “-” policy did not exist in that year; “E” policy is *excluded* from the model’s scope as it is neither included in the microdata nor simulated; “PS” policy is *partially simulated* as some of its relevant rules are not simulated; “S” policy is *simulated* although some minor or very specific rules may not be simulated

Structural changes

There were no structural changes in the tax benefit system between 2009 and 2013. There are only parameter changes.

2.2 Order of simulation and interdependencies

Social contributions are simulated first, in order to allow the employee social insurance contributions to be subtracted from the income tax. Then, the income tax is simulated in all its components followed by the tax on capital income. The simulation of the non-taxable benefits follow: child benefit, housing allowance and housing allowance for pensioners. The social assistance is the last benefit simulated because it includes all previous simulated benefits and taxes in its means.

Table 2.3 EUROMOD Spine: order of simulation

Policy	SE_2009	SE_2010	SE_2011	SE_2012	SE_2013	Comment
uprate_se	on	on	on	on	on	DEF: UPDATING FACTORS
ConstDef_se	on	on	on	on	on	DEF: CONSTANTS
ildef_se	on	on	on	on	on	DEF: INCOME CONCEPTS
tundef_se	on	on	on	on	on	DEF: ASSESSMENT UNITS
yem_se	off	off	off	off	off	DEF: minimum wage
neg_se	on	on	on	on	on	DEF: recode negative self-employment income to zero
tscee_se	on	on	on	on	on	SIC: Employee Social Insurance contribution
tscer_se	on	on	on	on	on	SIC: Employer Social Insurance contribution
tscse_se	on	on	on	on	on	SIC: Self-employed Social Insurance contribution
tin_se	on	on	on	on	on	TAX: Personal Income tax
tinkt_se	on	on	on	on	on	TAX: Tax on Capital Income
bch_se	on	on	on	on	on	BEN: Child benefit
bho_se	on	on	on	on	on	BEN: Housing allowance
bhope_se	on	on	on	on	on	BEN: Housing allowance for pensioners
bsa_se	on	on	on	on	on	BEN: Social Assistance
output_std_se	on	on	on	on	on	DEF: STANDARD OUTPUT INDIVIDUAL LEVEL
output_std_hh_se	off	off	off	off	off	DEF: STANDARD OUTPUT HOUSEHOLD LEVEL

In the simulation of the tax benefit system, the price base amount is used repeatedly and in one case also the income base amount. They are defined as “constants” in the policy sheet ConstDef. The price base amount (XBASM) is an amount established by the government for one year at a time and is adjusted annually. It is used for calculations of pensions, sickness benefit and allowances for example. The income base amount (XBASMI) is linked to the “income index” and was introduced in connection with the pension reform. The income index measures the average income change in Sweden.

Table 2.3.1 Annual Base amounts

	2009	2010	2011	2012	2013
XBASM	42,800	42,400	42,800	44,000	44,500
BASMI	50,900	51,100	52,100	54,600	56,600

Notes. XBASM: price base amount. XBASMI: income base amount

2.3 Social benefits

2.3.1 Unemployment insurance benefit

- *Definitions*

Unemployment insurance benefit consists of a mandatory part (*basic insurance*) and a *voluntary income related insurance*. Membership to an unemployment insurance fund is voluntary. The daily allowance, paid five days a week, is based on the income received the 12 months before the unemployment (the amount received is equal to the basic amount or 80% of previous income with a maximum limit).

- *Eligibility conditions*

Eligibility for unemployment insurance benefits requires membership to an unemployment insurance fund for 12 months prior to the first day of unemployment. In the recent past, most of the Swedes were members of an unemployment insurance fund (in the simulation, we will assume that such an eligibility condition is satisfied).

If a person is not a member of unemployment insurance fund, instead of the basic amount she receives a daily allowance (5 days per week) equal to 223 SEK (2009-2013).

It is possible to get the benefit full-time or part-time. No compensation is paid in the first seven days (the qualifying days). The benefit is taxable.

- *Income test*

The daily allowance, paid five days a week, is based on the income received the 12 months before unemployment (the amount received is equal to the basic amount or 80% of previous income with a maximum limit).

- *Benefit amount*

The benefit is calculated according to the rules in the table below.

Table 2.4.1 Unemployment benefits 2009-2013

Days	Basic amount SEK/day	Compensation (as a share of previous income)	Upper limit SEK/day
Year 2009-2013 (parent with child)			
1-200	320	0.8	680
201-450	320	0.7	680
450-	320	0.65	680
Year 2009-2013			
1-200	320	0.8	680
201-300	320	0.7	680
301-	320	0.65	680

EUROMOD notes

Unemployment insurance benefit is currently not simulated in EUROMOD but it will be implemented in the future.

2.3.2 Child benefit(bch_s)

- ***Definitions***

The child benefit is a universal benefit received by parents having children in the age 0-15 years or until 18 years if in upper secondary school.

- ***Eligibility conditions***

If having children aged 0-15 years or until 18 years if in upper secondary school the family receives this benefit.

The assessment unit is the nuclear family (tu_bch_se), including cohabiting partners and children aged below 16 years or until 18 years if in upper secondary school.

Children, who are themselves parents, count as children as well.

- ***Income test***

Not applicable.

- ***Benefit amount***

Child benefit's basic amount is for each child until 16 years of age. From the second child on, there is an extra benefit in addition to the basic amount. If the child is student in a lower secondary school (dec =3), the child benefit is prolonged until he completes the primary school. The child benefit is received 12 months a year.

Children aged 16-20 years and studying in upper secondary school (dec= 4) receive the basic amount of the child benefit (i.e. study allowance) 10 months a year. The extra amount is paid 12 months per year.

The benefit is not taxable.

Table 2.4.2 Child benefit monthly amounts – 2009-2013

Child number	Basic amount		Extra amount	
	2009-2012	2009	2010-2013	
1	1,050	0	0	
2	1,050	100	150	
3	1,050	354	454	
4	1,050	860	1010	
5	1,050	1,050	1,250	
Next child	1,050	1,050	1,250	

- *Allocation of the benefit within the family*

The benefit (basic and extra amount) for children until 18 years is paid to the mother if present in the family otherwise to the person the child lives with. The basic amount for children older than 18 years is paid directly to the children. The extra amount (12 months per year) is always received by the parent.

2.3.3 Housing allowance (bho_s)

- *Definitions*

The unit of assessment is the family.

- *Eligibility conditions*

Housing allowance can be given to families (tu_bho_se) with children (up to 18 years old, or aged under 20 and receiving the basic amount of child benefit (dec = 4)) and to single and married/cohabiting couples without children where at least one family member is 18-29 years old. The maximum allowance depends on the number of children and the housing cost (within certain limits). If the size of the dwelling exceeds a certain area in m², the accepted housing cost is proportionally reduced to a minimum value.

In multi-family households, the housing allowance is given only to the main family unit (responsible for the house, i.e. xhc >0).

Housing allowance below 100 SEK/month is not paid out. The benefit is not taxable

- *Income test*

For annual incomes above 58,500 SEK for each parent or 117,000 SEK for lone parents the allowance is reduced by 20%. For a lone youngster the allowance is reduced by 33% for annual incomes above 41,000 SEK and for young couples without children, the reduction is 33% above 58,000 SEK.

The wealth of the family (property excluded) exceeding 100,000 SEK is added to the income by 15 % (afc00_s).

For calculating the housing allowance the following individual income concept for each adult in the family is considered:

Income (il_means_bho) = (Employment income (yem) + fringe benefits (kfb) + Private pensions (ypp) + Unemployment benefits (bun) + Old age pension (poa) + Survivor' pension

(psu) + Sickness benefit (bhl) + Disability benefit (pdi) + property income (ypr) + investment income (yiy) + self-employment income (yse) + maintenance payments received (ypt) + 34% of education allowances (bed) + parents' allowance (bpl) + 15% of wealth (afc00_s, divided by two if there are two partners)

Losses due to self-employment are set to 0.

EUROMOD notes

For housing cost the variable xhc is used, which is a proxy of the housing cost considered in the assessment of the allowance.

In the system there are limitations on size in m² for the flat; those limitations cannot be simulated.

- ***Benefit amount***

Families with children:

The housing allowance is calculated as the sum of a *special component* for families with children and a *rent component*:

- The special component for families with children (sin01_s) is given in the table below
- The rent component (sin02_s) is calculated as follows:

$$\text{Rent component} = (\min(\text{xhc}, \text{upper level}) - \text{lower level}) * 0.5$$

according to the lower and upper values reported in the following table:

Housing allowance parameters – Families with children – 2009-2011

Number of children	Rent component		Special component
	Lower level SEK/month	Upper level SEK/month	SEK/month
1	2,000	5,300	950
2	2,000	5,900	1,325
3 and more	2,000	6,600	1,750

Housing allowance parameters – Families with children – 2012- 2013

Number of children	Rent component		Special component
	Lower level SEK/month	Upper level SEK/month	SEK/month
1	1,400	5,300	1,300
2	1,400	5,900	1,750
3 and more	1,400	6,600	2,350

Reduction of the housing allowance

The housing allowance is then reduced following the same rules between 2009 and 2013, which vary according to the typology of the recipient:

- Married or cohabiting partner (the following applies to each partner separately, yearly amounts – sin05_s):

$$\text{Final Housing allowance} = \text{Housing allowance} - 0.20(\max((\text{il_means_bho} - 58,500), 0))$$

- Lone parents (yearly incomes, sin06_s):

$$\text{Final Housing allowance} = \text{Housing allowance} - 0.20(\max((\text{il_means_bho} - 117,000))$$

Young families below the age of 29 without children

The rent component (sin07_s) is calculated as reported in the following table:

