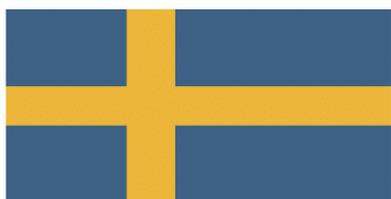


THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
Sweden 2022



THE OECD TAX-BENEFIT DATABASE FOR SWEDEN

Description of policy rules for 2022

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Preface

This report provides a detailed description of the tax and benefit rules in Sweden as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)

Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2022**.
- The TaxBEN models all policies in effect on the reference date. This includes temporary policies implemented in response to the **Covid-19 pandemic**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format **[variable name]**.

The OECD tax-benefit model for Sweden: Policy rules in 2022

1. Reference wages

Average wage **[AW]**: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available [here](#)).¹ If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth² to the latest available wage estimate.

2. Unemployment benefits

2.1. *Income-loss insurance (Inkomstbortfallsförsäkring)*

Variable names:³ **[UI_p; UI_s]**

The Swedish unemployment insurance benefit is contributory, not means-tested, taxable and pensionable.  The income-loss insurance is voluntary and requires membership of an Unemployment Insurance Fund to qualify.

2.1.1. *Eligibility conditions*

Age: No lower age limit. Maximum age: the end of the month before the unemployed person reaches the age of 65.

Contribution/employment history: Normally, a benefit claimant must have worked at least 6 months (with at least 80 hours per calendar month) during a framework period of twelve months immediately prior to the onset of unemployment. Alternatively, the benefit claimant must have worked for at least 480 hours during a consecutive period of 6 calendar months and have performed this work for at least 50 hours during each of these months. However, these requirements have been adjusted in response to the COVID-19 pandemic (see Box below).

The benefit claimant in addition, needs to fulfil a membership condition of twelve months of consecutive membership (in 2021, the membership fee was between 119 and 190 SEK per month).

¹ Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.

² Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).

³ The variable names ending with “_p” refer to the first adult (so-called “principal” adult) whereas those ending with “_s” are related to the spouse.

COVID-19 measures (Implemented in TaxBen)

As a Covid-related reform there is a temporary relief of the working condition (from 2020-04-13 until 2023-01-01):

A recipient must have worked at least 6 months (with at least 60 hours per calendar month) during a framework period of twelve months immediately prior to the onset of unemployment. Alternatively, the recipient must have worked for at least 420 hours during a consecutive period of 6 calendar months and have performed this work for at least 40 hours during each of these months.

This policy is implemented in the 2022 TaxBEN as this policy was in effect on January 1st, 2022.

Behavioural requirements and related eligibility conditions:  TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits.⁴ The benefit claimant must:

1. be capable of working and have nothing preventing him or her from undertaking work on behalf of an employer for at least 3 hours each working day and at an average of at least 17 hours per week,
2. be registered as jobseeker at the public employment service,
3. otherwise be available to the labour market.

If the benefit claimant has caused his or her unemployment by resigning, the right to unemployment benefit might be suspended for 45 benefit days. This is if the job is terminated by the claimant without an acceptable reason.

The unemployment insurance also regulates sanctions for situations when benefit claimants mismanaged their job-search and/or prolonged the period of unemployment. Rules concerning sanctions are regulated in the Unemployment Insurance Act (Lagen (1997:238 om arbetslöshetsförsäkring) and the Regulation on Unemployment Insurance (Förordningen (1997:835 om arbetslöshetsförsäkring).

2.1.2. Benefit amount

Calculation base: The amount of benefits is calculated as a percentage of previous gross earnings.

Benefit amount: Gross replacement rate is 80 per cent of previous earnings for 200 days and then 70 per cent for the rest of the period. If the person is under 25 years of age, has activity support and does not have children, the replacement falls to 70 percent from day 101 with activity support and then falls to 65 percent from day 201. The maximum daily benefit is normally SEK 910 the first 100 days and then SEK 760 (yearly equivalent SEK 197 600). The minimum daily benefit for someone who has been working full time during the entire framework period is normally SEK 365 (yearly equivalent SEK 94 900). However, these amounts have been increased in response to the COVID-19 pandemic (see Box below).

⁴ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbacher \(2015\)](#) and [Venn \(2011\)](#).

COVID-19 measures (Implemented in TaxBEN)

As a Covid-related reform the maximum daily benefit is temporarily higher (from 2020-04-13 until 2023-01-01):

The maximum daily benefit is SEK 1200 the first 100 days and then SEK 1000. The minimum daily benefit for someone who has been working full time is SEK 510. A temporary lowest level of the daily benefit is set to SEK 255 for someone who has not been working full time.

The maximum daily benefit when participating in labour market programs is SEK 1200 the first 100 days and then SEK 1000. The minimum amount is SEK 510, when participating full time.

This policy is implemented in the 2022 TaxBEN as this policy was in effect on January 1st, 2022.

If the recipient does not have a job when the benefit period has ended, he or she is referred to the labour market policy program (activity guarantee) Job and Development Guarantee program. Job and Development Guarantee participants receive activity support of 65% of previous earnings with limits: the maximum daily benefit is SEK 760, and the minimum is SEK 365. Young people under the age of 25 are referred to the labour market policy program (activity guarantee) Job Guarantee Program for young people after 90 calendar days of unemployment.

2.1.3. Benefit duration

The benefit is payable on a 5-day week basis, for a maximum of 300 days for those without children and 450 days for those with dependent children, after a 6-day waiting period. The days on which benefits are received may be broken by a period of employment. If the employment proves not to be durable, the unemployed may use any remaining insurance period. Such breaks can last no longer than 12 months since the unemployed last received benefit.

COVID-19 measures (Not currently implemented in TaxBEN model)

As a Covid-related reform the waiting period was temporarily abolished during the time period of 2020-03-30 until 2021-01-03. The waiting period was reintroduced during the time period of 2021-01-04 until 2022-01-02. As of 2022-01-03 the waiting period is temporarily reduced (until 2023-01-01) to two days.

As TaxBEN does not model the waiting period, this policy is not captured in the 2022 TaxBEN.

Part-time unemployed can receive unemployment benefit for a total of 60 weeks when performing part-time work within a benefit period.

If the recipient does not have a job when the benefit duration has ended he or she is referred to the labour market policy program (activity guarantee) Job and Development Guarantee program. Young people under the age of 25 are referred to the labour market policy program (activity guarantee) Job Guarantee Program for young people after 90 calendar days of unemployment. Those who received income-loss unemployment benefit before participating in the Job and Development Guarantee programs can continue in the program and receive activity support indefinitely. However, participants in the Job and Development Guarantee program who did not receive any unemployment benefit before participating can only receive activity support for 450 days.

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

The benefit is taxable.

