

# **EUROMOD-JRC Interface – Country Specific Notes**

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This document contains explanatory notes on the personal income tax and social insurance contribution systems for each country, for policy year 2020 focusing on the relevant information as regards the EUROMOD-JRC Interface. These same descriptions can be found below the personal income tax and social insurance contribution tabs in the web interface.

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## 2020 policy year

### Austria 2020

Austria has a progressive income tax schedule defined by seven tax brackets.

Tax allowances in Austria consist in the deduction of all compulsory social security contributions and in tax allowances applied to taxable income to obtain the tax base. These consist in personal, family and work-related reliefs. Tax credits are deducted from the gross tax liability and these include family and work-related credits. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are mostly flat rates levied on employees, employers and self-employed in the categories shown. Old age contributions for civil service employees vary according to the birth year of the employee (and hence, the number of years until retirement). A total of 31 rates are given in the law. The interface shows the range of rates. For civil servants with monthly gross income below 5,370 EUR the rate ranges from 10.25% for the youngest workers to 12.55% for the oldest. The interface allows users to alter this pro-rata for all 31 rates at once by means of a multiplicative factor. For example, entering 1.2 as the multiplicative factor would raise all 31 rates by 20%. The same applies to the rates of civil servants with monthly gross income above the threshold.

Unemployment contributions for employees are "slab" rates, meaning that they are paid on all income if one's income falls in a given bracket (not the marginal income within that bracket).

All monetary values are in EUR and all rates are shares.

### Belgium 2020

Belgium has a progressive income tax schedule defined by four tax brackets, which is applied to taxable income. A different tax schedule, defined by five brackets, is applied separately to the sum of personal and family allowances. The tax liability is calculated as the difference between those two results. Both schedules can be modified independently in the interface, in the corresponding tabs.

There are several supplements that can add to the total base allowance such as the supplement for disability amounting to 1,630 EUR, and supplements that relate with the taxpayer household size and composition. All these supplements are shown in the tax allowances tab and can be also changed. In this same tab, the allowances that are directly deducted from the taxable income mentioned above are also shown (note that the extra reduction for low income has been withdrawn since 2019).

Tax credits include tax liability reductions per child and for low activity incomes and low wage earners. The schedules of the tax credits for replacement incomes, such as unemployment benefits, pensions, sickness and disability, are simulated in EUROMOD, however they are not offered in the

interface due to their complexity. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions for employees and employers are mostly flat rates levied on the categories shown. There is a reduction in SIC payments for employees which consist of a base amount up to a limit and then a rate up to a further limit. There is a similar reduction in place for employers. There is a special SIC for employees, which is a schedule with three brackets (the rates are 9% and 1.3% in the base) up to a maximum level. Different rates are levied depending on whether a worker is classified as a civil servant, white collar or as working in a small firm. Social insurance contributions for self-employed consist of eight schedules which are applied depending on age, main activity, type of pension received (if any) and dependants (if any).

All values are in EUR and all rates are shares.

### **Bulgaria 2020**

Bulgaria has a flat rate income tax schedule with a rate of 10% levied on taxable income.

Tax allowances offered include a child deduction from the taxpayer's income that is subjected to personal income taxation, a reduction of up to 25% of income from freelance activities, and a reduction of 10% of income from renting. Social insurance contributions are also deductible. Their schedule is offered in this interface in specific tabs. There are no tax credits included in the Bulgarian PIT system. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown. Different rates are levied on employers' SIC depending on whether a worker is classified as a civil servant.

All monetary values are in BGN and all rates are shares.

### **Croatia 2020**

Croatia has a progressive income tax schedule defined by two tax brackets and a surtax which depends on the population density of the area. There is an extension of HRK 12,500 adding to the upper limit of the first bracket of the personal income tax schedule for income from contractual work. A 12% flat rate is applied to rental income and dividends.

Croatia has a surtax that depends (positively) on the population density of the area (densely populated, intermediate populated or thinly populated).

The tax allowances offered include basic, pensioners, child, dependent relatives and disabled deductions from the taxpayer's income subjected to personal income taxation. Social insurance contributions, except the contribution for long-term care insurance, are also fully deductible. Their schedule is offered in this interface in specific tabs. There are no tax credits in the personal income tax system in Croatia. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions consist of pension insurance, health insurance, and unemployment insurance. Pension insurance for employees, self-employed and other income earners is composed of pillars A, A1, B1 and B2. Contributions to each pillar depend on the age of the taxpayer. Rates for contractual work are set to one half of regular rates. Pensioners are subjected to a progressive health contribution, with two brackets.

