

# THE OECD TAX-BENEFIT DATABASE

Description of policy rules for  
Sweden 2023



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## Description of policy rules for 2023

**OECD contact:** Eliza-Jane Pearsall, Jobs and Income Division, Directorate for Employment, Labour and Social Affairs. Email: [Tax-Benefit.Models@oecd.org](mailto:Tax-Benefit.Models@oecd.org)

**National team:** Elisa Baroni (Ministry of Health and Social Affairs), Catherine Bicen (Ministry of Employment), Johanna Åström, Lizbeth Valck (coordinator) and Malin Sandebree (Ministry of Finance).

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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, 2023**.
- 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 2023


### 1. Reference wages

Average wage **[AW]**: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available [here](#)).<sup>1</sup> If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth<sup>2</sup> to the latest available wage estimate.

### 2. Unemployment benefits

#### 2.1. *Income-loss insurance (Inkomstbortfallsförsäkring)*

Variable names:<sup>3</sup> **[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 (assumed in the TaxBEN model).

##### 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 66.

**Contribution/employment history:** Normally, a benefit claimant must have worked (employment or self-employment) 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 benefit claimant 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.<sup>4</sup>

The benefit claimant in addition, needs to fulfil a membership condition of twelve months of consecutive membership (in 2022 the membership fee was between 120 and 170 SEK per month<sup>5</sup>).

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<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> The number of hours of work required to qualify for unemployment benefits described in this paragraph were in place on 1 January 2023 as temporary COVID-19 related measures. These hour requirements are now permanent.

<sup>5</sup> See [IAF - Statistikdatabasen - Arbetslöshetskassornas medlemsavgifter](#)

**Behavioural requirements and related eligibility conditions:**  TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits.<sup>6</sup> 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.<sup>7</sup>

### 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% of previous earnings for 200 days and then 70% 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% from day 101 with activity support and then falls to 65% from day 201. The maximum daily benefit is normally SEK 1200 the first 100 days and then SEK 1000. The minimum daily benefit for someone who has been working full time during the entire framework period is normally SEK 510. The minimum daily income related benefit for someone who has not been working full time during the reference period is normally SEK 255.

If the recipient does not qualify for a new benefit period when the benefit period has ended, he or she is referred to the labour market policy programme (activity guarantee) Job and Development Guarantee programme. Job and Development Guarantee participants receive activity support corresponding to 65% of previous earnings with limits: the maximum daily benefit when participating full time is SEK 1000, and the minimum is SEK 510. Young people under the age of 25 are referred to the labour market policy programme (activity guarantee) Job Guarantee Programme 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 under the age of 18, after a 2-day waiting period (waiting periods are not modelled in TaxBEN). The days on which benefits are received may be broken by a period of employment<sup>8</sup>.

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<sup>6</sup> Details on behavioural requirements and sanction provisions for unemployment benefits are reported at <https://www.oecd.org/social/strictness-benefit-eligibility.htm>

<sup>7</sup> 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).

<sup>8</sup> 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.

Income-loss insurance may only be combined with part-time work for a total of 60 weeks within the benefit period. The remaining days of that benefit period can then only be obtained during weeks when the person is not performing or declaring any work at all.

If the recipient does not qualify for a new benefit period when the benefit duration has ended he or she is referred to the labour market policy programme (activity guarantee) Job and Development Guarantee programme. Young people under the age of 25 are referred to the labour market policy program (activity guarantee) Job Guarantee Programme for young people after 90 calendar days of unemployment. Those who received the income-loss insurance (as described in this Section, 2.1) before participating in the Job and Development Guarantee programme can continue in the programme and receive activity support when participating in the programme (this is the scenario assumed in the TaxBEN model)<sup>9</sup>.

Both job guarantee programmes generally require full time participation. If a participant is performing part-time work the activity grant will be reduced by the same amount the participant receive as salary for that day. Participation in the job guarantee programs ceases when the participant has sufficient employment history with their new employer to qualify for unemployment benefits (see section 2.1.1).

