IFN Working Paper No. 977, 2013

# Swedish Labor Income Taxation (1862–2013)

Gunnar Du Rietz, Dan Johansson and Mikael Stenkula

Research Institute of Industrial Economics
P.O. Box 55665
SE-102 15 Stockholm, Sweden
info@ifn.se
www.ifn.se

# Swedish Labor Income Taxation (1862–2013)*

Gunnar Du Rietz[a] Dan Johansson[b, c] Mikael Stenkula[a]

September, 2015

*Abstract*: This paper presents annual Swedish time-series data on the top marginal tax wedge and marginal tax wedges on labor income for a low-, average- and high-income earners for the period 1862 to 2013. The tax wedges were initially low and the tax system proportional. The tax wedges began to increase during World War I. The increase accelerated during World War II and through the post-war period. In the 1970s, the top marginal tax wedge was occasionally as high as 90 percent. The main explanations for this development were temporary crises that led to permanent tax increases, the expansion of the public sector and distributional ambitions, bracket creep and the introduction of employer-paid social security contributions. The 1990–1991 tax reform represents the beginning of a new and continuing period of decreasing marginal tax wedges.

*JEL-codes*: H21, H31, N44
*Keywords*: Labor income taxation, Marginal tax rate, Marginal tax wedge, Tax reforms.

[a] Research Institute of Industrial Economics (IFN)
P.O. Box 55665
SE – 102 15 Stockholm
Sweden

[b] Örebro University School of Business

SE – 701 82 Örebro
Sweden

[c] HUI Research

SE – 103 29 Stockholm
Sweden

* This is the working paper version of a chapter with the same title published in *Swedish Taxation: Developments since 1862* (ch. 2, pp. 35–122), edited by Magnus Henrekson and Mikael Stenkula, New York: Palgrave Macmillan. Du Rietz and Stenkula gratefully acknowledge financial support from the Jan Wallander and Tom Hedelius Research Foundation and from Finanspolitiska Forskningsstiftelsen. Johansson gratefully acknowledges financial support from the Ragnar Söderberg Foundation. We are grateful for comments on an earlier version from Krister Andersson, Niclas Berggren, Henrik Lindberg, Sven-Olof Lodin, Enrique Rodriguez, Hans Sjögren, Anders Gustafsson and Hans Westerberg (Anders Gustafsson and Hans Westerberg also collected data for several of the tables in the appendices), and seminar participants at the Institute for Economic and Business History Research (EHFF), the Stockholm School of Economics, the 12th Annual SNEE European Integration Conference in Mölle and the 77th Annual Meeting of the Southern Economic Association.

## 1. Introduction

The tax system is one of society's most fundamental institutions, as taxation has profound effects on many economic decisions, such as labor supply, savings and investments. Taxation of the factors of production—particularly labor and capital income—has attracted particular interest, because taxation is a major determinant of their quantity, quality and usage over time. This paper studies income taxes on labor. The purpose is to analyze how the taxation of labor income has developed over time.

Much research on labor taxation addresses the effects of marginal taxation because it influences (among other things) labor supply in hours, effort at work, efficiency at work, educational investment, and the timing of consumption.[1] Therefore, we would also expect changes in marginal tax rates to influence the growth rates of taxable income, real gross domestic product (GDP) and other macroeconomic aggregates.

Although the effects of the tax system have been studied extensively, the results of these studies are often complex and ambiguous. Empirically, problems repeatedly arise because the effects of taxation should be assessed over long time spans; however, data are generally available only for relatively short periods. Hence, there is a need for long homogenous time series on taxation, which can further our understanding of the tax system's structure and its role in industrialization, wealth and structural change.

Rather than examining the effect from one narrow form of taxation (e.g., the marginal income tax on labor), a wider measure—such as the marginal tax wedge on labor income—is often preferable.[2] The marginal tax wedge on labor income incorporates marginal income taxes, marginal social security contributions and marginal payroll taxes. In addition, consumption taxes are sometimes included, and social security contributions can also be adjusted to include only the fiscal component. This measure better captures how individual

---

[1] A distinction is frequently made between intensive and extensive marginal decisions. The intensive marginal decision that affects the number of work hours and effort expended by those already employed is mainly influenced by the marginal tax rates. The extensive marginal decision that affects the incentive to participate in the labor market is mainly influenced by the average tax rates.

[2] This wider measure is preferable because several forms of taxation affect individual choices. The marginal income tax rate captures the effect from one form, i.e., the income tax on labor, whereas the marginal tax wedge incorporates the effects from other taxes as well. For instance, the incentive effect of employer-paid social security contributions can be substantial, and it has thus been argued that a tax measure that considers the combined effects from different taxes better captures the behavioral effects of taxation. See, e.g., Agell, Englund and Södersten (1998) or Sørensen (2004) for a thorough discussion.

decision making is affected and is also the main determinant of the excess burden resulting from taxation, that is, distortionary costs in the economy.[3]

We calculate the long-term evolution of marginal tax wedges on labor income for Sweden. To finance the rise of the welfare state, the Swedish tax-to-GDP ratio increased from one of the lowest among Western countries at the beginning of the twentieth century to the highest in the world by the mid-1960s (Rodriguez 1981). The Swedish tax-to-GDP ratio remained the highest in the world until 2002, when it was surpassed by Denmark.[4] Considered as the "archetype" of the welfare state, Sweden has attracted the attention of researchers and policymakers and sparked an unsettled debate focused on the possibility of combining high taxes and economic growth (Esping-Andersen 1990; Henrekson 1996; Lindbeck 1997; Madrick 2009; Bergh 2014). As a neutral country during both World Wars, Sweden avoided massive destruction, making long-run analysis appropriate, as these events profoundly affected the long-term outcome patterns of many other European countries. Sweden also has excellent tax records, which greatly facilitates our analysis.

As marginal tax wedges often change with income, it is not possible to derive one measure of the marginal tax wedge that is valid for all incomes. We therefore compute the top marginal tax wedge and the marginal tax wedge for a high-, average- and low-income earner.

Our analysis begins in 1862 when Sweden implemented a major new state (central government) tax system. The decades around the 1850s are historically important, as the Swedish economy was extensively deregulated, industrialization began and economic growth took off.[5] Hence, we will exploit official statistics and tax laws to describe more than 150 years of tax rates.

Marginal tax rates on labor income, particularly top marginal tax rates, for several countries (including Sweden) have been the subject of a number of studies.[6] For

---

[3] Furthermore, the excess burden is not a linear function of the marginal tax wedge but an increasing convex function, i.e., the burden increases disproportionately faster than the marginal tax wedge, which implies large distortion costs at high tax levels, see Hansson (2000) or Jaimovich and Rebelo (2012).

[4] See, e.g., http://stats.oecd.org/Index.aspx?DataSetCode=REV.

[5] The tax system is less well documented during the nineteenth century. For example, tax tables reporting income brackets and tax rates have not been compiled and are not readily available. Part of our study has been devoted to going through all the issues of SFS in *Riksdagsbiblioteket* (the Riksdag Library) to include all tax tables for the earlier period of our examination. SFS (*svensk författningssamling*) is the Swedish code of statutes and official publication of laws enacted by the Swedish Parliament (*Riksdag*).

[6] See, e.g., Roine, Vlachos and Waldenström (2009) and Rydqvist, Spizman and Strebulaev (2014). Historical studies of the Swedish tax system include Eberstein (1929, 1937), Genberg (1942), Elvander (1972), Hedlund-Nyström (1972), Jakobsson and Normann (1974), Rodriguez (1980), Rodriguez (1981), Gårestad (1987), Dahlgren and Stadin (1990), Du Rietz (1994), Söderberg (1996) and Löwnertz (2003). These studies incorporate extensive information about the Swedish tax system, and some of the results in our paper are derived from these

example, country-specific analyses covering marginal tax rates have been performed for the U.S. (Barro and Sahasakul 1986; Poterba 2004; Saez 2004), the U.K. (Orhnial and Foldes 1975) and Germany (Corneo 2005). However, none of these studies extends as far back as 1862, and these studies have not calculated the marginal tax *wedge* on labor income. Neither has the income at which the top marginal tax wedge begins to be applied been calculated. Hence, no one has thus far generated this type of data for Sweden, and we are unaware of any international study covering an equally long time span. Together with tax data for other economies, our data can be used to conduct long-term comparative analyses among countries.

This paper is organized as follows. In the next section, the marginal tax wedge on labor income is defined. Section 3 describes the different parts of the marginal tax wedge. Section 4 presents the evolution of marginal tax wedges on labor income. Section 5 concludes. Appendix A presents the sources underlying the calculations. Alternative computations concerning marital and household status are presented in Appendix B. In Appendix C, our results concerning tax rates and tax wedges are reported. Appendices D to J present extensive data, including all tax tables for the period examined, which enables the reader to calculate the marginal tax wedges for any income over the entire 1862–2013 period.[7]

## 2. The marginal tax wedge on labor income

### 2.1 Definition

Taxes on labor income drive a wedge between the price of labor paid by firms, and the net return on labor received by employees. This difference is formally called the tax wedge on labor income (or tax wedge for short). The tax wedge may influence the incentive to supply and demand labor, the magnitude of taxable income and the wage formation process. To further cross-country and longitudinal comparisons, we follow the standard of OECD (2011) and calculate the *marginal* tax wedge, $t_w$, as follows:

---

sources. Only Du Rietz has previously compiled longer time series of the marginal tax wedge. The most recent update, which covers the period 1952–2003, is published in Johansson (2004, 93–94, Table A1).

[7] Appendix C reports annual data on wages, marginal tax rates and marginal tax wedges for the three investigated income categories. It also shows the top marginal tax rates, the top marginal tax wedge, the wage when the top marginal tax wedge begins to be applied and the relative top tax income threshold defined as the wage at which the top marginal tax wedge begins to be applied divided by the average annual wage of a production worker. Appendix D reports annual data on local income tax rates, consumption tax rates, state income tax rates and extra taxes, such as the defense tax. Appendix E reports the basic local and state income tax allowances. Appendices F, G and H report employee-paid social security contributions. Appendix I reports the earned income tax credit, and Appendix J reports employer-paid social security contributions.

$$t_w = 1 - \frac{(1-t_1)(1-t_2)}{(1+t_3)} \qquad (1)$$

where $t_1$ is the marginal income tax; $t_2$ is the marginal social security contributions (SSCs) paid by employees; and $t_3$ is the marginal SSCs, including payroll taxes, that are added to the wage and paid by employers. The marginal tax wedge measures the difference between the total labor costs paid by employers and the net wage received by employees *as a result of a marginal increase in labor income*. The wedge is expressed as a percentage of the change in labor compensation, including SSCs.

Alternative definitions of the tax wedge add consumption taxes or adjust for the estimated benefit component of SSCs. The reason for the OECD to exclude consumption taxes is mainly methodological; data are occasionally missing or not sufficiently detailed, and there is no agreed-upon method to make the estimations comparable across countries when including them.[8] However, for a long-term single country study of Sweden, it is possible to include consumption taxes in a consistent manner for a comparison over time. Hence, in the main text, we have calculated the tax wedge by excluding (Section 4.1) and including (Section 4.4) consumption taxes. Including consumption taxes, the definition of the marginal tax wedge is:

$$t_w = 1 - \frac{(1-t_1)(1-t_2)(1-t_4)}{(1+t_3)} \qquad (2)$$

where $t_1$ is the marginal income tax, $t_2$ is the marginal SSCs paid by employees, $t_3$ is the marginal SSCs that are added to the wage and paid by employers and $t_4$ is the marginal consumption tax rate.

The inclusion or exclusion of consumption taxes will not alter our general conclusions. Likewise, the long-term evolution of the tax wedges remains the same if we also adjust the SSC for the estimated benefit component; see Appendix B.

## 2.2 Taxpayer characteristics

In 1972, the OECD began to report wage data on the average production worker, which was defined as the average gross wage earnings of adult, full-time manual workers in industry

[8] See OECD (2009) for a further discussion of consumption taxes. The treatment of consumption taxes is also theoretically disputed (de Haan, Sturm and Volkerink 2004). Some proponents, such as Heady (2004), argue that consumption and income taxes will broadly have the same effect on the labor market and that it is the sum of these taxes that matters (a uniform sales tax will have the same effect as a proportional income tax on a worker who does not save). However, others argue that consumption taxes should not be included in the wedge because these taxes affect workers and non-workers alike (see the discussion in Daveri and Tabellini 2000, Immervoll 2004, Heady 2004 and Bassanini and Romain 2006).

sector D in the International Standard Industrial Classification of all Economic Activities, Revision 3 (ISIC Rev. 3). In 1979, the series on wage data were complemented with calculations on average tax rates and average tax wedges for two family types (single person and one-earner married couple) that were earning 100 percent of the average annual wage of a production worker (henceforth denoted APW). In 1997, the analysis was expanded to incorporate 12 tax measures (including marginal tax measures) for eight different types of taxpayers, characterized by different *family status* (single/married, 0–2 children), *economic status* (one-/two-earner household), and *wage levels* (67 percent, 100 percent and 167 percent of the APW). The OECD excludes *non-wage incomes*, such as capital income or business income, and only considers standard *tax relief* (such as basic allowances, *grundavdrag*). Non-wage incomes are generally small for employees, and the OECD seeks to focus on the tax treatment of wages. Moreover, the taxpayer's *wealth* is not considered because wealth does not impact the taxation of labor income in any OECD country in the period covered by the OECD.[9]

In 2005, the OECD switched to using an average worker as a wage base, which is defined as the average gross wage earnings of adult, full-time manual and non-manual workers in industry sectors C–K in ISIC Rev. 3, or its equivalent.[10]

In accordance with the OECD, we base our analysis on wage levels reported by the OECD and define a high-, average- and low-income earner as a taxpayer earning 167, 100 and 67 percent of the APW, respectively. Because the OECD changed its definition in 2005, we will use wage data on the APW from the Confederation of Swedish Enterprise (*Svenskt Näringsliv*) from 2005 to 2013 (Confederation of Swedish Enterprise 2014). These data do conform to the APW wage data provided by the OECD. In addition, we calculated the tax wedge according to the OECD's revised definition (not presented in this paper), and our main results are unaffected. To estimate the income level for the average-income earner before 1972, we used the average wage of a worker within the manufacturing and handicrafts sector, as presented in the dataset on labor income compiled by Edvinsson (2005).[11] Edvinsson's

---

[9] See, e.g., OECD (2011) for an extensive discussion about the OECD's *Taxing Wages* approach.
[10] Industry sectors C–K include the following: mining and quarrying (C); manufacturing (D); electricity, gas and water supply (E); construction (F); wholesale and retail trade and repair of motor vehicles, motorcycles, and personal and household goods (G); hotels and restaurants (H); transport, storage and communications (I); financial intermediation (J); and real estate, renting and business activities (K). According to OECD (2006), this change only produced minor effects on the tax measures.
[11] Edvinsson (2005) has compiled a long-term homogenous wage data series based on previous sources that have covered shorter and different time periods, e.g., Jungenfelt (1966). Edvinsson's dataset includes SSCs, and we have adjusted this series to obtain the wage level. The OECD's dataset does not include SSCs. Prado (2010) calculates hourly earnings for manufacturing workers 1860–2007.

wage data do not deviate significantly from the OECD's wage data, and linking the two series does not affect our results.

As will be discussed below, taxpayer characteristics do not substantially affect the general evolution of tax wedges. Many characteristics only affect the taxation of labor income for limited periods of the time span covered by our analysis, and different deductions and allowances are too small to significantly affect the marginal tax wedge. Moreover, the tax system's general structure makes tax wedges rather insensitive to different characteristics. For expositional purposes, we will show the tax wedges for single persons with no children and no wealth. In line with the OECD, we exclude non-wage income and only consider standard tax relief, such as basic allowances.

### 2.3 Wage level

There are full-time employees that fall outside the interval for 67–167 percent of the APW (0.67–1.67 APW). Nevertheless, our computations cover practically all these employees. As the low-income earner (earning 0.67 APW) will almost always be in the lowest tax bracket until World War II, taxpayers earning less than 0.67 APW faced the same marginal tax wedge as the low-income earner. When it differs, the difference is negligible. Hence, the evolution of the tax wedge for taxpayers earning less than 0.67 APW is basically the same as the tax wage for the low-income earner during this period. After World War II, the Swedish wage structure became compressed, and few full-time workers earned less than 0.67 APW (Bentzel 1952; Prado 2010; Bergh 2014).

At the other end of the income distribution, we find wage earners that report wages above the interval's upper limit. Some researchers argue that these earners are of strategic importance for economic development.[12] How does the tax wedge evolve for individuals earning two, three, five or ten APWs? As described below, in practice, the income tax system was largely proportional until World War II, and unless an earner's income was substantially higher, the tax wedge was roughly the same as that of our examined income categories. For example, even if the wage was 15 APWs, the marginal tax wedge in 1938 would remain less than five percentage points greater.[13]

---

[12] For instance, it has been argued that high taxes on highly specialized individuals affect the growth of high-tech firms, the commercialization of research and the localization of knowledge-intensive production and headquarters (see the discussion in Henrekson and Rosenberg 2001, Braunerhjelm 2004 and Birkinshaw et al. 2006).

[13] The income tax system became progressive after the 1903 tax reform. It subsequently became more progressive as a result of tax reforms in 1911 and 1920, and in particular by the temporary taxes introduced

The income tax became more progressive after World War II, and the tax wedge for most employees earning more than 1.67 APW began to lie between that of the high-income earner and the top marginal tax wedge. The gap between the top tax wedge and the tax wedge on the high-income earner gradually narrowed, and it vanished altogether toward the end of the 1980s. To illustrate this narrowing gap, consider that it required 400 APWs to pay the top marginal tax wedge in 1938, 36 APWs in 1950, 13 APWs in 1960, seven APWs in 1970 and 2.5 APWs in 1980. From the late 1980s to the late 1990s, an income of 1.67 APW was sufficient to attain the maximum marginal tax wedge. The top marginal tax wedge exceeded the high-income earner's tax wedge by no more than four percentage points during the 2000s, which means that all, or almost all, full-time wage earners had a marginal tax wedge lying within the interval represented by the low- and high-income earner throughout the period examined.

## 2.4 Family and economic status

In Sweden, joint taxation of families was used until 1971. Married couples benefited from more generous basic allowances than single persons between 1920 and 1970; they also benefitted from lower tax rates than single persons earning a given taxable income between 1953 and 1970. Our analysis reveals that the more favorable treatment of married couples did not have a discernible effect on tax wedges before World War II. The marginal tax wedge was somewhat lower for one-earner married couples than for single persons after World War II until 1971. In addition, the tax wedge for married one-earner couples and single persons shows the same basic evolution. If both spouses were working, the favorable treatment was reduced and could even be reversed, that is, the marginal tax wedge for a two-earner married couple could be higher than that for single persons. In Appendix B, we show the evolution for married one- and two-earner households.

A child allowance was introduced in 1920 and was applied until 1948 on the state tax and until 1952 on the local tax. The local tax allowance had no direct effect on the marginal tax because the local tax was proportional. The tax allowance's direct effect on the state tax is zero or negligible because it is too small to influence our results (at most, it is approximately one percentage point for the high-income earner with two children).

---

during World War I and II, and the Depression. However, the vast majority of taxpayers faced nearly the same marginal tax rate due to very limited progressivity in 1903–1919 and a very wide first tax bracket in 1920–1938.

## 2.5 Non-wage incomes and tax relief

Business income earned by sole proprietors and partnerships—apart from certain options to retain income within the firm—was jointly taxed with labor income throughout the entire period examined, whereas capital income was jointly taxed with labor income between 1903 and 1991. Full-time employees generally report low or no income from business operations, and capital incomes are highly skewed (Roine and Waldenström 2008). Capital incomes are typically negative for "ordinary" income earners because interest on mortgages is deductible from other capital income, and when net capital incomes are positive, they are typically small. Interest costs may be high, particularly for younger taxpayers who recently began their careers, started families and bought homes.

In addition to the possibility of deducting interest costs, there are other non-standard tax relief measures, such as deductions of costs that are deemed necessary to earn one's income. This relief was generally low and frequently limited by law. Du Rietz (1994) calculated the tax wedge between 1952 and 1993 and accounted for estimated interest costs and other non-standard tax relief with updated figures that spanned through 2003 in Johansson (2004). Comparing the marginal tax wedge from that study with our results, the differences are fairly small. The most significant difference arises between 1977 and 1982 and amounts to about five percentage points for the average-income earner between 1977 and 1982.[14]

## 2.6 Wealth

Combined wealth and income taxation (meaning that a part of wealth was included in taxable income) was used in Sweden between 1911 and 1947 (in addition, a separate wealth tax was introduced in 1934). Until 1938, one-sixtieth of wealth was considered state taxable income, and one percent was considered state taxable income after 1938. However, extensive wealth was required to more than marginally increase the marginal tax wedge. For example, in 1930, an average-income earner would have to hold wealth amounting to more than 200 times her/his annual labor income to affect the tax wedge, and this effect would increase the wedge by only about one percentage point.[15]

[14] The OECD has conducted robustness tests on average tax rates, including non-standard tax relief. For Sweden, the estimated difference is approximately five percentage points or less (see, e.g., OECD 2010, 490f).