All monetary values are in Croatian HRK and all rates are shares.

## **Cyprus 2020**

Cyprus has a progressive income tax schedule defined by five tax brackets.

Social Insurance Contributions, which are modelled in a SIC specific section of this interface, are deducted from the tax base. No other tax allowances or tax credits are available in the personal income tax system in Cyprus.

Social insurance contributions are flat rates levied on employees, employers, self-employed, pensioners (excl. pensioners who only receive the social pension) and others (income-earners) in the categories shown. Different rates are levied depending on whether a worker is classified as a new or old civil servant, a widow, and a pensioner.

All monetary values are in EUR and all rates are shares.

## **Czechia 2020**

Czechia has a flat income tax rate of 15% levied on taxable income. As of 2013, an additional tax rate was introduced. If the income from wages and from business activities exceeds the maximum contributory base for social insurance and state employment policy contributions, the income above this amount is taxed at 7 %.

Apart from social insurance contributions, which are modelled in a SIC specific section of this interface, interests related with mortgage repayments can be deducted from the personal income taxable income up to a maximum of 300,000 Czech koruna. The tax credits offered included personal (personal, disability and student) and family-related deductible amounts. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S.](#)

[\(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown.

All monetary values are in CZK and all the rates are shares.

### **Denmark 2020**

Denmark has a partly flat-partly progressive income tax schedule. The flat rate elements are the municipal income tax (25% on average), the health income tax (0%) and the so-called bottom-bracket tax (12.11%), showed here as bracket 1. The progressive part of the income tax is introduced by the so-called top-bracket tax, an additional rate of 15% which is applied to net personal income (before deducting contributions to private pension plans) exceeding DKK 531,000.

The Danish personal income tax system defines also a tax ceiling such that the overall rate paid on all income taxes must not exceed 52.06%. This tax ceiling is applied by automatically adjusting the top bracket if necessary, which is the case for municipalities that apply a rate of 25% or higher. Since EUROMOD's baseline for 2020 uses an average municipal rate of 25%, the adjustment is made for all taxpayers, as can be seen in the effective applied additional tax rate field of the Schedule tab. If as a result of significantly increasing rates the adjustment would lead to a negative top rate, this will be set to zero, meaning that the ceiling will be exceeded.

Tax allowances offered include an Earned Income allowance and a Mortgage Interests deduction. There are no tax credits included in the personal income tax system in Denmark. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

The basic social insurance contribution is an 8% flat rate levied on labour and self-employment income. Additionally there are supplement contributions. One-third of the supplement contributions (for full-time and part-time workers) are paid by employees and two-thirds by employers. As of 2017, EUROMOD classifies the basic contribution as an income tax (Labour market contribution), keeping the rest as social insurance contributions.

All monetary values are in DKK and all the rates are shares.

### **Estonia 2020**

Estonia has a flat income tax rate of 20% levied on taxable income.

The tax allowances offered include basic, child, large family, mortgage and education allowances. Basic and child allowances, amount to EUR 6,000 and EUR 1,848, respectively. There are no tax

credits included in the personal income tax system in Estonia. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates related to health, pension and unemployment insurance, which apply to employees, employers and self-employed as shown. 1<sup>st</sup> pillar pensions refer to compulsory state insurance pension scheme and 2<sup>nd</sup> pillar is private funded pension insurance scheme.

All monetary values are in EUR and all rates are shares.

## **Finland 2020**

Finland has a partly flat rate and partly progressive income tax schedule. The flat part is the municipal income tax, with a rate that depends on the municipality. An average value of 19.97% is considered in EUROMOD computations. The progressive part of the income tax schedule is defined by five tax brackets. In this schedule, when the tax base reaches the lower bound of the second bracket, taxpayers pay additional 8 Euros.