#### *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*

Unemployment benefit recipients who perform or declare part-time work are paid unemployment benefits for a maximum of 60 weeks during the benefit period. The benefit is reduced in proportion to the number of days worked. If fully unemployed, 5 benefits days are paid per week. For example, a jobseeker who previously worked full time during the reference period and works two hours per day (a total of 1.5 days) while part-time unemployed, is paid unemployment benefit for 3.5 benefit days.

Job guarantee program participants who perform or declare part-time work have their activity grant reduced by the same amount the participant received as salary for that day. For example, a participant who works two hours and earns SEK 360 per day will receive up to SEK 1000 – SEK 360 = SEK 640 per day in activity grant.<sup>10</sup>

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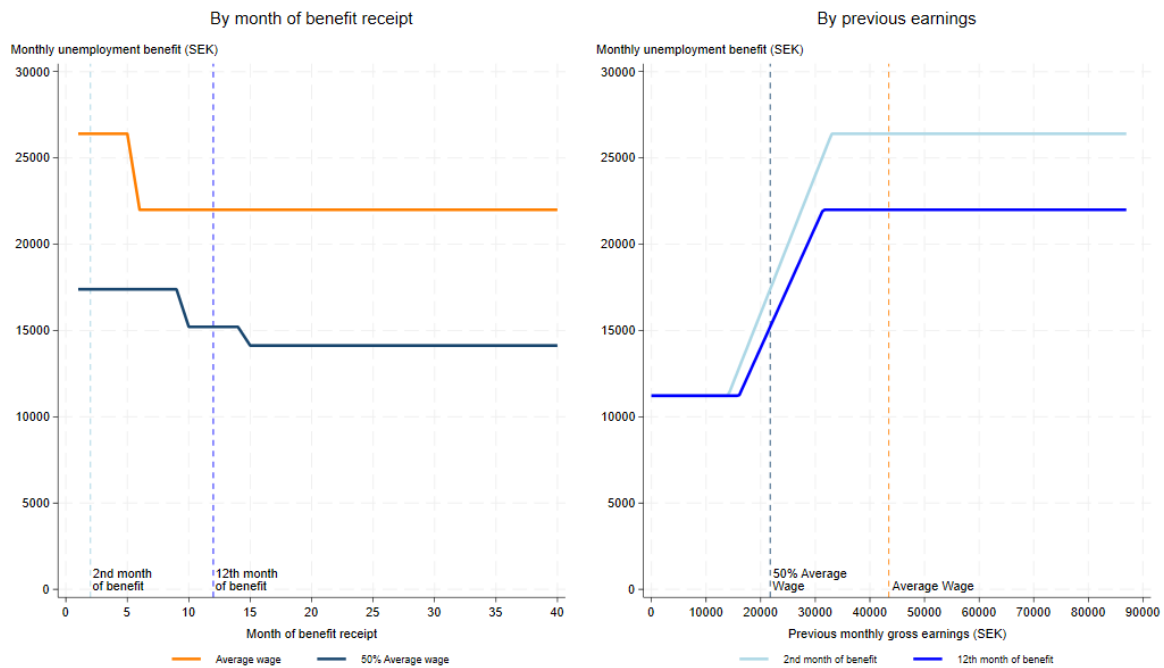
<sup>9</sup> However, participants in the Job and Development Guarantee program who did not receive any unemployment benefit before participating can only receive activity support for 450 days.

<sup>10</sup> Note that the activity grant may be received by participants of other labour market programs (not modelled in TaxBEN).

### 2.1.8. Indexation

There is no automatic indexation of unemployment benefit or activity grant amounts.

**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, 2023.

## 2.2. Basic unemployment insurance (*Grundförsäkring*)

Variable name:<sup>11</sup> [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 66.

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

<sup>11</sup> 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.



**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).<sup>12</sup>

#### 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 510 for those who have been working full time during the entire framework period. If the working requirement is fulfilled by part-time work, the basic insurance is proportionally reduced, yet cannot be reduced below the minimum level of SEK 255.

If the recipient does not have a job when the benefit duration has ended, he or she is referred to the labour market policy programme (activity guarantee) Job and Development Guarantee programme. Young people under the age of 25 are referred to the labour market policy programme (activity guarantee) Job Guarantee Programme 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 510 when participating full time.