Housing allowance parameters – Young families – 2009-2011

Housing cost (xhc) SEK / month	Rent component
< 1,800	0
1,800 – 2,600	$(\text{xhc} - 1,800) * 0.75$
2,600 – 3,600	$(2,600 - 1,800) * 0.75 + (3,600 - \text{xhc}) * 0.5$
$\geq 3,600$	$(2,600 - 1,800) * 0.75 + (3,600 - 2,600) * 0.5$

Housing allowance parameters – Young families – 2012- 2013

Housing cost (xhc) SEK / month	Rent component
< 1,800	0
1,800 – 2,600	$(\text{xhc} - 1,800) * 0.90$
2,600 – 3,600	$(2,600 - 1,800) * 0.90 + (3,600 - \text{xhc}) * 0.65$
$\geq 3,600$	$(2,600 - 1,800) * 0.90 + (3,600 - 2,600) * 0.65$

The housing allowance is then reduced according to the typology of the recipient:

-singles (yearly incomes, sin08_s):

$$\text{Final Housing allowance} = \text{Housing allowance} - 0.33(\max((\text{il_means_bho} - 41,000), 0))$$

-married or cohabiting (the following applies to each partner separately, yearly amount, sin12_s):

$$\text{Final Housing allowance} = \text{Housing allowance} - 0.33(\max((\text{il_means_bho} - 58,000), 0))$$

2.3.4 Housing allowance for pensioners (bhope_s)

- *Definitions*

The unit of analysis is the nuclear family (tu_bho_se), including the cohabiting partners and children up to 18 years old, or aged under 20 and receiving the basic amount of child benefit (dec =4). In multi-family households, the housing allowance is given only to the family who is responsible for the house (xhc > 0).

- *Eligibility conditions*

Housing allowance for pensioners can be given to age pensioners or disable pensioners. It is considered to be part of the pension system.

Families with persons older than 65 years or families with persons receiving disability pension (pdi) can receive this allowance (age allowance and disability allowance).

Housing allowance for pensioners below 25 SEK/month is not paid out. The benefit is not taxable.

- *Income test*

The allowance is diminished with the income over certain income limits, which are dependent of the recipients being married or not. Labour income is weighted less than pension income. 15% of the wealth (afc) of the family (divided by two if there are two partners) over 100,000 SEK for single and 200,000 SEK for cohabiting partner is considered as income.

For calculating the housing allowance for pensioners the following individual income concept (“reserved amount”) for each elderly or disabled adult (if a child is living with his parents only the parents can receive the allowance) in the family is calculated for all years 2009-2013 and deducted from the means:

Housing allowance for pensioners – Reserved amount – 2009-2013

Condition	Reserved amount (ydg01_s)
pdi > 0 and age <= 20	2.1*XBASM
pdi > 0 and 20 < age <= 22	2.15*XBASM
pdi > 0 and 22 < age <= 24	2.2*XBASM
pdi > 0 and 24 < age <= 26	2.25*XBASM
pdi > 0 and 26 < age <= 28	2.3*XBASM
pdi > 0 and 28 < age <= 29	2.35*XBASM
pdi > 0 and age >= 30	2.4*XBASM
Single, age > 65 and pdi = 0	2.17*XBASM
Married or cohabiting, age > 65 and pdi=0	1.935*XBASM

For 2009 - 2013:

Income (il_means_bhope) = Old age pension (poa) + Disability benefit (pdi) + investment income (yiy) + 0.8*(Private pensions (ypp) + fringe benefits (kfb) + Unemployment benefits

(bun) + Sickness benefit (bhl) + Survivor' pension (psu)) + property income (ypr) + 0.5 * (Employment income (yem) + parents' allowance (bpl) + self-employment income (yse))+ 0.15*wealth (afc00_s, divided by two if there are two partners) – reserved amount (ydg01_s).

This Income is calculated independently for the male and female partner in the family. If married or cohabiting then $\text{Income (sin02_s)} = (\text{Income_male} + \text{Income_female})/2$

- **Benefit amount**

The maximum housing allowance (sin01_s) is calculated as follows per each entitled individual:
For 2009

- persons younger than 66 years and receiving disability pensions: $0.91 * \min((xhc-bho_s), \text{upper level})$
- persons older than 65 years: $0.93 * \min((xhc-bho_s), \text{upper level})$

For 2010-2011

- persons younger than 66 years and receiving disability pensions: $0.93 * \min((xhc-bho_s), \text{upper level})$
- persons older than 65 years: $0.93 * \min((xhc-bho_s), \text{upper level})$

For 2012

- persons younger than 66 years and receiving disability pensions: $0.93 * \min((xhc-bho_s), \text{upper level})$
- persons older than 65 years: $0.93 * \min((xhc-bho_s), \text{upper level}) + 12 * 170$

For 2013-

- persons younger than 66 years and receiving disability pensions: $0.93 * \min((xhc-bho_s), \text{upper level})$
- persons older than 65 years and married: $0.93 * \min((xhc-bho_s), \text{upper level}) + 12 * 170$
- persons older than 65 years and single: $0.93 * \min((xhc-bho_s), \text{upper level}) + 12 * 340$

Housing costs and Housing allowance are always considered at family level. If it is a cohabiting couple then the maximum allowance is divided by 2 (even in case only one partner is entitled to the allowance because each partner is expected to pay his part of the housing cost).

The upper levels of housing costs are reported in the following table:

Housing allowance for pensioners – Housing costs limits – 2009-2013

Year	Upper level housing cost Disability pens. SEK/month	Per cent benefit Disability pens.	Upper level housing cost Age pensioners SEK/month	Per cent benefit Age pensioners
2009	4,500	91	5,000	93
2010	5,000	93	5,000	93
2011	5,000	93	5,000	93
2012	5,000	93	5,000	93
2013	5,000	93	5,000	93

The housing allowance for pensioners is then calculated for all persons in the family who are entitled (older than 65 or receiving disability benefit) according to the following rules:

Housing allowance for pensioners – Amounts – 2009-2013

Condition	Amount
per capita income (sin02_s) < XBASM	$\max((\text{Indiv. maximum allowance} - (\text{sin02_s} * 0.62)), 0)$
per capita income (sin02_s) >= XBASM	$\max((\text{Indiv. maximum allowance} - (\text{XBASM} * 0.62) - ((\text{sin02_s} - \text{XBASM}) * 0.5)), 0)$

* The maximum housing allowance is calculated at individual level (sin01_s).

The total housing allowance for pensioners is given by the sum received by both partners (if entitled).

2.3.5 Social assistance(bsa_s)

- Definitions*

The unit of analysis is the nuclear family (tu_bho_se), including the cohabiting partners and children up to 18 years old, or aged under 20 and receiving the basic amount of child benefit (dec =4). In multi-family households, the social assistance is given to the family who is responsible for the housing cost.

- Eligibility conditions*

Social assistance is the ultimate and last part of the social safety net. It can be paid out if the family has temporary financial problems, or if the disposable income/month is too low. Two important conditions to get social assistance are that the family doesn't have any wealth (afc= 0) and is willing to take a job if offered. The income limits for getting the benefit are based on the normative costs for a basket of commodities needed to get a reasonable standard of living. The income limits depend on the age of children, single or cohabitant couple, and the number of individuals in the family. Housing costs, and costs for health, dentist, furniture, local commuting, insurance and child care costs are not included in the normative costs. Actual costs (xhc) are used instead. Income losses for self-employment income are not considered (i.e. set to 0). The benefit is not taxable.

- Income test*

The family's needs are calculated as common needs plus personal needs depending of the age of the children and if the head of the family is single or not.

For example, a married couple with 2 children aged 4 and 8 years old have the following needs in 2012:

$$1,710 (\text{Child age 4}) + 2,390 (\text{child age 8}) + 5,270 (\text{Married couple}) + 1,480 (\text{family size}=4)$$

The family's consumption needs are calculated according to the rules reported in the following tables:

Personal needs – Monthly amounts (SEK) – 2009-2013

Year \ Age	0	1-2	3	4-6	7-10	11-14	15-18	Single	Married/ cohabiting
2009	1,520	1,710	1,370	1,640	2,100	2,410	2,710	2,800	5,060
2010	1,520	1,710	1,370	1,640	2,100	2,410	2,710	2,800	5,060
2011	1,540	1,730	1,390	1,660	2,130	2,440	2,740	2,830	5,120
2012	1,590	1,780	1,530	1,710	2,390	2,810	3,220	2,920	5,270
2013	1,610	1,800	1,550	1,730	2,410	2,840	3,250	2,950	5,320

Common needs – Monthly amounts (SEK) – 2009-2013

Number of family members	1	2	3	4	5	6	7+
2009	880	990	1,240	1,420	1,620	1,850	2,020
2010	880	990	1,240	1,420	1,620	1,850	2,020
2011	890	1,000	1,260	1,440	1,640	1,870	2,040
2012	920	1,030	1,300	1,480	1,690	1,930	2,100
2013	930	1,040	1,310	1,490	1,710	1,950	2,120

- **Benefit amount**

Final amount of social assistance is given by the following formula:

Personal needs + Common needs + housing cost (xhc) – net income (il_means_bsa)

2.4 Social contributions

2.4.1 Employee social contributions(tscee_s)

- **Liability to contributions**

All individuals residents in Sweden and born after 1937 with employment income (yem), fringe benefits (kfb), sickness benefit (bhl) or unemployment benefit (bun) larger than 1000 SEK per year have to pay the general social security contributions.

- **Income base used to calculate contributions**

The contribution base is calculated as follows:

- Initial Contribution base = $(yem+kfb+bhl+bun)*12$. This is rounded down to the nearest hundred SEK.
- Final Contribution base = $\min(\text{Initial Contribution base}, 8.07*XBASMI)$. This is rounded down to the nearest hundred SEK.