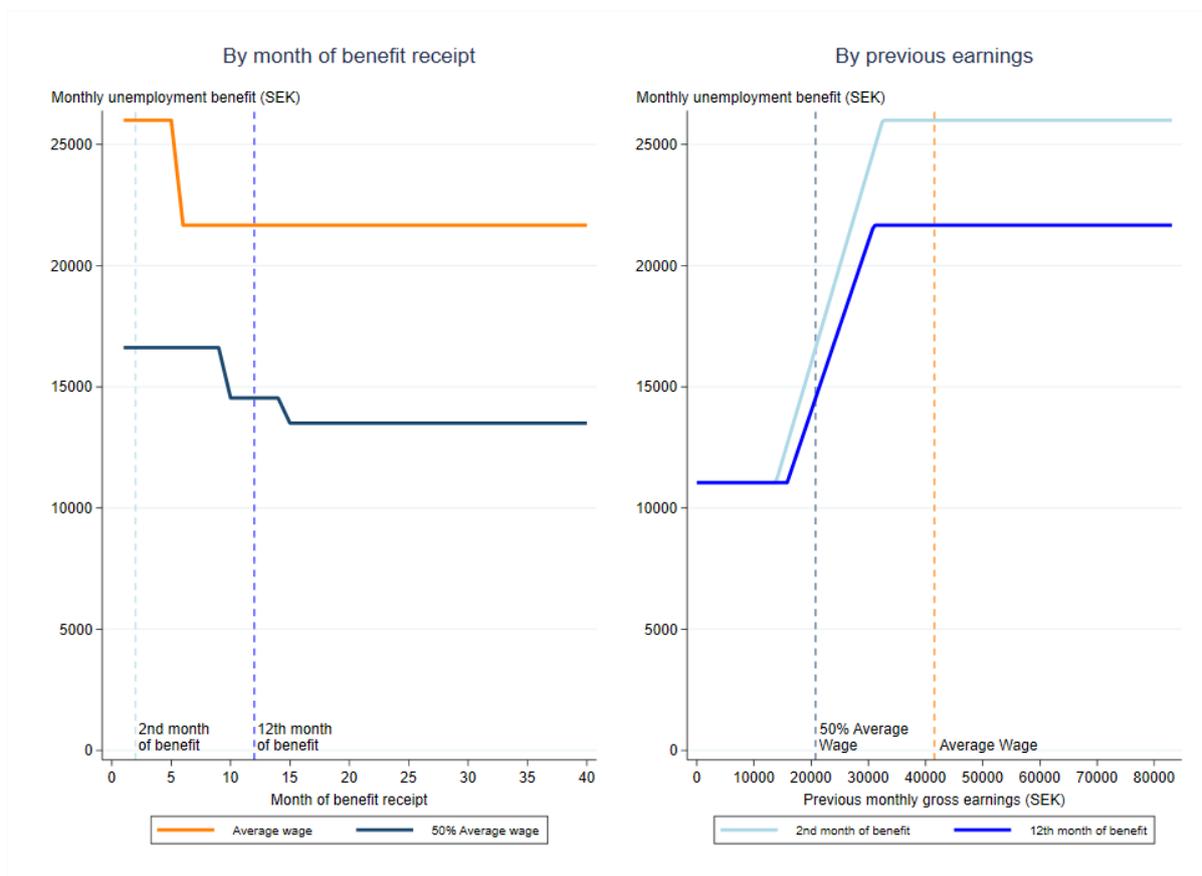
2.1.6. Interactions with other components of the tax-benefit system

Family and housing benefits can be paid in addition to unemployment insurance benefits. Unemployment insurance benefits are included in the income definition for the means tests for housing benefits and social assistance.

2.1.7. Combining benefit receipt and employment/starting a new job

The benefit is reduced in proportion of the number of days worked.

Figure 1. Monthly benefit receipt by duration of unemployment and previous earnings



Note: Calculations are for a single person aged 40 without children.

Source: Calculations using OECD tax-benefit model, 2022.

2.2. Basic unemployment insurance (*Grundförsäkring*)

Variable name:⁵ [UA]

The basic unemployment insurance benefit is mainly for those who are not insured or who have not been insured for long enough to qualify for income-loss benefits, but who meet the employment conditions.

It is non-contributory, not means-tested and taxable. 

2.2.1. Eligibility conditions

Age: It is available from the age of 20, until the end of the month before the unemployed person reaches the age of 65.

Contribution/employment history: The same conditions as for income-loss benefits apply (except for the membership condition).

Behavioural requirements and related eligibility conditions:  The same conditions as for income-loss benefits apply. (TaxBEN assumes that these conditions are satisfied when simulating unemployment benefits).⁶

2.2.2. Benefit amount

Calculation base: Flat rate (based on time worked not previous income).

Benefit amount: Normally, the benefit is a daily flat rate of SEK 365 (yearly equivalent of SEK 94 900) for those who have been working full time during the entire framework period, and is proportionally lower for those previously employed part time; for example, those who previously worked half time during the reference period receive 50% of the full benefit amount. However, these amounts have been increased in response to the COVID-19 pandemic (see Box below).

COVID-19 measures (Implemented in TaxBEN)

As a Covid-related reform the maximum daily benefit is temporarily higher (from 2020-04-13 until 2023-01-01):

The benefit is a daily flat rate of SEK 510 for those previously employed full time. A temporary lowest level of the daily benefit is set to SEK 255 for someone who has not been working full time.

The daily benefit paid when participating in labour market programs is SEK 510 when participating full time.

This policy is implemented in the 2022 TaxBEN as this policy was in effect on January 1st, 2022.

If the recipient does not have a job when the benefit duration has ended, he or she is referred to the labour market policy program (activity guarantee) Job and Development Guarantee program. Young people under the age of 25 are referred to the labour market

⁵ The variable names ending with “_p” refer to the first adult (so-called “principal” adult) whereas those ending with “_s” are related to the spouse.

⁶ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbucher \(2015\)](#) and [Venn \(2011\)](#).

policy program (activity guarantee) Job Guarantee Program for young people after 90 calendar days of unemployment. Participants in the activity guarantee programs, granted basic unemployment insurance receive activity support at an amount of SEK 365 when participating full time.

Participants who have previously received the basic unemployment benefit before participating in the Job and Development Guarantee programs can continue in the program and receive activity support indefinitely until they start full-time work, fulfil a new working condition, start full-time studies or start a period of sick leave or parental leave.

2.2.3. *Benefit duration*

The benefit is payable on a 5-day week basis, for a maximum of 300 days, or 450 days for those with dependent children. There is a 6-day waiting period. At the end of the benefit period, the unemployed is referred to the labour market policy program Job and Development Guarantee program. Young people under the age of 25 are referred to the Job Guarantee program for young people after 90 calendar days of unemployment (see above).

Participants in the Job and Development Guarantee programs who have previously received the basic unemployment benefit can continue in the program and receive activity support indefinitely.

The days on which benefits are received may be broken by a period of employment. If the employment proves not to be durable, the unemployed may use any remaining insurance period. Such breaks can last no longer than 12 months since the unemployed last received benefit.

COVID-19 measures (Not currently implemented in TaxBEN model)

As a Covid-related reform the waiting period was temporarily abolished during the time period of 2020-03-30 until 2021-01-03. The waiting period was reintroduced during the time period of 2021-01-04 until 2022-01-02. As of 2022-01-03 the waiting period is temporarily reduced (until 2023-01-01) to two days.

Part-time unemployed can receive unemployment benefit for a total of 60 weeks when performing part-time work within a benefit period.

2.2.4. *Means test*

The benefit is not means-tested.

2.2.5. *Tax treatment*

The benefit is taxable.

2.2.6. *Interactions with other components of the tax-benefit system*

Family and housing benefits can be paid in addition to unemployment assistance benefits. Unemployment assistance benefits are included in the income definition for the means tests for housing benefits and social assistance.

2.2.7. *Combining benefit receipt and employment/starting a new job*

The benefit is not paid for days worked. Benefit days must not be consecutive.

3. Social assistance and housing benefits

3.1. Social Assistance (*Ekonomiskt bistånd*)

Variable name: [SA]

This is a non-contributory benefit, means-tested and not taxable.

The cash social assistance program is municipally administered. The program is supposed to give temporary relief when there are no other means of economic support.

3.1.1. Eligibility conditions

Social assistance is an income and assets-tested benefit, based on the obligation to exhaust all other means of support, and to be actively seeking employment. Social assistance is, according to the legislation, a right to a certain standard of living if no other means of income can be obtained.