#### 2.2.3. *Benefit duration*

Benefit duration is the same as for income-loss benefits (see Section 2.1.3).

#### 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 effect of employment on benefit receipt is the same as for income-loss benefits (see Section 2.1.7).

#### 2.2.8. *Indexation*

There is no automatic indexation of unemployment benefit or activity grant amounts.

### 3. Social assistance and housing benefits

#### 3.1. *Social Assistance (Ekonomiskt bistånd)*

Variable name: **[SA]**

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<sup>12</sup> 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 \(2011\)](#).

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 municipal 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. When it comes to costs for electricity, the amount of support is based on an individual assessment considering the household's actual consumption. Hence, the individual is not affected by higher expenses on electricity. 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.

<b>Family type</b>	<b>Rates at national norms during 2023 (SEK per month)</b>
Single	3 490
Married couple / Cohabitants	6 300
Child <1 year	2 420
1-2 years	2 700
3 years	2 410
4-6 years	2 700
7-10 years	3 380
11-14 years	3 890
15-18 years	4 390
19-20 years*	4 430

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

Number of family members	Household rate based on number of family members 2023 (SEK per month)
1 person	1 130
2 people	1 250
3 people	1 580
4 people	1 790
5 people	2 060
6 people	2 330
7 people	2 510

### 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 2021 is 7,3 months.

### 3.1.4. Means test

#### Income test

The income measure used to assess eligibility is:

- Earnings
- Unemployment benefits (Section 2.1 and 2.2)
- Child allowance (Section 4.1) and Lone parent benefits (Section 4.2)
- Income tax and social security contributions are subtracted from income for the purposes of the income test
- Other income not considered in the TaxBEN model (including taxable social security income and capital income)

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.

#### Asset test

The information on asset testing is found in the regulation and the guidelines from the National board of health and welfare. The asset test for social assistance affects both eligibility and amounts. The social worker of the municipality is the institution responsible for the assessment of the asset test. Social assistance is related to the needs of the individual household and determined on a case-by-case basis.<sup>13</sup>

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<sup>13</sup> In some cases, the social worker calculates the costs at a higher level than the national norm. This is the case for example if the individual needs a more expensive diet for medical reasons.

For couples<sup>14</sup>, assets should be considered as joint when assessing the right to financial assistance.

The assets included in the assessment are those that the individual can actually dispose of or gain access to, such as cash, bank accounts, shares and bonds.

If the need for social assistance is estimated to exceed three consecutive months or if there are other special reasons, other assets may also affect the assessment of the right to assistance, with the following conditions:

- A house or an apartment should only be considered a realisable asset, if a sale is deemed to be able to generate a revenue surplus that justifies the measure and if there is an opportunity to arrange other housing.
- An asset only affects the right to assistance if it has a significant value and if the surplus in a sale justifies the measure. Such capital goods that are usually found in a home should not, as a rule, affect the right to social assistance, if the value of the goods is reasonable.
- In the event of a sale, the individual should also be able to use the proceeds to pay off any loans that are linked to what was sold, without this affecting the right to social assistance.

The individual's social assistance provides a certain standard of living, so the assessed assets reduce the social assistance benefit amount commensurately.

### *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.

### *3.1.8. Indexation*

The national norm is based on the Swedish Consumer Agency's latest price and consumption surveys. Child and youth insurance is also included as an individual