- *Contribution rates*

If the Final Contribution base is larger than XBASM * 0.423, then the Social contribution is 7% of the Final Contribution base. Otherwise no contribution is paid. The Social contribution is then rounded down to the nearest hundred SEK (tscee_s).

2.4.2 Employer social contributions (ils_sicer)

- *Liability to contributions*

All employers are liable to pay social contributions based on employment income (yem) and fringe benefits (kfb), if the annual amount is greater than 1,000 SEK.

- *Income base used to calculate contributions*

The employer social contributions are based on employment income (yem) and fringe benefits (kfb), if the annual amount is greater than 1,000 SEK.

- *Contribution rates*

There are 8 different employer social contributions: health insurance, parental insurance, occupational injuries, old age pension, survivors pension, labour market, general wage fee and a special wage tax (for persons older than 65 years). The rates are specified in the following tables.

Employer social contributions – Persons younger than 66 years old - 2009-2013

	2009	2010	2011	2012	2013
Health insurance (tscersi_s)	0.0671	0.0595	0.0502	0.0502	0.0435
Old age pension (tscerpi_s)	0.1021	0.1021	0.1021	0.1021	0.1021
Survivors pension (tscerci_s)	0.0170	0.0170	0.0117	0.0117	0.0117
Occupational injuries (tscerac_s)	0.0068	0.0068	0.0068	0.0030	0.0030
Labour market (tscerir_s)	0.0243	0.0465	0.0291	0.0291	0.0291
General wage fee (tscerot_s)	0.0749	0.0603	0.0923	0.0921	0.0988
Parental insurance (tscerml_s)	0.0220	0.0220	0.0220	0.0260	0.0260

Since 2007 there is a reduction of the employer social contributions (except old age pension) for persons younger than 26 years old.

Reduction of Employer social contributions except old age pension – Persons younger than 26 years old - 2009-2013

	2009	2010	2011	2012	2013
Reduction (tscerrd_s)	0.75	0.75	0.75	0.75	0.75

Employer social contributions – Persons older than 65 years old and born after 1937 - 2009-2013

	2009	2010	2011	2012	2013
Old age pension (tscerpi_s)	0.1021	0.1021	0.1021	0.1021	0.1021

2.4.3 Self-employed social contributions(ils_sicse)

- *Liability to contributions*

The self-employed (lse > 0) pay social contributions.

- *Income base used to calculate contributions*

The social contribution is based on total self-employment income (yse) if the annual amount is greater than 1,000 SEK (if below no contribution is paid).

- *Contribution rates*

There are 8 different self-employed social contributions: health insurance, parental insurance, occupational injuries, old age pension, survivors pension, labour market, general wage fee and a special wage tax(for persons older than 65 years).The rates are specified in the following tables.

Self-employed social contributions – 2009-2013 for persons 0-65 years of age

	2009	2010	2011	2012	2013
Health insurance (tscsesi_s)	0.0693	0.0641	0.0511	0.0511	0.0444
Old age pension (tscsepi_s)	0.1021	0.1021	0.1021	0.1021	0.1021
Survivors pension (tscseci_s)	0.0170	0.0170	0.0117	0.0117	0.0117
Occupational injuries (tscseac_s)	0.0068	0.0068	0.0068	0.0030	0.0030
Labour market (tscseir_s)	0.0050	0.0211	0.0037	0.0037	0.0037
General wage fee (tscseot_s)	0.0749	0.0603	0.0923	0.0921	0.0988
Parental insurance (tscseml_s)	0.0220	0.0220	0.0220	0.0260	0.0260

Self-employed contributions – Persons older than 65 years old and born before 1938–2007-2013

	2009	2010	2011	2012	2013
Special wage tax (tscseot_s)	0	0	0	0	0

Self-employed contributions – Persons older than 65 years old and born after 1937 – 2009-2012

	2009	2010	2011	2012	2013
age	66 – 70	66 – 71	66-72	66-73	66-74
Special wage tax	0	0	0	0	0
Old age pension	0.1021	0.1021	0.1021	0.1021	0.1021

EUROMOD Notes

A special wage tax should be paid by persons older than 65 year, but the base which is a small part of self-employment income (yse) cannot be created in EUROMOD.

2.5 Personal income tax

The main tax simulated for Sweden is the personal income tax which is divided into four parts: a government tax, a county council tax, a municipality tax and a funeral tax.

2.5.1 Tax unit

Personal income tax is assessed at individual level.

2.5.2 Exemptions

Child benefits, social assistance, housing allowance, housing allowance for pensioners and social assistance for elderly are exempted from income tax.

2.5.3 Taxable income

The taxable income (il_taxabley) includes: employment income (yem), fringe benefits (kfb), self-employment income (yse), parental leave benefit (bpl – parent’s allowance at birth), income received by children (yot), Private pensions (ypp), Unemployment benefits (bun), Old age pension (poa), Disability benefit (pdi), Sickness benefit (bhl) and Survivor’ pension (psu).

2.5.4 Tax allowances

Two tax allowances are simulated.

Allowance for voluntary Private Pension contributions (tintapv_s).

The allowance is for contributions for private pension (xpp). For employees it is limited to 0,5 basic amount (XBASM) for 2007. In the period 2008 to 2013 it is limited to 12,000 SEK. For self-employed the rules are more generous.

EUROMOD Notes

Due to lack of data, we do not simulate those rules which anyway affect only 3 percent of those claiming the allowance (i.e. having a higher value).

Basic allowance (tinta00_s)

The basic allowance (tinta00_s) is based on taxable income minus the allowance for voluntary Private Pension (il_taxable_ppta).

Basic Allowance - 2009-2013

Taxable income minus allowance for Private pension		Allowance
Lower level	Upper level	
0	0.99*XBASM	$\min(\text{il_taxable_ppta}, 0.423*XBASM)$
0.99*XBASM	2.72*XBASM	$0.423*XBASM + 0.2*(\text{il_taxable_ppta} - 0.99*XBASM)$
2.72*XBASM	3.11*XBASM	0.77*XBASM
3.11*XBASM	7.88*XBASM	$0.77*XBASM - 0.1*(\text{il_taxable_ppta} - 3.11*XBASM)$
7.88*XBASM		0.293*XBASM

In 2009 an additional basic allowance for pensioners (over 65 years) was introduced (tintape_s):

Additional Basic Allowance for pensioners (over 65 years) – 2009-2013

Taxable income minus allowance for Private pension		Allowance
Lower level	Upper level	
2009		
0	0.99*XBASM	$\min(\text{il_taxable_ppta}, 0.425*XBASM)$
0.99*XBASM	2.72*XBASM	$0.623*XBASM - 0.2* \text{il_taxable_ppta}$
2.72*XBASM	3.11*XBASM	$0.078*XBASM$
3.11*XBASM	7.88*XBASM	$0.372*XBASM - 0.1* \text{il_taxable_ppta}$
7.88*XBASM	8.49*XBASM	$0.061*XBASM$
8.49*XBASM		$0.849*XBASM - 0.1* \text{il_taxable_ppta}$
2010		
0	0.99*XBASM	$\min(\text{il_taxable_ppta}, 0.5094*XBASM)$
0.99*XBASM	2.72*XBASM	$0.7074*XBASM - 0.2* \text{il_taxable_ppta}$
2.72*XBASM	3.11*XBASM	$0.1624*XBASM$
3.11*XBASM	3.90*XBASM	$-0.1486*XBASM + 0.1* \text{il_taxable_ppta}$
3.90*XBASM	7.88*XBASM	$0.2219*XBASM + 0.005* \text{il_taxable_ppta}$
7.88*XBASM	9.1568*XBASM	$1.0099*XBASM - 0.095* \text{il_taxable_ppta}$
9.1568*XBASM		$0.14*XBASM$
2011-2012		
0	0.98*XBASM	$\min(\text{il_taxable_ppta}, 0.557*XBASM)$
0.98*XBASM	0.99*XBASM	$0.459*XBASM + 0.1* \text{il_taxable_ppta}$
0.99*XBASM	2.72*XBASM	$0.657*XBASM - 0.1* \text{il_taxable_ppta}$
2.72*XBASM	3.11*XBASM	$0.112*XBASM + 0.1* \text{il_taxable_ppta}$
3.11*XBASM	3.85*XBASM	$-0.199*XBASM + 0.2* \text{il_taxable_ppta}$
3.85*XBASM	4.80*XBASM	$0.186*XBASM + 0.1* \text{il_taxable_ppta}$
4.80*XBASM	7.88*XBASM	$0.619*XBASM + 0.01* \text{il_taxable_ppta}$
7.88*XBASM	12.21*XBASM	$1.407*XBASM - 0.09* \text{il_taxable_ppta}$
12.21*XBASM		$0.307*XBASM$

2013

0	0.99*XBASM	$\min(\text{il_taxable_ppta}, 0.567*XBASM)$
0.99*XBASM	1.01*XBASM	$0.567*XBASM - 0.2* \text{il_taxable_ppta}$
1.01*XBASM	2.72*XBASM	$0.785*XBASM - 0.09* \text{il_taxable_ppta}$
2.72*XBASM	3.11*XBASM	$0.674*XBASM + 0.11* \text{il_taxable_ppta}$
3.11*XBASM	3.75*XBASM	$-0.182XBASM + 0.21* \text{il_taxable_ppta}$
3.75*XBASM	4.77*XBASM	$0.233*XBASM + 0.1* \text{il_taxable_ppta}$
4.77*XBASM	7.88*XBASM	$0.660*XBASM + 0.01* \text{il_taxable_ppta}$
7.88*XBASM	12.12*XBASM	$1.448*XBASM - 0.09* \text{il_taxable_ppta}$
12.12*XBASM		0.357*XBASM

2.5.5 Tax base

The tax base (il_taxbase) is defined as taxable income minus the allowance for voluntary private pension and the basic allowance.

