

# Sweden

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This chapter includes data on the income taxes paid by workers, their social security contributions, the family benefits they receive in the form of cash transfers as well as the social security contributions and payroll taxes paid by their employers. Results reported include the marginal and average tax burden for eight different family types.

Methodological information is available for personal income tax systems, compulsory social security contributions to schemes operated within the government sector, universal cash transfers as well as recent changes in the tax/benefit system. The methodology also includes the parameter values and tax equations underlying the data.

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## Sweden 2023

## The tax/benefit position of single persons

	Wage level (per cent of average wage)	67	100	167	67
	Number of children	none	none	none	2
<b>1 Gross wage earnings</b>		342 865	511 738	854 603	342 865
<b>2 Standard tax allowances</b>					
Basic allowance		22 500	15 400	15 400	22 500
Married or head of family					
Dependent children					
Deduction for social security contributions and income taxes		0	0	0	0
Work-related expenses					
Other					
	Total	22 500	15 400	15 400	22 500
<b>3 Tax credits or cash transfers included in taxable income</b>		0	0	0	0
<b>4 Central government taxable income (1 - 2 + 3)</b>		320 300	496 300	839 200	320 300
<b>5 Central government income tax liability (exclusive of tax credits)</b>		0	0	48 140	0
<b>6 Tax credits</b>					
Basic credit					
Married or head of family					
Children					
Other		56 042	73 499	75 386	56 042
	Total	56 042	73 499	75 386	56 042
<b>7 Central government income tax finally paid (5-6)</b>		- 56 042	- 73 499	- 27 246	- 56 042
<b>8 State and local taxes</b>		103 264	160 007	270 558	103 264
<b>9 Employees' compulsory social security contributions</b>					
Gross earnings		24 000	35 800	42 000	24 000
Taxable income					
	Total	24 000	35 800	42 000	24 000
<b>10 Total payments to general government (7 + 8 + 9)</b>		71 222	122 308	285 312	71 222
<b>11 Cash transfers from general government</b>					
For head of family					
For two children		0	0	0	31 800
	Total	0	0	0	31 800
<b>12 Take-home pay (1-10+11)</b>		271 643	389 430	569 291	303 443
<b>13 Employer's wage dependent contributions and taxes</b>					
Employer's compulsory social security contributions		67 888	101 325	169 212	67 888
payroll taxes		39 840	59 463	99 304	39 840
	Total	107 728	160 788	268 516	107 728
<b>14 Average rates</b>					
Income tax		13.8%	16.9%	28.5%	13.8%
Employees' social security contributions		7.0%	7.0%	4.9%	7.0%
Total payments less cash transfers		20.8%	23.9%	33.4%	11.5%
Total tax wedge including employer's social security contributions		39.7%	42.1%	49.3%	32.7%
<b>15 Marginal rates</b>					
Total payments less cash transfers: Principal earner		29.2%	32.2%	55.2%	29.2%
Total payments less cash transfers: Spouse		n.a.	n.a.	n.a.	n.a.
Total tax wedge: Principal earner		46.2%	48.4%	65.9%	46.2%
Total tax wedge: Spouse		n.a.	n.a.	n.a.	n.a.