Social assistance claimants have to claim all government financed allowances before claiming municipally assistance.

3.1.2. Benefit amount

The Government is responsible for calculating a national norm for a part of social assistance, i.e. for livelihood. The norm is calculated annually and has an individual part that depends on marital status and the age of the child, and a household part that depends on the size of the household. On top of the national norm, an individual is entitled to assistance for reasonable costs of housing, electricity, home insurance, journeys to and from work, unemployment insurance and membership in trade union. Payment of the assistance usually takes place once a month. The TaxBEN model uses these national norms and includes assistance for rental costs – the whole of the family’s rent is covered less that covered by housing benefit (see Section 3.2) – but no other costs.

| Family type | Rates at national norms during 2022 (SEK per month) |
|------------------------------|-----------------------------------------------------|
| Single | 3210 |
| Married couple / Cohabitants | 5800 |
| Child <1 year | 2220 |
| 1-2 years | 2480 |
| 3 years | 2210 |
| 4-6 years | 2480 |
| 7-10 years | 3110 |
| 11-14 years | 3580 |
| 15-18 years | 4040 |
| 19-20 years* | 4070 |

*Applies for adult children 19-20 who still attend high school.

| Number of family members | Household rate based on number of family members 2022 (SEK per month) |
|--------------------------|-----------------------------------------------------------------------|
| 1 person | 1040 |
| 2 people | 1150 |
| 3 people | 1450 |
| 4 people | 1640 |
| 5 people | 1890 |
| 6 people | 2140 |
| 7 people | 2310 |

3.1.3. Benefit duration

Indefinite, as long as the conditions for receipt are met. Most claims last for less than a year, and the average for 2020 is 7,1 months.

3.1.4. Means test

The income measure used to assess eligibility is earned and taxable social security income after income tax and social security contribution, including unemployment insurance and assistance benefits, family and lone parent benefits. Capital income is also included. For the first six months of the benefit claim, the maximum benefit amount is reduced by 100% of net income. For those who have been receiving the assistance benefit for more than 6 months, the maximum assistance benefit is reduced by 75 per cent of net income for up to two years after entering work. This provision is not simulated in the TaxBEN model.

3.1.5. Tax treatment

The benefit is not taxable.

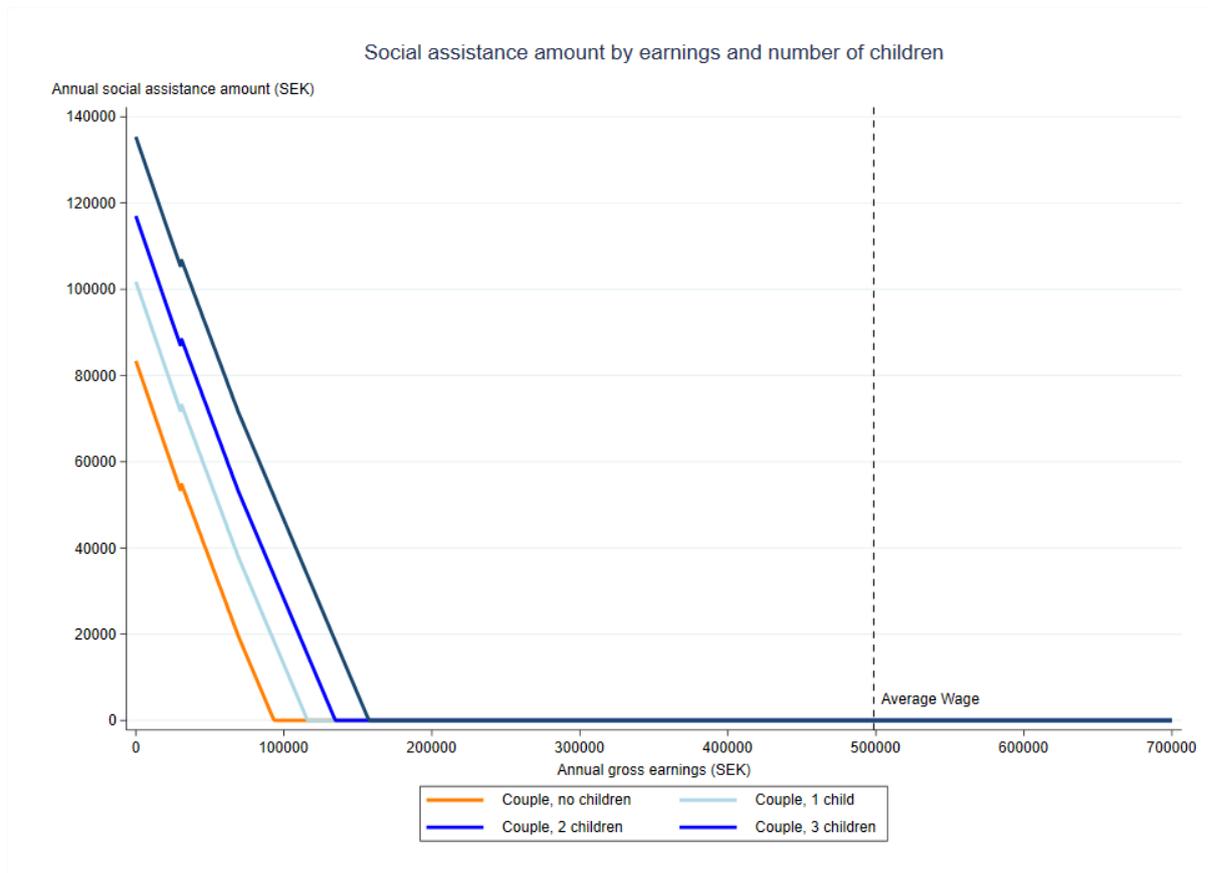
3.1.6. Interaction with other components of the tax-benefit system

Income from other benefits is included in the social assistance means test as described above.

3.1.7. Combining benefit receipt and employment/starting a new job

No limit, but income from work reduces assistance benefit entitlement as described in Section 3.1.4 above.

Figure 2. Social assistance entitlement by gross earnings level



Note: All figures in SEK per year. No rental costs assumed. One child family has a child aged 4, two child family also has a child aged 6 and three child family also has a child aged 8.

Source: Calculations using OECD tax-benefit model, 2022.

3.2. Housing benefit (*Bostadsbidrag*)

Variable name: **[HB]**

This is a non-contributory benefit, means-tested and not taxable.

People who own their accommodation may get the benefit if they have low income, though note that this scenario is not simulated in the TaxBEN model.

Housing assistance exists in three main forms:

- The income-tested housing benefit (*Bostadsbidrag*), for which the benefit amount varies according to income, the housing cost, and the number of children (the housing benefit for households with children) and the housing benefit for young people, for which the benefit varies with age (between 18 and 28 years of age)
- Rent is fully covered for social assistance claimants, as a supplement to the housing benefit (see Section 3.1).
- An income-tested housing supplement (BTP (*bostadstillägg*) and SBTP (*särskilt bostadstillägg*)) exists for pensioners 65 years or older and persons with sickness or activity compensation. ÄFS (*äldreförsörjningsstöd* (maintenance support for the elderly)) exists for pensioners 65 years or older (not modelled, see Annex).

The remainder of this section describes the income-tested housing benefit (*Bostadsbidrag*).

3.2.1. Eligibility conditions

Households must have low income and either have children or be aged between 18 and 29 years, most recipients are single parents and of those without children, the larger part are students.