2.5.6 Tax schedule

The tax schedule for government tax (tinna_s), county council tax (tinrg_s), municipality tax (tinmu_s) and funeral tax (tinfu_s) applies to the same tax base (il_taxbase).

The county council tax rate is different for different counties in Sweden. It varies between 9.42 % and 12.27 % of the tax base.

The municipality tax rate varies between 17.58 % and 23.79 % of the tax base.

The funeral tax rate varies between 0.07 % and 1.04 % of the tax base.

Since we do not have any information of the region persons are living in, those taxes are simulated according to the average value for Sweden, as reported in the following table.

Table 1. **Income tax rates – 2009-2013**

	Municipality tax	County council tax	Funeral tax
2009	20.72 %	10.86 %	0.22 %
2010	20.74 %	10.87 %	0.22 %
2011	20.73 %	10.88 %	0.22 %
2012	20.59 %	11.07 %	0.22 %
2013	20.62 %	11.17 %	0.22 %

The government income tax schedule is based on three income bands as reported in the following table.

Table 2. **Government income tax schedule – 2009-2013**

Band	Tax rate	2009	2010	2011	2012
1 st	0 %	0 – 367,599	0-372,099	0-382,999	0-401,099
2 nd	20 %	367,600 – 526,199	372,100-532,699	383,000-548,299	401,100-574,299
3 rd	25 %	526,200	532,700	548,300	574,300
Band	Tax rate	2013			
1 st	0 %	0 – 413,199			
2 nd	20 %	413,200 – 591,599			
3 rd	25 %	592,600			

2.5.7 Tax credits

There are six different non-refundable tax credits in the Swedish tax system (the final tax liability cannot be negative). Here we report on those we are able to simulate or impute. Other (non simulated) tax credits are on real estate tax, seafarer's income.

Tax credit for general social security contributions.

The general social security contribution (see 2.3.1 – tscee_s) is 100 % deductible from income tax.

Tax credit for negative capital income

This can be simulated for those who have a negative capital income (i.e. the interests paid minus the sum of income from rent and capital incomes, if the difference is positive) because of mortgage on their house. All negative capital income due to other forms of mortgage cannot be simulated. The annual amount of the tax credit (tintcmi_s) is:

$$0.30 * \text{negative capital income} * 12 \text{ if } \text{negative capital income} * 12 < 100,000$$

$0.30 * 100,000 + 0.21 * (\text{negative capital income} * 12 - 100,000)$ if negative capital income $* 12 \geq 100,000$

Earned Income Tax credit

In 2007 an Earned Income Tax credit was introduced. It has been enhanced three times, in 2008, 2009, and 2010. Depending on the age there are two different scales for the tax credit.

In both cases it is based on the income (tintc00_s) defined as follows:

2007: $yem + yse + kfb - \min(xpp, 0.5 * XBASM)$

2008-2013: $yem + yse + kfb - \min(xpp, 12000)$

Earned Income Tax credit 2009

Persons younger than 65 years		
Annual Income base for tax credit		
Lower level	Upper level	Tax credit
0	$0.91 * XBASM$	$(\text{tintc00_s} - BA) * MT$
$0.91 * XBASM$	$2.72 * XBASM$	$(0.91 * XBASM + 0.25 * (\text{tintc00_s} - 0.91 * XBASM) - BA) * MT$
$2.72 * XBASM$	$7 * XBASM$	$(1.363 * XBASM + 0.065 * (\text{tintc00_s} - 2.72 * XBASM) - BA) * MT$
$7 * XBASM$		$((1.642 * XBASM) - BA) * MT$

Persons 65 years and older		
Annual Income base for tax credit		
Lower level	Upper level	Tax credit
0	100,000 SEK	$0.2 * \text{tintc00_s}$
100,000 SEK	300,000 SEK	$15,000 + 0.05 * \text{tintc00_s}$
300,000 SEK		30,000

BA = Basic Allowance, see chapter 2.4.4.2

Earned Income Tax credit – 2010-2013

Persons younger than 65 years		
Annual Income base for tax credit		
Lower level	Upper level	Tax credit
0	0.91*XBASM	$(\text{tintc00_s} - \text{BA}) * \text{MT}$
0.91*XBASM	2.72*XBASM	$(0.91 * \text{XBASM} + 0.304 * (\text{tintc00_s} - 0.91 * \text{XBASM}) - \text{BA}) * \text{MT}$
2.72*XBASM	7*XBASM	$(1.461 * \text{XBASM} + 0.095 * (\text{tintc00_s} - 2.72 * \text{XBASM}) - \text{BA}) * \text{MT}$
7*XBASM		$(1.868 * \text{XBASM}) - \text{BA}) * \text{MT}$

Persons 65 years and older		
Annual Income base for tax credit		
Lower level	Upper level	Tax credit
0	100,000 SEK	$0.2 * \text{tintc00_s}$
100,000 SEK	300,000 SEK	$15,000 + 0.05 * \text{tintc00_s}$
300,000 SEK		30,000

BA = Basic Allowance, see chapter 2.4.4.2
 MT = Municipality tax rate and County council tax rate

Due to lack of data, two tax credits cannot be simulated. However they are presented below and an overview of their total amounts is reported in the Table 44 below.

Seafarer’s income (2007-2013)

A tax reduction is given for persons with seafarer’s income. The amount is from 9,000 SEK to 14,000 SEK per year depending on if the ship is sailing abroad or in Sweden.

Domestic and reconstruction services (2007-2013)

In 2007 a tax reduction for domestic services is introduced and in 2009 reconstruction services is also included. The tax reduction is 50 percent of the labour cost, maximum 50,000 SEK per year.

Non-simulated tax credits 2009-2012, in millions SEK

Tax credit	2009	2010	2011	2012	2013
Domestic and reconstruction services	10,355	13,733	15,043	16,313	17,352

Estimates for 2012 and 2013

2.6 Other taxes

Tax on capital income

The tax on capital is 30 % of the positive capital income, defined as income from capital and property income minus interests paid. This can partly be simulated as $0.30 \cdot \max(((y_{iy} + y_{pr}) - x_{hcmomi}), 0)$. Other interests paid, in addition to the interests paid on mortgage (x_{hcmomi}), are not recorded in the data and they cannot be taken into account.

Tax on real estate

As from 2008 government property tax on dwellings was abolished and replaced by a municipal property charge. The table below describes the types of property mainly concerning private persons. Tax on real estate is included in the SILC data (EUROMOD variable: tpr).

Tax on real estate

Type of property	Municipal property charge 2009-2013
Municipal property charge 2009-2013	
House/land, 0-5 years	0
House/land, 6-10 years	$\min((0.00375 \cdot \text{assessed value}), (0.00375 \cdot 800,000 \cdot \text{KPIyear}))$
House/land older than 10 years	$\min((0.0075 \cdot \text{assessed value}), (0.0075 \cdot 800,000 \cdot \text{KPIyear}))$

*KPIyear = XBASMI/XBASMI 2008

3. DATA

3.1 General description

The Swedish database is drawn from the UDB version of the European Statistics on Income and Living Conditions (EU-SILC). Every year a systematic sample is drawn from the register of total population (TPR). This is sorted by age and covers the entire population according to the national registration. Such sample is regarded as simple random sample. The SILC 2010 sample was drawn in November 2009 and consisted of four panels, panels 1 and 2, and 7 to 8. Panel 7 was originally drawn in 2007 and every year complemented with people who had grown into the population (new 16 aged and immigrants). Most of the respondents were answering for the 4th time. In the same manner panel 8 and panel 1 were originally drawn in 2008 and 2009 and complemented. Panel 2 was included for the first time 2010. This section is in large portion based on the intermediate quality report of the EU-SILC by Statistics Sweden.²

²See: http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/quality/national_quality_reports

Table 3.1 EUROMOD database description

EUROMOD database	SE_2010_a1
Original name	UDB version 2010-1
Provider	EUROSTAT
Year of collection	2010
Period of collection	2010.02.01—2010.12.31
Income reference period	2009
Sample size	7173 households, 14321 individuals
Response rate	66%

For the estimation procedure the sample from each panel is divided into 2 x 8 stratum by sex and age-groups. Post-stratification refers to sex, age 17-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75-84 and 84+ years. Within each post strata the design-weights are computed as the inverse of the probability of inclusion after that the design-weights are adjusted according to the over-coverage. The final cross sectional weight are computed as the adjusted population-size in each post strata divided by the number of respondents for each panel and finally divided by 4.

3.2 Data adjustment

Adjustments to variables are kept to a minimum. Some minor data cleaning has been done to make sure that the households and relationships of individuals within households are coherent (for example, that young children are not living alone or family relations are coherent).

In order to guarantee consistency between demographic variables and income variables which refer to the previous year (and on which EUROMOD simulation are based), all children born between the end of the income reference period and the date of interview have been dropped from the sample.

3.3 Imputations and assumptions

3.3.1 Time period

In the SILC user database, the income reference period is a 12-month period. Information on all income sources refers to the last income year (1 January 2007 – 31 December 2007). The variables are recorded at the time the person receives it, i.e. when the payment is done this means that a person could for example have been unemployed during the last part of December 2006 but receiving the payment in January 2007, this will then be part of the income for 2007. The other variables refer to the time of the interview or a 12 months period prior to the interview.

Children born after the end of the income reference period (i.e. 31 December 2007) have been dropped from the dataset.

3.3.2 Gross incomes

The incomes used are gross incomes.

3.3.3 Disaggregation of harmonized variables

EUSILC variable HY050g (Family/children related allowances) has been split into two components: child benefit (bch, simulated in EUROMOD) and parent's allowance at birth (bpl, not simulated in EUROMOD) according to the rules about child benefits.

EUSILC variable PY140g (Education related allowances) has been split into two components: education related allowances (bed, non-simulated in EUROMOD) and extra supplement of child benefit for upper secondary school students (bchot, simulated in EUROMOD) according to the year of birth of the individual (i.e. after 1986 is considered as extra supplement).