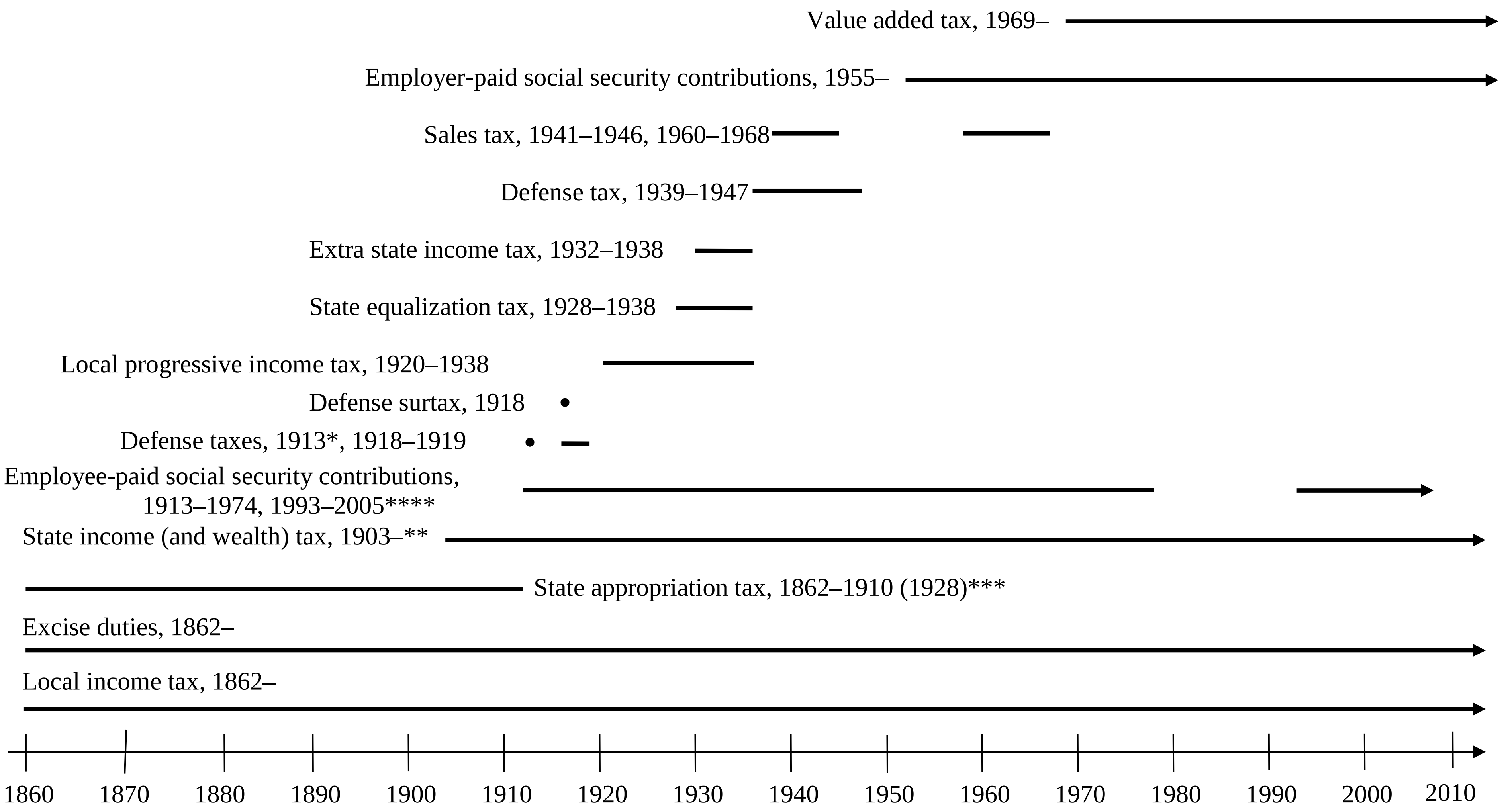
[15] The defense taxes also included one-sixtieth or one percent of wealth in income, with the exception of the 1913 defense tax, which included one-tenth. Few people had wealth. In 1947, the last year when wealth was added to taxable income, about 320,000 persons had wealth above SEK 20,000, and most only marginally so. Fewer than 1,000 persons had wealth above SEK 1,000,000 (Statistics Sweden 1949, Table 260). For a more thorough description of wealth taxes, see Du Rietz and Henrekson (2015).

## 2.7 General tax structure

Generally speaking, the tax system's structure was such that considering other non-labor income, non-standard tax relief and wealth, would not materially alter the evolution of the tax wedges. The income tax was proportional until the 1903 tax reform, and changes in taxable income did not change the marginal tax wedge. Between 1903 and 1919, the income tax was slightly progressive; tax levels were low; and any small change in taxable income would only change the marginal tax wedge slightly without altering the general evolution. Between 1920 and 1938, progressivity was higher, but the tax brackets were wide; most taxpayers were situated in the lowest tax bracket. To alter the marginal tax wedge more than marginally, taxable income must change considerably. Hence, although deductions or increased income would imply that the income earner fell into a new tax bracket between 1903 and 1939, tax rate differences were small, and the effect on the marginal tax wedge was negligible.

After World War II, the income tax became more progressive, and tax brackets narrowed. However, even when deductions reduced taxable income and moved the income earner to a lower tax bracket, the tax rate differences were small, and the effect on the marginal tax wedge was minimal.

Figure 1. Summary of taxes affecting the marginal tax wedge on labor income, 1862–2013.




* The defense tax of 1913 was due in 1915, 1916 and 1917. ** Part of the taxpayers' wealth was included in taxable income between 1911 and 1947. *** The state appropriation tax was transformed into a local tax in the 1911 tax reform, and the appropriation system functioned as a parallel local tax system between 1911 and 1928. **** Since 2006, the contributions have been fully compensated by an equally large tax reduction.

## 3. Development of the components of the marginal tax wedge

This section will briefly present the development of state and local income taxes and employer- and employee-paid SSCs. Figures are presented in the text to illustrate the development. Complete tables with all tax rates and tax brackets for the whole period examined are presented in the Appendices to avoid cluttering and a highly fragmented text. The presentation of the state income taxes is more extensive because it includes several major changes. In Sweden, income taxes have been paid to counties (*landsting*) and to municipalities (*kommuner;* local government) and to the state (*staten*; central government) throughout the period under review. Our computation of the state marginal income tax rates begins with a major reform of the so-called state appropriation tax system, which was implemented in 1862. Temporary taxes have been introduced in times of distress, most notably to rearm the military during the World Wars. Social security contributions were introduced in the twentieth century. Figure 1 summarizes the taxes that affect the marginal tax wedge on labor income.

### 3.1 Central government taxation, the state income tax[16]

Major state income tax reforms were implemented in 1862, 1903, 1911, 1920, 1939, 1948, 1971, 1983–1985 and 1990–1991.[17] Initially, the tax system had a purely fiscal function, that is, taxes were collected to finance public expenditures; the state budget needed to be in balance. In the 1930s, the tax system's function was expanded to also dampen cyclical fluctuations and stabilize the economy by under- or over-financing the budget. Toward the end of the 1940s, the tax system also assumed a more pronounced redistributional function.

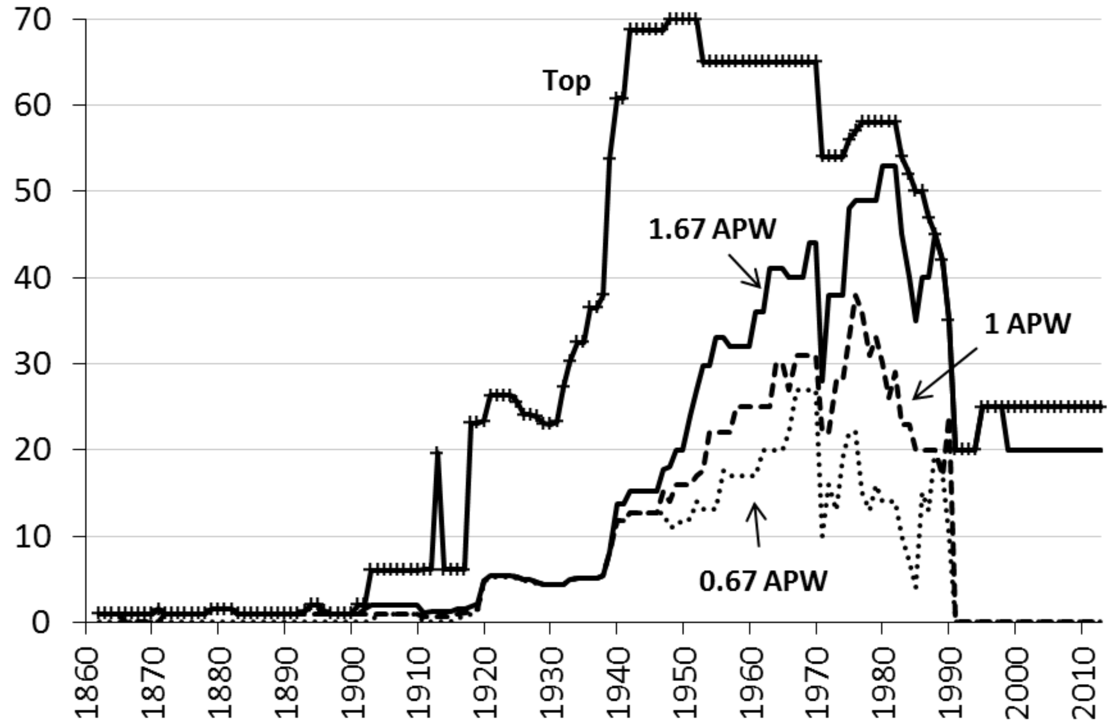
Alongside the ordinary state income tax, temporary taxes were in place during and between the World Wars. When the ordinary state income tax was reformed, temporary tax increases were often included in the new ordinary tax system schedule, and temporary tax increases were thus made permanent, which is largely true for the tax reforms in 1920, 1939 and 1948. Part of wealth was also included in taxable income between 1911 and 1947.

[16] If not otherwise stated, this section is based on Eberstein (1929, 1937), Genberg (1942), Gårestad (1987), Rodriguez (1980) and Söderberg (1996). In this section, the term marginal income tax rate refers to the state marginal income tax rate.

[17] Normally, new tax rules have been implemented in the year after approval, e.g., the tax system that was implemented in 1862 was approved in 1861. In the literature, the year associated with the introduction of a tax reform can either refer to the year the tax rules were approved or implemented. We use the year when the tax system was implemented.

The presentation below is divided into nine subsections to describe the major state tax reforms. Along with the state top marginal income tax rate, Figure 2 shows the state marginal income tax rates paid by our three categories of income earners.

Figure 2. State marginal income tax rates, 1862–2013 (%).




*Note*: The spike in the state top marginal income tax rate in 1913 refers to a temporary defense tax that was approved in 1914 but paid in 1915, 1916 and 1917. In 1918 and 1919, new temporary defense taxes were implemented. The dip in 1971 is explained by the adjustment of the state tax schedule due to the abolition of the deduction of local taxes paid.

*Source:* Own calculations based on sources detailed in Appendix A.

*The income tax, 1862–1902*

During the nineteenth century, Sweden had a state tax system based on so-called "appropriations," which was a heterogeneous system with deep historical roots. A major reform was implemented in 1862 that simplified the system by reducing the number of income tax groups from eight to two (appropriation on real estate income and appropriation on labor or capital income). Alongside these income taxes, there were also some basic taxes (*grundskatter*) that can be characterized as lump-sum taxes. These taxes were largely phased out in the 1890s.

According to the appropriation system, the tax level on labor or capital income was normally set at one percent. Occasionally, additional appropriation taxes were levied if the ordinary appropriation taxes yielded insufficient tax revenue (Gårestad 1987, 204). The tax level could then increase to two percent of income.

*The income tax, 1903–1910*

A completely new state income tax system—which is considered the predecessor of today's "modern" tax system—was implemented in 1903. Among other things, it became mandatory for all taxpayers to provide an income tax return. This tax system was slightly progressive. The old appropriation tax system was not abolished, and two parallel systems existed side by side, until a new state tax reform was implemented in 1911.[18] The new tax system was accepted without major conflicts, partly because the proposed progressivity was very low and partly because public opinion strongly supported a new income tax to rearm the military. The reform's main objective was to increase funding for public expenditures.

Although the income tax system was progressive, its progressivity was moderate. The marginal income tax rates varied from one to five percent. Taxpayers had to begin paying the lowest tax rate, one percent, for income above SEK 1,000 (roughly 1.3 APWs in 1903), which meant that most taxpayers did not pay the new income tax.[19] The highest marginal income tax rate was paid for income above SEK 80,000 (which was analogous to more than 100 APWs in 1903). There was also an average tax cap that limited total state tax to at most four percent of taxable income. The old appropriation system continued to be used alongside the new system.[20]

*The income tax, 1911–1919*

In 1911, the tax brackets were slightly revised. Tax-exempt income was reduced from SEK 1,000 to SEK 800, but at this income level, the marginal tax rate was only 0.4 percent. The top marginal income tax rate was increased to six percent, with an average tax cap of five percent of taxable income. One-sixtieth of taxpayers' wealth was also added to taxable income to form a combined income and wealth tax system. At this point, the appropriation system was abolished as a state income tax and was transformed into a local tax. The tax was paid to the state, which distributed it to the local governments (Eberstein 1929, 131).[21]

---

[18] The political voting system was differentiated and based on the appropriation paid. Abolishing the appropriation system would force a change in the voting law; many politicians feared this shift would prompt potential changes in the voting system, which was highly debated at the turn of the century. Equal voting rights for all males were introduced in 1909. For a thorough discussion of how voting systems affected tax systems in Western Europe, see Aidt and Jensen (2009).

[19] SEK = Swedish kronor. There were roughly five Swedish kronor to the US$ during the Bretton Woods era. In recent decades the exchange rate has, with few exceptions, oscillated between six and nine kronor to the dollar.

[20] In other words, the total marginal tax rate was one percentage point higher, including the appropriation tax.

[21] The appropriation system worked as a parallel local tax system between 1911 and 1928, but at a symbolic tax level of 0.1 percent. Despite the reformed voting rules, it was difficult to abolish the appropriation system

As a result of World War I, temporary progressive defense taxes (*värnskatter*) were introduced for necessary military expenditures. The tax rates could be relatively high (up to 17 percent on the margin) but only affected people with high incomes.[22]

*The income tax, 1920–1938*

After World War I, a new state income tax replaced the ordinary income tax and temporary defense taxes. This tax was thought to be more flexible and stable than previous systems. Technically, the tax structure—the tax brackets and the imposed progressivity—was fixed, but the specific tax rates were flexible and determined by Parliament on an annual basis. The idea was that politicians should be able to easily change state tax rates in accordance with perceived financial needs. Hence, there was no need to introduce and establish a new tax system when a change in tax revenue was deemed necessary. Another innovation within this tax system was the introduction of basic state (and local) income tax allowances. Amounts paid in local taxes were also deductible.

The tax was progressive, with marginal income tax rates running from 4.5–5.5 percent to 22–28 percent.[23] A tax cap remained, which restricted the average tax to 17.5–21.5 percent of taxable income. The first tax bracket was very wide (the upper limit corresponded to more than three APWs in 1920) and included the majority of all taxpayers.[24] As a result, although the new income tax schedule comprised 13 different tax brackets with rising marginal income tax rates, it could nevertheless be regarded as proportional in practice.

Several additional temporary state income taxes were introduced alongside this new income tax. In 1928, the local tax system was rearranged (see Section 3.2) and part of the local tax was transformed into a separate additional state income tax, called the equalization tax (*utjämningsskatt*). Tax revenue from this tax was used to compensate municipalities that had weak tax bases or high costs as a result of their demographic structures. The tax was slightly progressive, but the tax rates were modest (initially 1.5 percent at most).

because the local tax system was also based on it (the voting system for local government was still based on taxes paid, although to a lesser degree, until 1919). Therefore, the appropriation system had to remain in place until the major reform of the local tax system in 1928.

[22] In 1913, one had to earn approximately five APWs to begin paying this tax. The defense tax of 1913 was enacted in 1914 (hence, it was a retroactive tax) and was considered so onerous that payment was split over three years, 1915, 1916 and 1917 (Genberg 1942, 6).

[23] Because the tax rates were flexible, it is impossible to give exact tax rates. The tax rates refer to the rates used in practice during this time.

[24] In 1920, about 98 percent of all persons with a taxable income had a taxable income implying that they paid the lowest marginal state tax rate or no state tax at all (see Statistics Sweden 1923, Table 210).

Due to the Depression at the beginning of the 1930s, another temporary tax, the extra income tax (*extra inkomstskatt*), was introduced in 1932 to compensate for deteriorated tax bases and to finance increasing public expenditures. The extra income tax was slightly progressive; however, it only affected taxpayers with taxable incomes above SEK 6,000 (roughly 3.5 APWs) and had a top marginal income tax rate of four percent. Due to the increased need for tax revenue, the equalization tax rates and extra income tax rates were doubled in 1934 and 1936, respectively. A separate wealth tax was also introduced in 1934, although wealth was already partially taxed in the regular income tax system.

In practice, most people paid neither the state equalization tax nor the extra income tax. However, the tax rates in the ordinary tax system were also increased, which affected all taxpayers during the Depression. Revenue from the state income tax was now partly understood as an important means to finance expenditures in the social area.

Hence, the income tax remained mainly proportional. Nonetheless, the top marginal income tax levied on taxable income above SEK 1,000,000 (corresponding to almost 500 APWs) was significantly higher than that levied on the majority of the population.

*The income tax, 1939–1947*

Just before World War II, the rates in the ordinary tax system were raised, and the state equalization tax and extra income tax were abolished. In effect, the temporary tax increase was made permanent in the ordinary income tax system. The average tax cap was also removed from the tax system. The part of wealth that was added to and taxed as income was reduced, whereas the separate wealth tax was extended.

Technically, the income tax consisted of one flexible tax rate (the bottom tax/*bottenskatt*), determined by Parliament on an annual basis, and one fixed tax rate (the surtax/*tilläggsskatt*). That is, this income tax was partly constructed in the same way as the one it replaced. The bottom tax was only slightly progressive, whereas the surtax was highly progressive. However, the surtax was only levied on high incomes (corresponding to more than three APWs in 1939). All in all, these changes resulted in increased progressivity in the tax system.

Although the equalization tax and extra income tax were abolished to simplify the income tax system, a new, supposedly temporary, defense tax (*värnskatt*), was introduced in 1939. This defense tax was a highly progressive income tax that was to be paid by most taxpayers. It was raised in 1940 and 1942. This tax and the defense tax during World War I were similarly motivated; they were both supposed to be used to strengthen military capacity.

It is also clear that the government had an increasing interest in raising taxes for social and distributional purposes (Rodriguez 1981, 32–33). Due to rising military tensions throughout the world at that time, the 1939 tax reform stirred little debate or criticism. It was passed almost unanimously.

In practice, the income tax implemented in 1939, and the defense tax combined with high inflation and high wage increases caused a sharp increase in the marginal income tax rate for many taxpayers.

*The income tax, 1948–1970*

The tax system was changed once again in the 1948 tax reform. The progressive defense tax was abolished while the tax level and progressivity in the ordinary income tax system was increased. The highest *state* marginal income tax rate was 70 percent and was paid by taxpayers with an annual income of approximately 40 APWs in 1948. This tax rate was almost twice as high as that of the ordinary income tax that was replaced, but it was roughly the same when including the temporary defense tax. The higher tax level that had been approved as a temporary tax measure during World War II was thus made permanent for many taxpayers. As military expenses declined, tax revenue could be used for other public expenditures. The separate wealth tax was also raised, whereas inclusion of part of the taxpayer's wealth in taxable income was discontinued.[25]

[25] Beginning in 1947, tax collection at the source (*källskattesystemet*) was introduced, which made employers responsible for withholding taxes before paying out wages and salaries. Before 1947, the employees themselves had to pay their income taxes one or two years after receipt of their wages and salaries.

This tax reform provided the foundation of the Swedish system with a high and progressive tax schedule and a high level of public expenditures. In addition to financing expenditures, tax revenues were used to meet distributional objectives (Lodin 2011, Chapter 2). As a result, the fiscal policy debate in Parliament was unusually intense before passage of this new income tax (Elvander 1972; Rodriguez 1981).

The income tax schedule was slightly adjusted several times during the 1950s and the 1960s (1952, 1953, 1957, 1962 and 1966). In nominal terms, these adjustments were minor tax reductions. For instance, the top marginal income tax rate was lowered to 65 percent in 1953.[26] However, none of these adjustments was sufficient to prevent tax increases in real terms when price and wage inflation pushed taxpayers into higher tax brackets. Marginal income tax rates thus continued to rise during this period.

*The income tax, 1971–1982*

In 1971, a new income tax was introduced to address at least two unintended consequences that evolved in the current tax system. First, because the local tax was deductible, the increase in local tax rates meant that state taxable income was reduced, which simultaneously reduced state revenue and benefitted high-income earners with high marginal income tax rates. Second, an income tax system with high progressivity and joint taxation of families made it unfavorable for second income earners (generally the wife) to work outside the household.[27]

The 1971 tax reform implied that the local tax was no longer deductible. State income tax rates were lowered, but the total marginal income tax rate could be substantially higher when the local tax had to be paid in full but also lower for low-income taxpayers. For redistributional purposes, marginal income tax rates were further increased.[28] Individual taxation of spouses also became compulsory.

High inflation rates and the nominal progressive tax system made it necessary to adjust tax schedules on a regular basis to keep the real tax level constant and dampen inflationary pressures. These tax rate cuts were focused on low-income earners who faced lower marginal income tax rates. However, to avoid having the decreased marginal income tax rates in the lowest tax bracket result in lower total taxes for high-income earners, marginal

[26] However, the income when this new top marginal tax rate began to apply was substantially decreased (40 percent in nominal terms).

[27] However, separate income tax schedules for married and unmarried taxpayers, with somewhat lower rates for married income earners, were introduced as early as 1953. In 1966, voluntary individual taxation was also introduced (Söderberg 1996). See Appendix B for some calculations for joint taxation.