## Sweden 2023

## The tax/benefit position of married couples

		Wage level (per cent of average wage)			
		100-0	100-67	100-100	100-67
		Number of children			
		2	2	2	none
<b>1</b>	<b>Gross wage earnings</b>	511 738	854 603	1 023 476	854 603
<b>2</b>	<b>Standard tax allowances:</b>				
	Basic allowance	15 400	37 900	30 800	37 900
	Married or head of family				
	Dependent children				
	Deduction for social security contributions and income taxes	0	0	0	0
	Work-related expenses				
	Other				
	Total	15 400	37 900	30 800	37 900
<b>3</b>	<b>Tax credits or cash transfers included in taxable income</b>	0	0	0	0
<b>4</b>	<b>Central government taxable income (1 - 2 + 3)</b>	496 300	816 600	992 600	816 600
<b>5</b>	<b>Central government income tax liability (exclusive of tax credits)</b>	0	0	0	0
<b>6</b>	<b>Tax credits</b>				
	Basic credit				
	Married or head of family				
	Children				
	Other	73 499	129 541	146 998	129 541
	Total	73 499	129 541	146 998	129 541
<b>7</b>	<b>Central government income tax finally paid (5-6)</b>	- 73 499	- 129 541	- 146 998	- 129 541
<b>8</b>	<b>State and local taxes</b>	160 007	263 271	320 014	263 271
<b>9</b>	<b>Employees' compulsory social security contributions</b>				
	Gross earnings	35 800	59 800	71 600	59 800
	Taxable income				
	Total	35 800	59 800	71 600	59 800
<b>10</b>	<b>Total payments to general government (7 + 8 + 9)</b>	122 308	193 530	244 616	193 530
<b>11</b>	<b>Cash transfers from general government</b>				
	For head of family				
	For two children	31 800	31 800	31 800	0
	Total	31 800	31 800	31 800	0
<b>12</b>	<b>Take-home pay (1-10+11)</b>	421 230	692 873	810 660	661 073
<b>13</b>	<b>Employer's wage dependent contributions and taxes</b>				
	Employer's compulsory social security contributions	101 325	169 213	202 650	169 213
	payroll taxes	59 463	99 303	118 926	99 303
	Total	160 788	268 516	321 576	268 516
<b>14</b>	<b>Average rates</b>				
	Income tax	16.9%	15.6%	16.9%	15.6%
	Employees' social security contributions	7.0%	7.0%	7.0%	7.0%
	Total payments less cash transfers	17.7%	18.9%	20.8%	22.6%
	Total tax wedge including employer's social security contributions	37.4%	38.3%	39.7%	41.1%
<b>15</b>	<b>Marginal rates</b>				
	Total payments less cash transfers: Principal earner	32.2%	32.2%	32.2%	32.2%
	Total payments less cash transfers: Spouse	20.3%	29.2%	32.2%	29.2%
	Total tax wedge: Principal earner	48.4%	48.4%	48.4%	48.4%
	Total tax wedge: Spouse	39.3%	46.2%	48.4%	46.2%

The national currency is the Swedish Kronor (SEK). In 2023, SEK 10.22 were equal to USD 1. In that year, the average worker earned SEK 511 738 (Secretariat estimate).

## 1. Personal Income Tax Systems

### 1.1. Central government income taxes

#### 1.1.1. Tax unit

Spouses are taxed separately.

#### 1.1.2. Tax allowances and tax credits

##### 1.1.2.1. Standard reliefs

- **Basic reliefs:** A basic allowance is given for assessed earned income and varies between SEK 15 400 and SEK 40 500, depending on income. When individuals pay central government income tax, the basic allowance is at its lowest level, which equals SEK 15 400. The basic allowance depends on the assessed earned income and the basic amount, which equals SEK 52 500 in 2023.

Assessed-Earned- Income (SEK) Relative to Basic Amount (BA)	Share of BA at lower bracket	For exceeding income
—0.99	0.423	
0.99—2.72	0.423	+0.2
2.72—3.11	0.77	
3.11—7.88	0.77	-0.1
7.88—	0.293	

For taxpayers older than 66, the basic relief is calculated differently:

Assessed-Earned- Income (SEK) Relative to Basic Amount (BA)	Share of BA at lower bracket	For exceeding income
- 1.11	1.11	
1.11 - 1.965	1.11	+0.257
1.965 - 3.24	1.333	+0.3949
3.24 - 5.53	1.8365	+0.133
5.53 - 7.88	2.141	+0.112
7.88 - 8.08	2.405	+0.128
8.08 - 11.48	2.432	
11.48 - 12.8	2.432	-0,62
12.8 - 13.54	1.613	
13.54 - 36.54	1.613	-0.0574
36.54 -	0.293	

- **Standard marital status reliefs:** None.
- **Relief(s) for children:** None.
- **Work-related expenses:** None.
- **Other:** None.