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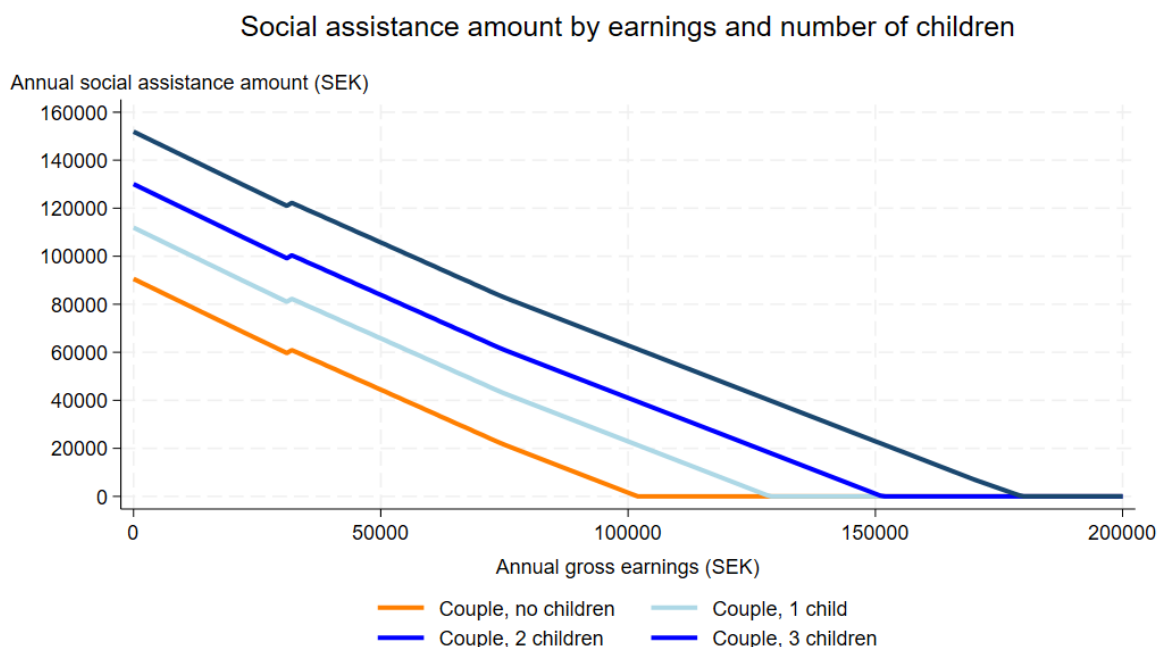
When assessing a reasonable housing cost, the social worker should start from the individual's actual cost and need for housing. The starting point for the assessment of what is a reasonable housing cost should be what a low-income person in the current town or city is normally able to afford. The cost should also be related to the rent level of public housing companies or other larger housing companies in the town or city.

In the assessment, the social worker should consider circumstances related to any children in the household. For example, a child's need for space with the parent where the child has been staying during visiting hours should be considered. In addition, a resident adult child who receives social assistance should, through the assistance, be able to pay his or her share of the family's housing costs.

<sup>14</sup> Whether married, registered or in a cohabiting relationship (determined as starting from the date the parties moved in).

expenditure item that the agency calculates for the children in the household. It is a manual indexation that is updated every year on the 1st of January.

**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, 2023.

### 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).

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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 for rates at 1 January 2023). 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.

During the first six months of 2023, a temporary supplementary benefit of 25 percent of the preliminary housing benefit for households with children is added to the monthly benefit. This is due to increased cost of living. No application is required. The additional benefit was also paid during the last six months of 2020, 2021 and 2022 respectively. This measure is only included in the TaxBEN model in 2023, as in earlier years the policy was not in place on the reference date (1 January).

<b>Family composition</b>	<b>Housing costs (HC) (SEK per month)</b>	<b>Housing benefit (HB1) (before income-test)</b>
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)
<b>Families:</b>		
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.

### *3.2.1. Benefit duration*

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

### *3.2.2. Means test*

The housing benefit is income-tested. Reduction rates and disregards depend on age and family situation. The parameters in place on 1 January 2023 are as follows:

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.

### 3.2.3. Tax treatment

Benefits are not taxable.