The tax allowances offered include basic, work-related and housing allowances. The basic allowances affect the tax base of the national Finnish schedule. The maximum amount of the allowance is EUR 3,540 per year, reduced by 18 per cent of taxable income exceeding that maximum amount (similar schedule for the student allowance). Work-related expenses can be also deducted from the tax base of the national income tax. It is equal to the earnings from employment or self-employment up to a maximum amount of EUR 750 per year. There is also an Earned Income tax allowance, targeting low incomes. This allowance reduces the tax base of the local income tax and is equal to 51 per cent of income from work between EUR 2,500 and EUR 7,230 per year and 28 per cent of the income above this threshold. The maximum deductible income is EUR 3,570. The amount of the allowance is reduced by 4.5 per cent of the incomes from work net of work related expenses exceeding EUR 14,000 per year. There is also an allowance for 15% of mortgage interests.

The tax credits offered include work-related credits to be deducted from the personal income tax liability. They target low incomes, by allowing the deduction of 12.25% of the difference between taxable work income and the low limit, with a tapering reduction of 1.84% for incomes higher than EUR 33,000.

For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown. Different rates are levied depending on whether a worker is classified as an entrepreneur or a farmer, for pension contributions whether a worker is aged between 53 and 62, or below/above these limits.

All monetary values are in EUR and all rates are shares.

## France 2020

France has a progressive income tax schedule defined by seven tax brackets. The first 5 tax brackets are of a standard type, whereas the 6<sup>th</sup> and 7<sup>th</sup> are designated as exceptional tax brackets, since they apply only to very high incomes. The exceptional tax brackets are rates which are levied in addition to the top rate of income tax. Therefore in the base, a single person earning between EUR 250,000 and EUR 500,000 would pay a marginal rate of 45% for standard income tax plus 3% exceptional income tax, i.e. a total marginal rate of 48%. A single person earning above EUR 500,000 faces a total marginal rate of 49% (45% + 4%). The thresholds for couples double these amounts (EUR 500,000 and EUR 1,000,000 in the base). The upper bound of the second bracket for singles and the upper bound of the first bracket for couples cannot be changed independently.

The tax allowances offered include deductions for ascendants and children over 18, amounting to EUR 3,535. It is also possible to deduct 10% of C1 incomes (earnings, pensions and unemployment benefits), with a minimum amount of EUR 441 and a maximum of EUR 12,627. Social insurance contributions are also deductible from the tax base. Their schedule is offered in this interface in specific tabs. Tax credits offered include a child-in-education deduction. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are a combination of flat rates and schedules levied on employees, employers and self-employed as shown. A number of the contributions are subject to a maximum threshold as shown.

For SIC for employees and employers for pensions, there are 5 thresholds that serve for all SIC thresholds. For example, "thres-A" is the main pensions threshold 1 (upper limit), and the complementary pension threshold 1 (upper limit; white collar).

For SIC for employees, the contribution for the main pension is a schedule with two brackets. In addition, there is a complementary pension schedule with two or three brackets (different for non-white collar and white collar workers). Furthermore, there is the CET pension rate (*Contribution Exceptionnelle Temporaire*) and an AGFF rate (*Association pour la Gestion du Fonds de Financement*). CET has two rates. However, since rate 2 is zero, in practice, this is the same as having one rate up to a maximum threshold. AGFF has 2 rates, which differ for white collar and non-white collar workers. Thresholds for these contributions are shown in the employees' schedules, to provide additional information to the user. The structure of the SIC for employers is similar as shown, but it includes additional contributions such as sickness, family, housing, participation in reconstruction effort, professional training, apprenticeship and unions contributions. For employer's old-age contribution, there is a main contribution rate (8.55% in base), and a progressive complementary rate. Due to the complexity of the schedules of the employers social insurance contributions, only rates are offered to the interface users in this schedule (for additional information on these schedules please check the EUROMOD country report for France). Finally, the employers' SIC schedule in EUROMOD also



includes the *Fillon* reduction schedule applied to firms, but this is not offered in the interface. For SIC for self-employed all thresholds are calculated in relation to the PSS (*plafond de la sécurité sociale*, which translates as social security ceiling). The user can change only the PSS, which automatically changes all the related thresholds. There are also contributions paid by self-employed for professional training, and death and invalidity insurance, which are obtained by applying a rate to the PSS.

All monetary values are in EUR and all rates are shares.