### 1.1.2.2. Main non-standard tax reliefs applicable to an AW

- Interest on qualifying loans: Interest payments are offset against capital income. The resulting net capital income is the tax base. A tax credit is given in the case of negative capital income,
- Medical expenses: None. Other allowances are given for: the amount of commuting expenses exceeding SEK 11 000,
- other types of work-related expenses exceeding SEK 5 000; examples are the costs of tools, work-related phone calls using the taxpayer's private telephone,
- increased living expenses while on business trips, e.g., such as the use of a private car if these costs are not reimbursed by the employer,
- double housing expenses due to temporary work at other geographical locations (too far from home for commuting), or if the family for some reason can't move, even if the job is of a permanent nature,
- travelling expenses for travelling home if the taxpayer works in another place than his/her place of residence.

### 1.1.3. Tax schedule

Taxable Income (SEK)	Tax (SEK) at lower bracket	For exceeding income, %
0—598 500	0	0
Over 598 500	0	20

### 1.1.4. Tax credits

A tax credit equal to 100% of the compulsory social security contributions paid by the employee is granted.

For a person aged 65 or less, an annual Earned Income Tax Credit (EITC) worth up to approximately SEK 36 200 at the average local tax rate is granted on labour income. The EITC is connected to the basic allowance (BAL), the basic amount (BA) and the local tax rate (LTR). The Basic Allowance is determined in Section 1.121; the local tax rate is discussed in Section 1.2. The Basic Amount (BA) in 2023 is SEK 52 500. For those older than 65 a simplified EITC (not connected to the local tax rate, the basic allowance or the basic amount) worth up to SEK 36 000 is granted. The EITC is phased-out for those with incomes above around SEK 700 000 a year.

The tax credits are non-refundable in the sense that they cannot reduce the individual's tax payments to less than zero. The EITC is deducted from the local government income tax, whereas the tax credit for the social security contributions is deducted from other taxes as well. However, the central government covers the expenses for the tax credits.

For taxpayers younger than 65, the EITC is calculated as follows:

Earned Income (EI)	EITC
—0.91 BA	$(EI - \text{BAL}) * \text{LTR}$
0.91 BA—3.24 BA	$(0.91 \text{ BA} + 0.3874 * (EI - 0.91 \text{ BA}) - \text{BAL}) * \text{LTR}$
3.24 BA—8.08 BA	$(1.812 \text{ BA} + 0.128 * (EI - 3.24 \text{ BA}) - \text{BAL}) * \text{LTR}$
8.08 BA—13.54 BA	$(2.432 \text{ BA} - \text{BAL}) * \text{LTR}$
13.54 BA-	$(2.432 \text{ BA} - \text{BAL}) * \text{LTR} - 0.03 * (EI - 13.54 \text{ BA})$

For taxpayers older than 65, the EITC is calculated differently:

Earned Income (EI)	EITC
– 100 000 SEK	$0.22 * EI$
100 001—300 000 SEK	$15\,000 \text{ SEK} + 0.07 * EI$
300 001—600 000 SEK	36 000 SEK

600 001—1 600 000 SEK	36 000 -0,03*(EI-600 000)
1 600 001 SEK -	0

Since 1st of January 2021 a wastable general tax credit applies to taxable income exceeding SEK 40 000 per year. The tax credit is 0.75 percent of exceeding income up to a maximum tax credit of SEK 1 500.

## 1.2. Local government income taxes

### 1.2.1. General description of the systems

Sweden has both a central government and a local government personal income tax. They are completely coordinated in the assessment process and refer to the same period, i.e., the income year coincides with the calendar year.

### 1.2.2. Tax base

The tax base is the same as for the central government income tax. The basic allowance for individuals paying local government tax varies between SEK 15 400 and SEK 40 500; it depends on the taxpayer's income. For a taxpayer earning the AW, this basic allowance amounts to SEK 15 400.