3.4 Updating

To account for any time inconsistencies between the input dataset and the policy year, updating factors are used. Each monetary variable (i.e. each income component) is updated so as to account for changes in the non-simulated variables that have taken place between the year of the data and the year of the simulated tax-benefit system. Updating factors are generally based on changes in the average value of an income component between the year of the data and the policy year. For detailed information about the construction of each updating factor as well as the sources that have been used, see Annex 1.

As a rule, updating factors are provided both for simulated and non-simulated income components present in the input dataset. Note however that in the case of simulated variables, the actual simulated amounts are used in the baseline rather than the updated original variables in the dataset. Updating factors for simulated variables are provided so as to facilitate the use of the model in cases when the user wishes to turn off the simulation of a particular variable. The list of updating factors as well as the sources used to derive them can be found in Annex 1.

4. VALIDATION

4.1 Aggregate Validation

EUROMOD results are validated against external benchmarks. Detailed comparisons of the number of people receiving a given income component and total yearly amounts are shown in Annex 2. Both market incomes and non-simulated taxes and benefits in the input dataset as well as simulated taxes and benefits are validated against external official data. The main discrepancies between EUROMOD results and external benchmarks are discussed in the following subsections. Factors that may explain the observed differences are also discussed.

Usually the external source for macro validation comes from the registry with the estimates restricted to the sample of the survey (EU-SILC). Due to the lack of availability of estimates from the survey related to 2011-2013, the external figures for 2011 to 2013 sources refer to the estimates from the register related to the persons living at the end of 2011 to 2013, respectively.

4.1.1 Components of disposable income

The definition of disposable income in EUROMOD follows closely EU-SILC definition. The minor differences are outlined in the following table. Note that disposable income in EUROMOD is constructed using simulated components whenever possible and, hence, the values of two disposable income concepts are not identical.

Table 4.1 Components of disposable income

	EUROMOD 2009-2013	EU-SILC 2010
	ils_dispy	HY020
Employee cash or near cash income	+	+
Employer's social insurance contribution	0	0
Company car	0	+
Contributions to individual private pension plans	0	0
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	+	0
<i>Unemployment benefits</i>	+	+
<i>Old-age benefits</i>	+	+
<i>Survivor' benefits</i>	+	+
Sickness benefits	+	+
Disability benefits	+	+
Education-related allowances	+	+
Income from rental of a property or land	+	+
<i>Family/children related allowances</i>	+	+
Social exclusion not elsewhere classified	+	+
Housing allowances	+	+
Regular inter-household cash transfer received	+	+
Interests, dividends, etc.	+	+
Income received by people aged under 16	+	+
Regular taxes on wealth	-	-
<i>Regular inter-household cash transfer paid</i>	-	-
<i>Tax on income and social contributions</i>	-	-
<i>Repayments/receipts for tax adjustment</i>	+	+

4.1.2 Validation of incomes inputted into the simulation

Table 4.2 in Annex 2 shows the number of employed and unemployed in the dataset used for EUROMOD simulations against external benchmarks. The number of people in work is slightly underestimated in the database and the underestimation increases with time. On the other hand, the number of unemployed individuals is considerably underestimated, by around 35 percentage points.

Information about income components from the underlying EUROMOD data (Swedish component of EU-SILC) are compared to information on income components (wages and various benefits) from the administrative source (STAR-register – Statistics Sweden) which is the direct source of the survey as well. The comparison needs to be done with caution because the units of analysis and the exact income concepts in the survey and in the administrative statistics are not always strictly comparable. Table 4.3 compares the number of recipients of different income components. In general the survey matches quite well the administrative sources, except for property income and investment income. This is the case because for these income sources the data are aggregated at household level in the survey. Property income has been allocated to both partners (if present) and this results in an overestimation of the number of recipients in EUROMOD. In terms of annual amounts (Table 4.4) the survey matches the administrative sources very well in the baseline year, 2009. However, some important differences are observed in subsequent years, which might be linked both to the way monetary variables are updated and to the fact that changes in the socio-economic structure to the data are not accounted for. In particular, while self-employment income was slightly overestimated in the baseline, the overestimation becomes much larger for the following years. Income from private pensions is also overestimated in 2011-2013, while property income from survey data is around 25 percentage points lower than in administrative sources.

Tables 4.5 and 4.6 report the validation of benefits included in EUROMOD but not simulated. In general, the aggregate number of recipients of non-simulated benefits matches very well the external benchmarks. Parent's allowances have been disaggregated from the EU-SILC variable HY050g and attributed to both parents (if present) and this results in an overestimation of the number of recipients. The number of recipients of unemployment benefits and education related allowances is higher in 2010-2013 compared to 2009, which results in an underestimation of EUROMOD figures. In terms of aggregate annual amounts, the survey matches quite well the external statistics in 2009, the baseline year. In subsequent years, aggregate amounts of survivor's pensions are overestimated by EUROMOD, while education related allowances are underestimated.

4.1.3 Validation of outputted (simulated) incomes

Tables 4.7 and 4.8 report the validation of tax and benefits instruments simulated in EUROMOD. For years 2009 and 2010, the tables report the external statistics from the register restricted to the sample of the survey. However, because of data availability, the external statistics for 2011-2013 are those from the register related to the persons living at the end of the year.

In terms of benefits, over the years considered, we simulate Child benefit, Housing allowance, Housing allowance for pensioners and Social Assistance. The simulation of the Child Benefit and Educational support (received by children aged 16+ in upper secondary school) matches quite well the external statistics, while the total expenditure of the Child Benefit (received by all children aged <16) is slightly oversimulated by the model. As expected, Housing allowance, Housing allowance for pensioners and Social Assistance are oversimulated both in terms of recipients and expenditure when compared to the register restricted to the sample of the survey. The main reasons are i) non complete take-up of the benefits and ii) approximation, due to the data available, of the means test². Without taking into account the take-up behaviour, our estimates are close to the ones obtained with the National microsimulation model FASIT. When compared to the register related to persons living at the end of the year (2011-2013) Housing allowance for pensioners matches the external benchmarks well, while Social Assistance is undersimulated.

In terms of personal income tax, we simulate four components: government tax, county council tax, municipality tax and funeral tax. The simulations represent the external statistics quite well in 2009 and the amounts are around 98% to 112% of the external statistics over the period 2011-2013. Tables 4.7 and 4.8 also include the validation of the main components of the income tax. The tax credit for negative capital income is largely underestimated, both in terms of recipients and expenditure, given that in the data the only source of negative capital income are the interests paid on the mortgage on the main house and other forms of mortgages are not included. The tables report the validation of the Earned Income Tax Credit introduced in 2007 and enhanced three times, in 2008, 2009 and 2010. The simulation matches well the external statistics both in terms of aggregate number of individuals and amount. Moreover, the tables report the total number of tax payers and total revenue for the Income tax as a whole (given by the sum of the four components) as simulated by EUROMOD once we subtract the simulated tax credits. The number of individuals paying the tax on capital income is overestimated because the investment income in the data is aggregated at household level and we split it among the partners in the household.

The tables also report the validation of the social insurance contributions for employees, employers and self-employed individuals. Employee social insurance contributions are slightly undersimulated both in terms of contributors and revenue. Employers social insurance

contributions, are only validated in terms of revenue due to a lack in external statistics to validate the number of contributors. An oversimulation of around 10 percentage points is observed for employer SICs. Due to the difficult identification of those subject to the payment of self-employment contributions (actually implemented looking at the status of being officially self-employed, proxied by the variable $lse = 1$), we undersimulate the total number of contributors. On the other hand, the total amount of contributions paid on the different components of self-employed contributions is in general oversimulated by around 10 percentage points.

4.2 Income distribution

All income distribution results presented here are computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions. The weights in the OECD equivalence are: first adult=1; additional people aged 14+ = 0.5; additional people aged under 14 = 0.3.

4.2.1 Income inequality

Table 4.9 shows the main inequality indices from EUROMOD and SILC. Gini coefficient for Disposable income is just slightly underestimated in EUROMOD. Overall, disposable equivalised income median) at different income deciles simulated by EUROMOD matches quite well the median equivalised income reported in SILC. This is also the case for the mean and median income simulated by EUROMOD.

4.2.2 Poverty rates

The overall relative poverty rate based on disposable income simulated in EUROMOD approximates quite well the one based on disposable income reported in EU-SILC (Table 4.10 in Annex 2). The differences are larger with lower poverty lines and related to the elderly poverty rates which are affected by the oversimulation of the Housing allowance for pensioners and Social Assistance resulting in lower poverty rates simulated by EUROMOD.³

It is worth mentioning that estimates reported by Eurostat based on EU-SILC (60% of median poverty line) show notable jumps in particular for the elderly poverty rates (from 15.5% based on EU-SILC 2010 to 18.2% based on EU-SILC 2011) which might reveal that the estimates from the survey are affected by sampling and weighting issues over years.

4.3 Validation of minimum wage

Baseline simulations in EUROMOD do not modify gross employment income in any way. However, the user may switch on a policy that ‘corrects’ employment income by ensuring it is not below the gross minimum wage corresponding to the number of hours the person has worked. Table 4.11 presents a series of figures comparing results obtained under the two simulation scenarios. Changing employment income so as to incorporate the minimum hourly gross wage does not affect results in any substantive way.

³ When self-reported Housing allowance and Social assistance are used instead of the simulated amounts, the difference between EUROMOD and SILC poverty rates for the elderly are considerably reduced (e.g. 0.13 instead of 0.007 at 60% of the median).