### 3.2.4. Interaction with other components of the tax-benefit system

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

### 3.2.5. Combining benefit receipt and employment/starting a new job

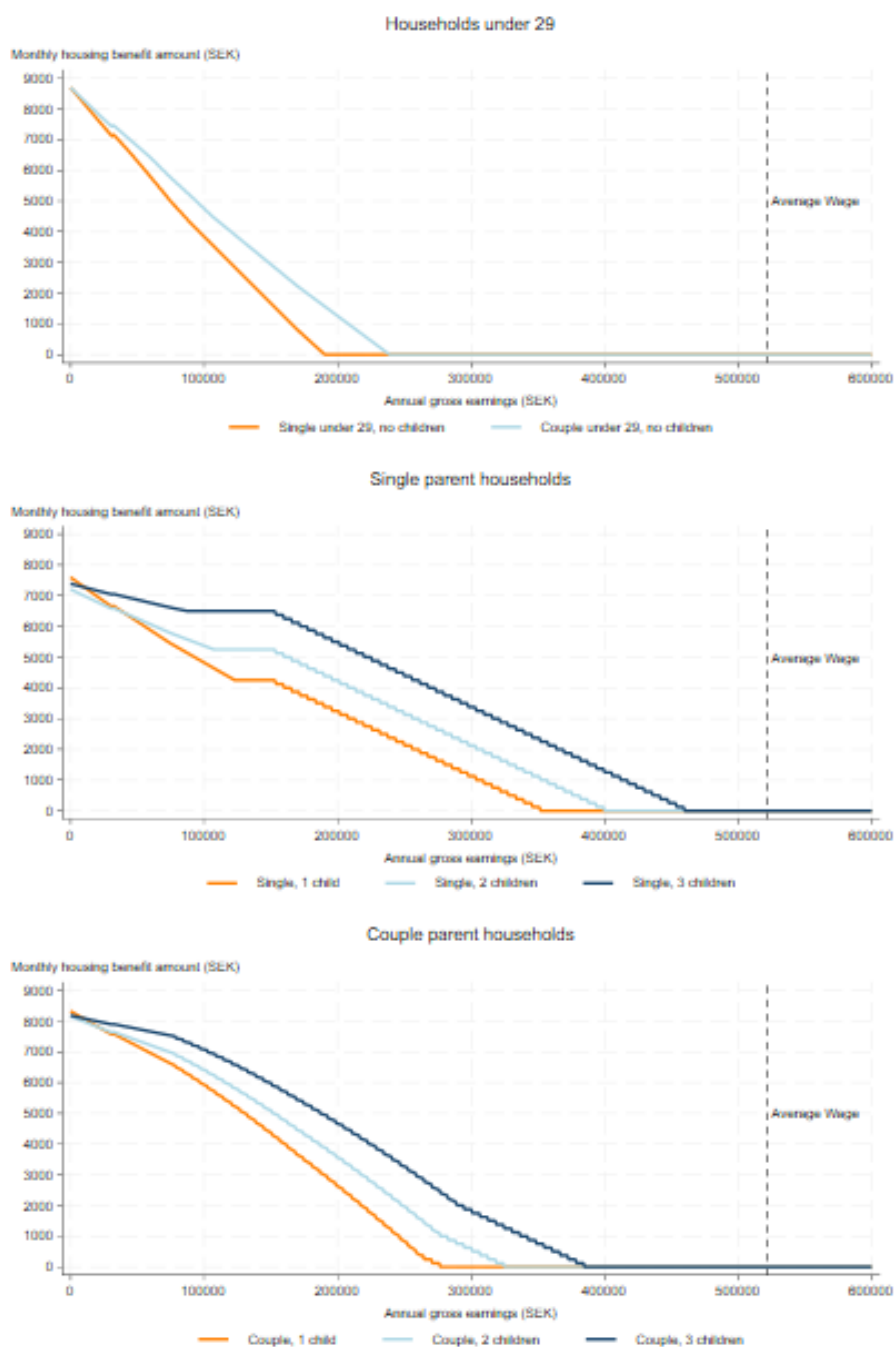
No restriction, but the benefit is reduced if the claimant has earnings as described above.

### 3.2.6. Indexation

There is no automatic indexation of housing benefit amounts or thresholds.



Figure 3. Housing benefit entitlement by gross earnings level



*Note:* Housing benefit amounts are in SEK per month. The one child family has a child aged 4, the two child family also has a child aged 6 and the 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, 2023.

#### 4. Family benefits

Variable name: **[FB]**

#### 4.1. Child allowance (barnbidrag)

Variable name: [FB\_child\_all, FB\_lfsup]

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.