[28] Lindbeck (1997, 1275) concludes: “The efforts to redistribute income via very high marginal tax rates increased gradually, culminating in the 1971 tax reform.”

income tax rates for average- and high-income earners were increased, which resulted in an increased progressivity of the tax system (Jakobsson and Normann 1974; Söderberg 1996; Lodin 2011).[29] To finance the nominal tax cuts on low incomes, the SSCs were increased between 1973 and 1977 because the tax increase for high-income earners was not enough to finance the reform.[30] In 1978, tax brackets were tied to the consumer price index, and an explicit marginal tax cap was introduced in 1980 to avoid excessive marginal income tax rates. The tax cap initially restricted the total marginal income tax rate to 80 and 85 percent in the two highest tax brackets, respectively.

*The income tax, 1983–1990*

Sweden’s top marginal income tax rate increases came to an end with the introduction of the marginal tax cap in 1980. With high marginal income tax rates and favorable deduction provisions, taxpayers had strong incentives to avoid taxes by incurring deductible costs and debt services, including, in particular, interest payments on housing. As interest payments on housing were fully deductible at the same time that inflation was high and interest rates on housing were subsidized due to regulations, the real cost of housing was substantially reduced, and even strongly negative, that is, “you got paid for owning a house.” In 1981, a coalition of parties in Parliament—which did not include the Conservative Party (*Moderaterna*) or the Communist Party (*Vänsterpartiet kommunisterna*) —jointly agreed to change the tax system and to gradually reduce marginal income tax rates to mitigate the distortions they caused.

Between 1983 and 1985, the marginal income tax rates decreased by five to 15 percentage points for the same nominal income at the same time as the scope for deductions was reduced.[31] The policy made it considerably more expensive for taxpayers with high

[29] Real net wage increases—demanded by workers and trade unions—required high nominal wage increases due to the high marginal tax rates. However, high nominal wage increases may push wages into higher tax brackets with even higher marginal tax rates for many taxpayers, which increased the nominal wage demand even further. Inflation increased from 4.1 percent on average during the 1960s to 9.2 percent on average during the 1970s. Lodin (2011, 43–44) claims that income taxation was trapped in a “vicious cycle of self-generating reforms” with a constant need for tax reforms that increased the progressivity of the system. He also claims that an industrial worker during this period would need an annual wage increase of about 20 percent to avoid a drop in the real after-tax wage.

[30] This policy of financing decreases in income taxes by increasing SSCs has been called the “Haga policy” after negotiations conducted at the Haga Castle between the government, the opposition parties and the labor market organizations in the 1970s. The opposition parties were against the idea of financing the inflation adjustment of the tax rates. Because there was no tax decrease in real terms, no compensation was called for; compensation made the tax increase, which was caused by high inflation, permanent by increasing other taxes. Although the marginal tax rate was decreased in nominal terms, the average tax rate and the marginal tax rate in real terms did not decrease.

[31] This tax reform is known as “the tax reform of the wonderful night” (*den underbara nattens skattereform*).

marginal income tax rates to incur debt and pay mortgage interests. The tax reform in 1983–1985 can be characterized as a tax switchover from labor income taxation to SSCs and consumption taxes.[32] However, the marginal income tax began to rise again for many income earners after the reform.

Alongside these changes, the marginal tax cap in the highest tax bracket was reduced to 84 percent in 1983, 82 percent in 1984 and 80 percent in 1985. Marginal income tax rates were also slightly reduced between 1987 and 1989, and the number of tax brackets was greatly reduced. By 1987, the marginal tax cap no longer served any purpose and was abolished.

*The income tax, 1990–2013*

In the late 1980s, the government summoned three committees to thoroughly analyze the Swedish tax system. Leading politicians and labor market agents urged for major tax reform—a Swedish equivalent to the tax reforms that had been implemented in many other Western countries.[33] As a result, a major tax reform was implemented in two steps in 1990 and 1991 that was called "the tax reform of the century" (*århundradets skattereform*). The tax reform substantially reduced marginal income tax rates and greatly diminished the scope for interest payment deductions. The reform, which aimed to be revenue-neutral, was financed by a broadened tax base for the corporate income tax (fewer accounting provisions) and for the VAT, taxation on formerly untaxed employee benefits and full taxation of capital gains.[34]

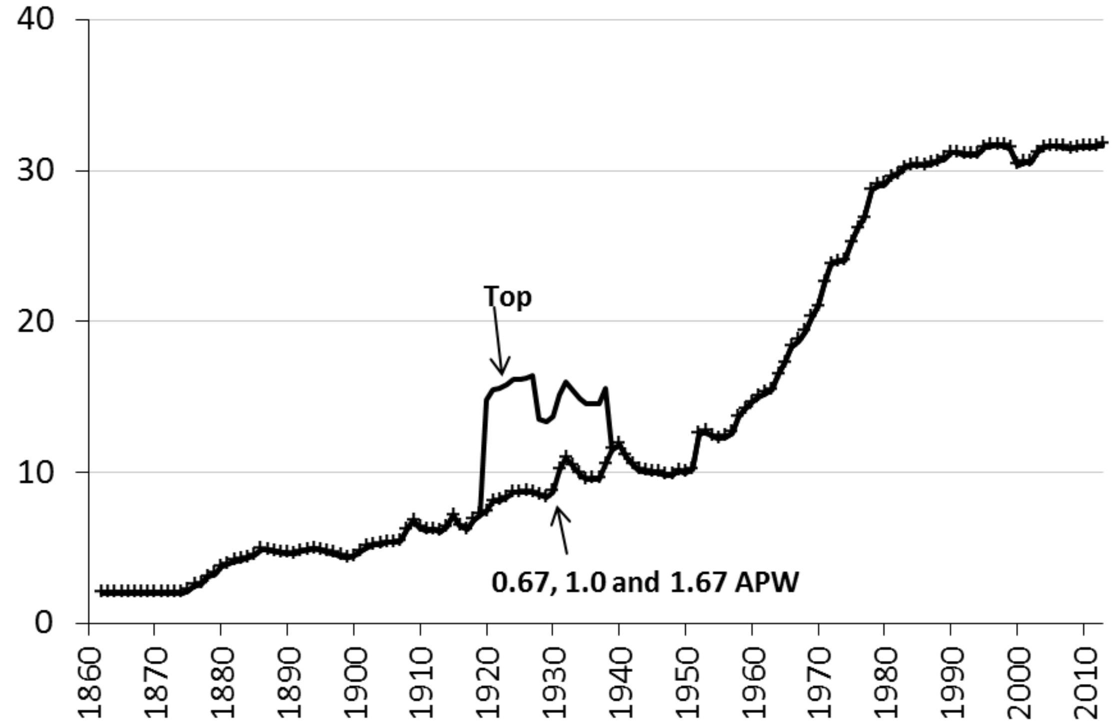
The tax schedule consisted of one state income tax rate, 20 percent. At this point, most taxpayers only paid labor income tax to the municipality. As a result of the depression of the 1990s, the tax rate was increased to 25 percent and then split into two new tax brackets with tax rates of 20 and 25 percent, respectively. In 2007, an earned income tax credit was introduced and extended four times during the 2008–2013 period. A minor tax credit for low- and average-income earners was put in place between 1999 and 2002.

[32] Note that our calculations do not include the effects of deductions. As long as the deduction implied that the taxpayer's taxable income was still in the same tax bracket, only the average and not the marginal tax rate was altered by this change. Calculations including effects of estimated deductions of interest costs, commuting costs and other deductible expenses for the years between 1952 and 2003 can be found in Du Rietz (1994) and Johansson (2004). Including the effect of deductions, the marginal tax rate may have been somewhat lower (at most five percentage points) before the tax reform.

[33] For example, in 1988, Kjell-Olof Feldt, Minister of Finance, and Stig Malm, the leader of the Swedish Trade Union Federation (*Landsorganisationen*, LO), said at a highly publicized press conference that the Swedish tax system had become "rotten and perverse" (Feldt 1991).

[34] See Agell, Englund and Södersten (1995, 1998) for a detailed examination of the tax reform.

Figure 3. Local marginal income tax rates, 1862–2013 (%).




*Note*: Statistics on local taxes are incomplete before 1875. We impute a tax rate of two percent between 1862 and 1874.
*Source:* Own calculations based on sources detailed in Appendix A.

## 3.2 Local government taxation, the local income tax

A major reform of the local tax system was implemented in 1863, which simplified the system and included a proportional income tax. Previously, the system had been highly complex, with major differences across municipalities. Still, a few small lump-sum taxes and in-kind taxes were retained, but these were gradually abolished in the late nineteenth and early twentieth century and transformed into monetary taxes based on taxable income. In the nineteenth century, the marginal local tax rate was low and gradually increased from approximately two to five percent.

After having stayed flat for more than a decade, the local tax rate began to gradually rise again in the first few years of the twentieth century, reaching a level of roughly seven percent in 1920. With the state tax reform in 1920, a provisional local tax reform was implemented (*kommunalskatteprovisorium*) and, for instance, basic allowances were introduced for the local income tax (as had been done in the state income tax system). The local tax was also deductible and reduced state taxable income and, as a result, lowered the required tax payments to the central government.

An extra local progressive tax was also introduced parallel to the ordinary local income tax but based on state taxable income. The top marginal income tax rate was eight percent, but it had an average tax cap of six percent. The high tax rates were only applicable on very high incomes. Initially, one had to earn about two APWs to begin paying this tax, and the marginal income tax rate was then only 0.5 percent. Only people earning at least 70 APWs paid the top marginal rate of eight percent.

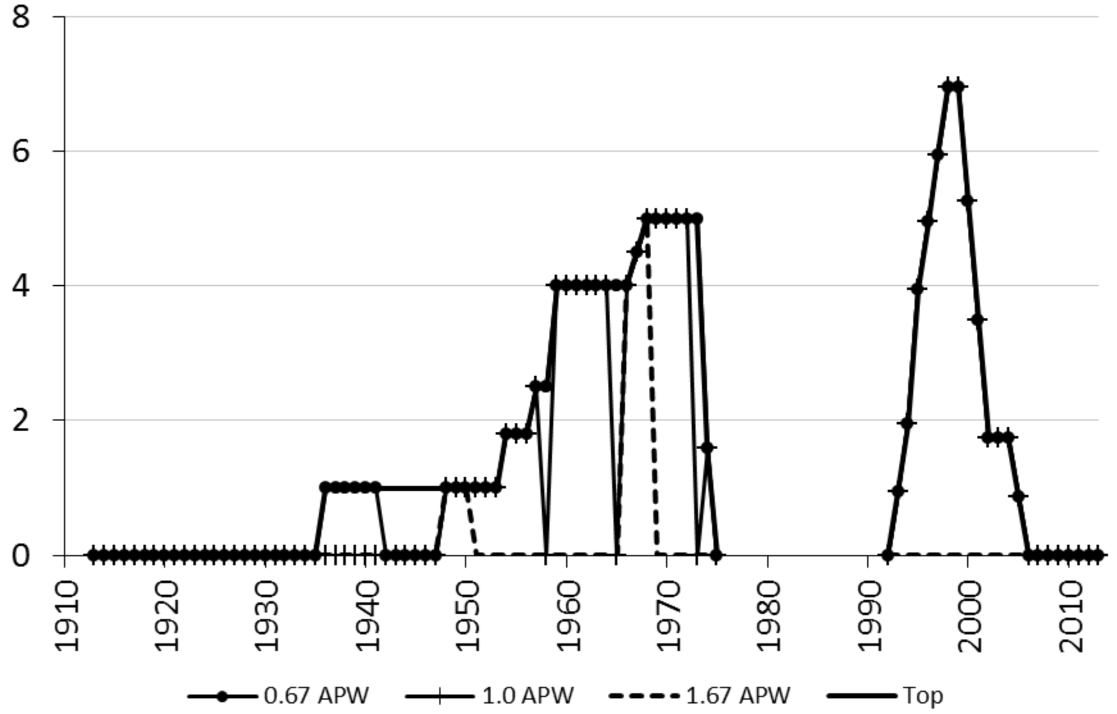
In 1928, a major local tax reform was implemented that mainly affected the technical and legal part of the local tax. This reform still constitutes the foundation of the local tax system (Skatteverket 2013). However, the local progressive tax was rearranged, and part of it was transformed into an additional state income tax, the equalization tax described above. The remaining tax was abolished in 1938. This tax had a top marginal income tax rate of five percent and an average tax cap of 4.5 percent. In 1930, the ordinary local tax rate had increased to approximately ten percent, and it fluctuated near this level until the end of World War II.

At the beginning of the 1950s, the local tax rate began to increase rapidly. The tax rate was 10 percent in 1950, 15 percent in 1960, and 20 percent in 1970, that is, it doubled in twenty years. The increase can largely be explained by increased obligations for local governments, which were often decided at the national level. In addition, rapid urbanization led to high costs, which were financed by local taxes. Because the local tax was deductible, the effect of the sharply increasing local tax rates was reduced. In addition, the basic local income tax allowance was steeply increased in 1958, which also served to reduce the effect of increased tax rates. The 1971 tax reform abolished the deductibility of local tax payments from the tax base for state tax income. The local tax rate continued to increase in the 1970s, approaching almost 30 percent in 1980. The rapid rise then came to a halt, and the tax has only increased by some two percentage points since 1980.

Along with the local top marginal income tax rate, Figure 3 shows the local marginal income tax rates paid by our three categories of income earners. Ignoring the temporary local progressive tax, the figure shows that the local tax increased slowly before World War II.[35] After the War, it increased faster and almost tripled by 1980. Since then, it has increased very little.

[35] Including the temporary local progressive tax, the top tax rate increased profoundly between the World Wars. As the figure shows, this tax did not affect the examined income categories.

Figure 4. Marginal employee-paid SSCs, 1913–2013 (%).




*Note*: The required contributions were often fixed within certain pre-determined income brackets. Hence, the marginal effects within the brackets were zero. Alternative measures to approximate the marginal effect for income increases between tax brackets would increase the marginal SSCs by at most one percent.
*Source*: Own calculations based on sources detailed in Appendix A.

### 3.3 Employee-paid social security contributions

Employee-paid social security contributions consist of many components, several of which have been introduced and abolished during the period under study. Figure 4 depicts this evolution. In 1913, employees began paying the first SSC, the national basic pension contribution (*folkpensionsavgift*). Until 1935, the contribution was rather small and was specified as a fixed amount within certain tax brackets; hence, the marginal effect within the brackets was zero. Beginning in 1936, this contribution was one percent of taxable income (up to a cap). The rate increased slowly to five percent by 1973. It was then transformed into an employer-paid SSC. In 1955, a sick leave benefit fee (*sjukförsäkringsavgift*) was introduced, which was partly financed by an employee-paid SSC. As with the national basic pension contribution, the sick leave benefit fee paid by the employee was quite small and was specified as a fixed amount within certain tax brackets. This contribution also had an upper income cap, above which no contribution was paid, and the marginal effect was zero. In 1974, when the national basic pension contribution was converted into an employer-paid contribution, the sick leave benefit fee was abolished. Hence, beginning in 1975, employees paid no SSCs.

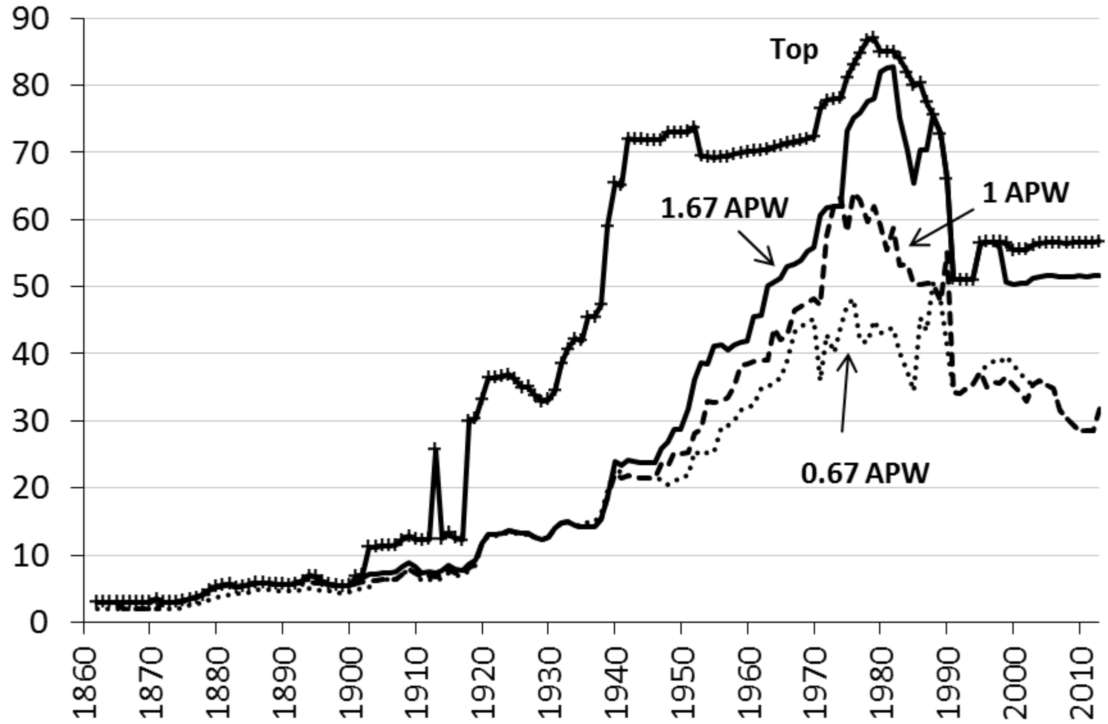
Employee-paid SSCs were reintroduced in 1993 and were called general SSCs (*allmänna egenavgifter*). The rate increased from 0.95 percent in 1993 to seven percent in 2000 (up to an income cap, which changed annually). At the beginning, these SSCs consisted of three parts: universal health insurance, universal unemployment insurance and universal pension insurance. Beginning in 1998, they consisted only of universal pension insurance (Skatteverket 1998, 48). Beginning in 2000, the contributions were compensated by a tax reduction. Since 2006, the contributions have been fully compensated and do not affect the marginal tax or the marginal tax wedge (Skatteverket 2006, 72).[36]

### 3.4 The marginal tax rate

The marginal tax rate, that is, the combined effect of the state and local income tax rates and employee-paid SSCs, is shown in Figure 5. It largely follows the same evolution as the state marginal income tax rate. At the end of the 1980s, the formal top marginal tax rate coincided with the actual marginal tax rate paid by the high-income earner. In 1980, the marginal tax cap was introduced. The state tax reforms in 1983–1985 and 1990–1991 lowered the top marginal tax from at most 85 percent to approximately 57 percent in 2013, including a state income tax of 25 percent and local income tax of, on average, approximately 32 percent. At the end of the period examined, the marginal tax rate was approximately 30 percent for the low- and average-income earners (who only pay local income taxes) and approximately 52 percent for the high-income earner (including a state income tax of 20 percent and the local income tax). Since 2007, the tax rates have decreased for the low- and average-income earners due to the earned income tax credit.

[36] There is still a marginal effect on small incomes that fall far below the incomes of full-time employees (Skatteverket 2006, 72).

Figure 5. Marginal tax rates, 1862–2013 (%).




*Note*: The marginal tax rate is the sum of the state and local marginal income tax rates as well as SSCs paid by employees, considering that the local income taxes were deductible from the state income tax base between 1920 and 1970.
*Source:* Own calculations based on sources detailed in Appendix A.

### 3.5 Employer-paid social security contributions

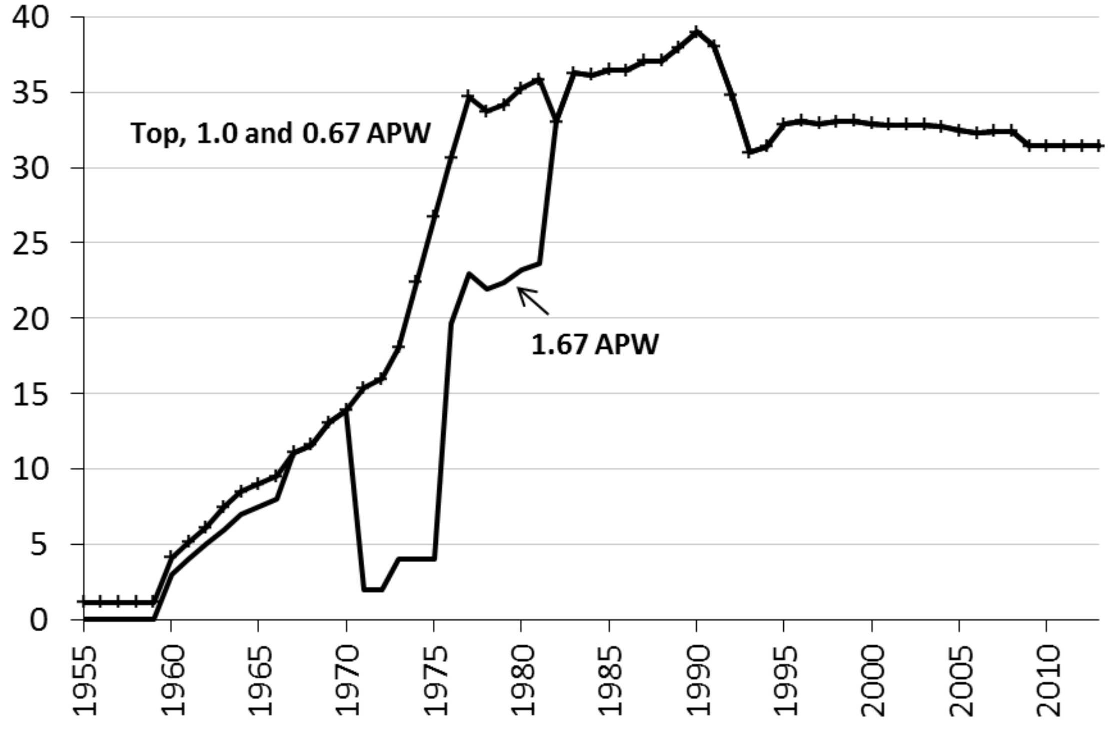
Employer-paid SSCs also consist of many components, which have been introduced and abolished over the years. Before 1982, the contributions differed substantially depending on income.