4.4 Summary of “health warnings”

This final section summarises the main findings in terms of particular aspects of the Swedish part of EUROMOD that should be borne in mind when planning appropriate uses of the model and in interpreting the results. In particular:

- Some aggregated variables available in the survey are very difficult to split without having access to the original source of data (in particular, parents’ allowance at birth, income from capital and property income)
- The lack of information related to negative capital income (with the exception of the interests paid on the mortgage for the main house) and other expenditures affects the simulation of some tax credits
- The identification of those subject to self-employment social contributions is problematic as well as the correct definition of the tax base of the self-employment social contributions
- The assumption of 100% take-up of means-test benefit overestimates both recipients and amount of these benefits.
- The poverty rates simulated by EUROMOD show regular trend over time for the overall population and sub-groups as well, while poverty rates using subsequent versions of EU-SILC data show notable (and suspicious) jumps from one year to the other.

5. REFERENCES

OECD Statistics (2013). <http://www.oecd.org/statistics/>

EUROSTAT Statistics Database (2013).

http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

Statistics Sweden (2011) "Intermediate Quality Report Swedish 2010 EU-SILC, Statistics Sweden 2011-12-22. <https://circabc.europa.eu/faces/jsp/extension/wai/navigation/container.jsp>

- *Sources for tax-benefit descriptions/rules*

Vår trygghet 2009, Vår trygghet 2010, Vår trygghet 2011, Vår trygghet 2012.

Handledning för beskattning av inkomst vid 2009 års taxering Del 1, Del2, Del 3

Handledning för beskattning av inkomst vid 2010 års taxering Del 1, Del2, Del 3

6. ANNEX 1. UPDATING FACTORS

The following indexes (year by year) are used in the updating of most variables in the Swedish data.

Index	Income Source/index type	2009	2010	2011	2012	2013
CPI	Consumer price index	1	1.0116	1.0415	1.0579	1.05023
XLON	Rise of hourly wage	1	1.0108	1.0428	1.0718	1.0988
XBAS	Change in base amount	1	0.9907	1	1.02804	1.0397

Updating factors

Variable	Income source	2009	2010	2011	2012	2013	Source
afc	Asset - Financial Capital	1	1	1	1	1	
bed	Benefit - Education	XBAS	XBAS	XBAS	XBAS	XBAS	Statistics Sweden
bhl	Benefit - Health (Sickness)	XLON	XLON	XLON	XLON	XLON	Statistics Sweden
bpl	Benefit Parental allowance	XLON	XLON	XLON	XLON	XLON	Statistics Sweden
bun	Benefit - Unemployment	XLON	XLON	XLON	XLON	XLON	Statistics Sweden
kfb	Kind - Fringe benefits	CPI	CPI	CPI	CPI	CPI	Statistics Sweden
pdi	Pension - Disability (Invalidity)	XBAS	XBAS	XBAS	XBAS	XBAS	Statistics Sweden
poa	Pension - Old Age	XBAS	XBAS	XBAS	XBAS	XBAS	Statistics Sweden
psu	Pension - Survivors	XBAS	XBAS	XBAS	XBAS	XBAS	Statistics Sweden
tpr	Tax - Property tax	1	1	1	1	1	
xhc	Expenditure - Housing cost	CPI	CPI	CPI	CPI	CPI	Statistics Sweden
xhcmomi	Expenditure - Housing cost - Mortgage Interest	CPI	CPI	CPI	CPI	CPI	Statistics Sweden
xhcot	Expenditure - Housing cost - Other	CPI	CPI	CPI	CPI	CPI	Statistics Sweden
xhcert	Expenditure - Housing cost - Rent	CPI	CPI	CPI	CPI	CPI	Statistics Sweden
xmp	Expenditure - Maintenance Payments	1	1	1	1	1	
xpp	Expenditure - Private Pension (voluntary)	1	1	1	1	1	
yem	Income - Employment	XLON	XLON	XLON	XLON	XLON	Statistics Sweden
yyi	Income - Investment	1	0.9589	1.1803	1.2218	1.1948	Statistics Sweden
ypr	Income - Property	1	1.1007	0.956	0.976	0.99634	Statistics Sweden
yot	Income - Other	1	1	1	1	1	
ypp	Income - Private pension	CPI	CPI	CPI	CPI	CPI	Statistics Sweden
ypt	Income - Private Transfers	1	1	1	1	1	
yse	Income - Self employment	1	1.2653	1.2825	1.2945	1.3002	Based on self-employment income growth, together with CPI for the last years

7. ANNEX 2. VALIDATION TABLES

Table 4.2-Number of employed and unemployed (in thousands)

	EUROMOD		External				Ratio				
	2009	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Number of employed	4291.1	4499.3	4523.7	4625.9	4657.1	N/A	0.95	0.95	0.93	0.92	N/A
Number of unemployed	263.3	410.0	426.2	391.6	403.6	N/A	0.64	0.62	0.67	0.65	N/A

Notes: External source in 2009 and 2010 refers to the estimates from the register restricted to the sample of the survey (EU-SILC). External source in 2011 and 2012 refers to the estimates from the register related to the persons living at the end of 2011 and 2012, respectively. N/A – not available.

Table 4.3-Market income in EUROMOD -Number of recipients (in thousands)

	EUROMOD		External				Ratio				
	2009	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Employment income	5160.7	5197.0	5365.2	5202.7	5236.0	N/A	0.99	0.96	0.99	0.99	N/A
Fringe benefits	1302.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-employment income	789.6	1052.7	826.7	752.8	750.0	N/A	0.75	0.96	1.05	1.05	N/A
Investment income	5332.4	6078.0	6096.7	6173.5	6396.4	N/A	0.88	0.87	0.86	0.83	N/A
Property income	87.4	56.1	51.3	58.9	58.7	N/A	1.56	1.70	1.48	1.49	N/A
Private pensions	684.9	685.1	699.4	679.7	707.2	N/A	1.00	0.98	1.01	0.97	N/A
Private transfers	171.6	196.9	186.9	206.3	199.0	N/A	0.87	0.92	0.83	0.86	N/A

Notes: External source in 2009 and 2010 refers to the estimates from the register restricted to the sample of the survey (EU-SILC). External source in 2011 and 2012 refers to the estimates from the register related to the persons living at the end of 2011 and 2012, respectively. N/A – not available.

Table 4.4-Market income in EUROMOD -Annual amounts (in mil.)

	EUROMOD					External					Ratio				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Employment income	1,296,865	1,310,872	1,352,371	1,389,980	1,424,996	1,296,890	1,334,969	1,339,263	1,390,372	N/A	1.00	0.98	1.01	1.00	N/A
Fringe benefits	15,334	15,512	15,971	16,222	16,104	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-employment income	59,511	75,300	76,460	73,871	75,297	51,146	46,360	49,782	47,920	N/A	1.16	1.62	1.54	1.54	N/A
Investment income	66,435	63,704	78,413	81,170	79,376	67,208	60,398	85,838	99,682	N/A	0.99	1.05	0.91	0.81	N/A
Property income	1,073	1,181	1,026	1,047	1,069	1,072	1,002	1,341	1,412	N/A	1.00	1.18	0.76	0.74	N/A
Private pensions	26,569	26,877	27,672	28,108	27,904	26,583	26,387	23,765	24,750	N/A	1.00	1.02	1.16	1.14	N/A
Private transfers	3,082	3,082	3,082	3,082	3,082	3,082	2,861	3,431	3,342	N/A	1.00	1.08	0.90	0.92	N/A

Notes: External source in 2009 and 2010 refers to the estimates from the register restricted to the sample of the survey (EU-SILC). External source in 2011 and 2012 refers to the estimates from the register related to the persons living at the end of 2011 and 2012, respectively. N/A – not available.

Table 4.5-Tax benefit instruments included but not simulated in EUROMOD -Number of recipients/ payers (in thousands)

	EUROMOD		External				Ratio				
	2009	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Benefits											
Old-age pension	2135.4	2135.8	2184.7	2168.3	2196.5	N/A	1.00	0.98	0.98	0.97	N/A
Disability pensions	472.1	491.6	473.7	484.5	449.1	N/A	0.96	1.00	0.97	1.05	N/A
Survivor's pension	79.3	76.0	73.6	81.2	79.7	N/A	1.04	1.08	0.98	0.99	N/A
Sickness benefits	1244.2	1244.2	1248.4	1156.3	1170.9	N/A	1.00	1.00	1.08	1.06	N/A
Unemployment benefits	430.4	430.4	504.6	473.4	465.9	N/A	1.00	0.85	0.91	0.92	N/A
Education related allowance	479.7	501.2	558.9	525.5	530.2	N/A	0.96	0.86	0.91	0.90	N/A
Parent's allowance	932.5	749.2	811.5	720.6	741.3	N/A	1.24	1.15	1.29	1.26	N/A

Notes: External source in 2009 and 2010 refers to the estimates from the register restricted to the sample of the survey (EU-SILC). External source in 2011 and 2012 refers to the estimates from the register related to the persons living at the end of 2011 and 2012, respectively. N/A – not available.

Table 4.6-Tax benefit instruments included but not simulated in EUROMOD -Annual amounts (in mil.)

	EUROMOD					External					Ratio				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Benefits															
Old-age pension	342,010	338,830	342,010	351,600	355,588	342,203	350,694	338,141	359,718	N/A	1.00	0.97	1.01	0.98	N/A
Disability pensions	49,768	49,305	49,768	51,163	51,744	50,200	46,071	47,668	45,129	N/A	0.99	1.07	1.04	1.13	N/A
Survivor's pension	4,477	4,436	4,477	4,603	4,655	4,285	3,428	3,555	3,417	N/A	1.04	1.29	1.26	1.35	N/A
Sickness benefits	23,176	23,426	24,168	24,840	25,466	23,176	21,925	25,387	28,059	N/A	1.00	1.07	0.95	0.89	N/A
Unemployment benefits	26,687	26,976	27,830	28,604	29,324	26,687	30,476	27,236	27,796	N/A	1.00	0.89	1.02	1.03	N/A
Education related allowance	21,386	21,187	21,386	21,986	22,235	21,813	25,973	24,217	25,445	N/A	0.98	0.82	0.88	0.86	N/A
Parent's allowance	25,191	25,463	26,269	26,999	27,680	26,009	30,190	24,929	25,800	N/A	0.97	0.84	1.05	1.05	N/A

Notes: External source in 2009 and 2010 refers to the estimates from the register restricted to the sample of the survey (EU-SILC). External source in 2011 and 2012 refers to the estimates from the register related to the persons living at the end of 2011 and 2012, respectively. N/A – not available.