3.2.2. Benefit amount

Total housing costs are divided in brackets; 50% to 90% per bracket is added to a flat benefit. The size of each bracket and the flat benefit rate depend on age and family situation (see table below). The benefit is calculated on a monthly basis according to the expected income during the calendar year but the benefit received during a year is preliminary and will be checked against the final income assessment. Capital income is also considered. Housing benefit may not exceed housing costs. Monthly benefits of less than SEK 100 are not paid.

| Family composition | Housing costs (HC) (SEK per month) | Housing benefit (HB1) (before income-test) |
|-------------------------|------------------------------------|----------------------------------------------------------|
| Age < 29, with no child | 0 – 1800 | 0 |
| | 1 800 – 2 600 | 90% of (HC – 1 800) |
| | 2 600 – 3 600 | 90% of (2 600 – 1 800) + 65% (HC – 2 600) |
| | 3 600 + | 90% of (2 600 – 1 800) + 65% (3 600 – 2 600) |
| Families: | | |
| with 1 child | 0 – 1 400 | 1 500* |
| | 1 400 – 3 000 | 1 500* + 50% of (HC – 1 400) |
| | 3 000 – 5 300 | 1 500* + 50% of (3 000 – 1400) + 50% of (HC – 3 000) |
| | 5 300 + | 1 500* + 50% of (3 000 – 1400) + 50% of (5 300 – 3 000) |
| with 2 children | 0 – 1 400 | 2 000* |
| | 1 400 – 3 300 | 2 000* + 50% of (HC – 1 400) |
| | 3 300 – 5 900 | 2 000* + 50% of (3 300 – 1 400) + 50% (HC – 3 300) |
| | 5 900 + | 2 000 + 50% of (3 300 – 1 400) + 50% (5900 – 3 300) |
| with 3 children | 0 – 1 400 | 2 650* |
| | 1 400 – 3 600 | 2 650* + 50% of (HC – 1 400) |
| | 3 600 – 6 600 | 2 650* + 50% of (3 600 – 1 400) + 50% of (HC – 3 600) |
| | 6 600 + | 2 650* + 50% of (3 600 – 1 400) + 50% of (6 600 – 3 600) |

*The table only shows the special allowance for children permanently residing in one household. For the special allowance for households with children with alternating residences and the access allowance, other amounts apply.

3.2.3. Benefit duration

Housing benefit is granted for twelve months at a time but can be renewed indefinitely.

3.2.4. Means test

The housing benefit is income-tested. Reduction rates and disregards depend on age and family situation:

| Family composition | Income disregard (SEK per month)* | Benefit withdrawal rate (%) | Housing benefit after the income-test (GI = gross income) |
|----------------------------------|-----------------------------------|-----------------------------|-----------------------------------------------------------|
| Single < 29, with no children | 3 417 | 33 | HB1–33% (GI–3 417) |
| Lone parents | 12 500 | 20 | HB1–20% (GI–12 500) |
| Families <29 with no children | 4 833 | 33 | HB1–33% (GI–4 833) |
| Families with 1 or more children | 6 250/partner | 20 | HB1–20% (GI (principal)–6 250)- 20%(GI (spouse)–6 250) |

*The housing allowance is calculated on the basis of the income for the calendar year. The calculation for a particular month is not linked to the income during that month but to a twelfth of the total income during the calendar year.

3.2.5. Tax treatment

Benefits are not taxable.

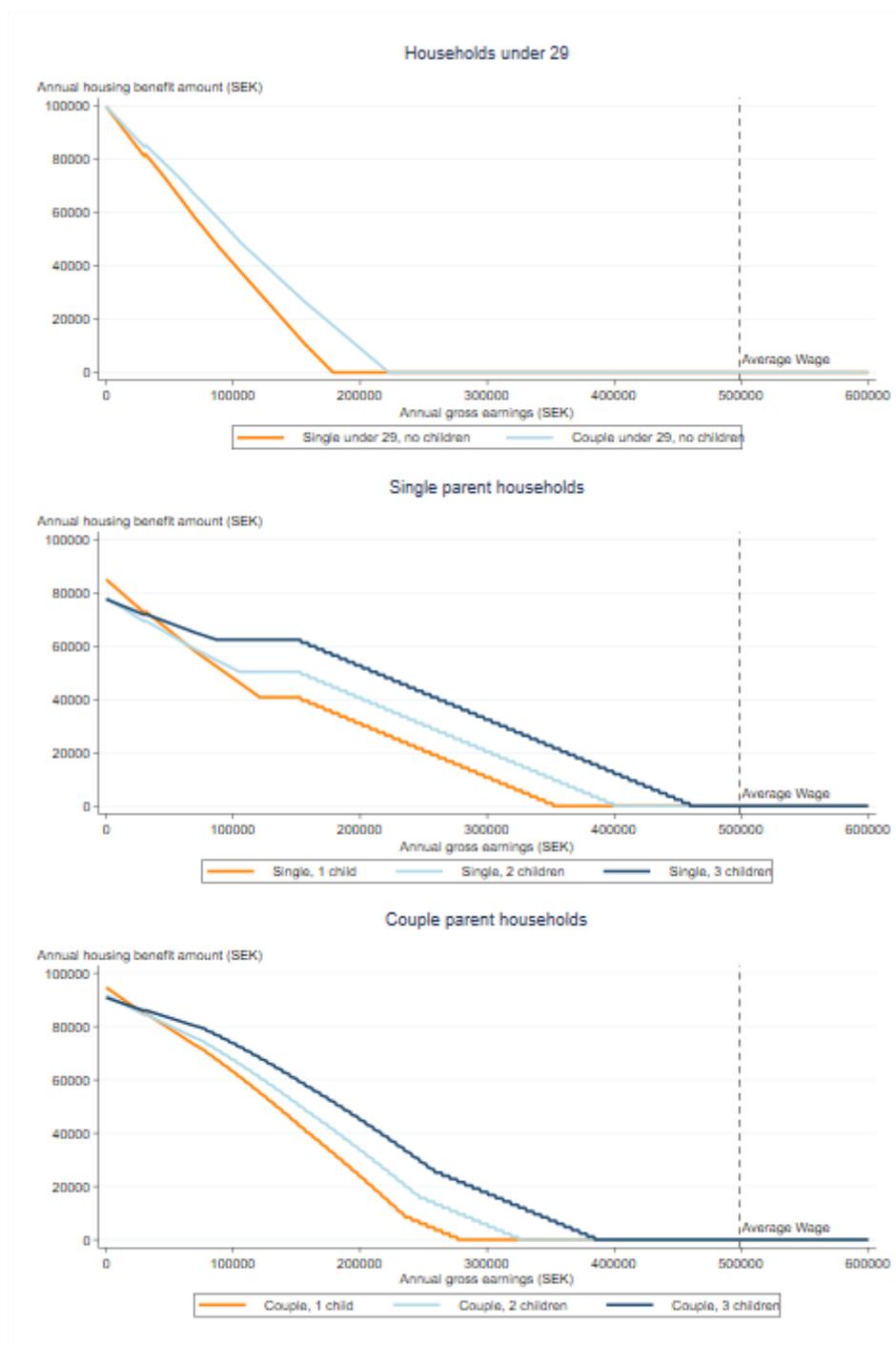
3.2.6. Interaction with other components of the tax-benefit system

The benefit is dependent on gross income including unemployment insurance benefits.

3.2.7. Combining benefit receipt and employment/starting a new job

No restriction, but the benefit is reduced if the claimant has earnings as described above.

Figure 3. Housing benefit entitlement by gross earnings level



Note: All figures in SEK per year. One child family has a child aged 4, two child family also has a child aged 6 and three child family also has a child aged 8. Annual rent level is SEK 99 705 in all cases (20% of the Average Wage).