### 1.2.3. Tax rates

The local government personal income tax is proportional and differs between municipalities. The average rate amounts to 32.24% in 2023, with the maximum and minimum rates being 35.15% and 28.98%, respectively.

## 2. Compulsory Social Security Contributions to Schemes Operated within the Government Sector

### 2.1. Employees' contributions

A general pension contribution of 7% of personal income is paid by employees and the self-employed when income is equal to or greater than 42.3% of the basic amount underlying the basic allowance (see Section 1.121). The contribution cannot exceed SEK 42 000 since the general pension contributions are not paid for income over SEK 599 600 (=8.07\*74 300). The employees' contribution is offset with a tax credit.

### 2.2. Employers' contributions

The employers' contributions are calculated as a percentage of the total sum of salaries and benefits in a year. For the self-employed, the base is net business income. The rates for 2023 are listed below.

Program	Employer (%)	Self-employed (%)
Retirement pension	10.21	10.21
Survivor's pension	0.60	0.60
Parental insurance	2.60	2.60
Health insurance	3.55	3.64
Labour market	2.64	0.10
Occupational health	0.20	0.20
General wage tax	11.62	11.62
Total	31.42	28.97

In certain regions, a reduction of 10% of the base, maximum SEK 7 100 per month, is granted (SEK 18 000 per year for self-employed) (it is not included in the calculations underlying this Report). For employees who are over 66 years old and born after 1937 only the retirement pension contribution (10.21%) is applicable. For persons born in 1937 or earlier no employers' social security contributions, is applied.

There is a reduction of the employers' contributions for employees between the ages of 15 and 17 (by the beginning of the year). For salaries and benefits less than SEK 25 000 per month the employers' contributions are reduced to the retirement pension fee.

On premiums for occupational pensions paid by the employer a special wage tax (24.26%) is applied.

For self-employed a general reduction of 7.5% on the SSC is applicable if the income exceeds SEK 40 000 per year. The maximal reduction is SEK 15 000 per year.

There is a temporary reduction of the employers' contributions for employees between the ages of 18 and 23 (by the beginning of the year) during the period 1<sup>st</sup> of January 2021 to 31<sup>st</sup> of March 2023. For salaries and benefits less than SEK 25 000 per month the employers' contributions are reduced to the retirement pension fee and 45 percent of other social security contributions.

### 3. Universal Cash Transfers

#### 3.1. Transfers related to marital status

None.

#### 3.2. Transfers for dependent children

The transfers are tax exempt and independent of the parents' income. The transfers for each child are as follows:

	2023
First child	15 000
Second child	16 800
Third child	21 960
Fourth child	27 120
Fifth and subsequent child	30 000

### 4. Main Changes in Tax/Benefit Systems Since 1998

A tax credit of SEK 1 320 was introduced for low- and average income earners in 1999. The credit is reduced by 1.2% of taxable income above SEK 135 000. This reduction was abolished in 2003 and was replaced by an increase in the basic allowance.

A tax credit of 25% of the social security contribution paid by employees and the self-employed was introduced in 2000. The tax credit has been gradually increased to 100% in 2006.

In 2004, a special tax credit equal to SEK 200 was provided for the statutory minimum local income tax. The special tax credit was abolished in 2005 as was the statutory minimum state income tax (a lump sum tax) of SEK 200.

In 2021 a general tax credit was introduced. The tax credit is 0.75% of taxable income exceeding SEK 40 000 per year up to a maximum tax credit of SEK 1 500.

The central government income tax bracket is indexed with the consumer price index plus 2%. However, some restrictions to the increases were applied in 2004, 2005, 2006, 2016 and 2017. Additional increases were applied in 2009 and 2019. In 2020 the additional central government income tax over the upper bracket was abolished.

The child allowance was increased in 2000, 2001, 2006, 2010, 2017 and 2018.

The basic allowance has been increased in 2001, 2002, 2003, 2005 and 2006. For persons 65 years or older the basic allowance was increased in 2009, 2010, 2011, 2013, 2014, 2016, 2018, 2019, 2020, 2021 and 2022. The age limit for the higher basic allowance was increased from 65 to 66 years in 2023.