##### 4.1.2. Benefit amount

The monthly amount is SEK 1 250 per child, with a large family supplement for families with two or more children as per the following table.

The child allowance is paid in every month. For students receiving the ‘study allowance’ (those aged 16 and over who are still in school), the allowance is paid in 10 months out of 12. It is not paid in July or August.

The large family supplement is paid for all 12 months, however for families with children receiving the ‘study allowance’, the payment for July and August is made in arrears<sup>15</sup>.

**Amount of Child Allowance at 1 January 2023 (SEK per month)**

Number of children	Child Allowance (base)	Large Family Supplement	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.

<sup>15</sup> Timing of benefits is not considered in the TaxBEN model. For further details, see: [Child allowance and multiple child supplement - Försäkringskassan \(forsakringskassan.se\)](#)

#### 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.

#### 4.1.8. *Indexation*

There is no automatic indexation of child allowance amounts.

### 4.2. *Supplementary allowance (Extra tillägg på gymnasiet)*

Variable name: [\[FB\\_sup\\_all\]](#)

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

Supplementary allowance is paid to students receiving the study allowance (see Section 4.1) coming from families with low income.

#### 4.2.1. *Eligibility conditions*

From the age of 16, children who are still in school receive the Supplementary Allowance if the family's income meets the income condition. This allowance is only paid 10 months out of 12 (it is not paid in July and August).

#### 4.2.2. *Benefit amount*

The monthly amount is as per the following table. The rates and income thresholds have not changed since 1995.

**Amount of Supplementary Allowance at 1 January 2023 (SEK)**

Annual income before taxes	Monthly allowance
Below 85 000	1250
85 000 – 104 999	570
105 000 – 124 999	285
125 000 and above	0

#### 4.2.3. *Benefit duration*

No limit except with respect to the age of children.

#### 4.2.4. *Means test*

Supplementary allowance is means tested as described in Section 4.2.2. Students from families with income of SEK 125 000 and above are not eligible.

The income measure used to assess eligibility is:

- Earnings
- Unemployment benefits and activity support benefits (Section 2.1 and 2.2)

- Income tax and social security contributions are NOT subtracted from income for the purposes of the income test
- Other income not considered in the TaxBEN model (including parental allowance, sickness benefit, taxable care allowance)

If family assets are greater than SEK 75 000, 20% of this value is also counted in the income test (not considered in TaxBEN).

#### 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, except for the application of the means test (Sections 4.2.2 and 4.2.4).

#### 4.2.8. Indexation

There is no automatic indexation of supplementary allowance amounts.

### 4.3. Maintenance Support (*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.

#### 4.3.1. 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.

#### 4.3.2. Benefit amount

The monthly amount is SEK 1 673 per child for children 6 years old and younger, or SEK 20 076 per year. The monthly amount for children 7-14 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.<sup>16</sup>

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<sup>16</sup> From August 2022, the age categories for the maintenance support changed. Prior to this date, children aged 10 years and younger received SEK 1 673, children aged 11 to 14 years received SEK 1 823 and children aged 15 years and older received SEK 2 223.

#### 4.3.3. *Benefit duration*

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

#### 4.3.4. *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.

#### 4.3.5. *Tax treatment*

The benefit is not taxable.

#### 4.3.6. *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.

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

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

#### 4.3.8. *Indexation*

There is no automatic indexation of maintenance support amounts.

## 5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **January 1, 2023**.

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 in January 2023 is SEK 1 645, SEK 1 097 and SEK 548 for the first, second and third children respectively. The TaxBEN model takes the maximum monthly fee of SEK 1 645 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 1 097 SEK per month.
- Child 2: 1% of household gross income, up to a monthly cap of 548 SEK per month.
- Child 3: 1% of household gross income, up to a monthly cap of 548 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. In the TaxBEN model, the 525 hours free of charge per year are modelled as 15 hours per week.

### *5.2.1. Eligibility*

All households with annual gross incomes of less than SEK 657 960 in 2023 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 657 960 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 1 097, SEK 548 and SEK 548 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 in 2023 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 42 000 since the general pension contributions are not paid for income over a limit which is 8.07

multiplied by the income base amount<sup>17</sup>. In 2023 this limit is SEK 599 600 (=8.07\*74 300). The employees' contribution is offset with a tax credit.