Source: Calculations using OECD tax-benefit model, 2022.

4. Family benefits

Variable name: **[FB]**

4.1. Child allowance (barnbidrag)

Variable name: **[FAMBEN]**

This is a non-contributory benefit, not means-tested and not taxable.

Child allowance is a monthly amount for all children registered in Sweden. There is also a parents' insurance to compensate for income reduction when children are born and sick (not modelled).

4.1.1. Eligibility conditions

Each child below 16 (or if the child is older but still attending compulsory school or special school) qualifies the family for child benefit. From the age of 16, child allowance is replaced by a “study allowance” for those children who are still in school. This allowance is only paid 10 months out of 12 (it is not paid in July and August).

4.1.2. Benefit amount

The annual amount is SEK 15 000 per child (SEK 1 250 per month), with a supplement for the second and subsequent children as per the following table.

Amount of Child Allowance at 1 January 2022 (SEK per month)

| Number of children | Child Allowance (base) | Extra Allowance | Total Benefit |
|--------------------|------------------------|-----------------|---------------|
| 1 | 1250 | - | 1250 |
| 2 | 2500 | 150 | 2650 |
| 3 | 3750 | 730 | 4480 |
| 4 | 5000 | 1740 | 6740 |
| 5 | 6250 | 2990 | 9240 |
| 6 | 7500 | 4240 | 11740 |

4.1.3. Benefit duration

No limit except with respect to the age of children.

4.1.4. Means test

Child allowance is not subject to any means test.

4.1.5. Tax treatment

The benefit is not taxable.

4.1.6. Interaction with other components of the tax-benefit system

The benefit is not affected by any other benefit. Other means tested benefits are affected by this benefit.

4.1.7. Combining benefit receipt and employment/starting a new job

The benefit amount is not affected by employment or starting a new job.

4.2. Lone-parent benefits (*Alimony advance payment, Underhållsstöd*)

Variable name: **[OPB]**

This is a non-contributory benefit, not means-tested and not taxable.

This separate benefit is designed to ensure that lone parents receive the alimony that the absent parent is supposed to pay. If the absent parent pays directly to the lone parent, then the state is not involved. If not, however, the state advances the money and then demands the absent parent to pay it in full or in part. Since the TaxBEN model assumes that alimony is not forthcoming, all lone parents receive this benefit in the model.

4.2.1. Eligibility conditions

Each child below 18 (or until June the year the young becomes 20 years old if they are still at school) from a lone-parent family qualifies. From 18 years of age the benefit is paid directly to the young.

4.2.2. Benefit amount

The monthly amount is SEK 1 673 per child for children 10 years old and younger, or SEK 20 076 per year. The monthly amount for children 11-14 years old is SEK 1 823, or SEK 21 876 per year, and for children 15 years old and older is SEK 2 223, or SEK 26 676 per year.

4.2.3. Benefit duration

No limit except with respect to the age of the child.

4.2.4. Means test

The benefit is not subject to any means test for the parent receiving the benefit, though how much of the benefit amount the absent-living parent has to pay is means-tested.

4.2.5. Tax treatment

The benefit is not taxable.

4.2.6. Interaction with other components of the tax-benefit system

The benefit is not affected by any other benefit. Other means tested benefits are affected by this benefit.

4.2.7. Combining benefit receipt and employment/starting a new job

The benefit amount is not affected by employment or starting a new job.

4.2.8. Interaction with other components of the tax-benefit system

Alimony advance payment is taken into account in the means test for social assistance.

COVID-19 measures (Not currently implemented in TaxBEN model)

4.3. Temporary supplementary allowance for families with children within the housing allowance due to covid-19 (Tillfälligt tilläggsbidrag till barnfamiljer inom bostadsbidraget med anledning av covid-19)

4.3.1. Eligibility conditions

The supplementary allowance (tilläggsbidrag) will be given to families with children that qualifies for special contribution for children living at home (särskilt bidrag för hemmavarade barn), special allowance for children living alternately (särskilt tilläggsbidrag för barn som bor växelvis) or access allowance (umgängesbidrag). The supplementary allowance was handed out to those who qualified during the period of 1 July – 31 December 2020. Applications for the supplementary allowance are not necessary.

This program was renewed in 2021. The supplementary allowance was handed out to those who qualified during the period of 1 July 2021 - 31 December 2021.

4.3.2. Benefit Amounts

The supplementary allowance will be given out monthly, with an amount corresponding to 25 % of the preliminary housing allowance (i.e. special contributions or access allowance, as described in section 3.2.2) that is given out the same month.

4.3.3. Means test

The supplementary allowance is not subject to any means test.

4.3.4. Tax treatment

The supplementary allowance is not subject to taxes.

This policy is not implemented in the 2022 TaxBEN as this policy was not in effect on January 1st, 2022.

5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **January 1, 2022**.

Children can attend preschool from the age of 1 and up to the time when preschool class or compulsory school starts which is usually at the age of 6. Since 2018, compulsory school attendance starts at the age of 6. Six-year-olds should start in the so-called preschool class, which is still a separate school form. However, the system is flexible and it is possible to begin the preschool class at the age of 5. Alternatively, children can skip the preschool class and begin compulsory school at the age of 6. The aim, purpose and content of the preschool class is unchanged.

Parents who are unemployed or on parental leave for the care of another child must, from the age of one, be offered preschool for at least three hours a day or 15 hours a week.

5.1. Gross childcare fees

Variable name: **[SWcc_cost]**

Child-care is heavily subsidised by state and local governments. The child-care fees depend on the household's gross income. The maximum childcare fee is set at the national level but there is flexibility for municipalities to have lower fees, for instance for part-time care. The monthly cap is SEK 1 572, SEK 1 048 and SEK 524 for the first, second and third children respectively. The TaxBEN model takes the maximum monthly fee of SEK 1 572 per month to be the gross fee for all children.

5.1.1. Discounts for part-time usage

There is no national regulation on how part-time fees for childcare should be determined. However, municipalities often have local regulations making the fee lower for part time childcare than for fulltime.

For the City of Stockholm, the part-time fees apply for children between one and two years of age that attend pre-school or leisure-time centre for 30 hours per week or less. From the August of the year the child turns three years old the part-time fee applies if the child is in day-care more than 15 hours per week. From that age the first 15 hours of day-care is free of charge (national regulation, see point 5.2 below). The part-time fees for Stockholm are:

- Child 1 (the youngest): 2% of household gross income, up to a monthly cap of 1 048 SEK per month.
- Child 2: 1% of household gross income, up to a monthly cap of 524 SEK per month.
- Child 3: 1% of household gross income, up to a monthly cap of 524 SEK per month.
- Child 4 and any additional children: no fee.

5.2. Fee discounts and free provision

From the autumn term when the child reaches the age of 3 and up to the time when preschool class or compulsory school starts, there is a right to 525 hours free of charge per year. This also applies to children to parents on parental leave (with a new baby) and children to parents that are unemployed. This is a national regulation.

5.2.1. Eligibility

All households with annual gross incomes of less than SEK 628 920 pay less than the maximum fee (see below), and all parents with children aged 3-6 who are in work, on parental leave or unemployed are entitled to 525 hours of free childcare per year.

5.2.2. Amount of discount or free provision

National rules stipulate that for the first pre-school child the fee can be a maximum of 3 per cent of the household's gross income (earned income plus unemployment benefits), for the second child the fee is 2 per cent and 1 per cent for the third child. As a result, household incomes above SEK 628 920 have no effect on the fee paid. For schoolchildren attending leisure-time centre, the percentages are 2%, 1% and 1% with monthly caps at SEK 1 048, SEK 524 and SEK 524 respectively. The order of the child is according to age, youngest first. No fee is paid for the fourth and subsequent children in the household.