An earned income tax credit was introduced in 2007 with the purpose of making work economically more rewarding relative to unemployment or inactivity. The earned income tax credit was increased in 2008, 2009, 2010, 2014, 2019 and 2022. In 2016 a phase-out of the EITC was introduced for persons with incomes above around SEK 700 000 in 2023.

In 2018 a tax credit for income from sickness and activity compensation (corresponding to disability pension) was introduced. This tax credit was increased in 2022.

In 2007, the social security contributions for 18-24-year-old employees and self-employed were reduced. In 2009 the reduction was increased and expanded to include all aged under 26. From 1st August 2015 the reduction was reduced by half and the 1st of June 2016 the reduction was abolished. A reduction of the SSC was reintroduced for 15-17-year-old employees from 1st August 2019.

A special wage tax for persons older than 65 was abolished in 2007 for persons born after 1937 and in 2008 for persons born in 1937 or earlier. In 2016 the special wage tax for older persons was reintroduced at a rate of 6.15%. This was abolished as of 1st July 2019.

A general reduction of the SSC for self-employed was introduced in 2010 and increased in 2014.

The deduction for premiums paid to private pension arrangements was lowered in 2015 from SEK 12 000 to SEK 1 800 and abolished in 2016.

## 5. Memorandum Items

### 5.1. Identification of an AW and calculation of earnings

Basic data for gross earnings are taken from the series Official Statistics of Sweden, published by Statistics Sweden. The calculation is based upon total average monthly or hourly earnings, primarily in September of the calendar year. To arrive at the annual earnings, data have been multiplied by the normal amount of hours worked during the year or the stipulated monthly salary has been multiplied by a factor of 12.2. The figures are representative for the country as a whole. The branch classification is NACE Rev.2 B-N according to the OECD recommendation.

### 5.2. Employer contributions to private health, pension, etc. schemes

There are a handful of widespread private social security schemes.



## 2023 Parameter values

Average earnings/yr	Ave_earn	511 738	Secretariat estimate
Central income tax			
	tax_rate	0.2	
	tax_thrsh	598 500	
Basic Allowance			
	gr1	0.99	
	gr2	2.72	
	gr3	3.11	
	gr4	7.88	
	gp1	0.423	
	gp2	0.2	
	gp3	0.1	
	gp4	0.293	
	gp5	0.77	
Local income tax			
	local_rate	0.3224	
	min_taxl	0	
Soc. security amount			
	basic_amt	52 500	
	basic_ant	74 300	
Soc. security contributions			
employee	SSC_rate	0.07	
employer	SSC_empr	0.3142	
ceiling	SSCC	8.07	
Child benefit			
	Child 1	15 000	
	Child 2	16 800	
	CB	15 900	
Tax credits			
	TC1	0	
	TC1gr1	0	
	TC1gp1	0	
	TC2gp1	1	
EITC			
	er_1	0.91	
	er_2	3.24	
	er_3	8.08	
	er_4	13.54	
	ep_1	1.812	
	ep_2	0.3874	
	ep_3	0.128	
	ep_4	2.432	
	ep_5	0.03	
General wastable tax credit			
	gen_tax_cr_rate	0.0075	
	gen_tax_cr_lim	40000	
	gen_tax_cr_max	1500	
Employer payroll tax	PRT	0.1162	

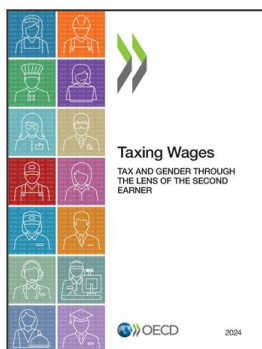
## 2023 Tax equations

The equations for the Swedish system are mostly repeated for each individual of a married couple. But the cash transfer is calculated only once. This is shown by the Range indicator in the table below.