## Germany 2020

Germany has a progressive income tax schedule with 5 tax brackets. The incomes falling in the 1<sup>st</sup>, 4<sup>th</sup> and 5<sup>th</sup> brackets are taxed at constant marginal rates. The incomes falling in the 2<sup>nd</sup> and 3<sup>rd</sup> brackets are taxed at marginal tax rates that increase linearly within the bracket itself. In summary, the tax rates are:

Tax bracket	Income level (annual; EUR)	Marginal tax rate
1	Up to 9,408	0
2	9,408 to 14,532	Initially 0.14 rising linearly to 0.2397
3	14,532 to 57,051	Initially 0.2397 rising linearly to 0.42
4	57,051 to 270,501	0.42
5	Over 270,501	0.45

The values defined for the tax brackets and the respective tax rates apply both to individual and joint taxation.

Tax allowances offered consist on basic, singles and children allowances as well as a deduction of special expenses (alimonies). The basic tax allowance amounts to EUR 9,408 and is the upper limit of the first bracket of the personal income tax schedule (can only be changed in the Schedule tab). As shown in the table above incomes up to this amount are exempt. There are also work-related allowances related with agriculture activities. Finally, selected social insurance contributions, such as pensions, health and long-term care contributions, are also deductible from taxable income. A detailed schedule of the German social security contributions is offered in this interface in specific tabs. There are no tax credits included in the personal income tax system in Germany. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers, self-employed, pensioners and non-working individuals in the categories shown. Different rates are levied depending on whether a person is categorised as being in a regular job, a Midijob (a salary of EUR 450 - 850 per month until June 2019 and EUR 1,300 starting from July 2019) or a Minijob (a salary below EUR 450 per month) or a pensioner. A number of the contributions are subject to a maximum

income threshold as shown. The annual upper limit for health insurance contributions is the same for employees (regular jobs and pensioners) and self-employed. Also, the health contribution rate for SIC for self-employed is the sum of the corresponding rates for employees and employers. Therefore it is not separately changeable in the SIC for self-employed tab. Finally, individuals who do not fall into the categories of employees, self-employed or pensioners and who are not family insured are required by law to contract health care insurance. EUROMOD simulates their payments under some simplifying assumptions, and the corresponding rates can be found in the “non-working” tab.

All monetary values are in EUR and all rates are shares.

## **Greece 2020**

Greece has a progressive income tax schedule defined by five tax brackets, which is applied to wages, self-employment income and pensions. The same schedule is applied separately to farming income. Property income is taxed at a different progressive schedule defined by three brackets.

Standard allowances in Greece consist in the deduction of all compulsory social security contributions and optional contributions to legally constituted funds. A detailed schedule of the Greek social security contributions is offered in this interface in specific tabs. There is a 777 EUR tax credit for individuals receiving employment or farming income, which increases with the number of children up to a maximum of 1,340 EUR. There is also a tax credit for disabilities. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers, self-employed and pensioners in the categories shown. In 2017 all funds providing main pensions were consolidated into EΦKA. Rules became uniform for employees previously insured in IKA, public sector employees and ΤΣΑΥ and by 2020 this will also be the case for public enterprise workers and banking employees. Other types of employees (banking employees, public enterprise employees, civil servants) still remain under their original funds, and the rates they face may depend also on whether they are eligible for the old or new regime (i.e. employed before or since 1993). However note that the SIC schedules offered correspond to the EUROMOD simplification of the still fragmented Greek SIC system (please check the EUROMOD country report for further details).

There is also a Solidarity contribution schedule defined by six brackets. This contribution is paid by individuals with net taxable incomes exceeding 12,000 EUR per year.

All monetary values are in EUR and all rates are shares.

## Hungary 2020

Hungary has a flat rate income schedule with a rate of 16% levied on taxable income.

Tax allowances offered consist on a family tax allowance depending on the number of children. Tax credits offered consist on a deduction amounting to 96,600 HUF for serious disabilities. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown. For SIC for self-employed, different rates are levied depending on whether a person is categorised as a pensioner, an employee (in addition to being self-employed) or an EVA payer (Egyszerűsített Vállalkozói Adó, which translates as the simplified entrepreneurial tax).

All monetary values are in HUF and all the rates are shares.

## Ireland 2020

Ireland has a progressive income tax schedule defined by two tax brackets. The threshold from the 1<sup>st</sup> to the 2<sup>nd</sup> tax bracket depends on whether the individual is single, a lone parent or married.