These fees apply to both private and public childcare providers. The fee covers most activities, including meals.

From the autumn term when the child reaches the age of 3 and up to the time when preschool class or compulsory school starts, there is a right to 525 hours free of charge per year.

5.2.3. *Variation by income*

Fees are a percentage of income as described above.

5.3. *Child-care benefits for formal centre-based care*

Variable name: `[cc_benefit]`

None.

5.4. *Child care allowance for children not using child care centers*

None.

5.5. *Tax concessions for childcare expenditures*

Childcare fees are not tax deductible.

There is a tax deduction for household services (*skattereduktion för hushållsnära tjänster*) that can be used for childcare in the taxpayers' home. As this is not relevant for centre-based childcare, it is not included in the TaxBEN model.

5.5.1. *Eligibility*

To be entitled to tax deductions for household services, the tax payer must be liable for tax in Sweden during the tax year in question, have reached the age of 18 by the end of the tax year, and have incurred expenses for household service work.

5.5.2. *Maximum amount*

The tax deduction is 50 per cent of the labour cost. The maximum tax deduction for household services is SEK 75 000 per year.

5.5.3. *Variation by income*

The tax deduction does not vary with income, but the deduction is worth less to those whose taxable income is less than the amount of the deduction, and is worth nothing to those who do not pay income tax in the first place.

5.5.4. *Impact on overall income tax calculation*

The individual's final tax (personal income tax and property tax) is reduced by the tax deduction for household services but the deduction is not refundable.

6. **Employment-conditional benefits**

Variable name: `[IW]`

See Earned Income Tax Credit (Section 8.1.4).

7. Social security contributions and payroll taxes

7.1. Social security contributions (*Arbetsgivaravgifter*)

7.1.1. Contributions payable by employees and benefit recipients

Variable names: `[SOCSEC_p; SOCSEC_s]`

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. The contribution cannot exceed SEK 40 100 since the general pension contributions are not paid for income over SEK 572 900 (=8.07*71 000). The employees' contribution is offset with a tax credit.

7.1.2. Contributions payable by employers

Variable names: `[SSCR_p; SSCR_s]`

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 2022 are listed below.

| Program | Employer (%) | Self-employed (%) (not modelled) |
|---------------------|--------------|-------------------------------------|
| 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 |

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.

For employees who are over 65 years old and born after 1937 only the retirement pension contribution (10.21%) is applicable. For persons born in 1937 or earlier, there are no employers' social security contributions.

In addition, there have been some temporary measures implemented in response to the covid-19 pandemic (see the box below).

COVID-19 measures (Implemented in TaxBEN)

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 January 2021 to 31 March 2023. For salaries and benefits less than SEK 25 000 per month the employers' contributions are reduced to the retirement pension fee (10.21%) and 45 percent of other social security contributions.

This policy is implemented in the 2022 TaxBEN as this policy was in effect on January 1st 2022.

7.1.3. Payroll taxes

Variable name: Not simulated.

Payroll tax is paid on premiums for occupational pensions paid by the employer. The tax rate is 24.26%. (Note that neither of these situations is simulated by the TaxBEN model, so the payroll tax does not appear in the model).

8. Taxes

The tax unit is the individual, spouses are taxed separately.

8.1. Personal income tax (*Inkomstskatt*)

Variable names: `[IT_p; IT_s]`

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 tax year coincides with the calendar year.

8.1.1. Tax allowances

Basic allowance: a basic allowance is given for assessed earned income and varies between SEK 14 200 and SEK 37 200 for persons 65 years or younger, depending on income. The basic allowance depends on the assessed earned income and the basic amount (BA), which is SEK 48 300 in 2022.

For persons aged 65 or less, the basic allowance amount is as follows:

| Assessed-Earned- Income (SEK) Relative to Basic Amount (BA) | Basic Allowance |
|----------------------------------------------------------------|-----------------------------------|
| 0 – 0.99 | 0.423*BA |
| 0.99 – 2.72 | 0.423*BA + 0.2*(income – 0.99*BA) |
| 2.72 – 3.11 | 0.77*BA |
| 3.11 – 7.88 | 0.77*BA – 0.1*(income – 3.11*BA) |
| More than 7.88 | 0.293*BA |

For persons 65 years and older the basic allowance is higher, see table below (since the TaxBEN model focuses on those of working age, these provisions are not modelled). The basic allowance for persons 65 years and older varies in 2022 between SEK 14 200 and SEK 117 500, depending on income. It is SEK 78 000 when individuals start paying the central government income tax.

Basic allowance for persons aged over 65:

| Assessed-Earned- Income (SEK) Relative to Basic Amount (BA) | Basic Allowance |
|----------------------------------------------------------------|-----------------------------------------------|
| 0 – 1.11 | $1.11 * BA$ |
| 1.11 – 1.965 | $1.11 * BA + 0.257 * (income - 1.11 * BA)$ |
| 1.965 – 3.24 | $1.333 * BA + 0.3949 * (income - 1.965 * BA)$ |
| 3.24-5.53 | $1.8365 * BA + 0.133 * (income - 3.24 * BA)$ |
| 5,53-7.88 | $2.141 * BA + 0.112 * (income - 5.53 * BA)$ |
| 7.88-8.08 | $2.405 * BA + 0.128 * (income - 7.88 * BA)$ |
| 8.08-11.48 | $2.432 * BA$ |
| 11.48-12.8 | $2.432 * BA - 0.62 * (income - 11.48 * BA)$ |
| 12.8-13.54 | $1.613 * BA$ |
| 13.54-36.54 | $1.613 * BA - 0.0574 * (income - 13.54 * BA)$ |
| 36.54 | $0.293 * BA$ |

Other allowances:

- Standard marital status reliefs: None.
- Relief(s) for children: None.
- Work-related expenses: None.
- Non-standard tax reliefs (not simulated) are given for:
 - 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, or if the worker's family cannot move, even if the job is of a permanent nature;
 - travelling expenses for travelling home if the taxpayer works in another place than his or her place of residence.

8.1.2. Tax base

The taxable income includes gross earnings plus taxable benefits, such as unemployment benefit, less the basic allowance.

8.1.3. Central government income tax schedule

The central government income tax schedule for 2022 is as follows:

| Taxable Income (SEK) | Tax (SEK) at lower bracket | For exceeding income, % |
|-----------------------------|---------------------------------------|--------------------------------|
| 0 – 540 700 | 0 | 0 |
| Over 540 700 | 0 | 20 |

8.1.4. Local Income tax schedule

The tax base is the same as for the central government income tax. The basic allowance for individuals younger than 65 years paying local government tax is the same as for the central government tax. It varies between SEK 14 200 and SEK 37 200 in 2022 and it depends on the taxpayer's income. For a taxpayer earning the AW, this basic allowance amounts to SEK 14 200 (based on an AW of SEK 418 107 - subject to revision with the AW).

The local government personal income tax is proportional and differs between municipalities. The average rate amounts to 32.24 per cent in 2022, with the maximum and minimum rates being 35.15 per cent and 28.98 per cent, respectively.

On average a 0.243% contribution is made towards funeral fees. This is included in the total local tax payable in the models. Note that this is classified as a 'non-tax compulsory payment' in the TaxBEN model.

Since 1st January 2019 a compulsory public service fee is charged on the same tax base as the local government tax. The fee finances public media such as television and radio. The fee is 1 per cent of taxable income, up to a maximum fee of SEK 1 327. The public service fee is classified as a 'non-tax compulsory payment' in the TaxBEN model.