The functions which are used in the equations (Taper, MIN, Tax etc) are described in the technical note about tax equations. Variable names are defined in the table of parameters above, within the equations table, or are the standard variables “married” and “children”. A reference to a variable with the affix “\_total” indicates the sum of the relevant variable values for the principal and spouse. And the affixes “\_princ” and “\_spouse” indicate the value for the principal and spouse, respectively. Equations for a single person are as shown for the principal, with “\_spouse” values taken as 0.

	Line in country table and intermediate steps	Variable name	Range	Equation
1.	Earnings	earn		
		trunc_earn	B	TRUNC(earn, -2)
2.	Allowances:	basic_al	B	IF(trunc_earn <= gr_2 * basic_amt, MINA(ROUNDUP(MAXA(gp_1 * basic_amt, (gp_1 + gp_2 * (gr_2 - gr_1))) * basic_amt - gp_2 * MAXA(gr_2 * basic_amt - trunc_earn, 0)), -2), trunc_earn), MINA(ROUNDUP(MAXA(gp_4 * basic_amt, gp_5 * basic_amt - gp_2 * MAXA(gr_2 * basic_amt - trunc_earn, 0) - gp_3 * MAXA(trunc_earn - gr_3 * basic_amt, 0)), -2), trunc_earn))
		ssc_al	B	0
	Total	tax_al	B	basic_al
3.	Credits in taxable income	taxbl_cr	B	0
4.	CG taxable income	tax_inc	B	Positive(earn - basic_al)
5.	CG tax before credits	CG_tax_excl	B	tax_rate * Positive(tax_inc - tax_thrsh)
6.	Tax credits :	ssc_credit	B	Trunc(SSC, -2)
		localtax_credit	B	0
		eitc	B	=TRUNC(MAX((((TRUNC(IF(earned_income > er_2 * basic_amt; IF(earned_income > er_3 * basic_amt; ep_4 * basic_amt; ep_1 * basic_amt + ep_3 * (earned_income - er_2 * basic_amt)); MIN(earned_income; er_1 * basic_amt + ep_2 * (earned_income - er_1 * basic_amt))))); 0) - basic_allowance) * local_rate - (IF(earned_income > er_4 * basic_amt; ep_5 * (earned_income - er_4 * basic_amt); 0); 0); 0)
		Final_eitc	B	MIN(eitc, CG_tax_excl + local_tax - ssc_credit)
		gen_tax_cr	B	MIN(gen_tax_cr_rate * MAX(tax_inc - gen_tax_cr_lim, 0), gen_tax_cr_max)
		tax_cr	B	ssc_credit + localtax_credit + final_eitc + gen_tax_cr
7.	CG tax	CG_tax	B	(CG_tax_excl - tax_cr
8.	State and local taxes	local_tax	B	IF(tax_inc > 0, TRUNC(local_rate * tax_inc, 0) + min_taxl, 0)
9.	Employees' soc security	SSC	B	(trunc_earn >= gp_1 * basic_amt) * MINA(ROUNDSSC(trunc_earn * SSC_rate), ROUNDSSC(SSC * basic_amt * SSC_rate))
11.	Cash transfers	cash_trans	J	Children * CB
13.	Employer's contributions		B	
	Employer's SSC	SSC_empr	B	TRUNC(earn * SSC_empr) - Payroll_empr
	Employer's payroll tax	Payroll_empr	B	TRUNC(earn * PRT)
	Total	Cont_empr	B	SSC_empr + Payroll_empr

Key to range of equation B calculated separately for both principal earner and spouse P calculated for principal only (value taken as 0 for spouse calculation) J calculated once only on a joint basis.



**From:**  
**Taxing Wages 2024**  
Tax and Gender through the Lens of the Second Earner

**Access the complete publication at:**  
<https://doi.org/10.1787/dbcbac85-en>

**Please cite this chapter as:**

OECD (2024), "Sweden", in *Taxing Wages 2024: Tax and Gender through the Lens of the Second Earner*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/b386bd39-en>

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