In 1955, together with the introduction of the second employee-paid SSC, the first employer-paid SSC (a sick leave benefit fee) was implemented. This employer-paid SSC was 1.14 percent of the wage. In 1960, two new employer-paid SSCs were introduced, the national supplementary pension contribution (*ATP-avgift*), at a rate of three percent, and the work injury insurance contribution (*arbetsskadeavgift*), at a rate of 0.4 percent. These contributions were increased in the 1960s, and an unspecified payroll tax (*allmän arbetsgivaravgift*) was introduced in 1969 at an initial rate of one percent, which increased to four percent in 1973.

Due to the so-called "Haga policy" discussed above, the employer-paid SSCs continued to rise in the 1970s, and the national basic pension contribution was converted into an employer-paid contribution in 1974. As with the employee-paid SSC, all these contributions had income caps. The caps in the employer-paid SSCs were removed in two steps in 1976 and 1982, which mainly affected high-income earners. In 1982, when all caps had been removed, the rate of the SSCs had increased to 33 percent and was the same for all workers, independent of income. In the 1990s, employer-paid SSCs began slowly to decline, although new contributions were introduced in the late 1990s (the parental insurance contribution, *föräldraförsäkringsavgift*, and the survivors' pension contribution, *efterlevande-pensionsavgift*).

Figure 6 presents the top marginal employer-paid SSCs and the marginal employer-paid SSCs for the three income categories. The top marginal SSCs coincide with the marginal SSCs for the low- and average-income earners. The SSCs increased sharply in the 1960s and 1970s and then decreased slightly during the crisis in the early 1990s. During the 1970s, the marginal SSCs were much lower for high-income earners due to income caps implying that high-income earners only paid some of the SSCs on marginal income increases. Due to the removal of income caps, marginal SSCs increased sharply in 1976 and 1982.

Figure 6. Marginal employer-paid SSCs, 1955–2013 (%).

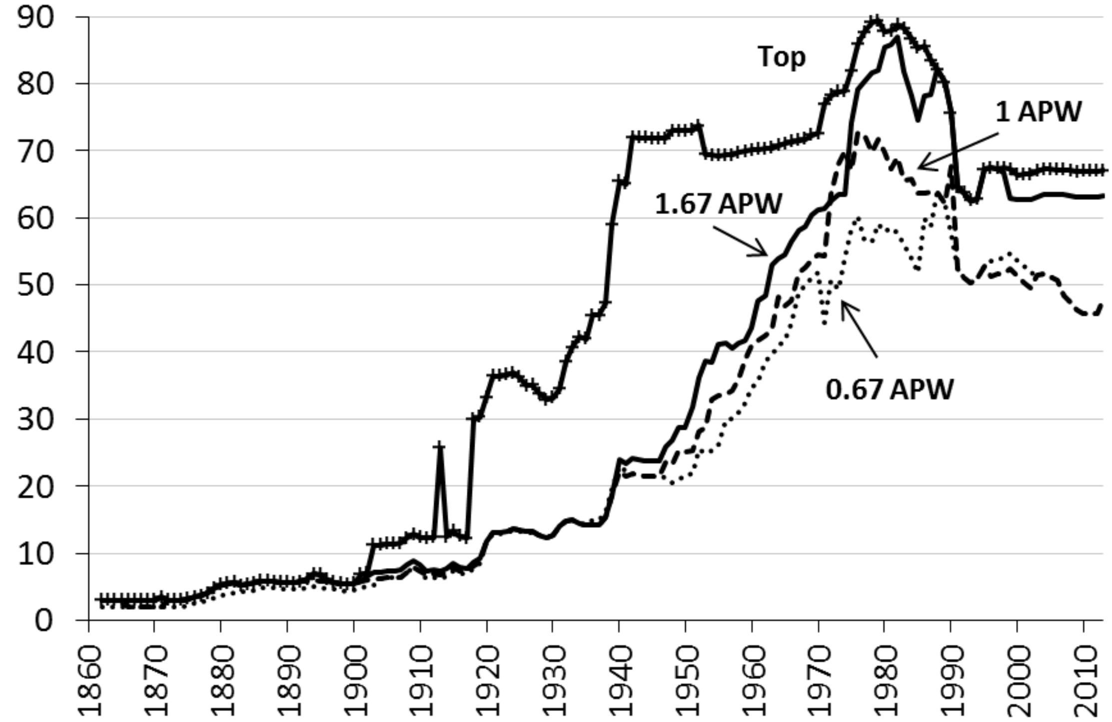



*Note:* Top refers to the highest possible marginal SSCs rate.
*Source:* Own calculations based on sources detailed in Appendix A.

## 4. The marginal tax wedge on labor income

We now present the development of the marginal tax wedge on labor income, that is, the combined marginal effect of all the taxes described above. The marginal tax wedge is presented for the three income levels and the income level at which the top marginal tax wedge begins to be applied. Figure 7 depicts the marginal tax wedge for our three categories and the top marginal tax wedge between 1862 and 2013 (excluding consumption taxes). Figures 8a, 8b and 8c depict the top marginal tax wedge and the income level at which the top marginal tax wedge begins to be applied. Figure 9 depicts the marginal tax wedge, including consumption taxes.

Figure 7. Marginal tax wedges on labor income, 1862–2013 (%).




*Note:* In the early 1970s, the tax wedge of the average-income earner is higher than that of the high-income earner due to the much lower marginal SSCs paid by the high-income earner. In the late 1990s, the tax wedge of the low-income earner is higher than that of the average-income earner, as the low-income earner's basic allowance decreases as income increases, which affects the marginal tax rate for the low-income earner.
*Source:* Own calculations based on sources detailed in Appendix A.

### 4.1 The marginal tax wedge for the low-, average- and high-income earner

Figure 7 shows that the marginal tax wedges for the examined income categories were all approximately three percent in 1862. At the turn of the twentieth century, these wedges had increased to approximately five percent. The main explanation was higher local taxes. Nonetheless, the marginal tax wedges were low compared with future levels.

Until the 1920 tax reform, the marginal tax wedges increased only slightly for the three income categories. Although the state income tax schedule was progressive, the marginal tax wedges were about the same because progressivity did not set in until higher levels of income. The defense taxes during World War I did not affect our three income categories.

At the beginning of the 1920s, the marginal tax wedges began to increase due to the new state tax system and increasing local taxes. The wedges oscillated around 12 percent. Nevertheless, there were no major differences in the wedges across the three categories. During the Depression, the introduction of temporary taxes and the ordinary tax rate increases led to marginal tax wedge increases. The marginal tax wedges did not decline after the Depression, and the wedges were approximately 15 percent in 1938.

Along with the 1939 tax reform, new temporary defense taxes further increased the marginal tax wedges. At this point, the wedges of the three income categories began to diverge slightly. At the end of the war, the marginal tax wedge was between 20 and 25 percent. The increase was driven by the changes in the state income tax system. The combined effect of the new tax system in 1939 and the defense taxes was large for the state marginal income tax rate. Compared to ten years before, the state marginal income tax rate had almost tripled for the low-income earner and more than tripled for the high-income earner by 1947. In addition to higher formal tax rates, the progressive nominal tax schedule, high inflation and high wage increases automatically increased marginal income tax rates during World War II.

The wedge increases were made permanent after World War II, when the defense taxes were abolished and a new tax system was introduced. The marginal tax wedge had roughly doubled in 20 years. After World War II, the marginal tax wedge continued to increase. In 1960, the marginal tax wedge was approximately 35 percent for the low-income earner and slightly and well above 40 percent for the average- and high-income earners, respectively. The driving force behind this sharp increase was, again, price and wage inflation and the highly progressive tax schedule introduced in 1948, which pushed taxpayers into higher tax brackets with higher marginal income tax rates. This inflation-driven tax increase mechanism implied that Parliament did not have to pass new tax laws to increase tax rates and tax revenue.

In the 1960s, this development continued, but the marginal tax wedge increases were also a result of increasing SSCs. In 1970, the marginal tax wedges were approximately

50, 55 and 60 percent, respectively, for the three income categories. The marginal tax wedge had again doubled over a 20-year period.

In 1971, efforts to redistribute income culminated in the implementation of a new tax reform. The progressivity of the income tax was strengthened. Later, the so-called "Haga policy" of the 1970s attempted to dampen marginal income tax rate increases. However, even when the statutory state marginal income tax rates were reduced, particularly for low- and average-income earners, the local income tax rates and, in particular, the SSCs continued to increase. Moreover, the local tax was no longer deductible. In tandem with this development, inflation accelerated during the 1970s, which led to increased bracket creep. As a result, the marginal tax wedge continued to increase for the high-income earner but fluctuated for the low- and average-income earners. Around 1980, the wedges were approximately 60, 70 and 85 percent, respectively, for the three income levels analyzed. Marginal tax wedges had thus tripled in 40 years.

The 1983–1985 tax reform reduced the marginal tax wedge for all three income categories by 5–10 percentage points, whereas it fluctuated for the remainder of the 1980s. The 1990–1991 tax reform decreased marginal tax wedges by 10–15 percentage points. At the end of the period examined, the marginal tax wedge was approximately 46 percent for the low-income earner, approximately 48 percent for the average-income earners and approximately 63 percent for the high-income earner.

### 4.2. The top marginal tax wedge

In addition to the marginal tax wedge at three income levels, the evolution of the top marginal tax wedge over time also commands our attention.

To prevent extreme tax rates, tax caps have occasionally been introduced. Average tax caps were in place between 1903 and 1938 on the state income tax and between 1920 and 1938 on the local progressive tax. These tax caps reduced the marginal tax rates on very high incomes, which implied that the top marginal tax rate did not apply to the highest income levels. An explicit marginal tax rate cap was in place between 1980 and 1987 for the marginal tax rate (including both the state and the local taxes). This cap directly reduced the top marginal tax rate and tax wedge.[37]

Figure 7 shows that the top marginal tax wedge was low during the nineteenth century and the early twentieth century compared with later levels. During World War I, the

[37] There were also tax caps that restricted the sum of wealth and income taxes (see Du Rietz and Henrekson 2015).

top wedge rose sharply. The postwar tax reform and the introduction of a local progressive tax meant that the top marginal tax wedge increased from about ten percent to 35 percent in 20 years. About half of the effect can be attributed to the state marginal tax rate.

During the 1920s, the top marginal tax wedge decreased slightly when the economy was booming. During the 1930s and the Depression, new taxes were imposed and ordinary tax rates increased. As a result, the top marginal tax wedge increased again to almost 50 percent.

The top marginal tax wedge continued to increase after the Depression to more than 70 percent during World War II. The increase was mainly caused by supposedly temporary tax increases to strengthen military capacity. However, this level was maintained after the war and throughout subsequent decades. The top marginal tax wedge increased slowly due to increasing local taxes and slowly increasing SSCs. However, the top marginal tax wedge was slightly reduced in 1953, when the top marginal state tax rate was lowered. In the 1970s, the top marginal tax wedge again increased more sharply due to increased income taxes and increased employer-paid SSCs. The top marginal tax wedge peaked at almost 90 percent at the end of the 1970s.

The top marginal tax wedge was slightly reduced due to the marginal tax cap and the tax reform in the first half of the 1980s. However, it was not until the major 1990–1991 tax reform that the top marginal tax wedge substantially decreased to approximately 65 percent. Since that reform, the top marginal tax wedge has slightly increased. In 2013, the top marginal tax wedge was at the same level as it was at the beginning of World War II.

The top marginal tax wedge has often been substantially higher than the marginal tax wedge for the high-income earners (1.67 APW). The figures begin to deviate at the beginning of the twentieth century with the new tax system. Nonetheless, the top marginal tax wedge was moderate at that time compared with later levels. The marginal tax wedge paid by the high-income earners deviated sharply from the top marginal tax wedge between the wars. At the end of the 1930s, the top marginal tax wedge was almost 50 percent, whereas the marginal tax wedge of the high-income earner was less than half that value.

After World War II, high inflation and bracket creep pushed all three types of income earners closer to the top marginal tax rate. Around 1980, the tax wedge of the high-income earner peaked at close to 90 percent. By the end of the 1980s, the formal top marginal tax wedge coincided with the actual marginal tax wedge of the high-income earner at approximately 80 percent, and these figures continued to roughly coincide during the remainder of the period.

The evolution clearly shows how temporary tax increases during the World Wars and depressions, are made permanent after the crises. The top marginal tax wedge increased stepwise until the beginning of the 1980s and then decreased.[38] The early development supports the idea that the acceptable burden of taxation increases during crises and the acceptance of a higher tax level remains following the crises, leading to a stepwise increasing function of tax rates.[39] The sharp decrease in marginal tax wedges after the tax reform at the beginning of the 1990s represents a break from this pattern.

### 4.3. The relative top tax income threshold

Considering the income at which the top marginal tax wedge begins to be applied can further extend this analysis. To make this income comparable over time, some form of relative income level should be calculated. Thus, we compute the relative top tax income threshold, which is defined as the wage at which the top marginal tax wedge begins to be applied, divided by the APW. The results are presented in Figures 8a–8c.

Before 1903, the income tax was proportional, and we do not report any figures before this year. When the progressive income tax system was introduced in 1903, the relative top tax income threshold was approximately 100 APWs. The top marginal tax rate was slightly more than ten percent at that time.

Ignoring the defense taxes during World War I, which almost tripled the relative top tax income threshold, the threshold decreased slowly until the 1920 tax reform. With the tax reform in 1920, the top marginal wedge increased to 35 percent, and this wedge initially applied to incomes above almost 400 APWs. The nominal income at which a taxpayer had to begin paying top marginal tax rates was unchanged between the World Wars, but the threshold normally fluctuated between 450 and 550 APWs due to changing wages (including wage cuts).

The 1939 tax reform and the defense tax increased the top marginal tax wedge to almost 60 percent at the same time as the threshold decreased to less than 100 APWs, which was the largest decrease during the entire period. Due to increasing wages, the threshold continued to fall during World War II. In 1948, the threshold was almost halved

[38] This stepwise pattern is more pronounced during the first half of the period examined. After World War II, the development may be described as a slow increase in the 1950s and the 1960s and a more rapid increase in the 1970s.

[39] The idea was originally put forward by Peacock and Wiseman (1961). Higgs (1987) shows that economic crises and wars may explain (part of) the increase of federal expenditures in the U.S. during the twentieth century. Rodriguez (1980) also argues that the Swedish evolution supports this idea. However, the hypothesis is difficult to formally test and empirical support analyzing the evolution of public spending during, for instance, World War II is inconclusive (Henrekson 1993).

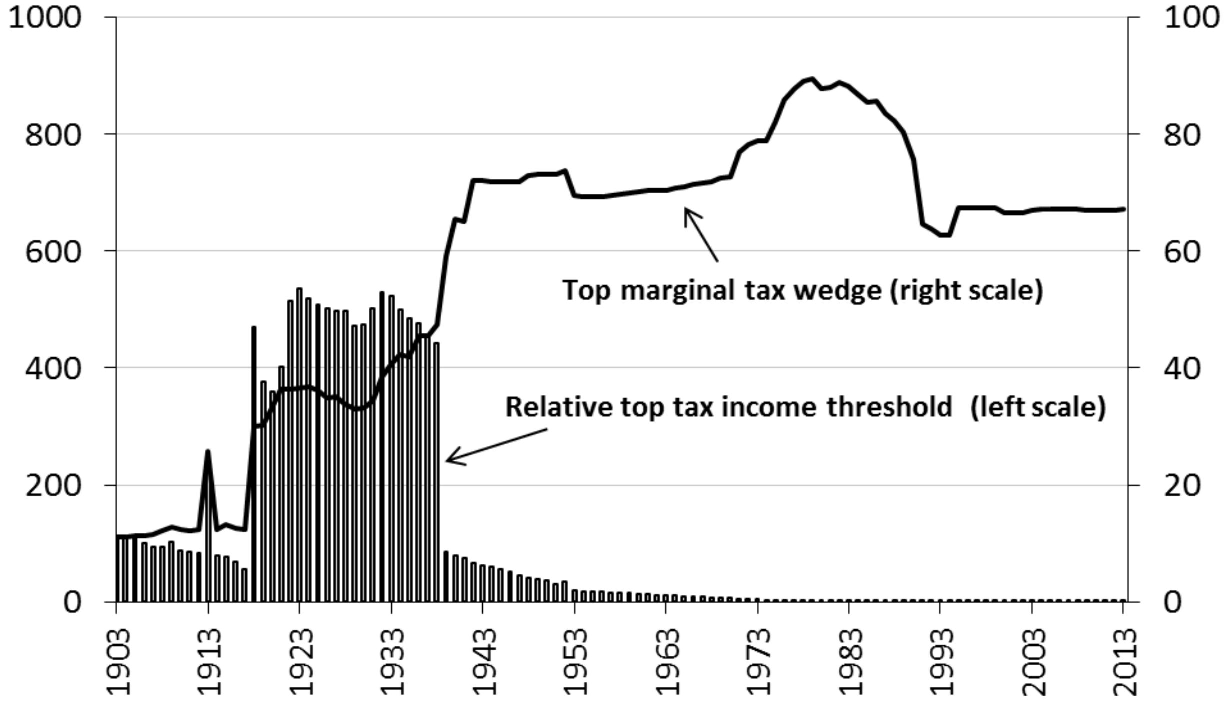
compared with 1939. However, the top marginal tax wedge continued to increase to approximately 70 percent due to high defense taxes during World War II. The tax reform did not imply any major changes. The temporary increase of the marginal tax wedges was made permanent and the income at which the top marginal tax wedge begins to be applied, was about the same.

Although the top marginal tax wedge did not change much until the 1970s, the threshold continued to fall, mainly due to nominal wage increases. In 1970, it had decreased to seven APWs from approximately 40 in 1948.[40] This development continued during the 1970s, at the same time as the top marginal income tax wedge began to increase again. In 1979, the year before the marginal tax cap was introduced, the top marginal income tax wedge was almost 90 percent, and the threshold was 2.6 APWs. Since the end of the 1980s, the threshold has been below two.

Hence, during the period examined, the threshold decreased from at most nearly 600 APWs in the 1920s to less than two in the late 1990s. Analyzing the top marginal tax wedge only gives half of the story, as it does not say anything about the income level at which it begins to be applied. It is true that the top marginal income tax rate did not change much during the 1950s and 1960s, but the threshold decreased significantly, pushing more people into the highest tax bracket.

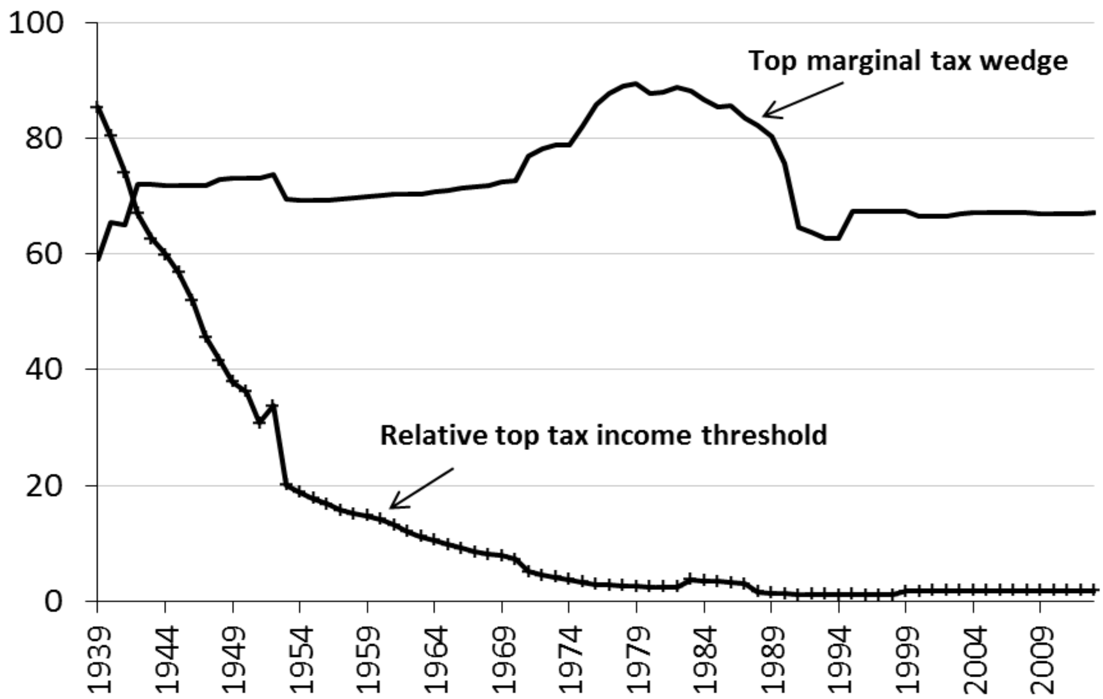
[40] The slightly lowered top marginal income tax rate in 1953 was associated with a sharp decrease in nominal income when the tax was applied. The threshold declined from 34 to 20 APWs in this year alone.

Figure 8a. The top marginal tax wedge and the relative top tax income threshold, 1903–2013.