8.1.5. Tax credits

The government grants a tax credit equal to 100 per cent of the compulsory social security contributions paid by the employee.

Since 1st of January 2021 a wastable/non-refundable **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. The tax credit is applied to local income tax.

For a person aged 65 or less, an annual **Earned Income Tax Credit (EITC)**, worth up to approximately SEK 33 300 at the average local tax rate, is granted on labour income. For those aged over 65, a credit worth up to SEK 30 000 is granted. For a person aged 65 or less the EITC is related to the basic allowance (BAL), the basic amount (BA) and the local tax rate (LTR). For those older than 65 a simplified EITC was introduced in 2009 so that it is no longer related to the local tax rate, the basic allowance or the basic amount.

The Basic Allowance in 2022 is SEK 48 300; the local tax rate is discussed in Section 8.1.4. The Special Amount is based on the taxpayer's (gross) earned income. A phase-out of the EITC for those with incomes above around SEK 600 000 a year was introduced in 2016.

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

| Earned Income (EI) | EITC |
|---------------------------|---------------------------------------------------|
| <0.91 BA | $(EI - BAL) * LTR$ |
| 0.91 BA – 3.24 BA | $(0.91 BA + 0.3874 * (EI - 0.91 BA) - BAL) * LTR$ |
| 3.24 BA – 8.08 BA | $(1.812 BA + 0.128 * (EI - 3.24 BA) - BAL) * LTR$ |
| 8.08 BA – 13.54 BA | $(2.432 BA - BAL) * LTR$ |
| More than 13.54 BA | $(2.432 BA - BAL) * LTR - 0.03 * (EI - 13.54 BA)$ |

For taxpayers older than 65, the EITC is calculated differently (not modelled):

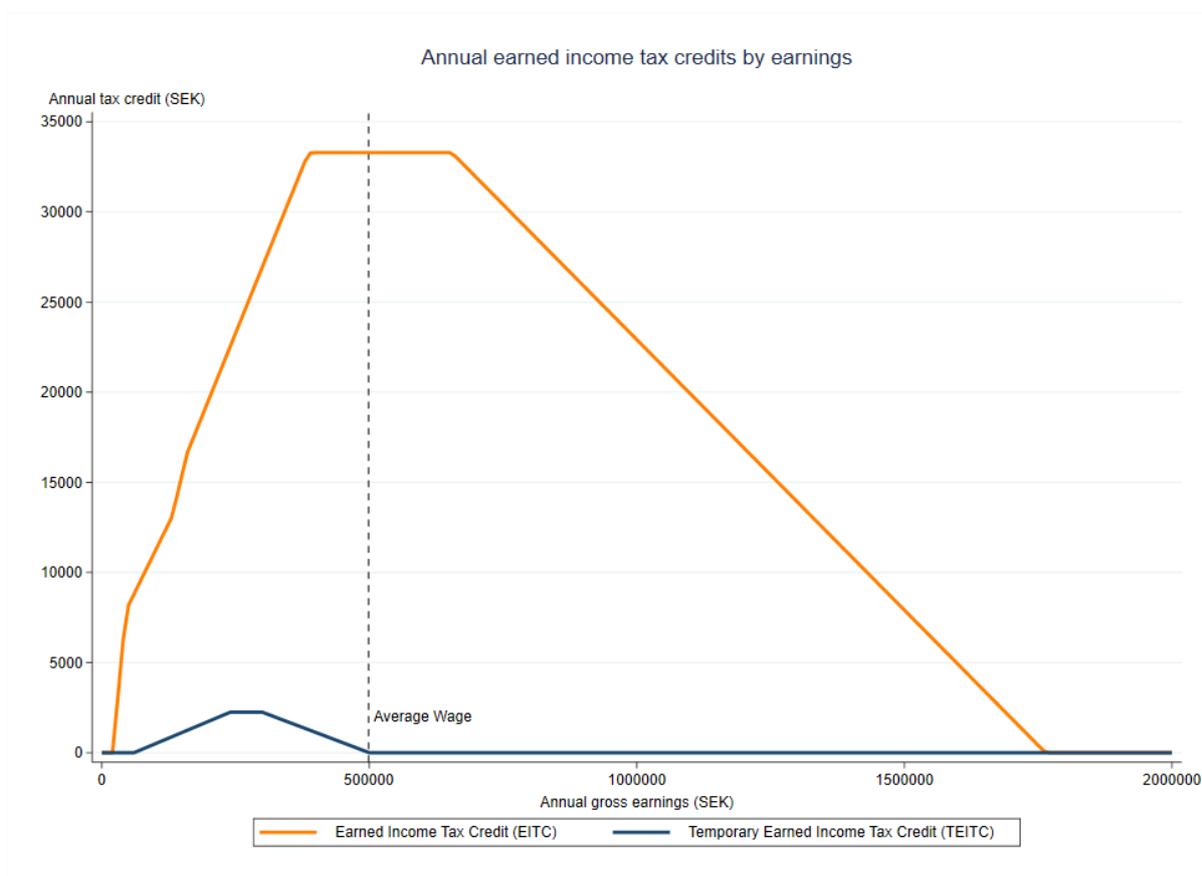
| Earned Income (EI) | EITC |
|---------------------------|------------------------------------|
| <100 000 SEK | $0.2 * EI$ |
| 100 001 – 300 000 SEK | $15\ 000\ SEK + 0,05 * EI$ |
| 300 001 – 600 000 SEK | 30 000 SEK |
| 600 001 – 1 600 000 SEK | $30\ 000 - 0,03 * (EI - 600\ 000)$ |
| 1 600 001 or more | 0 |

During 2021 and 2022 there is a **Temporary Earned Income Tax Credit** as a response to COVID-19.

- For earned income between SEK 60 000 and SEK 240 000 per year the tax credit is 1.25 percent of the income exceeding SEK 60 000.
- For earned income between SEK 240 000 and SEK 300 000 the tax credit is SEK 2 250.
- For earned income between SEK 300 000 and SEK 500 000 the tax credit is SEK 2 250 minus 1.125 percent of the income exceeding SEK 300 000.

This tax credit is non-refundable and it is a temporary measure due to the pandemic.

Figure 4. EITC schedule by gross earnings for those aged under 65, 2021



Note: All figures in SEK per year. Average local tax rate used as described in the text.

Source: Calculations using OECD tax-benefit model, 2022.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Sweden in 2022 (Figure 7). TaxBEN by default produces the following output: 1) net household incomes (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (e.g. a lone parent working at different earnings levels with two children aged 4 and 6 respectively – users are free to select many of these circumstances). The model and the related web calculator is accessible from the [project website](#). Figure 7 shows outputs for four scenarios:

- By gross earnings (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the following household income components: **GROSS** = gross earnings; **SSC** = social security contributions; **IT** = income tax; **FB** = family benefits; **HB** = Housing benefits; **SA** = social assistance / Guaranteed minimum income benefits; **IW** = in-work benefit. Note that these components may be the result of the aggregation

of more than one benefit into a single component. Please refer to the table of content to see the benefits included in each category.

Results in Figure 7 refer to a 2-adult family with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefits are assumed to be available in all the four scenarios when the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes that one adult family member (so-called ‘spouse’ using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (so-called ‘principal’) is employed full-time and full-year at different earnings levels ranging between 0 and 200% of the Average Wage (AW). When earnings of the first adult are zero this person is assumed to be out of work but not receiving unemployment benefits (again, e.g. because they have expired), instead claiming social assistance or guaranteed minimum income benefits, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The horizontal axis in Panel B measures the time of benefit receipt, starting from the first month. The horizontal axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D consider the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

TaxBEN assumes the following logical sequence of benefit claims: 1) Unemployment Insurance (Section 2.1), 2) Unemployment Assistance (Section 2.2), 3) Housing Benefit (Section 3.2), 4) Child Allowance (Section 4.1), 5) Lone-parent benefit (Section 4.2), 6) Social Assistance (section 3.1).