Besides the public sector pension related deduction – which is offered in this interface in a separate tab – there are no other standard tax allowances defined in the Irish personal income tax system. Tax credits offered consist on basic, family, work-related, mortgage interest deductions and health expenses. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

There is also a Universal Social Charge levied on personal income (employment and self-employment income and pensions) with a progressive schedule defined by four tax brackets for taxpayers aged below 70 years old, and by two tax brackets for taxpayers aged 70 and above. There is also a surcharge rate of 3% for high income earners (self-employment annual income above 100,000 euros), levied on self-employment and pension income.

Social insurance contributions are a combination of flat rates and schedules levied on employees, employers and self-employed in the categories shown. Public pension contribution for employees is a schedule with three brackets.

Contributions for employers are split into two groups of people:

- Class A – working age people (not with low incomes)
- Class J – working age people with low incomes; people of retirement age

Contributions for the self-employed are changeable depending on whether the income is from self-employment or from investment and rentals (though in the base case, the rate is the same).

All monetary values are in EUR and all rates are shares.

## **Italy 2020**

Italy has a progressive income tax schedule defined by five tax brackets.

Besides social insurance contributions, which are modelled in a specific section of this interface, alimony payments can also be deducted from taxable income. Tax credits offered are family, work, housing-related, education and health expenses. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown. Different rates are levied depending on whether a person is categorised as blue collar, white collar, temporary worker, manual worker, retailer, farmer or professional. SIC for self-employed also vary according to whether the worker is younger than 21.

All monetary values are in EUR and all rates are shares.

## **Latvia 2020**

Latvia has a progressive income tax schedule defined by three tax brackets.

Tax allowances offered consist on family (for each dependent), work-related, education and health deductions from taxable income. There are no tax credits included in the personal income tax system in Latvia. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown. Different rates are levied depending on whether a person is above or below pension age.

There are also Solidarity tax contributions defined as flat rates levied on employees and employers, and self-employed. For employees and employers, different rates are levied depending on whether a person is above or below pension age.

All monetary values are in EUR and all rates are shares.

## Lithuania 2020

Lithuania has a progressive income tax schedule defined by two tax brackets and a flat tax rate of 15% applied to taxable benefits, dividends and income from individual activities (minus tax credit).

The tax allowances offered consist on education, work-related, and mortgage interests deductions from taxable income. The annual basic tax allowance is 4,500 EUR if the resident's annual income does not exceed 7,284 EUR. If the resident's income is higher, the basic general allowance is reduced using the following formula: annual basic tax allowance = 4,500 – 0.18 x (resident's annual income – 7,284). There are no tax credits included in the personal income tax system in Lithuania. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are mostly flat rates levied on employees, employers and self-employed in the categories shown.

All monetary values are in EUR and all rates are shares.

## Luxembourg 2020

Luxembourg has a progressive income tax schedule defined by 23 tax brackets. For some categories of taxpayers the schedule is applied in a special way, and in order to guarantee this calculation it is not possible to add or remove brackets.

The tax allowances offered include family, work and housing related deductions from the taxpayer's income that is subjected to personal income taxation. Social insurance contributions, except the contribution for long-term care insurance, are also fully deductible. Their schedule is offered in this interface in specific tabs. The tax credit offered is a variable amount for employees, self-employed and pensioners. The maximum amount is 600 EUR and it has a phase-in and a phase-out area. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown. A number of the contributions are subject to a maximum threshold. All monetary values are in EUR and all the rates are shares.

## Malta 2020

Malta has three income tax schedules: joint taxation, individual taxation for parent of dependent children, and individual taxation for others. Each of these schedules has five tax brackets, with different thresholds. In EUROMOD, joint and individual taxation values are calculated (depending on

an individual's characteristics), and if joint taxation is permitted, the minimum value of the income tax liability is taken.

Tax allowances consist of deductions from the taxpayer's income that is subjected to personal income taxation for children in primary or secondary education. Social insurance contributions are also deductible (their schedule is offered in this interface in specific tabs). Tax credits offered consist in work-related deductions, including one for women returning to the labour market, amounting to 2,000 EUR. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates and are subject to minimum and maximum thresholds. The SIC rates faced by employees and employers are identical (and so, cannot be changed separately). In these cases the thresholds (and potentially the rates) depend on whether the individual is aged below 57. SIC contributions paid by self-occupied (with income derived from an economic activity) and self-employed (main income from investment and property) persons are also offered.