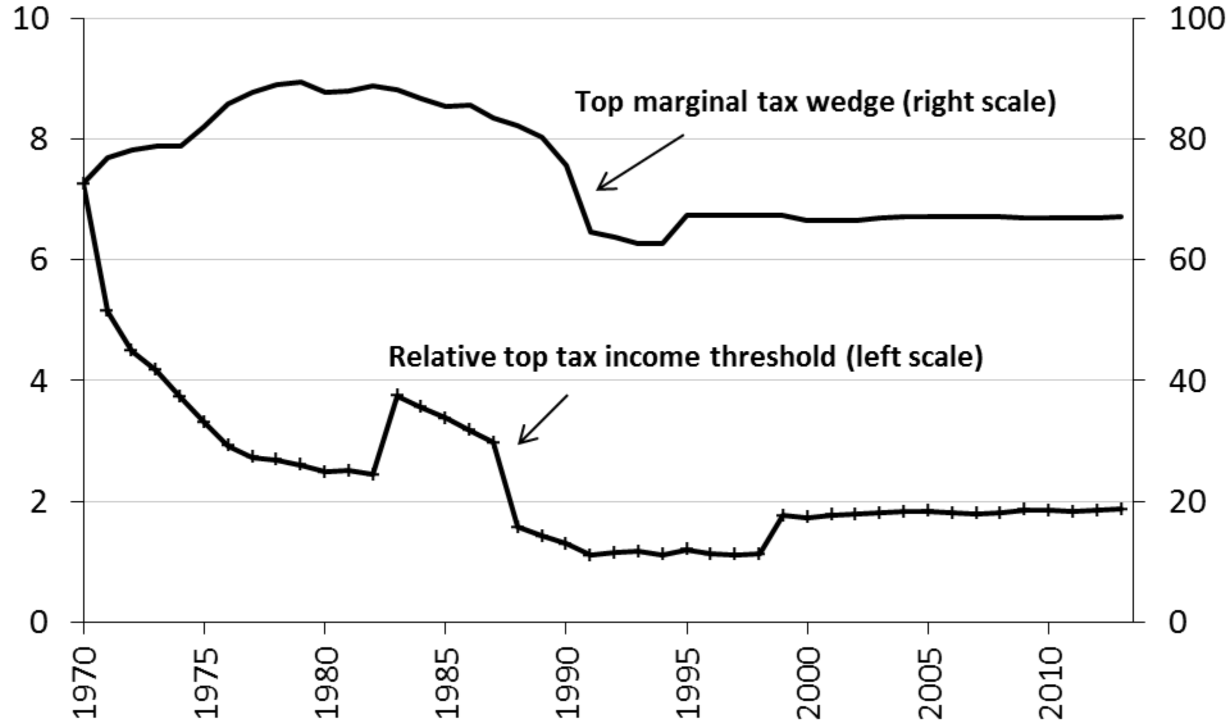

*Note:* The right scale refers to the marginal tax wedge (%), and the left scale refers to the relative top tax income threshold, which is expressed as the number of APWs at which the top marginal tax wedge begins to be applied.
*Source:* Own calculations based on sources detailed in Appendix A.

Figure 8b. The top marginal tax wedge and the relative top tax income threshold, 1939–2013.




*Note:* The scale refers both to the marginal tax wedge (%) and the relative top tax income threshold, which is expressed as the number of APWs at which the top marginal tax wedge begins to be applied.
*Source:* Own calculations based on sources detailed in Appendix A.

Figure 8c. The top marginal tax wedge and the relative top tax income threshold, 1970–2013.




*Note:* The right scale refers to the marginal tax wedge (%), and the left scale refers to the relative top tax income threshold, which is expressed as the number of APWs at which the top marginal tax wedge begins to be applied.
*Source:* Own calculations based on sources detailed in Appendix A.

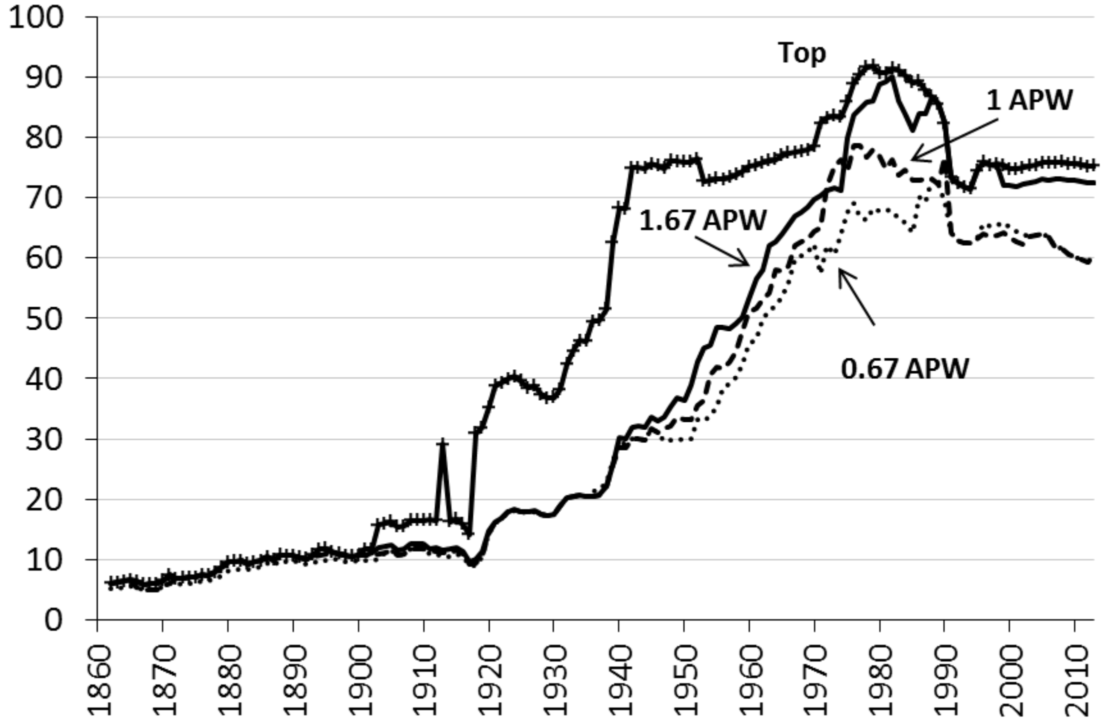
### 4.4 The marginal tax wedges including consumption taxes

In Section 4.1, we excluded consumption taxes when we calculated the marginal tax wedge; in this section, we will show the evolution of the marginal tax wedge when consumption taxes are taken into account. We have computed consumption taxes as the sum of value-added taxes, sales taxes, all specific consumption taxes and excise duties (including energy and environmental taxes), divided by total private consumption.

Including consumption taxes, the average-income earner's tax wedge increases by five to ten percentage points until the beginning of the 1990s and between ten and 15 percentage points by the end of the period (see Figure 9). The difference is somewhat higher for the low-income earner and somewhat lower for the high-income earner and for the top marginal tax wedge.[41]

[41] See Stenkula (2015) for further details regarding consumption taxes.

Figure 9. Marginal tax wedges on labor income, including consumption taxes, 1862–2013 (%).




*Note:* In the early 1970s, the average-income earner's tax wedge is higher than that of the high-income earner, as a result of much lower marginal SSCs paid by the high-income earner. In the late 1990s, the low-income earner's tax wedge is higher than that of the average-income earner because the low-income earner's basic allowance decreases as income increases, which affects the marginal tax rate for the low-income earner.
*Source:* Own calculations based on sources detailed in Appendix A.

## 4.5 Discussion

The analysis shows that there are distinct periods with certain features, which are distinguishable from other periods and separated by turning points caused by major tax reforms that represent a break with previous periods. The evolution might broadly be divided into five separate periods.

The first period stretches from 1862 until World War I. Marginal tax wedges were low and slowly increasing. The income tax was also proportional until the 1903 tax reform and only slightly progressive until World War I. The second period stretches from World War I and the 1920 tax reform until World War II, in which the marginal tax wedges increased. In particular, the top marginal tax wedge increased sharply. Although the progressivity was higher, the tax brackets were wide, and most taxpayers were situated in the lowest tax bracket, which led to a less pronounced marginal tax wedge increase.

A high top marginal tax wedge, along with increasing tax wedges—which became very high for "ordinary" taxpayers—characterizes the third period, after World War II until the 1971 tax reform. The tax system had a distinct progressive feature with an explicit distributional purpose, beginning with the tax reform implemented in 1948. Although there were no more substantial increases in the top marginal tax wedge until the tax reform implemented in 1971, the income level where the top marginal tax wedge began to be applied dropped sharply. This threshold declined from more than 400 APWs just before World War II to seven APWs by 1970.

The fourth period begins with the 1971 tax reform, in which efforts to redistribute income culminated (Elvander 1972; Lindbeck 1997; Lodin 2011), and lasts until "the tax reform of the century" in 1990–1991. This period is distinguished by the highest tax wedges of the entire period (1862–2013). Tax wedges peaked around 1980 when the top marginal tax wedge and the marginal tax wedge for the high-income earner could reach 90 percent. Employer-paid SSCs were sharply increased. Taxpayers were increasingly subject to the top marginal tax wedge, as the relative top tax income threshold continued to drop until an income of less than two APWs was enough to pay the top marginal tax wedge.

The major tax reform in 1990–1991 decreased the marginal tax wedges to levels that prevailed before the fourth period. This reform was the starting point for the fifth period, which was characterized by falling tax wedges.

## 5. Conclusions

The effect of marginal taxes on economic behavior and economic development has attracted great interest from researchers and policymakers because marginal taxes influence, among other things, the supply of hours, effort at work, taxable income, occupational choice, career aspirations and educational effort. A wider measure, such as the marginal tax wedge, often better captures the combined effect from different taxes on individual choices than a measure that studies the effect of one narrow form of taxation, such as the marginal tax rate. Therefore, a wider measure is often preferable. The analysis may also benefit from a longer time perspective, as tax systems may change slowly, and it may take a long time—sometimes generations—before all effects are played out.

In this paper, we have derived a homogenous series of marginal tax wedges on labor income in Sweden. We have compiled information on the tax system and computed tax wedges for more than 150 years of tax history (1862–2013). We are interested in determining whether the evolution of tax wedges reveals periods with different characteristics and whether turning points in Swedish tax history are detectable.

Following the OECD, we have calculated marginal tax wedges for low-, average- and high-income earners. We have also computed the top marginal tax wedge on labor and the income at which the top marginal tax wedge begins to be applied. These data and analyses are unique: no one has thus far calculated this for Sweden. Moreover, we also do not know of a corresponding study for any other country.

The analysis shows that marginal tax wedges were low and about the same for a low-, average- and high-income worker until the 1920 tax reform, although progressivity was previously introduced in the 1903 tax reform. The top marginal tax wedge increased considerably during World War I and increased further during the Depression in the 1930s. The wedges rose sharply through temporary defense taxes during World War II, which were made permanent by the 1948 tax reform. The marginal tax wedges for the three income categories continued to increase thereafter, mainly as the result of increased local government taxes, the introduction and increase of employer-paid SSCs and bracket creep, that is, as a result of inflation, which—together with a progressive tax schedule—pushed taxpayers into tax brackets with higher marginal tax rates. The income when the top marginal tax wedge began to be applied decreased sharply during this period. It required close to 500 APWs to be subject to the top marginal tax in 1938, about seven APWs in 1970 and a mere 1.6 APWs by the end of the 1980s. The wedges peaked around 1980. At this point, the high-income earner began to pay the top marginal tax wedge, which could be as high as 90 percent. The major tax reform in 1990–1991 lowered the tax wedges to levels that matched pre-1971 levels (before the 1971 tax reform). In 2013, the final year of the study, the top marginal tax wedge was approximately 67 percent, which mirrored the 1941–1942 level.

The evolution can be divided into five distinct periods. During the first period, from 1862 until World War I, the income tax system was largely proportional and featured low and slowly increasing tax wedges. In the second period, during the interwar period, the tax wedges, particularly the top marginal tax wedge, increased. The third period, stretching from the 1948 tax reform until the 1971 tax reform, was characterized by steadily increasing tax wedges and a more progressive income tax system. The 1971 tax reform constitutes the beginning of the fourth period, during which efforts to redistribute income culminated and the tax wedges were peaking. The 1990–1991 tax reform represents the beginning of the final and ongoing period with decreasing marginal tax wedges.

Notably, the periods we identify largely coincide with the categorization of the Swedish economic system into the four “models” of Swedish economist Assar Lindbeck (Lindbeck 2012, 342–359): the market-oriented period (1870–1939), the welfare capitalism period (1945–1970), the interventionist period (1970–1990) and the partial liberalization period (starting in 1990).[42] It is conceivable that the same ideologies, economic theories and structural changes underlying tax reforms and tax policy also affect other policy areas. Our time series can be used in future research to study the conjecture that tax policy coevolves with other policies, such as labor market policy and monetary policy. A further step might be taken to relate taxation and other economic policy areas to economic outcomes, such as employment, structural change, the size distribution of firms and economic growth.

[42] Our first two periods coincide with the first period in Lindbeck's classification.

## Appendix A. Sources.

Information regarding the marginal income tax rates during the appropriation system was collected from SFS 1861:34, SFS 1871:30, SFS 1879:25, SFS 1880:46, SFS 1881:29, SFS 1883:51, SFS 1892:44, SFS 1892:111, SFS 1893:34, SFS 1894:76, SFS 1895:62, SFS 1897:111, SFS 1901:31, SFS 1901:34, SFS 1902:50, SFS 1910:116, SFS 1920:759, Eberstein (1929, 119–135), Eberstein (1937, 694–695), Genberg (1942, 4–5, 18) and Gårestad (1987, 38–40).

Data on the marginal income tax rates from the 1903 tax reform onwards were collected from SFS 1902:84, SFS 1910:115, SFS 1917:513, SFS 1918:512–513, Genberg (1942), Söderberg (1996) and OECD stats extracts, *Taxing Wages*.[43]

Statistics on local taxes are incomplete before 1875 (Gårestad 1987, 197, 213–215). We impute a tax rate of two percent between 1862 and 1874, which is slightly below the estimated tax level in 1875. For 1875–1914, Gårestad (1987, 212–213, Table 4) has compiled information regarding the total amount of various income taxes paid to local governments. For this period, we estimate the tax rate as total income taxes paid to the municipalities (excluding local lump-sum taxes), divided by total labor income earned by the taxpayers, as reported by Edvinsson (2005, 385–388). For 1915–1920, we base our estimate on Rodriguez (1981, 107–108) and Edvinsson (2005, 385–388). After 1920, the marginal local tax rate is found using the available statutory tax rates reported in Söderberg (1996, 63–64) and Statistics Sweden.[44] Because the tax rates differ among cities, the average local tax rate was used. Until 1952, a tax earmarked for the national church was mandatory and included in the local tax.[45] After 1952, this tax was not levied on taxpayers who had left the national church. Since 2000, the national church has been separate from the government, and the fee to the national church is no longer regarded as a tax (Skatteverket 2000, 56). In our time series, we follow the OECD and exclude the national church tax beginning in 2000.[46]

The income tax system also includes tax relief in the form of allowances and tax credits, where allowances are applied to pre-tax income to obtain taxable income. Basic local

---

[43] See http://stats.oecd.org/Index.aspx?DataSetCode=AWCOMP
http://stats.oecd.org/Index.aspx?DataSetCode=AWCOMP_OLD
http://stats.oecd.org/Index.aspx?DataSetCode=AWHIST_OLD

[44] See http://www.scb.se/sv_/Hitta-statistik/Statistik-efter-amne/Offentlig-ekonomi-/Finanser-for-den-kommunala-sektorn/Kommunalskatterna/11849/11856/67892/

[45] Tithes had to be paid to the church earlier in history. In reforms carried out in 1527 by King Gustav Vasa, part of the tithe was abolished, part was converted to a central state tax and the remaining part was later transformed into a local tax (Eberstein 1937, 822–832).

[46] The formal tax rate differed somewhat between parishes. In 1953, the national church tax was about 0.80 percent on average. In 2013, there was a compulsory fee for a funeral service, averaging 0.22 percent. The voluntary fee to the church was 1.01 percent on average (Skatteverket 2013, 137).

and state income tax allowances were introduced in 1920 (Söderberg 1996, 2). The basic tax allowances differed somewhat among cities until 1960, depending on the price level in each city. We refer to the average city when calculating the basic tax allowance. Information is gathered from Genberg (1942), Söderberg (1996), Skattebetalarnas förening (1997) and Skatteverket (1998–2013). The local tax was also deductible from the state taxable income between 1920 and 1970. The basic state and local income tax allowances may positively or negatively affect the marginal income tax rate because these allowances occasionally depend on and change with income level. Information regarding tax credits for the 1999–2002 period and for the 2007–2013 period was gathered from Skatteverket (2002, 50) and Ministry of Finance (2006–2012), respectively.

Information about employee-paid social security contributions was collected from Elmér (1960), Söderberg (1996) and Skatteverket (1998–2013), and information about employer-paid social security contributions was collected from Söderberg (1996, 117–119) and Skatteverket (2013, 144, Table 7.32).

Information about consumption taxes was collected from Statistics Sweden (1914–2011) and Ekonomistyrningsverket (2010–2014), whereas information about private consumption was retrieved from Edvinsson (2005, 322–326) and Statistics Sweden.[47]

[47] Consumption taken from Annual estimates, National Accounts, http://www.scb.se/en_/Finding-statistics/Statistics-by-subject-area/National-Accounts/.

## Appendix B. Extensions.

We have followed the approach by the OECD and included income taxes and social security contributions (SSCs) in the marginal tax wedges. We have also calculated the marginal tax wedge with and without consumption taxes. In line with the OECD, the SSCs have been treated as a pure tax. In this appendix, we show the evolution of the marginal tax wedge when the benefit component of social security contributions is taken into account and how this evolution differs from our calculations in the main text. In addition, we report the effects of marriage and joint taxation.

*Accounting for the benefit component of the SSCs*

The OECD treats all SSCs as taxes. Heady (2004) claims that all SSCs should be treated as taxes because they are compulsory and unrequited payments to the government. Although there might be some link between contributions and benefits, country comparisons should treat SSCs as a tax because the country choice between general taxes and earmarked compulsory contribution should not alter the comparison. McKee, Visser and Saunders (1986) further argue that the *perceived* relationship between incremental contributions and incremental benefits is likely weak when the contributions are compulsory. Moreover, it is difficult to estimate the benefit component of the SSCs. Most researchers also ignore the benefit components and treat social security contributions as pure taxes. However, Disney, Boeri and Jappelli (2004) and Disney (2006) argue that it is important to adjust the SSCs for the benefit component. In their view, a description and analysis of the tax system without these adjustments will be skewed and will then yield an incorrect picture of actual taxes. Comparison over time within a country should thus include an adjustment for the benefit component.

Employer-paid SSCs were introduced in 1955. We apply the estimates used by, for instance, SOU (SOU 1989:33, 61–63), that three-quarters of the employer-paid marginal SSCs were initially taxes.[48] Since 1987, the high-income earner's wage has exceeded the benefit caps; hence, the marginal tax effect is 100 percent. Since 2000, 60 percent of the employer contributions have been regarded as taxes for the low- and average-income earner. The decreased tax share is a result of pension contributions becoming more actuarial, that is, the connection between contributions paid and benefits received was higher (Skatteverket 1998, 46).

[48] SOU (*Statens offentliga utredningar*) is the Swedish official series of reports of committees appointed by the Swedish Government.

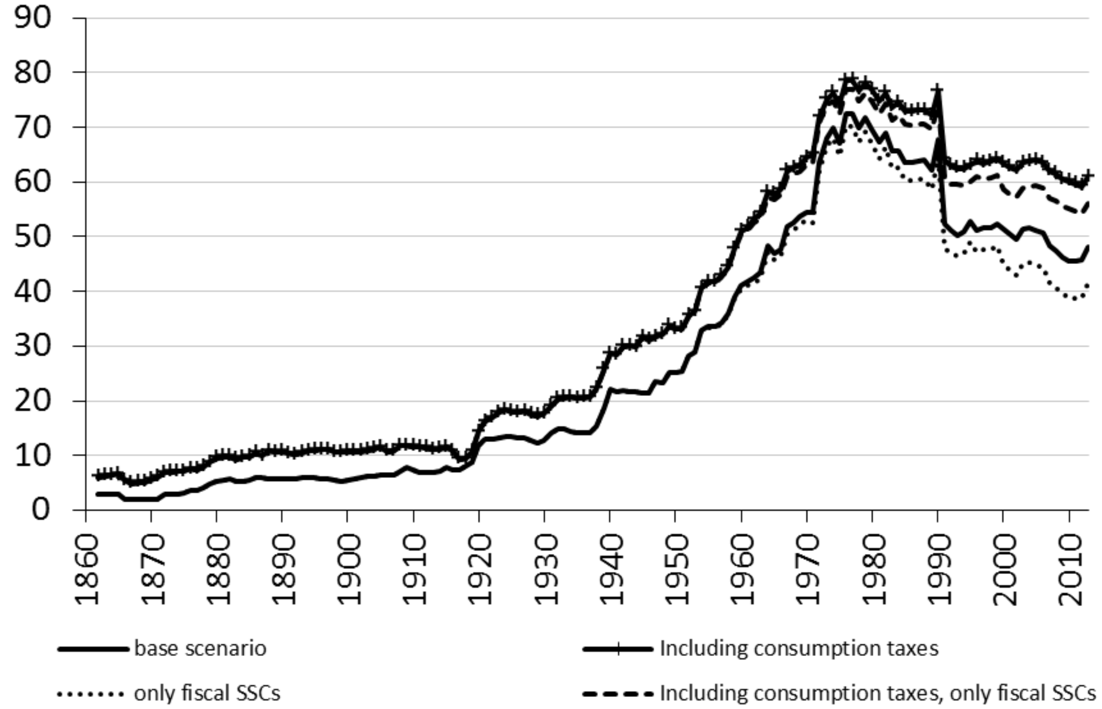
The first employee-paid SSC, the national basic pension contribution, introduced in 1913, corresponded fully to a benefit until 1935. The benefit share was gradually reduced beginning in 1936, and from 1948 until 1973 (when it was abolished), the national basic pension contribution was a tax (Elmér 1960, 222). The second employee-paid SSC, the sick leave benefit fee, introduced in 1955, is estimated to have a benefit share of 50 percent in 1974 (the same year as it was abolished) because there was some connection between the contribution and benefit. For the other years, this SSC had no benefit share. In 1993, employee-paid SSCs were reintroduced and were called general SSCs. In effect, they were pure taxes.[49]

Adjustments for the estimated benefit component had no discernible effect on the tax wedge until the 1970s. The marginal tax wedge decreased by seven percentage points at most at the end of the period examined for the average-income earner (see Figure 10). Excluding or including the benefit component does not impact the general evolution of the tax wedge to a large extent, although the explicit tax wedge will certainly be lower when one adjusts the SSCs for the estimated benefit component. The effect is about the same for the low-income earner, whereas the effect on the high-income earner is negligible, because, beginning in 1987, the SSCs give no marginal benefit at an annual income of 1.67 APW.