Table 4.7-Tax benefit instruments simulated in EUROMOD -Number of recipients/ payers (in thousands)

	EUROMOD					SILC	Ratio	External					Ratio				
	2009	2010	2011	2012	2013	2009	2009	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Benefits																	
Child benefit	1026.8	1026.8	1026.8	1026.8	1026.8	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Child benefit and educational support	1199.4	1199.4	1199.4	1199.4	1199.4	1131.1	1.06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Housing allowance	300.4	291.9	286.2	332.0	325.0	486.5	0.62	185.3	192.9	N/A	N/A	N/A	1.62	1.56	N/A	N/A	N/A
Housing allowance for pensioners	437.0	442.7	447.3	458.8	462.8	0.0	N/A	323.4	304.0	N/A	N/A	N/A	1.35	1.44	N/A	N/A	N/A
Social assistance	185.0	180.7	181.5	177.6	173.2	143.4	1.29	143.4	158.8	N/A	N/A	N/A	1.29	1.16	N/A	N/A	N/A
Taxes and Social Insurance contributions																	
Personal income tax																	
Basic Allowance	8293.1	8294.5	8294.5	8294.9	8294.9	0.0	N/A	7246.9	7345.6	7304.5	7355.3	N/A	1.14	1.13	1.14	1.13	N/A
Allowance for voluntary Private Pension contributions	2352.1	2352.1	2352.1	2352.1	2352.1	0.0	N/A	2352.1	2324.3	2078.7	2034.5	N/A	1.00	1.01	1.13	1.16	N/A
Municipal income tax and county council tax	6907.0	6912.3	6915.3	6915.3	6919.3	0.0	N/A	6894.8	6972.5	6936.0	6992.2	N/A	1.00	0.99	1.00	0.99	N/A
Government income tax	1152.5	1159.9	1157.7	1075.9	1058.0	0.0	N/A	1127.8	1171.6	1069.3	1034.2	N/A	1.02	0.98	1.08	1.11	N/A
Funeral tax	6907.0	6912.0	6915.0	6915.3	6918.7	0.0	N/A	6880.3	6956.1	6897.3	6952.2	N/A	1.00	0.99	1.00	0.99	N/A
Tax credit for negative capital income	1773.5	1779.7	1747.4	1741.9	1745.4	0.0	N/A	3880.3	3845.8	3834.0	3826.4	N/A	0.46	0.46	0.46	0.46	N/A
Earned income tax credit	5054.1	5061.0	5065.6	5065.6	5067.0	0.0	N/A	4953.7	5022.8	4904.7	4949.8	N/A	1.02	1.01	1.03	1.02	N/A
Income tax	6665.5	6667.7	6675.2	6674.3	6681.5	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tax on capital income excluding Capital Gain	3894.7	3889.6	3922.0	3927.0	3924.0	0.0	N/A	3126.0	3356.5	3337.4	3167.0	N/A	1.25	1.16	1.17	1.23	N/A

continued...

	EUROMOD					SILC	Ratio	External					Ratio					
	2009	2010	2011	2012	2013			2009	2009	2009	2010	2011		2012	2013	2009	2010	2011
Employees SIC																		
Employees SIC	4811.2	4817.1	4821.5	4823.5	4828.1	0.0	N/A	N/A	5154.2	N/A	N/A	N/A	N/A	0.93	N/A	N/A	N/A	
Employers SIC																		
Employers - Work injury insurance contribution	4962.4	4965.5	4967.0	4967.5	4967.5	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employers - Life insurance	4962.4	4965.5	4967.0	4967.5	4967.5	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employers - Labour market contribution	4962.4	4965.5	4967.0	4967.5	4967.5	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employers - Parental leave programme	4962.4	4965.5	4967.0	4967.5	4967.5	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employers - Ordinary wage tax and Special wage tax	4962.4	4965.5	4967.0	4967.5	4967.5	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employer - Retirement benefit programme	5087.0	5101.4	5106.8	5110.0	5110.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employers - Sickness insurance	4962.4	4965.5	4967.0	4967.5	4967.5	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Reduction of Employer contributions	880.1	880.7	881.8	881.8	881.8	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

continued...

	EUROMOD					SILC	Ratio	External					Ratio				
	2009	2010	2011	2012	2013	2009	2009	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Self-employed SIC																	
Self-employed - Work injury insurance contribution	194.2	204.7	203.2	200.7	200.2	0.0	N/A	283.5	301.4	293.9	283.8	N/A	0.68	0.64	0.66	0.68	N/A
Self-employed - Life insurance	194.2	204.7	203.2	200.7	200.2	0.0	N/A	283.5	301.4	293.9	284.2	N/A	0.68	0.64	0.66	0.68	N/A
Self-employed - Labour market contribution	194.2	204.7	203.2	200.7	200.2	N/A	N/A	283.5	301.4	293.7	284.1	N/A	0.68	0.64	0.66	0.68	N/A
Self-employed - Parental leave programme	194.2	204.7	203.2	200.7	200.2	N/A	N/A	283.5	301.4	293.9	284.2	N/A	0.68	0.64	0.66	0.68	N/A
Self-employed - Ordinary wage tax and Special wage tax	194.2	204.7	203.2	200.7	200.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-employed - Retirement benefit programme	198.4	211.9	211.8	210.2	209.6	N/A	N/A	317.1	341.7	336.4	333.1	N/A	0.63	0.58	0.59	0.60	N/A
Self-employed - Sickness insurance	194.2	204.7	203.2	200.7	200.2	N/A	N/A	283.5	301.4	293.9	284.2	N/A	0.68	0.64	0.66	0.68	N/A

Notes: External source in 2009 and 2010 refers to the estimates from the register restricted to the sample of the survey (EU-SILC). External source in 2011 and 2012 refers to the estimates from the register related to the persons living at the end of 2011 and 2012, respectively. N/A – not available.

Table 4.8-Tax benefit instruments simulated in EUROMOD –Annual amounts (Mil.)

	EUROMOD					SILC					Ratio				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Benefits															
Child benefit	24,147	24,830	24,830	24,830	24,830	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A
Child benefit and educational support	27,291	27,988	27,988	27,988	27,988	25,526	26,013	26,368	26,616	26,733	1.07	1.08	1.06	1.05	1.05
Housing allowance	4,656	4,551	4,541	6,322	6,139	10,685	10,889	11,038	11,141	11,190	0.44	0.42	0.41	0.57	0.55
Housing allowance for pensioners	10,135	10,602	10,832	11,292	11,696	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A
Social assistance	8,153	8,017	8,177	8,118	8,032	6,274	6,393	6,481	6,541	6,570	1.30	1.25	1.26	1.24	1.22

	EUROMOD					External					Ratio				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Benefits															
Child benefit	24,147	24,830	24,830	24,830	24,830	21,551	21,642	N/A	N/A	N/A	1.12	1.15	N/A	N/A	N/A
Child benefit and educational support	27,291	27,988	27,988	27,988	27,988	27,656	27,618	27,658	27,617	N/A	0.99	1.01	1.01	1.01	N/A
Housing allowance	4,656	4,551	4,541	6,322	6,139	2,514	2,942	3,526	4,705	N/A	1.85	1.55	1.29	1.34	N/A
Housing allowance for pensioners	10,135	10,602	10,832	11,292	11,696	8,129	8,215	11,703	11,997	N/A	1.25	1.29	0.93	0.94	N/A
Social assistance	8,153	8,017	8,177	8,118	8,032	6,273	7,524	11,625	10,987	N/A	1.30	1.07	0.70	0.74	N/A

continued...

	EUROMOD					External					Ratio				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Taxes and Social Insurance contributions															
Personal income tax															
Basic Allowance	148,447	145,539	145,694	149,877	150,834	152,766	162,013	186,838	193,935	N/A	0.97	0.90	0.78	0.77	N/A
Allowance for voluntary Private Pension contributions	12,803	12,803	12,803	12,803	12,803	13,727	14,513	13,169	12,994	N/A	0.93	0.88	0.97	0.99	N/A
Municipal income tax and county council tax	541,314	545,224	553,961	568,693	581,817	535,078	546,083	534,811	557,258	N/A	1.01	1.00	1.04	1.02	N/A
Government income tax	42,074	43,266	44,327	43,090	43,365	40,921	41,852	44,269	43,804	N/A	1.03	1.03	1.00	0.98	N/A
Funeral tax	3,771	3,795	3,855	3,952	4,026	3,800	3,875	3,670	3,817	N/A	0.99	0.98	1.05	1.04	N/A
Tax credit for negative capital income	11,766	11,970	12,060	12,217	12,151	20,660	18,298	24,026	25,472	N/A	0.57	0.65	0.50	0.48	N/A
Earned income tax credit	70,417	81,843	83,405	85,667	87,467	68,750	80,973	80,003	83,229	N/A	1.02	1.01	1.04	1.03	N/A
Income tax	419,102	411,794	417,533	425,785	434,881	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tax on capital income excluding Capital Gain	17,771	17,026	21,059	21,818	21,330	18,844	46,311	48,628	48,712	N/A	0.94	0.37	0.43	0.45	N/A
Employees SIC															
Employees SIC	86,546	87,358	89,822	92,757	95,392	91,654	94,202	N/A	N/A	N/A	0.94	0.93	N/A	N/A	N/A

continued...