All monetary values are in EUR and all rates are shares.

## **Netherlands 2020**

The Netherlands has a progressive income tax schedule, defined by four tax brackets. Of the 3 thresholds between the tax rates, the first and the third are standard, while the second depends on the age of the taxpayer. Taxpayers aged 73 and younger face a threshold of EUR 34,713 per year, whereas taxpayers aged 74 and over face a higher threshold of EUR 35,376 per year (and so, potentially pay less tax). The standard tax allowances defined in the Dutch tax system consist in the deduction of the employee's unemployment contribution, a tax allowance for self-employment, and a mortgage interest payments deduction. All of them are offered for simulation purposes.

Tax credits offered consist in personal, family (child) and work-related deductions from the personal income tax liability. The work related tax credit presents two schedules with two brackets, differentiated for taxpayers under 65 years old and 65 or above. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are schedules for employees and employers. There are no distinct contributions attributed to self-employed. A number of the employee social insurance contributions are subject to the maximum threshold defined in the same way as the second tax threshold of the personal income tax schedule defined above, i.e. this threshold is dependent on the age of the taxpayer also. These contributions are the survivor benefit insurance, the special health care contribution and the state pension insurance. For simplicity, these thresholds are not offered in the interface.

All monetary values are in EUR and all rates are shares.

## **Poland 2020**

Poland has a progressive income tax schedule defined by two tax brackets.

Tax allowances offered include work and housing related deductions from taxable income. The work-related allowance depends on the type of work contract. On most temporary labour contracts, the allowance is equal to 20% of gross earned income, while for permanent work contracts is a lump-sum amount. Mortgage interests can be deducted in 7.1% of their amount. Tax credits offered consist in personal and family related deductions from the personal income tax liability. There is a universal tax credit for each taxpayer, allowing deducting a specified amount per year from their tax dues. It depends on income and it has two flat areas (1,440 PLN and 556.02 PLN) and two phase-out areas. In addition, there is a refundable child tax credit, which can be deducted independently of the source of taxable income, with the exception of self-employed. The amount of the tax credit is dependent on the number of children. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are mostly flat rates levied on employees, employers and self-employed in the categories shown. The SIC for employees and employers depends (or potentially depends) on whether the individual's contract is permanent or temporary or if the person is on maternity leave. The FGSP contribution translates as the Guaranteed Employee Benefits Fund. The social insurance contributions for self-employed, except farmers, are flat rates. Farmers pay a lump sum social insurance retirement contribution, which amount depends on the size of the farm plus another lump sum amount for work accident, sickness and maternity insurance contribution (annual values are shown).

All monetary values are in PLN and all rates are shares.

## **Portugal 2020**

Portugal has a progressive income tax schedule defined by seven tax brackets.

The tax allowances offered include a deduction for young people (18 - 26 years old) income, and also a deduction for dependent students who earn employment and self-employment income, up to 5 times the Social Support Index (SSI) (in 2020 SSI amounts to 438.81 EUR per month). Tax credits offered include family and housing related deductions from the personal income tax liability. The housing related tax credit refers to mortgage interests and capital payments, and presents a schedule with three brackets. The EUROMOD baseline system and input dataset have been extended to simulate education and health related tax credits, which are also offered in the interface. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the](#)

[European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees (11%), employers (23.75%) and self-employed (21.4%). The base of social insurance contributions of self-employed is a proportion, increasing with income, of the social support index.

All monetary values are in EUR and all rates are shares.

## **Romania 2020**

Romania has a flat rate income tax schedule with a rate of 10% levied on taxable income.

The tax allowances offered include family and work-related deductions from the taxpayer's income that is subjected to personal income taxation. Social insurance contributions are also deductible. Their schedule is offered in this interface in specific tabs. There are no tax credits included in the personal income tax system in Romania. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown, several of which are subject to maximum thresholds.

All monetary values are in RON and all rates are shares.

## **Slovakia 2020**

Slovakia has a progressive income tax schedule defined by two tax brackets. The threshold from the first to the second bracket is a proportion of the monthly minimum subsistence level, which in 2020 amounted to 210.20 EUR.