The marginal tax wedge increases by at most about ten percentage points for the average-income earner when both consumption taxes and the benefit component of the SSCs are considered. The effects on low- and high-income earners are similar. For most years, the long-term evolution for the three income categories remains basically the same. Near the end of the period examined, the tax wedges are admittedly lower when the benefit component of the SSCs is adjusted for taxpayers with low incomes, in particular.

[49] See, e.g., the discussion in Lewin (2009). Despite that the employee-paid SSCs rate was decreasing (beginning in 2000), the benefits which were supposed to be linked to the contributions were unaffected, implying that the contributions in practice were fiscal.

Figure 10. Marginal tax wedge, given different assumptions, for the average-income earner, 1862–2013 (%).




*Source:* Own calculations based on sources detailed in Appendix A.

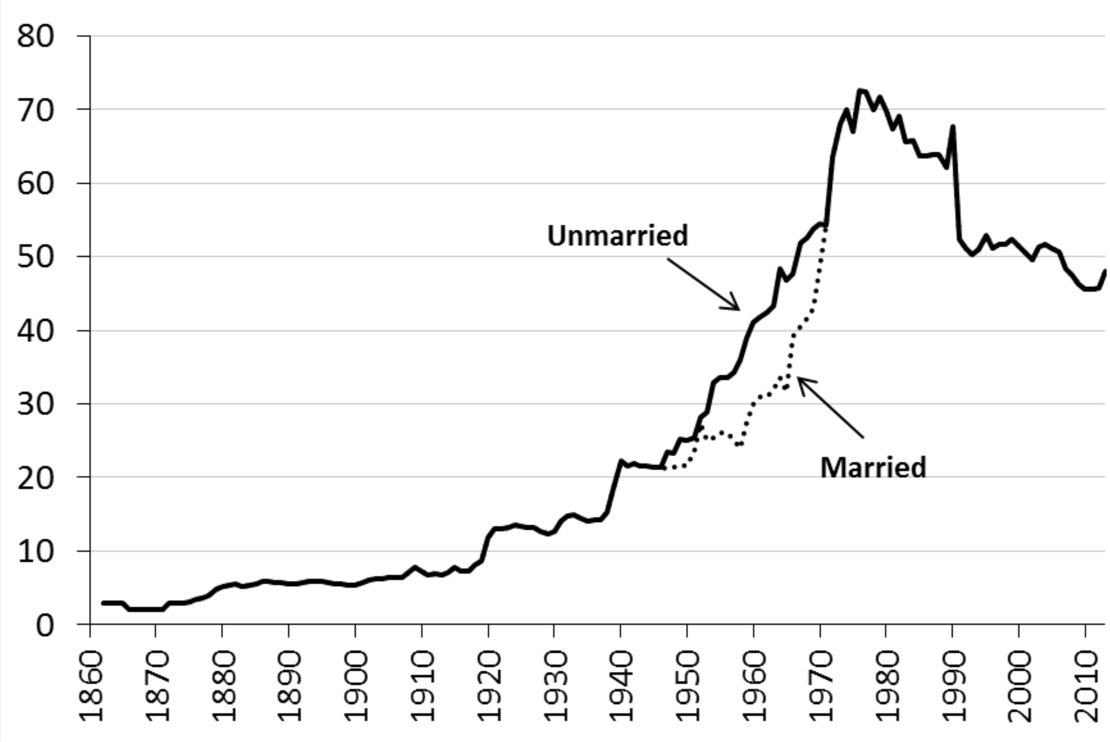
*Alleviation for married couples*

The marginal tax rates and marginal tax wedges calculated thus far have been based on a single person with no children. However, the tax rates for married couples were more favorable, partly because they had more generous basic allowances (between 1920 and 1970) and partly because they had lower tax rates (between 1953 and 1970) for a given taxable income. Before 1971, married couples were also taxed jointly.

To check the robustness of our results, we have calculated the marginal tax wedge, given that the taxpayer is married (but assuming that all other assumptions are unchanged). The results are shown in Figure 11, which shows the evolution for a taxpayer earning 1.0 APW. There was no effect before World War II. The marginal tax wedge was lower after World War II, and the tax wedge increase was initially somewhat slower during the 1950s. It increased more quickly during the 1960s and then caught up with the tax wedge for unmarried persons after 1971. The long-term evolution for the other two categories is similar.[50]

[50] To mitigate the effect of separate taxation for families with only one income earner, a small tax reduction was implemented in 1971. This reduction remained in place until 1991.

Figure 11. Marginal tax wedge for married and unmarried average-income earners, 1862–2013 (%).

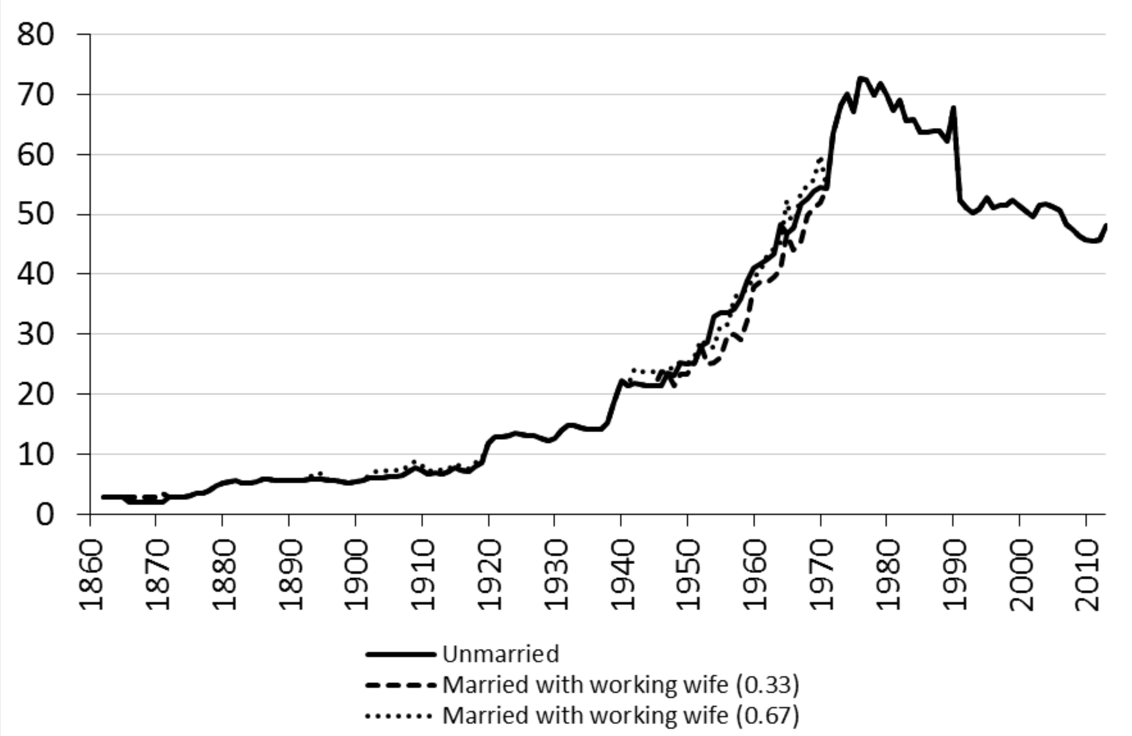



*Note*: "Married" refers to a couple where one spouse works on the regular labor market with a wage equal to one APW, while the other spouse has no regular income.
*Source:* Own calculations based on sources detailed in Appendix A.

The calculation in Figure 11 refers to a household with one income earner. In Figure 12, we have, in line with the OECD, calculated the marginal tax wedge for a married couple, assuming that one spouse is working full time, earning 1.0 APW, and that the other spouse is working part time, earning 0.33 or 0.67 APW.[51] The difference between the unmarried and two-earner married couple is minor. A couple with a spouse earning 0.67 APW might occasionally even have a higher marginal tax wedge than an unmarried taxpayer.

[51] If both spouses were working, there was also an additional small allowance between 1921 and 1984.

Figure 12. Marginal tax wedge for married with working spouse and unmarried average-income earners, 1862–2013 (%).

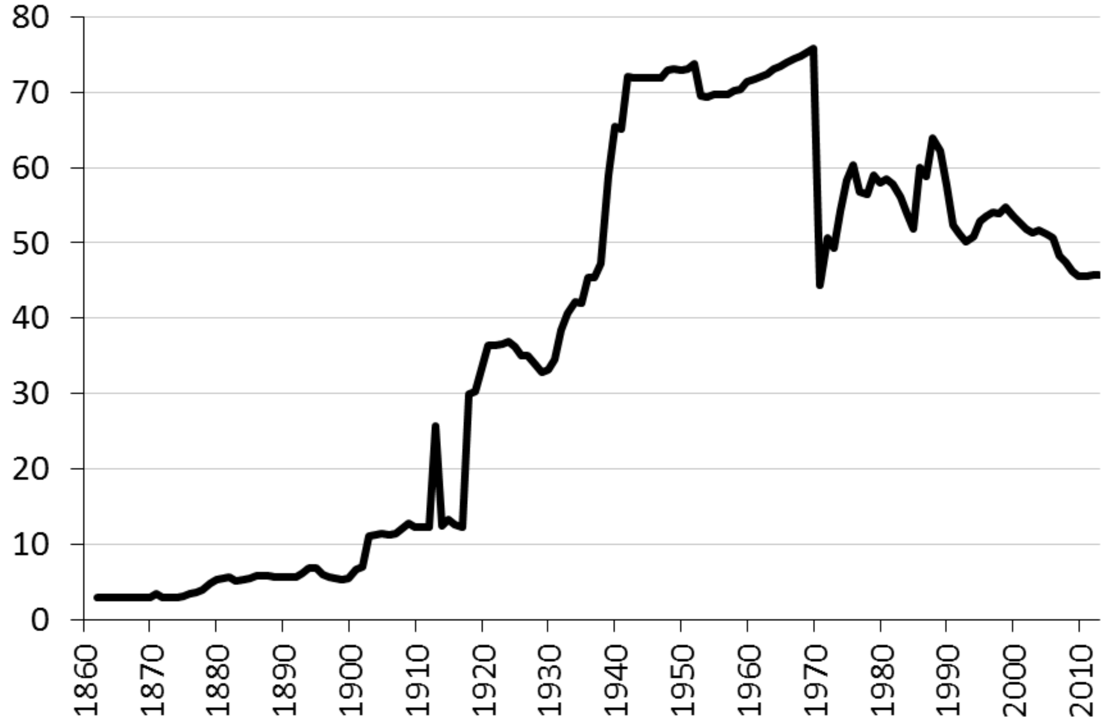



*Note*: 0.33 refers to a couple where the principal earner's income is one APW and the other spouse's income is 0.33 APW. 0.67 refers to a couple where the principal earner's income is one APW and the other spouse's income is 0.67 APW. The figure shows the principal earner's marginal tax wedge from 1971.
*Source:* Own calculations based on sources detailed in Appendix A.

In Figure 13, we have calculated the marginal tax wedge for a married couple, assuming that the household head works full time and faces the top marginal tax rate and that the other spouse earns 0.67 APW. The figure shows the second earner's marginal tax wedge. When joint taxation of families was abolished in 1971, the tax wedge decreased substantially—from over 70 percent to below 50 percent. Even if the principal earner was facing a higher marginal tax rate after the 1971 tax reform, the second earner received a decreased tax wedge. This change made it more profitable for women to work and led to an increasing share of women participating in the labor market.[52]

[52] See, e.g., Gustafsson (1992) for a discussion of female labor participation and wages.

Figure 13. Marginal tax wedge, second income earner married to top income earner, 1862–2013 (%).




*Note*: The figure shows the second income earner's marginal tax wedge, assuming that the principal earner faces the top marginal tax rate and that the other part earns 0.67 APW.
*Source:* Own calculations based on sources detailed in Appendix A.

## Appendix C. Results.

Table 1. Marginal tax rates and marginal tax wedges, 1862–2013.

| Year | Low-income earner (0.67 APW) | | | Average-income earner (1.0 APW) | | | High-income earner (1.67 APW) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Wage | Marginal tax rate % | Marginal Tax wedge % | Wage | Marginal tax rate % | Marginal tax wedge % | Wage | Marginal tax rate % | Marginal tax wedge % |
| 1862 | 273 | 2.0 | 2.0 | 408 | 3.0 | 3.0 | 681 | 3.0 | 3.0 |
| 1863 | 286 | 2.0 | 2.0 | 427 | 3.0 | 3.0 | 713 | 3.0 | 3.0 |
| 1864 | 283 | 2.0 | 2.0 | 423 | 3.0 | 3.0 | 706 | 3.0 | 3.0 |
| 1865 | 278 | 2.0 | 2.0 | 416 | 3.0 | 3.0 | 694 | 3.0 | 3.0 |
| 1866 | 261 | 2.0 | 2.0 | 389 | 2.0 | 2.0 | 650 | 3.0 | 3.0 |
| 1867 | 248 | 2.0 | 2.0 | 371 | 2.0 | 2.0 | 619 | 3.0 | 3.0 |
| 1868 | 238 | 2.0 | 2.0 | 356 | 2.0 | 2.0 | 594 | 3.0 | 3.0 |
| 1869 | 246 | 2.0 | 2.0 | 367 | 2.0 | 2.0 | 613 | 3.0 | 3.0 |
| 1870 | 246 | 2.0 | 2.0 | 367 | 2.0 | 2.0 | 613 | 3.0 | 3.0 |
| 1871 | 250 | 2.0 | 2.0 | 373 | 2.0 | 2.0 | 623 | 3.5 | 3.5 |
| 1872 | 276 | 2.0 | 2.0 | 412 | 3.0 | 3.0 | 688 | 3.0 | 3.0 |
| 1873 | 304 | 2.0 | 2.0 | 454 | 3.0 | 3.0 | 757 | 3.0 | 3.0 |
| 1874 | 324 | 2.0 | 2.0 | 483 | 3.0 | 3.0 | 807 | 3.0 | 3.0 |
| 1875 | 327 | 2.2 | 2.2 | 488 | 3.2 | 3.2 | 814 | 3.2 | 3.2 |
| 1876 | 323 | 2.5 | 2.5 | 482 | 3.5 | 3.5 | 805 | 3.5 | 3.5 |
| 1877 | 332 | 2.6 | 2.6 | 495 | 3.6 | 3.6 | 827 | 3.6 | 3.6 |
| 1878 | 300 | 3.0 | 3.0 | 447 | 4.0 | 4.0 | 747 | 4.0 | 4.0 |
| 1879 | 288 | 3.3 | 3.3 | 431 | 4.8 | 4.8 | 719 | 4.8 | 4.8 |
| 1880 | 310 | 3.8 | 3.8 | 463 | 5.3 | 5.3 | 773 | 5.3 | 5.3 |
| 1881 | 320 | 3.9 | 3.9 | 477 | 5.4 | 5.4 | 797 | 5.4 | 5.4 |
| 1882 | 328 | 4.1 | 4.1 | 490 | 5.6 | 5.6 | 819 | 5.6 | 5.6 |
| 1883 | 329 | 4.2 | 4.2 | 491 | 5.2 | 5.2 | 819 | 5.2 | 5.2 |
| 1884 | 338 | 4.3 | 4.3 | 505 | 5.3 | 5.3 | 844 | 5.3 | 5.3 |
| 1885 | 335 | 4.5 | 4.5 | 499 | 5.5 | 5.5 | 834 | 5.5 | 5.5 |
| 1886 | 325 | 4.9 | 4.9 | 484 | 5.9 | 5.9 | 809 | 5.9 | 5.9 |
| 1887 | 330 | 4.9 | 4.9 | 493 | 5.9 | 5.9 | 823 | 5.9 | 5.9 |
| 1888 | 343 | 4.8 | 4.8 | 512 | 5.8 | 5.8 | 856 | 5.8 | 5.8 |
| 1889 | 364 | 4.7 | 4.7 | 544 | 5.7 | 5.7 | 908 | 5.7 | 5.7 |
| 1890 | 376 | 4.6 | 4.6 | 561 | 5.6 | 5.6 | 936 | 5.6 | 5.6 |
| 1891 | 379 | 4.6 | 4.6 | 565 | 5.6 | 5.6 | 944 | 5.6 | 5.6 |
| 1892 | 375 | 4.7 | 4.7 | 560 | 5.7 | 5.7 | 936 | 5.7 | 5.7 |
| 1893 | 379 | 4.8 | 4.8 | 565 | 5.8 | 5.8 | 944 | 6.1 | 6.1 |
| 1894 | 384 | 4.9 | 4.9 | 573 | 5.9 | 5.9 | 957 | 6.9 | 6.9 |
| 1895 | 391 | 4.8 | 4.8 | 583 | 5.8 | 5.8 | 974 | 6.8 | 6.8 |
| 1896 | 399 | 4.7 | 4.7 | 596 | 5.7 | 5.7 | 996 | 5.7 | 5.7 |
| 1897 | 416 | 4.6 | 4.6 | 621 | 5.6 | 5.6 | 1036 | 5.6 | 5.6 |
| 1898 | 443 | 4.5 | 4.5 | 662 | 5.5 | 5.5 | 1105 | 5.5 | 5.5 |
| 1899 | 464 | 4.3 | 4.3 | 693 | 5.3 | 5.3 | 1157 | 5.3 | 5.3 |
| 1900 | 480 | 4.4 | 4.4 | 717 | 5.4 | 5.4 | 1198 | 5.4 | 5.4 |
| 1901 | 476 | 4.8 | 4.8 | 710 | 5.8 | 5.8 | 1186 | 5.8 | 5.8 |
| 1902 | 482 | 5.0 | 5.0 | 720 | 6.0 | 6.0 | 1202 | 6.5 | 6.5 |
| 1903 | 496 | 5.2 | 5.2 | 740 | 6.2 | 6.2 | 1236 | 7.2 | 7.2 |
| 1904 | 511 | 6.2 | 6.2 | 762 | 6.2 | 6.2 | 1273 | 7.2 | 7.2 |