Both the basic amount and the income base amount are updated every calendar year. The yearly change in the basic amount reflects changes to the general price level (CPI) and the yearly change in the income base amount reflects changes in mean income.

### 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 2023 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 66 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).

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<sup>17</sup> The **income base amount** is indexed based on changes in national income/wages and is updated every calendar year. The change in the income base amount for a specific year reflects changes in mean pensionable income two years prior and the year before. For example, the income base amount for 2023 is increased compared to 2022 with the change in mean income between 2021 and 2022.



### 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 2023 TaxBEN as this policy was in effect on January 1<sup>st</sup> 2023.

#### 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 this situation is not 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 15 400 and SEK 40 500 for persons 66 years or younger, depending on income. The basic allowance depends on the assessed earned income and the basic amount (BA), which is SEK 52 500 in 2023<sup>18</sup>.

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 66 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

<sup>18</sup> The basic amount is updated every calendar year. The yearly change in the basic amount reflects changes to the general price level (CPI).

basic allowance for persons 66 years and older varies in 2023 between SEK 15 400 and SEK 127 700, depending on income. It is SEK 84 700 when individuals start paying the central government income tax.

Basic allowance for persons aged over 66:

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 2023 as per the table below. The bracket for central government income tax is indexed yearly. The bracket is increased by 2 percent plus the change in the general price level.

Taxable Income (SEK)	Tax (SEK) at lower bracket	For exceeding income, %
0 – 598 500	0	0
Over 598 500	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 (see Section 8.1.1).

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

On average a 0.234% 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 1 300. The maximum fee is indexed yearly as it depends on the income base amount<sup>19</sup>. 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. It is non-refundable, but offsets both central and local tax liability.

Since 1<sup>st</sup> 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.

The **Earned Income Tax Credit (EITC)** is granted on labour income. It is non-refundable and is applied to local income tax liability (however it is financed by the central government). The amounts are calculated as per the tables below. 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 2023 is SEK 52 500; 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-

<sup>19</sup> In 2023, the maximum public service fee is paid at incomes of 1.75 times the income base amount.

out of the EITC for those with incomes above around SEK 600 000 a year was introduced in 2016.

For taxpayers younger than 65<sup>20</sup>, the EITC is calculated as follows:

<b>Earned Income (EI)</b>	<b>EITC</b>
<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):

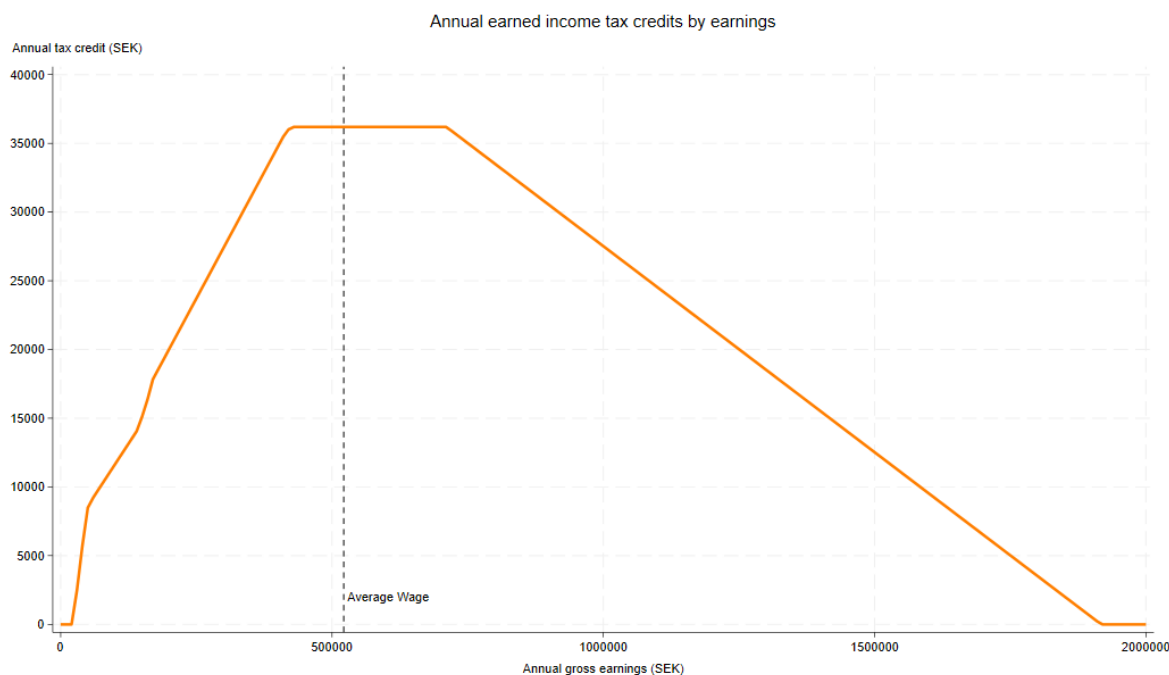
<b>Earned Income (EI)</b>	<b>EITC</b>
<100 000 SEK	$0.22 * EI$
100 001 – 300 000 SEK	$15\ 000\ SEK + 0,07 * EI$
300 001 – 600 000 SEK	$36\ 000\ SEK$
600 001 – 1 600 000 SEK	$36\ 000 - 0,03 * (EI - 600\ 000)$
1 600 001 or more	$0$