Tax allowances offered include a basic tax allowance and a marital status relief. The basic tax allowance is set as 21 times the minimum subsistence level. This relief is gradually withdrawn for taxpayers with gross earnings net of employee social security contributions in excess of 92.8 times the minimum subsistence income (estimated to be approximately the employee's monthly gross wage). Similarly, the marital tax relief is set as 19.2 times the minimum subsistence income and assigned to the principal earner living in a common household where the spouse earns no more than 19.2 times the minimum subsistence income, and meet one of the following conditions (i) taking care of children up to 3 years old (6, if disabled); (ii) Unemployed; (iii) Receiving caring benefit; (iv) Disabled. There is also a gradual reduction of this allowance depending on the gross earnings net of employee social security contributions of both principal and spouse. Finally, employees' social security contributions are also deductible for income tax purposes. These contributions are shown in separate tabs in this interface. Tax credits offered include family and work related deductions from the personal income tax liability. For methodological details on the identification of tax expenditures



please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed in the categories shown, and paid on different sources of income (employment, dividends and agreements incomes).

All monetary values are in EUR and all rates are shares.

## **Slovenia 2020**

Slovenia has a progressive income tax schedule defined by five tax brackets.

Tax allowances offered include personal and family tax allowances. The general personal allowance amounts depend on the annual taxable income, with two fixed amounts and a phase-out in between. In addition, there is a special lump-sum allowance for students amounting to 3,500 EUR. The amount of family tax allowance depends on the number of children in the family. Tax credits offered consist in a pensioner tax credit, equal to a share of the pension received. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employees, employers and self-employed. The rates for employees and employers are shown by category of contribution. The rates for self-employed are the sum of the rates for employees and employers.

All monetary values are in EUR and all rates are shares.

## **Spain 2020**

Spain applies two progressive income tax schedules, one defined by the central government and the other one by each Autonomous Community. As a general rule they have similar rates but both levels of government may change them unilaterally. However, only the central tax schedule is offered to the user. This is a progressive income tax schedule defined by five tax brackets.

The tax allowances offered include basic, family and work-related deductions from the taxpayer's income that is subject to personal income taxation. Basic allowances are based on age and type of tax return (individual or joint), while family allowances are based on the number and age of dependent children and dependent parents. Some Autonomous Communities apply different amounts, which are also simulated but cannot be changed in the interface. Finally, taxpayers earning labour income (which includes employment income, unemployment benefits and pensions) can also deduct their social insurance contributions and a work-related allowance. This allowance consists of a specific fixed amount for earners with low labour income, a lower amount for earners with higher

labour income, and a phase-out in between. The lower amount is also applied to individuals with low labour income but non-labour income higher than the specified limit. The allowances for joint taxation and labour income are deducted directly from taxable income to calculate the tax base. Then the tax schedule is applied separately to the tax base and to the remaining allowances, being the tax liability the difference between the two results. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions are flat rates levied on employees, employers and self-employed. The rates depend (or potentially depend) on whether a worker is classified as an agrarian worker, a (non-agrarian) part-time worker or a (non-agrarian) full-time worker.

All monetary values are in EUR and all rates are shares.

### **Sweden 2020**

Sweden has a partly flat rate and partly progressive income tax schedule. The flat rate elements are the municipal income tax (20.72%), the county council tax (11.56%) and the funeral tax (0.23%). The progressive part of the income tax is defined by two tax brackets.

The tax allowances offered include the deduction of mortgage interests from the taxable income. There is also a personal basic allowance included in the personal income tax of Sweden. This is computed with a rather complex formula which depends on a parameter called Basic Amount (amounting to SEK 47,300 in 2020) and the values of taxable income. However, due to its complexity it is not offered in the interface. Tax credits offered include a housing-related deduction from personal income tax liability. There is also an Earned Income tax credit, which (similarly to the basic allowance) depends on the Basic Amount parameter and on the tax base values. Again, it is not offered in this interface due to its complex schedule. For methodological details on the identification of tax expenditures please see [Barrios, S., Figari, F., Gandullia, L., & Riscado, S. \(2016\). The fiscal and equity impact of tax expenditures in the European Union, JRC WP on Taxation and Structural Reforms No. 2016-01, European Commission, Joint Research Centre, Seville.](#)

Social insurance contributions consists of one flat rate levied on employees (7%), and a set of flat rates levied on employers and self-employed in the categories shown. The Swedish social insurance system includes also a reduction schedule which is not offered to the user.

All monetary values are in SEK and all rates are shares.