| Year | Low-income earner (0.67 APW) | | | Average-income earner (1.0 APW) | | | High-income earner (1.67 APW) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Wage | Marginal tax rate % | Marginal Tax wedge % | Wage | Marginal tax rate % | Marginal tax wedge % | Wage | Marginal tax rate % | Marginal tax wedge % |
| 1905 | 518 | 6.4 | 6.4 | 773 | 6.4 | 6.4 | 1291 | 7.4 | 7.4 |
| 1906 | 566 | 6.4 | 6.4 | 844 | 6.4 | 6.4 | 1410 | 7.4 | 7.4 |
| 1907 | 604 | 6.4 | 6.4 | 901 | 6.4 | 6.4 | 1505 | 7.4 | 7.4 |
| 1908 | 605 | 7.2 | 7.2 | 902 | 7.2 | 7.2 | 1507 | 8.2 | 8.2 |
| 1909 | 565 | 7.8 | 7.8 | 843 | 7.8 | 7.8 | 1408 | 8.8 | 8.8 |
| 1910 | 653 | 7.3 | 7.3 | 975 | 7.3 | 7.3 | 1628 | 8.3 | 8.3 |
| 1911 | 661 | 6.2 | 6.2 | 986 | 6.8 | 6.8 | 1647 | 7.2 | 7.2 |
| 1912 | 692 | 6.3 | 6.3 | 1033 | 6.9 | 6.9 | 1726 | 7.5 | 7.5 |
| 1913 | 711 | 6.2 | 6.2 | 1062 | 6.8 | 6.8 | 1773 | 7.4 | 7.4 |
| 1914 | 717 | 6.5 | 6.5 | 1071 | 7.1 | 7.1 | 1788 | 7.7 | 7.7 |
| 1915 | 741 | 7.3 | 7.3 | 1105 | 7.9 | 7.9 | 1846 | 8.5 | 8.5 |
| 1916 | 837 | 7.0 | 7.0 | 1249 | 7.4 | 7.4 | 2086 | 8.0 | 8.0 |
| 1917 | 1006 | 6.9 | 6.9 | 1502 | 7.3 | 7.3 | 2508 | 7.7 | 7.7 |
| 1918 | 1376 | 7.7 | 7.7 | 2054 | 8.1 | 8.1 | 3429 | 8.7 | 8.7 |
| 1919 | 1724 | 8.5 | 8.5 | 2574 | 8.7 | 8.7 | 4298 | 9.3 | 9.3 |
| 1920 | 2015 | 11.7 | 11.7 | 3008 | 11.8 | 11.8 | 5023 | 11.8 | 11.8 |
| 1921 | 1816 | 12.9 | 12.9 | 2711 | 13.0 | 13.0 | 4527 | 13.0 | 13.0 |
| 1922 | 1419 | 12.9 | 12.9 | 2118 | 13.0 | 13.0 | 3537 | 13.0 | 13.0 |
| 1923 | 1364 | 13.1 | 13.1 | 2035 | 13.2 | 13.2 | 3399 | 13.2 | 13.2 |
| 1924 | 1417 | 13.5 | 13.5 | 2114 | 13.5 | 13.5 | 3531 | 13.5 | 13.5 |
| 1925 | 1449 | 13.3 | 13.3 | 2162 | 13.4 | 13.4 | 3611 | 13.4 | 13.4 |
| 1926 | 1466 | 13.1 | 13.1 | 2189 | 13.2 | 13.2 | 3655 | 13.2 | 13.2 |
| 1927 | 1475 | 13.1 | 13.1 | 2202 | 13.2 | 13.2 | 3678 | 13.2 | 13.2 |
| 1928 | 1477 | 12.6 | 12.6 | 2205 | 12.7 | 12.7 | 3682 | 12.7 | 12.7 |
| 1929 | 1549 | 12.3 | 12.3 | 2312 | 12.3 | 12.3 | 3860 | 12.3 | 12.3 |
| 1930 | 1553 | 12.7 | 12.7 | 2317 | 12.7 | 12.7 | 3870 | 12.7 | 12.7 |
| 1931 | 1491 | 14.1 | 14.1 | 2225 | 14.1 | 14.1 | 3715 | 14.1 | 14.1 |
| 1932 | 1426 | 14.8 | 14.8 | 2128 | 14.8 | 14.8 | 3554 | 14.8 | 14.8 |
| 1933 | 1430 | 14.9 | 14.9 | 2134 | 14.9 | 14.9 | 3564 | 14.9 | 14.9 |
| 1934 | 1492 | 14.5 | 14.5 | 2227 | 14.5 | 14.5 | 3720 | 14.5 | 14.5 |
| 1935 | 1533 | 14.2 | 14.2 | 2288 | 14.2 | 14.2 | 3821 | 14.2 | 14.2 |
| 1936 | 1555 | 15.0 | 15.0 | 2320 | 14.2 | 14.2 | 3875 | 14.2 | 14.2 |
| 1937 | 1628 | 15.0 | 15.0 | 2430 | 14.2 | 14.2 | 4058 | 14.2 | 14.2 |
| 1938 | 1697 | 16.2 | 16.2 | 2533 | 15.4 | 15.4 | 4230 | 15.4 | 15.4 |
| 1939 | 1775 | 19.5 | 19.5 | 2649 | 18.7 | 18.7 | 4424 | 18.7 | 18.7 |
| 1940 | 1893 | 23.0 | 23.0 | 2825 | 22.2 | 22.2 | 4717 | 24.0 | 24.0 |
| 1941 | 2035 | 22.3 | 22.3 | 3037 | 21.5 | 21.5 | 5072 | 23.3 | 23.3 |
| 1942 | 2236 | 21.9 | 21.9 | 3337 | 21.9 | 21.9 | 5573 | 24.2 | 24.2 |
| 1943 | 2381 | 21.6 | 21.6 | 3554 | 21.6 | 21.6 | 5935 | 23.9 | 23.9 |
| 1944 | 2490 | 21.6 | 21.6 | 3717 | 21.6 | 21.6 | 6207 | 23.8 | 23.8 |
| 1945 | 2622 | 21.5 | 21.5 | 3913 | 21.5 | 21.5 | 6535 | 23.7 | 23.7 |
| 1946 | 2865 | 21.5 | 21.5 | 4277 | 21.5 | 21.5 | 7142 | 23.7 | 23.7 |
| 1947 | 3255 | 21.3 | 21.3 | 4859 | 23.6 | 23.6 | 8114 | 25.8 | 25.8 |
| 1948 | 3572 | 20.6 | 20.6 | 5331 | 23.2 | 23.2 | 8903 | 26.8 | 26.8 |
| 1949 | 3930 | 20.8 | 20.8 | 5865 | 25.3 | 25.3 | 9795 | 28.8 | 28.8 |
| 1950 | 4104 | 21.6 | 21.6 | 6125 | 25.1 | 25.1 | 10229 | 28.7 | 28.7 |
| 1951 | 4848 | 21.8 | 21.8 | 7235 | 25.3 | 25.3 | 12083 | 31.7 | 31.7 |
| 1952 | 5671 | 25.5 | 25.5 | 8464 | 28.1 | 28.1 | 14135 | 36.1 | 36.1 |

| Year | Low-income earner (0.67 APW) | | | Average-income earner (1.0 APW) | | | High-income earner (1.67 APW) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Wage | Marginal tax rate % | Marginal Tax wedge % | Wage | Marginal tax rate % | Marginal tax wedge % | Wage | Marginal tax rate % | Marginal tax wedge % |
| 1953 | 5818 | 25.0 | 25.0 | 8684 | 28.8 | 28.8 | 14502 | 38.6 | 38.6 |
| 1954 | 6169 | 25.3 | 25.3 | 9208 | 32.9 | 32.9 | 15377 | 38.4 | 38.4 |
| 1955 | 6542 | 25.2 | 26.0 | 9765 | 32.8 | 33.5 | 16307 | 41.2 | 41.2 |
| 1956 | 6917 | 29.1 | 29.9 | 10323 | 32.9 | 33.6 | 17240 | 41.3 | 41.3 |
| 1957 | 7374 | 29.3 | 30.1 | 11007 | 33.5 | 34.3 | 18381 | 40.6 | 40.6 |
| 1958 | 7783 | 30.1 | 30.9 | 11616 | 35.3 | 36.0 | 19399 | 41.3 | 41.3 |
| 1959 | 8007 | 31.6 | 32.4 | 11951 | 38.2 | 38.9 | 19958 | 41.7 | 41.7 |
| 1960 | 8433 | 32.0 | 34.7 | 12587 | 38.5 | 41.0 | 21020 | 41.9 | 43.6 |
| 1961 | 9092 | 32.3 | 35.6 | 13570 | 38.8 | 41.8 | 22662 | 45.6 | 47.7 |
| 1962 | 9994 | 34.9 | 38.7 | 14916 | 39.0 | 42.5 | 24911 | 45.8 | 48.3 |
| 1963 | 10791 | 35.1 | 39.6 | 16107 | 39.1 | 43.4 | 26898 | 50.1 | 52.9 |
| 1964 | 11576 | 35.9 | 40.9 | 17277 | 43.9 | 48.3 | 28853 | 50.7 | 54.0 |
| 1965 | 12569 | 36.4 | 41.7 | 18760 | 42.1 | 46.9 | 31330 | 51.2 | 54.6 |
| 1966 | 13703 | 38.8 | 44.1 | 20453 | 42.7 | 47.7 | 34156 | 52.9 | 56.4 |
| 1967 | 14711 | 43.3 | 49.0 | 21956 | 46.4 | 51.8 | 36667 | 53.4 | 58.1 |
| 1968 | 15620 | 44.1 | 49.9 | 23313 | 47.1 | 52.6 | 38933 | 54.0 | 58.8 |
| 1969 | 16341 | 44.7 | 51.1 | 24390 | 47.7 | 53.8 | 40732 | 55.3 | 60.5 |
| 1970 | 17793 | 45.2 | 51.9 | 26557 | 48.2 | 54.5 | 44350 | 55.8 | 61.2 |
| 1971 | 19500 | 35.9 | 44.5 | 29104 | 47.3 | 54.3 | 48604 | 60.6 | 61.4 |
| 1972 | 22399 | 42.8 | 50.7 | 33432 | 57.7 | 63.5 | 55831 | 61.8 | 62.5 |
| 1973 | 24072 | 40.1 | 49.3 | 35929 | 62.3 | 68.1 | 60001 | 61.9 | 63.4 |
| 1974 | 26970 | 43.9 | 54.2 | 40254 | 63.2 | 69.9 | 67224 | 62.0 | 63.5 |
| 1975 | 31222 | 47.2 | 58.4 | 46600 | 58.2 | 67.0 | 77822 | 73.2 | 74.3 |
| 1976 | 35443 | 48.2 | 60.3 | 52900 | 64.2 | 72.6 | 88343 | 75.2 | 79.2 |
| 1977 | 37855 | 41.9 | 56.8 | 56500 | 62.9 | 72.4 | 94355 | 75.9 | 80.4 |
| 1978 | 38525 | 41.7 | 56.4 | 57500 | 59.7 | 69.9 | 96025 | 77.7 | 81.7 |
| 1979 | 42849 | 45.0 | 59.0 | 63954 | 62.0 | 71.7 | 106803 | 78.0 | 82.0 |
| 1980 | 46900 | 43.1 | 57.9 | 70000 | 59.1 | 69.8 | 116900 | 82.1 | 85.5 |
| 1981 | 51381 | 43.6 | 58.4 | 76688 | 55.6 | 67.3 | 128069 | 82.6 | 85.9 |
| 1982 | 56682 | 43.7 | 57.7 | 84600 | 58.7 | 69.0 | 141282 | 82.7 | 87.0 |
| 1983 | 58691 | 40.2 | 56.1 | 87598 | 53.2 | 65.6 | 146289 | 75.2 | 81.8 |
| 1984 | 64457 | 37.3 | 53.9 | 96205 | 53.3 | 65.7 | 160662 | 70.3 | 78.2 |
| 1985 | 69588 | 34.4 | 51.9 | 103862 | 50.4 | 63.6 | 173450 | 65.4 | 74.6 |
| 1986 | 74003 | 45.3 | 59.9 | 110452 | 50.3 | 63.6 | 184455 | 70.3 | 78.3 |
| 1987 | 79098 | 43.4 | 58.7 | 118057 | 50.4 | 63.8 | 197155 | 70.4 | 78.4 |
| 1988 | 85199 | 50.6 | 63.9 | 127162 | 50.6 | 63.9 | 212361 | 75.6 | 82.2 |
| 1989 | 94095 | 47.8 | 62.2 | 140440 | 47.8 | 62.2 | 234535 | 72.8 | 80.3 |
| 1990 | 103622 | 41.2 | 57.7 | 154660 | 55.2 | 67.7 | 258282 | 66.2 | 75.6 |
| 1991 | 108808 | 34.3 | 52.4 | 162400 | 34.3 | 52.4 | 271208 | 51.2 | 64.6 |
| 1992 | 114570 | 34.1 | 51.2 | 171000 | 34.1 | 51.2 | 285570 | 51.0 | 63.7 |
| 1993 | 116513 | 34.8 | 50.2 | 173900 | 34.8 | 50.2 | 290413 | 51.0 | 62.6 |
| 1994 | 122677 | 35.5 | 50.9 | 183100 | 35.5 | 50.9 | 305777 | 51.1 | 62.7 |
| 1995 | 124378 | 37.4 | 52.8 | 185639 | 37.4 | 52.8 | 310017 | 56.5 | 67.3 |
| 1996 | 137158 | 38.2 | 53.6 | 204714 | 35.0 | 51.2 | 341872 | 56.7 | 67.4 |
| 1997 | 140173 | 38.9 | 54.0 | 209214 | 35.7 | 51.6 | 349387 | 56.7 | 67.4 |
| 1998 | 144378 | 38.6 | 53.9 | 215490 | 35.6 | 51.6 | 359868 | 55.8 | 66.7 |
| 1999 | 147831 | 39.7 | 54.7 | 220644 | 36.6 | 52.4 | 368475 | 50.6 | 62.9 |
| 2000 | 154247 | 38.3 | 53.6 | 230220 | 35.2 | 51.3 | 384467 | 50.4 | 62.7 |

| Year | Low-income earner (0.67 APW) | | | Average-income earner (1.0 APW) | | | High-income earner (1.67 APW) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Wage | Marginal tax rate % | Marginal Tax wedge % | Wage | Marginal tax rate % | Marginal tax wedge % | Wage | Marginal tax rate % | Marginal tax wedge % |
| 2001 | 154860 | 37.2 | 52.7 | 231134 | 34.2 | 50.4 | 385994 | 50.5 | 62.8 |
| 2002 | 161983 | 36.0 | 51.8 | 241766 | 32.9 | 49.5 | 403749 | 50.5 | 62.7 |
| 2003 | 166098 | 35.5 | 51.4 | 247908 | 35.5 | 51.4 | 414006 | 51.2 | 63.2 |
| 2004 | 168359 | 35.9 | 51.7 | 251282 | 35.9 | 51.7 | 419641 | 51.5 | 63.5 |
| 2005 | 169845 | 35.4 | 51.2 | 253500 | 35.4 | 51.2 | 423345 | 51.6 | 63.5 |
| 2006 | 174803 | 34.8 | 50.7 | 260900 | 34.8 | 50.7 | 435703 | 51.6 | 63.4 |
| 2007 | 181905 | 31.6 | 48.3 | 271500 | 31.6 | 48.3 | 453405 | 51.6 | 63.4 |
| 2008 | 188538 | 30.4 | 47.4 | 281400 | 30.4 | 47.4 | 469938 | 51.4 | 63.3 |
| 2009 | 193563 | 29.5 | 46.3 | 288900 | 29.5 | 46.3 | 482463 | 51.5 | 63.1 |
| 2010 | 197583 | 28.6 | 45.6 | 294900 | 28.6 | 45.6 | 492483 | 51.6 | 63.1 |
| 2011 | 205489 | 28.6 | 45.6 | 306700 | 28.6 | 45.6 | 512189 | 51.6 | 63.1 |
| 2012 | 212792 | 28.6 | 45.7 | 317600 | 28.6 | 45.7 | 530392 | 51.6 | 63.2 |
| 2013 | 216142 | 28.7 | 45.8 | 322600 | 31.7 | 48.1 | 538742 | 51.7 | 63.3 |

*Note:* All amounts in the tables refer to SEK. APW = average annual wage of a production worker. The marginal tax rate is the sum of the state and local marginal income tax rates and employee-paid SSCs.
*Source:* Own calculations based on references detailed in Appendix A.

Table 2. Top marginal tax rates, top marginal tax wedges and relative top tax income, 1862–2013.

| Year | Wage (in thousands) | Relative top tax income threshold | Top state marginal income tax rate % | Top state marginal income tax rate* % | Top marginal tax rate % | Top marginal tax wedge % |
|---|---|---|---|---|---|---|
| 1862 | - | - | 1.0 | | 3.0 | 3.0 |
| 1863 | - | - | 1.0 | | 3.0 | 3.0 |
| 1864 | - | - | 1.0 | | 3.0 | 3.0 |
| 1865 | - | - | 1.0 | | 3.0 | 3.0 |
| 1866 | - | - | 1.0 | | 3.0 | 3.0 |
| 1867 | - | - | 1.0 | | 3.0 | 3.0 |
| 1868 | - | - | 1.0 | | 3.0 | 3.0 |
| 1869 | - | - | 1.0 | | 3.0 | 3.0 |
| 1870 | - | - | 1.0 | | 3.0 | 3.0 |
| 1871 | - | - | 1.5 | | 3.5 | 3.5 |
| 1872 | - | - | 1.0 | | 3.0 | 3.0 |
| 1873 | - | - | 1.0 | | 3.0 | 3.0 |
| 1874 | - | - | 1.0 | | 3.0 | 3.0 |
| 1875 | - | - | 1.0 | | 3.2 | 3.2 |
| 1876 | - | - | 1.0 | | 3.5 | 3.5 |
| 1877 | - | - | 1.0 | | 3.6 | 3.6 |
| 1878 | - | - | 1.0 | | 4.0 | 4.0 |
| 1879 | - | - | 1.5 | | 4.8 | 4.8 |
| 1880 | - | - | 1.5 | | 5.3 | 5.3 |
| 1881 | - | - | 1.5 | | 5.4 | 5.4 |
| 1882 | - | - | 1.5 | | 5.6 | 5.6 |
| 1883 | - | - | 1.0 | | 5.2 | 5.2 |
| 1884 | - | - | 1.0 | | 5.3 | 5.3 |
| 1885 | - | - | 1.0 | | 5.5 | 5.5 |
| 1886 | - | - | 1.0 | | 5.9 | 5.9 |
| 1887 | - | - | 1.0 | | 5.9 | 5.9 |
| 1888 | - | - | 1.0 | | 5.8 | 5.8 |
| 1889 | - | - | 1.0 | | 5.7 | 5.7 |
| 1890 | - | - | 1.0 | | 5.6 | 5.6 |
| 1891 | - | - | 1.0 | | 5.6 | 5.6 |
| 1892 | - | - | 1.0 | | 5.7 | 5.7 |
| 1893 | - | - | 1.3 | | 6.1 | 6.1 |
| 1894 | - | - | 2.0 | | 6.9 | 6.9 |
| 1895 | - | - | 2.0 | | 6.8 | 6.8 |
| 1896 | - | - | 1.3 | | 6.0 | 6.0 |
| 1897 | - | - | 1.0 | | 5.6 | 5.6 |
| 1898 | - | - | 1.0 | | 5.5 | 5.5 |
| 1899 | - | - | 1.0 | | 5.3 | 5.3 |
| 1900 | - | - | 1.0 | | 5.4 | 5.4 |
| 1901 | - | - | 2.0 | | 6.8 | 6.8 |
| 1902 | - | - | 2.0 | | 7.0 | 7.0 |
| 1903 | 84.4 | 114 | 6.0 | | 11.2 | 11.2 |
| 1904 | 84.4 | 111 | 6.0 | | 11.2 | 11.2 |
| 1905 | 84.5 | 109 | 6.0 | | 11.4 | 11.4 |
| 1906 | 84.5 | 100 | 6.0 | | 11.4 | 11.4 |
| 1907 | 84.6 | 94 | 6.0 | | 11.4 | 11.4 |

| Year | Wage (in thousands) | Relative top tax income threshold | Top state marginal income tax rate % | Top state marginal income tax rate* % | Top marginal tax rate % | Top marginal tax wedge % |
|---|---|---|---|---|---|---|
| 1908 | 85.3 | 95 | 6.0 | | 12.2 | 12.2 |
| 1909 | 85.8 | 102 | 6.0 | | 12.8 | 12.8 |
| 1910 | 85.4 | 88 | 6.0 | | 12.3 | 12.3 |
| 1911 | 85.2 | 86 | 6.1 | | 12.2 | 12.2 |
| 1912 | 85.3 | 83 | 6.1 | | 12.3 | 12.3 |
| 1913 | 239.5 | 226 | 19.6 | | 25.7 | 25.7 |
| 1914 | 85.5 | 80 | 6.1 | | 12.5 | 12.5 |
| 1915 | 86.2 | 78 | 6.1 | | 13.3 | 13.3 |
| 1916 | 85.5 | 68 | 6.1 | | 12.6 | 12.6 |
| 1917 | 85.3 | 57 | 6.1 | | 12.3 | 12.3 |
| 1918 | 966.0 | 470 | 23.1 | | 29.9 | 29.9 |
| 1919 | 969.6 | 377 | 23.1 | | 30.3 | 30.3 |
| 1920 | 1081.8 | 360 | 23.4 | 20.3 | 33.3 | 33.3 |
| 1921 | 1089.6 | 402 | 26.4 | 22.8 | 36.4 | 36.4 |
| 1922 | 1089.6 | 514 | 26.4 | 22.7 | 36.5 | 36.5 |
| 1923 | 1092.2 | 537 | 26.4 | 22.7 | 36.6 | 36.6 |
| 1924 | 1096.3 | 519 | 26.4 | 22.6 | 36.9 | 36.9 |
| 1925 | 1096.5 | 507 | 25.6 | 21.9 | 36.2 | 36.2 |
| 1926 | 1096.9 | 501 | 24.1 | 20.6 | 35.0 | 35.0 |
| 1927 | 1096.5 | 498 | 24.1 | 20.6 | 35.1 | 35.1 |
| 1928 | 1094.5 | 496 | 23.9 | 20.8 | 33.8 | 33.8 |
| 1929 | 1092.4 | 473 | 23.0 | 20.1 | 32.9 | 32.9 |
| 1930 | 1097.0 | 473 | 23.0 | 19.9 | 33.1 | 33.1 |
| 1931 | 1114.6 | 501 | 23.3 | 19.8 | 34.5 | 34.5 |
| 1932 | 1124.5 | 528 | 27.3 | 23.0 | 38.5 | 38.5 |
| 1933 | 1118.4 | 524 | 30.3 | 25.7 | 40.7 | 40.7 |
| 1934 | 1111.2 | 499 | 32.5 | 27.8 | 42.2 | 42.2 |
| 1935 | 1106.9 | 484 | 32.5 | 27.9 | 42.0 | 42.0 |
| 1936 | 1107.3 | 477 | 36.5 | 31.4 | 45.4 | 45.4 |
| 1937 | 1107.3 | 456 | 36.5 | 31.4 | 45.4 | 45.4 |
| 1938 | 1117.7 | 441 | 38.0 | 32.3 | 47.3 | 47.3 |
| 1939 | 226.0 | 85 | 53.7 | 47.5 | 59.0 | 59.0 |
| 1940 | 226.9 | 80 | 60.8 | 53.5 | 65.4 | 65.4 |
| 1941 | 224.9 | 74 | 60.8 | 54.0 | 65.1 | 65.1 |
| 1942 | 223.5 | 67 | 68.8 | 61.5 | 72.0 | 72.0 |
| 1943 | 222.6 | 63 | 68.8 | 61.8 | 71.9 | 71.9 |
| 1944 | 222.4 | 60 | 68.8 | 61.8 | 71.9 | 71.9 |
| 1945 | 222.2 | 57 | 68.8 | 61.9 | 71.9 | 71.9 |
| 1946 | 222.2 | 52 | 68.8 | 61.9 | 71.9 | 71.9 |
| 1947 | 221.7 | 46 | 68.8 | 62.0 | 71.8 | 71.8 |
| 1948 | 221.8 | 42 | 70 | 63.1 | 72.9 | 72.9 |
| 1949 | 222.5 | 38 | 70 | 62.9 | 73.0 | 73.0 |
| 1950 | 222.1 | 36 | 70 | 63.0 | 73.0 | 73.0 |
| 1951 | 222.7 | 31 | 70 | 62.9 | 73.1 | 73.1 |
| 1952 | 285.8 | 34 | 70 | 61.2 | 73.8 | 73.8 |
| 1953 | 174.0 | 20 | 65 | 56.7 | 69.5 | 69.5 |
| 1954 | 173.3 | 19 | 65 | 56.9 | 69.3 | 69.3 |
| 1955 | 173.0 | 18 | 65 | 57.0 | 69.3 | 69.3 |