During 2021 and 2022 there was a **Temporary Earned Income Tax Credit** as a response to COVID-19. It is no longer available in 2023.

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<sup>20</sup> Note that in 2023 this age limit is different to the pension age.

**Figure 4. EITC schedule by gross earnings for those aged under 65, 2023**



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

*Source:* Calculations using OECD tax-benefit model, 2023.

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

This section shows selected output of the TaxBEN model for Sweden in 2023 (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 5 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

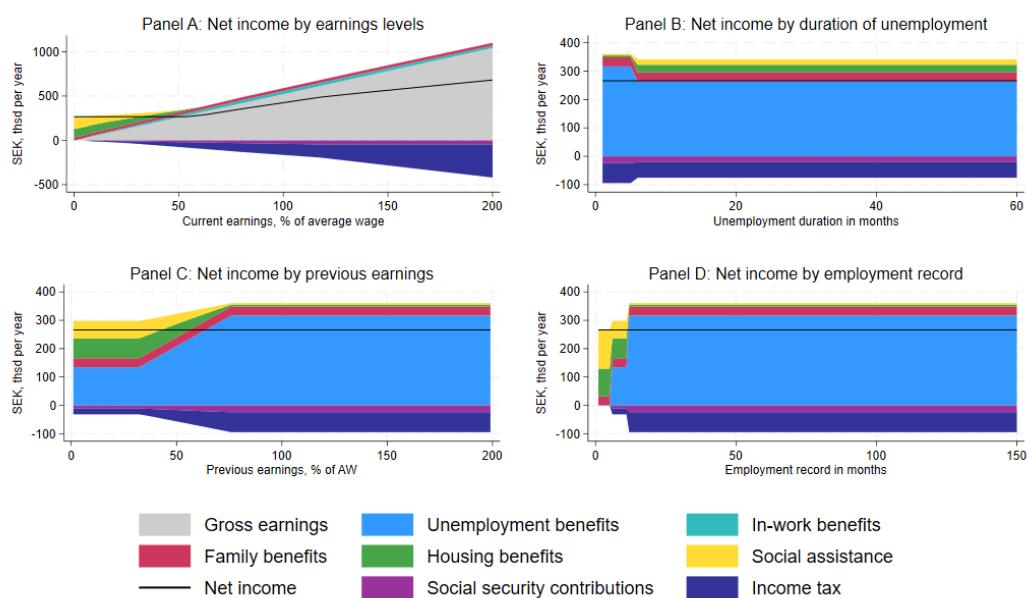
benefits are assumed to be available in all the four scenarios when the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be 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 2<sup>nd</sup> 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 521 655.*

*Source: Calculations based on the OECD tax-benefit model, 2023.*

## 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 66 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, 66 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.