Figure 5. Selected output from the OECD tax-benefit model

Couple with two children.



Note: the average wage used to produce the charts above is SEK 498 525.

Source: Calculations based on the OECD tax-benefit model, 2022.

Annex I: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Sweden that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Maintenance support for the elderly (Äldreförsörjningsstöd)

This is a special support for retired people 65 years and older, mostly with immigrant background, who have been in Sweden not long enough to get a full pension. This support is designed to keep them off social assistance. It is possible to have an income from work of SEK 24 000 per year and still get full maintenance support for the elderly.

Housing benefits for retired people (BTP (bostadstillägg för pensionärer) and SBTP (särskilt bostadstillägg för pensionärer))

Senior citizens, 65 years and older, have their own system for housing benefits. It is possible to have an income from work of SEK 24 000 per year and still get full housing benefit. However, the benefit is reduced when income from work exceeds SEK 24 000 per year.

Introduction benefit (Etableringsersättning)

Those who have recently arrived in Sweden can get introduction benefit. The benefit can be received when drawing up and carrying out an establishment plan. An introduction plan contains activities to support the person to quickly learn Swedish, find work and support themselves. If the plan contains full-time activities the benefit is SEK 308 per day. If it is a part-time plan the benefit is reduced proportionally. Those who have children younger than 11 years can get a supplementary benefit of SEK 800 per child and month. Older children are entitled to a benefit of SEK 1 500. Supplementary benefit can be received for a maximum of three children. Single household without children may also apply for supplementary benefit up to SEK 3 900 for housing, while households with children may apply for housing benefits for rented accommodation.

Annex II: Programs not currently implemented

This section provides a brief description of other social protection systems in Sweden, but which are not currently included in the OECD tax-benefit model.

1.1. *Sickness Benefit (Sjukpenning)*

1.1.1. *Entitlement and eligibility conditions*

A person must have received income from employment for at least 6 consecutive months or once a year within two consecutive years before being eligible for sickness benefits.

To receive benefits, workers must have their incapacity for work certified by a doctor within 8 days of illness. The work capacity must be reduced by at least 25% due to sickness.

The person must be covered by the work-related insurance and have an income exceeding 24% of the price base amount (prisbasbelopp), SEK 11 592 (€1,195) per year.

1.1.2. *Benefit amounts*

Sickness cash benefit (sjukpenning) amounts to 0.97 of the income qualifying for sickness cash benefit (sjukpenninggrundande inkomst, SGI) multiplied by 0.80.

If the illness continues after 364 days, the insured persons can apply for extended sickness cash benefit (sjukpenning på fortsättningsnivå) with a reduction in the benefit received, that amounts to 0,97 of the income qualifying for sickness cash benefit (sjukpenninggrundande inkomst, SGI) multiplied by 0.75.

The minimum amount of sickness cash benefit payable is SEK 24 per day and the maximum amount is SEK 1 027 per day.

COVID-19 measures (Not currently implemented in TaxBEN model)

Due to Covid-19, between March 11, 2020 and April 30, 2021, and the reintroduced 8th December 2021 until 31st March 2022, Sweden has abolished the qualifying day of sickness benefit. Workers will receive sickness benefits from the moment that they must be absent from work due to illness. The state (rather than the employer) will cover the cost of the first day of leave. Under the temporary rules, all employees will receive SEK 700 before tax (independent of income) on the first day of sickness. As of June 1, 2020, this compensation for the first day of sickness increased to SEK 804. From January 1st 2021 the compensation is SEK 810.

In addition, for sick or quarantined workers, the government assumes the entire cost of all sick pay between April and July of 2020 in order to reduce costs for employers. That is, the state takes over the sick pay responsibility from employers for the first two weeks of sick leave (usually paid by the employer). During the period of August 2020-April 2021 a special compensation is given to compensate the employers' costs. This was reintroduced December 2021 – March 2022

1.1.3. Benefit duration

The Social Insurance Agency (Försäkringskassan) pays sickness cash benefit as from the 15th day in a period of illness. However, certain categories of the insured, such as the unemployed, the self-employed and day-to-day employed, may be entitled to sickness cash benefit from the beginning of the period of illness.

There is no duration and no waiting period. After 364 days receiving sickness benefit, the recipient can apply for a reduced sickness benefit.

1.1.4. Means test

-

1.1.5. Tax treatment

Benefits are taxable.

1.1.6. Interactions with other components of the tax-benefit system

It is not possible to cumulate sickness cash benefit (sjukpenning) with social security benefits received because of the absence from work. Cumulation is possible with other social security benefits such as child allowance (barnbidrag) and old-age pension (ålderspension).

1.1.7. Combining benefit receipt and employment/starting a new job

The employer may provide compensation that amounts to 10% of the income without affecting sickness benefit.

It is also possible to combine receipt of partial sickness benefit with earnings from work, e.g. half sickness benefit can be combined with half time work.

1.2. Mandatory employer sick pay (Sjuklön)

1.2.1. Entitlement and eligibility conditions

-

1.2.2. Benefit amounts

Employers pay at least 80% of the wage of the ill worker.

1.2.3. Benefit duration

Employers pay sick pay for 14 calendar days. There is normally a waiting period of one day, which has been temporarily suspended during the covid-19 pandemic.

COVID-19 measures (Not currently implemented in TaxBEN model)

Due to Covid-19, between March 11, 2020 and April 2021, Sweden made the qualifying day of sickness benefit refundable (technically, the government did not abolish it). See earlier Box regarding COVID-19 measures for Sickness Benefit.

1.2.4. Means test

-

1.2.5. Tax treatment

-

1.2.6. Interactions with other components of the tax-benefit system

-

1.2.7. Combining benefit receipt and employment/starting a new job

-

1.3. Short-time work allowance (korttidspemittering)⁷

1.3.1. Entitlement and eligibility conditions

-

1.3.2. Benefit amounts

Employers may reduce their employees' working hours by 20%, 40% or 60%. The employer pays the applicable reduced amount of the salary to the employee. The financial support is paid to the employer, not to the employee.

The salary ceiling for the financial support is SEK 44,000 per month.

COVID-19 measures (Not currently implemented in TaxBEN model)

Due to the Covid-19 pandemic, an 80 percent reduction in working hours can be applied for the months May - July of 2020 and January - September of 2021. For further details see the 2021 version of this report.

The following table presents the distribution of wage compensation under the permanent scheme.

Table 0.1. Distribution of wage compensation under short-time work

| Level | Reduced working hours | Reduced wages | Employer | State | Reduced Employer costs |
|-------|-----------------------|---------------|----------|-------|------------------------|
| 1 | 20% | 12% | 1% | 7% | -19% |
| 2 | 40% | 16% | 11% | 13% | -29% |
| 3 | 60% | 20% | 20% | 20% | -40% |

1.3.3. Benefit duration

An employer may receive the financial support for a period of six calendar months, with the possibility of an extension for an additional three calendar months.

⁷<https://www.regeringen.se/regeringens-politik/regeringens-arbete-med-coronapandemin/foretag/om-forslaget-korttidspemittering/>

1.3.4. Means test

-

1.3.5. Tax treatment

-

1.3.6. Interactions with other components of the tax-benefit system

As a general rule, the financial support for short-time work does not affect the possibilities to obtain other types of support.

1.3.7. Combining benefit receipt and employment/starting a new job

-