	EUROMOD					External					Ratio				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Employers SIC															
Work injury insurance contribution	8,838	8,933	9,216	4,178	4,282	7,964	8,102	8,523	3,902	N/A	1.11	1.10	1.08	1.07	N/A
Life insurance	22,095	22,333	15,857	16,296	16,700	19,905	20,253	14,663	15,248	N/A	1.11	1.10	1.08	1.07	N/A
Labour market contribution	31,582	61,088	39,439	40,530	41,536	28,325	55,414	36,471	37,928	N/A	1.11	1.10	1.08	1.07	N/A
Parental leave programme	28,593	28,902	29,816	36,213	37,111	25,764	26,217	27,579	33,896	N/A	1.11	1.10	1.08	1.07	N/A
Ordinary wage tax and Special wage tax	97,346	79,218	125,093	128,276	141,023	87,178	71,855	115,704	120,072	N/A	1.12	1.10	1.08	1.07	N/A
Retirement benefit programme	133,843	135,345	139,663	143,538	147,101	128,751	131,884	139,349	145,506	N/A	1.04	1.03	1.00	0.99	N/A
Sickness insurance	87,208	78,167	68,035	69,918	62,090	78,631	70,902	62,927	N/A	N/A	1.11	1.10	1.08	N/A	N/A
Reduction of Employer contributions	13,620	13,767	14,203	14,598	14,964	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-employed SIC															
Work injury insurance contribution	276	360	365	155	158	241	278	275	116	N/A	1.15	1.30	1.33	1.34	N/A
Life insurance	690	901	627	604	616	604	695	474	454	N/A	1.14	1.30	1.32	1.33	N/A
Labour market contribution	203	1,118	198	191	195	178	863	150	143	N/A	1.14	1.30	1.32	1.34	N/A
Parental leave programme	893	1,165	1,180	1,343	1,369	782	900	892	1,010	N/A	1.14	1.29	1.32	1.33	N/A
Ordinary wage tax and Special wage tax	3,042	3,194	4,949	4,757	5,201	3,590	2,468	3,746	3,579	N/A	0.85	1.29	1.32	1.33	N/A
Retirement benefit programme	4,287	5,649	5,742	5,599	5,706	3,985	4,584	4,713	4,595	N/A	1.08	1.23	1.22	1.22	N/A
Sickness insurance	2,814	3,396	2,740	2,639	2,337	2,447	2,611	2,069	1,969	N/A	1.15	1.30	1.32	1.34	N/A

Notes: External source in 2009 and 2010 refers to the estimates from the register restricted to the sample of the survey (EU-SILC). External source in 2011 and 2012 refers to the estimates from the register related to the persons living at the end of 2011 and 2012, respectively. N/A – not available.

Table 4.9-Distribution of equivalised disposable income

	EUROMOD					External					Ratio				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
D1	4.1	4.1	4.1	4.1	4.1	3.6	3.6	3.4	N/A	N/A	1.14	1.14	1.19	N/A	N/A
D2	5.9	5.9	5.9	5.9	5.9	5.9	5.8	5.7	N/A	N/A	1.00	1.02	1.03	N/A	N/A
D2	5.9	5.9	5.9	5.9	5.9	5.9	5.8	5.7	N/A	N/A	1.00	1.02	1.03	N/A	N/A
D3	7.0	7.0	7.0	7.0	7.0	7.1	7.0	6.9	N/A	N/A	0.99	1.00	1.02	N/A	N/A
D4	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.9	N/A	N/A	1.00	1.01	1.02	N/A	N/A
D5	9.0	9.0	8.9	8.9	8.9	9.0	9.0	8.9	N/A	N/A	1.00	1.00	1.01	N/A	N/A
D6	9.8	9.9	9.8	9.8	9.8	9.9	9.9	9.9	N/A	N/A	0.99	1.00	0.99	N/A	N/A
D7	10.9	10.8	10.8	10.8	10.8	10.9	10.9	10.9	N/A	N/A	1.00	0.99	0.99	N/A	N/A
D8	12.1	12.1	12.1	12.0	12.1	12.1	12.1	12.2	N/A	N/A	1.00	1.00	0.99	N/A	N/A
D9	13.8	13.8	13.8	13.8	13.8	13.9	14.0	14.0	N/A	N/A	1.00	0.99	0.98	N/A	N/A
D10	19.4	19.4	19.6	19.6	19.6	19.8	19.8	20.0	N/A	N/A	0.98	0.98	0.98	N/A	N/A
Median	206,289	210,901	217,655	223,355	227,664	209,291	214,650	223,283	N/A	N/A	0.99	0.98	0.97	N/A	N/A
Mean	219,219	223,690	231,606	238,149	242,720	222,045	227,635	237,436	N/A	N/A	0.99	0.98	0.98	N/A	N/A
Gini	23.3	23.2	23.5	23.5	23.4	24.1	24.4	24.9	N/A	N/A	0.97	0.95	0.94	N/A	N/A
S80/S20	3.3	3.3	3.4	3.3	3.3	3.5	3.6	3.7	N/A	N/A	0.95	0.92	0.91	N/A	N/A

Notes: Based on household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions; computed at the individual level.

Sources: EUROMOD calculations; External figures are taken from the EUROSTAT statistics database

http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database.

Table 4.10-Poverty rates by gender and age

	EUROMOD					External					Ratio				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
40% median HDI															
Total	2.8	2.8	2.9	2.8	3.0	3.7	3.7	4.2	N/A	N/A	0.76	0.75	0.69	N/A	N/A
Males	3.1	3.1	3.1	3.0	3.2	3.9	3.3	4.4	N/A	N/A	0.79	0.93	0.72	N/A	N/A
Females	2.5	2.5	2.7	2.5	2.7	3.5	4.0	4.0	N/A	N/A	0.71	0.63	0.67	N/A	N/A
50% median HDI															
Total	6.4	6.5	6.6	6.5	6.6	7.0	7.6	7.8	N/A	N/A	0.92	0.85	0.85	N/A	N/A
Males	6.3	6.3	6.5	6.4	6.5	6.9	6.9	7.7	N/A	N/A	0.91	0.92	0.85	N/A	N/A
Females	6.5	6.6	6.7	6.6	6.7	7.2	8.3	7.9	N/A	N/A	0.90	0.79	0.85	N/A	N/A
60% median HDI															
Total	12.5	12.5	12.6	12.4	12.1	12.9	14.0	14.2	N/A	N/A	0.97	0.90	0.88	N/A	N/A
Males	11.2	11.2	11.4	11.3	11.2	11.4	12.2	12.7	N/A	N/A	0.98	0.92	0.90	N/A	N/A
Females	13.7	13.8	13.7	13.4	13.0	14.3	15.7	15.7	N/A	N/A	0.96	0.88	0.87	N/A	N/A
70% median HDI															
Total	21.5	21.2	21.4	21.2	21.2	21.2	21.8	21.8	N/A	N/A	1.01	0.97	0.98	N/A	N/A
Males	18.4	18.2	18.3	18.3	18.2	18.5	18.7	19.3	N/A	N/A	1.00	0.98	0.95	N/A	N/A
Females	24.4	24.2	24.4	24.2	24.2	23.9	24.9	24.2	N/A	N/A	1.02	0.97	1.01	N/A	N/A
60% median HDI															
0-15 years	12.2	11.9	12.2	12.2	12.3	12.4	13.7	14.4	N/A	N/A	0.99	0.87	0.85	N/A	N/A
16-24 years	27.6	27.7	28.2	28.1	28.1	26.9	24.4	25.2	N/A	N/A	1.03	1.14	1.12	N/A	N/A
25-49 years	10.6	10.5	10.7	10.7	10.7	10.6	11.7	12.1	N/A	N/A	1.00	0.89	0.88	N/A	N/A
50-64 years	5.9	6.1	6.4	6.5	6.6	5.9	7.5	7.8	N/A	N/A	1.01	0.82	0.82	N/A	N/A
65+ years	12.9	13.6	12.5	11.6	9.8	15.5	18.2	17.5	N/A	N/A	0.83	0.75	0.71	N/A	N/A

Notes: Computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions.

Sources: EUROMOD calculations; External figures are taken from the EUROSTAT statistics database

http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database.

Table 4.10-Minimum wage validation

	Baseline				Min Wage Incl.				Ratio			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Equivalised disposable income	1435249.00	1464243.00	1516661.00	1559532.00	1435249.00	1464243.00	1516661.00	1559532.00	1.00	1.00	1.00	1.00
Employment income	1296865.00	1310872.00	1352371.00	1389980.00	1296866.00	1310872.00	1352372.00	1389981.00	1.00	1.00	1.00	1.00
Total income tax	419102.30	411793.50	417533.40	425784.80	419102.40	411793.60	417533.50	425784.80	1.00	1.00	1.00	1.00
Employee social insurance contributions	86546.13	87358.22	89822.06	92757.19	86546.13	87358.22	89822.06	92757.19	1.00	1.00	1.00	1.00
Social Assistance	8152.92	8017.43	8176.61	8117.64	8152.91	8017.43	8176.61	8117.64	1.00	1.00	1.00	1.00
Gini coefficient	23.29	23.24	23.48	23.45	23.29	23.24	23.48	23.45	1.00	1.00	1.00	1.00
Poverty rate (60% median HDI)	12.47	12.54	12.57	12.40	12.47	12.54	12.57	12.40	1.00	1.00	1.00	1.00

Notes: The baseline is calculated without making any adjustments to employment income; the ‘minimum wage included’ columns adjust employment income to reflect the minimum gross hourly wage; see section II for a description of the implementation of the minimum hourly wage.

Source: EUROMOD calculations.