| Year | Wage (in thousands) | Relative top tax income threshold | Top state marginal income tax rate % | Top state marginal income tax rate* % | Top marginal tax rate % | Top marginal tax wedge % |
|---|---|---|---|---|---|---|
| 1956 | 173.3 | 17 | 65 | 57.0 | 69.3 | 69.3 |
| 1957 | 173.7 | 16 | 65 | 56.8 | 69.4 | 69.4 |
| 1958 | 175.9 | 15 | 65 | 56.1 | 69.8 | 69.8 |
| 1959 | 177.0 | 15 | 65 | 55.8 | 70.0 | 70.0 |
| 1960 | 177.9 | 14 | 65 | 55.5 | 70.1 | 70.1 |
| 1961 | 178.6 | 13 | 65 | 55.3 | 70.3 | 70.3 |
| 1962 | 179.6 | 12 | 65 | 55.1 | 70.3 | 70.3 |
| 1963 | 180.1 | 11 | 65 | 55.0 | 70.4 | 70.4 |
| 1964 | 182.3 | 11 | 65 | 54.3 | 70.8 | 70.8 |
| 1965 | 184.0 | 9.8 | 65 | 53.8 | 71.0 | 71.0 |
| 1966 | 186.3 | 9.1 | 65 | 53.1 | 71.4 | 71.4 |
| 1967 | 187.3 | 8.5 | 65 | 52.8 | 71.5 | 71.5 |
| 1968 | 188.8 | 8.1 | 65 | 52.4 | 71.8 | 71.8 |
| 1969 | 190.9 | 7.8 | 65 | 51.8 | 72.1 | 72.4 |
| 1970 | 192.7 | 7.3 | 65 | 51.4 | 72.4 | 72.6 |
| 1971 | 150.0 | 5.2 | 54 | | 76.5 | 77.0 |
| 1972 | 150.0 | 4.5 | 54 | | 77.8 | 78.2 |
| 1973 | 150.0 | 4.2 | 54 | | 77.9 | 78.8 |
| 1974 | 150.0 | 3.7 | 54 | | 78.0 | 78.9 |
| 1975 | 154.5 | 3.3 | 56 | | 81.2 | 82.0 |
| 1976 | 154.5 | 2.9 | 57 | | 83.2 | 85.9 |
| 1977 | 154.5 | 2.7 | 58 | | 84.9 | 87.7 |
| 1978 | 154.5 | 2.7 | 58 | | 86.7 | 89.1 |
| 1979 | 166.5 | 2.6 | 58 | | 87.0 | 89.4 |
| 1980 | 174.0 | 2.5 | 58 | | 85.0 | 87.8 |
| 1981 | 192.0 | 2.5 | 58 | | 85.0 | 87.9 |
| 1982 | 207.0 | 2.4 | 58 | | 85.0 | 88.7 |
| 1983 | 328.5 | 3.8 | 54 | | 84.0 | 88.3 |
| 1984 | 342.0 | 3.6 | 52 | | 82.0 | 86.8 |
| 1985 | 351.0 | 3.4 | 50 | | 80.0 | 85.3 |
| 1986 | 351.0 | 3.2 | 50 | | 80.3 | 85.6 |
| 1987 | 351.0 | 3.0 | 47 | | 77.4 | 83.5 |
| 1988 | 200.0 | 1.6 | 45 | | 75.6 | 82.2 |
| 1989 | 200.0 | 1.4 | 42 | | 72.8 | 80.3 |
| 1990 | 200.0 | 1.3 | 35 | | 66.2 | 75.6 |
| 1991 | 180.3 | 1.1 | 20 | | 51.2 | 64.6 |
| 1992 | 197.3 | 1.2 | 20 | | 51.0 | 63.7 |
| 1993 | 204.1 | 1.2 | 20 | | 51.0 | 62.6 |
| 1994 | 203.8 | 1.1 | 20 | | 51.1 | 62.7 |
| 1995 | 223.4 | 1.2 | 25 | | 56.5 | 67.3 |
| 1996 | 231.1 | 1.1 | 25 | | 56.7 | 67.4 |
| 1997 | 234.3 | 1.1 | 25 | | 56.7 | 67.4 |
| 1998 | 242.7 | 1.1 | 25 | | 56.7 | 67.4 |
| 1999 | 389.5 | 1.8 | 25 | | 56.5 | 67.3 |
| 2000 | 398.5 | 1.7 | 25 | | 55.4 | 66.4 |
| 2001 | 411.1 | 1.8 | 25 | | 55.5 | 66.5 |
| 2002 | 430.9 | 1.8 | 25 | | 55.5 | 66.5 |
| 2003 | 447.2 | 1.8 | 25 | | 56.2 | 67.0 |

| Year | Wage (in thousands) | Relative top tax income threshold | Top state marginal income tax rate % | Top state marginal income tax rate* % | Top marginal tax rate % | Top marginal tax wedge % |
|---|---|---|---|---|---|---|
| 2004 | 458.9 | 1.8 | 25 | | 56.5 | 67.2 |
| 2005 | 465.2 | 1.8 | 25 | | 56.6 | 67.2 |
| 2006 | 472.3 | 1.8 | 25 | | 56.6 | 67.2 |
| 2007 | 488.6 | 1.8 | 25 | | 56.6 | 67.2 |
| 2008 | 507.1 | 1.8 | 25 | | 56.4 | 67.1 |
| 2009 | 538.8 | 1.9 | 25 | | 56.5 | 66.9 |
| 2010 | 545.2 | 1.8 | 25 | | 56.6 | 66.9 |
| 2011 | 560.9 | 1.8 | 25 | | 56.6 | 66.9 |
| 2012 | 587.2 | 1.8 | 25 | | 56.6 | 67.0 |
| 2013 | 604.7 | 1.9 | 25 | | 56.7 | 67.1 |

*Note:* The relative top tax income threshold is defined as the income at which the top marginal tax wedge begins to be applied, divided by the APW. This series stretches from 1903 to 2013 because the income tax system was proportional before 1903. An average tax cap that reduced the marginal tax rates on very high income levels was in place in some years, that is, the top marginal tax rate was paid between an interval where we present the lower bound.

* The top state marginal income tax rate includes the effect from the deductible local taxes in 1920–1970.

*Source:* Own calculations based on references detailed in Appendix A.

## Appendix D. Tax tables.

Table 3. The local tax rate and the consumption tax rate, 1862–2013.

| Year | Local tax % | Consumption tax % | Year | Local tax % | Consumption tax % |
|---|---|---|---|---|---|
| 1862 | 2.0 | 3.1 | 1907 | 5.44 | 4.7 |
| 1863 | 2.0 | 3.3 | 1908 | 6.20 | 4.9 |
| 1864 | 2.0 | 3.5 | 1909 | 6.81 | 4.3 |
| 1865 | 2.0 | 3.7 | 1910 | 6.34 | 4.7 |
| 1866 | 2.0 | 3.5 | 1911 | 6.15 | 4.9 |
| 1867 | 2.0 | 2.9 | 1912 | 6.21 | 4.8 |
| 1868 | 2.0 | 3.1 | 1913 | 6.07 | 4.6 |
| 1869 | 2.0 | 3.1 | 1914 | 6.38 | 4.3 |
| 1870 | 2.0 | 3.6 | 1915 | 7.15 | 3.9 |
| 1871 | 2.0 | 4.1 | 1916 | 6.46 | 3.7 |
| 1872 | 2.0 | 3.9 | 1917 | 6.19 | 2.1 |
| 1873 | 2.0 | 4.1 | 1918 | 6.83 | 1.4 |
| 1874 | 2.0 | 4.2 | 1919 | 7.18 | 2.2 |
| 1875 | 2.18 | 4.0 | 1920 | 7.39 | 2.8 |
| 1876 | 2.51 | 4.1 | 1921 | 8.52 | 3.7 |
| 1877 | 2.60 | 3.9 | 1922 | 8.57 | 4.5 |
| 1878 | 3.05 | 4.0 | 1923 | 8.79 | 5.3 |
| 1879 | 3.29 | 4.1 | 1924 | 9.13 | 5.5 |
| 1880 | 3.76 | 4.5 | 1925 | 9.15 | 5.2 |
| 1881 | 3.93 | 4.5 | 1926 | 9.18 | 5.4 |
| 1882 | 4.13 | 4.4 | 1927 | 9.17 | 5.6 |
| 1883 | 4.21 | 4.3 | 1928 | 9.02 | 5.5 |
| 1884 | 4.33 | 4.5 | 1929 | 8.84 | 5.7 |
| 1885 | 4.52 | 4.5 | 1930 | 9.23 | 5.6 |
| 1886 | 4.88 | 4.9 | 1931 | 10.67 | 5.7 |
| 1887 | 4.86 | 4.3 | 1932 | 11.46 | 6.4 |
| 1888 | 4.78 | 5.3 | 1933 | 10.97 | 6.6 |
| 1889 | 4.66 | 5.2 | 1934 | 10.39 | 7.1 |
| 1890 | 4.64 | 5.3 | 1935 | 10.04 | 7.3 |
| 1891 | 4.60 | 5.0 | 1936 | 10.08 | 7.4 |
| 1892 | 4.74 | 4.6 | 1937 | 10.08 | 7.5 |
| 1893 | 4.84 | 4.9 | 1938 | 10.53 | 8.0 |
| 1894 | 4.94 | 5.1 | 1939 | 11.51 | 8.6 |
| 1895 | 4.84 | 5.4 | 1940 | 11.87 | 8.1 |
| 1896 | 4.73 | 5.6 | 1941 | 11.09 | 8.8 |
| 1897 | 4.62 | 5.7 | 1942 | 10.53 | 10.3 |
| 1898 | 4.47 | 5.5 | 1943 | 10.17 | 10.7 |
| 1899 | 4.33 | 5.5 | 1944 | 10.09 | 10.6 |
| 1900 | 4.44 | 5.5 | 1945 | 10.00 | 13.0 |
| 1901 | 4.76 | 5.3 | 1946 | 10.00 | 12.2 |
| 1902 | 5.05 | 5.0 | 1947 | 9.80 | 10.6 |
| 1903 | 5.17 | 5.1 | 1948 | 9.83 | 11.6 |
| 1904 | 5.21 | 5.3 | 1949 | 10.12 | 11.2 |
| 1905 | 5.37 | 5.5 | 1950 | 9.97 | 10.6 |
| 1906 | 5.36 | 4.6 | 1951 | 10.19 | 10.6 |

| Year | Local tax % | Consumption tax % | Year | Local tax % | Consumption tax % |
|---|---|---|---|---|---|
| 1952 | 12.53 | 10.3 | 1983 | 30.15 | 23.7 |
| 1953 | 12.72 | 10.6 | 1984 | 30.30 | 25.8 |
| 1954 | 12.39 | 11.4 | 1985 | 30.38 | 25.6 |
| 1955 | 12.24 | 12.4 | 1986 | 30.34 | 25.6 |
| 1956 | 12.36 | 12.2 | 1987 | 30.44 | 25.7 |
| 1957 | 12.60 | 13.0 | 1988 | 30.56 | 25.4 |
| 1958 | 13.68 | 13.3 | 1989 | 30.80 | 26.6 |
| 1959 | 14.20 | 14.6 | 1990 | 31.16 | 27.6 |
| 1960 | 14.63 | 17.0 | 1991 | 31.15 | 24.6 |
| 1961 | 15.00 | 17.1 | 1992 | 31.04 | 24.0 |
| 1962 | 15.24 | 18.6 | 1993 | 31.04 | 24.5 |
| 1963 | 15.46 | 19.1 | 1994 | 31.05 | 23.5 |
| 1964 | 16.50 | 19.0 | 1995 | 31.50 | 21.7 |
| 1965 | 17.25 | 20.5 | 1996 | 31.65 | 26.0 |
| 1966 | 18.29 | 20.9 | 1997 | 31.66 | 24.4 |
| 1967 | 18.71 | 21.1 | 1998 | 31.65 | 25.1 |
| 1968 | 19.34 | 21.1 | 1999 | 31.48 | 24.8 |
| 1969 | 20.24 | 20.2 | 2000 | 30.38 | 24.9 |
| 1970 | 21.00 | 21.7 | 2001 | 30.53 | 24.6 |
| 1971 | 22.54 | 23.4 | 2002 | 30.52 | 25.2 |
| 1972 | 23.79 | 22.9 | 2003 | 31.17 | 25.0 |
| 1973 | 23.94 | 22.2 | 2004 | 31.51 | 25.0 |
| 1974 | 24.03 | 21.1 | 2005 | 31.60 | 26.1 |
| 1975 | 25.23 | 22.0 | 2006 | 31.60 | 26.1 |
| 1976 | 26.15 | 21.8 | 2007 | 31.55 | 26.4 |
| 1977 | 26.85 | 22.7 | 2008 | 31.44 | 26.8 |
| 1978 | 28.71 | 22.7 | 2009 | 31.52 | 26.4 |
| 1979 | 29.02 | 22.5 | 2010 | 31.56 | 26.5 |
| 1980 | 29.09 | 23.6 | 2011 | 31.55 | 25.9 |
| 1981 | 29.55 | 23.0 | 2012 | 31.60 | 24.9 |
| 1982 | 29.74 | 23.7 | 2013 | 31.73 | 24.9 |

*Note*: As the tax rates differ among cities, the average local tax rate has been used. Following the convention used by the OECD, the national church tax is excluded beginning in 2000.
*Source:* See Appendix A.

Table 4. The state marginal income tax rate (appropriation tax), 1862–1910.

| State taxable income | Marginal tax rate % 1862–1883 | State taxable income | Marginal tax rate % 1884–1910 |
|---|---|---|---|
| 0 | 0.0 | 0 | 0.0 |
| 400 | 1.0 | 500 | 1.0 |

*Note*: 1862–1883: If the state taxable income did not exceed SEK 1,800, SEK 300 were exempted from taxation. 1884–1910: If the state taxable income did not exceed SEK 1,200, SEK 450 were exempted from taxation. If the taxable income exceeded SEK 1,200 but did not exceed SEK 1,800, SEK 300 were exempted from taxation. The tax rates do not include extra appropriations. The rows in Tables 4–24 regarding the marginal income tax rate refer to the tax bracket beginning at the indicated income. In 1873, the currency unit was changed from *riksdaler* (rdr) to *kronor* (SEK).
*Source:* SFS 1861:34; SFS 1883:51; SFS 1897:111.

Table 5. Extra temporary appropriation tax, 1871–1902.

| State taxable income | Marginal tax rate % | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1871 | 1879–1882 | 1893 | 1894 | 1895 | 1896 | 1901 | 1902 |
| 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 400 | 0.5 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 800 | 0.5 | 0.5 | 0.3 | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 |
| 1,200 | 0.5 | 0.5 | 0.3 | 1.0 | 1.0 | 0.15 | 0.5 | 0.5 |
| 1,800 | 0.5 | 0.5 | 0.3 | 1.0 | 1.0 | 0.3 | 1.0 | 1.0 |

*Source*: SFS 1871:30; 1879:25; SFS 1880:46; SFS 1881:29; SFS 1892:111; SFS 1893:34; SFS 1894:76; SFS 1895:62; SFS 1901:34; SFS 1902:50.

Table 6. The state marginal income tax rate (appropriation tax), 1911–1928.

| State taxable income | Marginal tax rate % |
|---|---|
| 0 | 0.0 |
| 500 | 0.1 |

*Note*: If the state taxable income did not exceed SEK 1,200, SEK 450 were exempted from taxation. If the taxable income exceeded SEK 1,200 but did not exceed SEK 1,800, SEK 300 were exempted from taxation.
*Source:* SFS 1910:116; SFS 1920:759.

Table 7. The state marginal income tax rate, 1903–1919.

| State taxable income | Marginal tax rate, % 1903–1910 | State taxable income | Marginal tax rate, % 1911–1919 |
|---|---|---|---|
| 0 | 0 | 0 | 0 |
| 1,000 | 1.0 | 800 | 0.4 |
| 6,000 | 1.5 | 900 | 0.6 |
| 10,000 | 2.0 | 1,100 | 0.8 |
| 15,000 | 2.5 | 1,400 | 1.0 |
| 20,000 | 3.0 | 1,700 | 1.2 |
| 30,000 | 3.5 | 2,000 | 1.4 |
| 50,000 | 4.0 | 2,500 | 1.6 |
| 80,000 | 5.0 | 3,000 | 1.8 |
| 145,500 | 4.0 | 3,600 | 2.0 |
| | | 4,500 | 2.2 |
| | | 6,000 | 3.0 |
| | | 8,000 | 3.5 |
| | | 12,000 | 4.0 |
| | | 20,000 | 4.5 |
| | | 30,000 | 5.0 |
| | | 50,000 | 5.5 |
| | | 80,000 | 6.0 |
| | | 104,500 | 5.0 |

*Note*: 1903–1910: If the state taxable income did not exceed SEK 2,000, SEK 800 were exempted from taxation. If the taxable income exceeded SEK 2,000 but did not exceed SEK 3,000, SEK 600 were exempted from taxation. If the taxable income amounted to SEK 3,000 but did not exceed SEK 4,000, SEK 400 were exempted from taxation.
1911–1919: Tax rates up to SEK 6,000 indicate how much the taxpayer paid in taxes on the *entire* taxable income, for instance, if the taxpayer earned SEK 900, (s)he paid 0.6 percent of the entire income, and if the taxpayer earned SEK 1,100, (s)he paid 0.8 percent of the entire income. Hence, the table shows the marginal tax within the brackets. If the income increases and pushes the taxpayer into a higher bracket, for instance, from SEK 900 to SEK 1,100, the taxes paid on this increase will not be 0.6 percent but 1.7 percent: (1,100 • 0.008 – 900 • 0.006) / (1,100 − 900). If the income exceeded SEK 6,000, the taxpayer paid 2.2 percent in tax on the first SEK 6,000 and the stated marginal tax rates on any income above SEK 6,000. One-sixtieth of the taxpayer’s wealth was also added to state taxable income.
In the highest tax bracket, the marginal income tax rate is lower due to the average tax cap. Appropriation and defense taxes are not included in the figures.
*Source:* SFS 1902:84; SFS 1910:115; Genberg (1942, 21–22); own calculations.

Table 8. The state marginal income tax rate, 1920–1947.

| State taxable income | 1920–1938 | State taxable income | 1939–1947 | |
|---|---|---|---|---|
| | Base amount % | | Bottom tax % | Surtax % |
| 0 | 3 | 0 | 4.5 | 0 |
| 10,000 | 4 | 3,000 | 5.5 | 0 |
| 20,000 | 5 | 6,000 | 6.5 | 0 |
| 40,000 | 6 | 8,000 | 6.5 | 2 |
| 60,000 | 7 | 10,000 | 6.5 | 4 |
| 100,000 | 8 | 15,000 | 6.5 | 8 |
| 150,000 | 9 | 25,000 | 6.5 | 12 |
| 200,000 | 10 | 40,000 | 6.5 | 16 |
| 300,000 | 11 | 60,000 | 6.5 | 20 |
| 400,000 | 12 | 100,000 | 6.5 | 24 |
| 600,000 | 13 | 200,000 | 6.5 | 28 |
| 800,000 | 14 | | | |
| 1,000,000 | 15 | | | |
| 1,226,670 | 12 | | | |

| Withdrawal percentage | | | |
|---|---|---|---|
| 1920 | 155 | 1934 | 170 |
| 1921 | 175 | 1935 | 170 |
| 1922 | 175 | 1936 | 170 |
| 1923 | 175 | 1937 | 170 |
| 1924 | 175 | 1938 | 180 |
| 1925 | 170 | 1939 | 120 |
| 1926 | 160 | 1940 | 150 |
| 1927 | 160 | 1941 | 150 |
| 1928 | 150 | 1942 | 150 |
| 1929 | 145 | 1943 | 150 |
| 1930 | 145 | 1944 | 150 |
| 1931 | 145 | 1945 | 150 |
| 1932 | 145 | 1946 | 150 |
| 1933 | 165 | 1947 | 150 |

*Note:* Between 1920 and 1938, one-sixtieth of the taxpayer's wealth was added to the state taxable income. Between 1939 and 1947, one percent of the taxpayer's wealth was also added to the state taxable income. A state equalization tax and an extra state income tax were levied 1928–1938 and 1932–1938 and are not included in the figures above. In the highest tax bracket between 1920 and 1938, the marginal income tax rate was lower due to the average tax cap. To calculate the exact state marginal income tax rate for a specific year between 1920 and 1938, one must multiply the base amount with the withdrawal percentage for the specific year. To calculate the exact state marginal income tax rate for a specific year between 1939 and 1947, one must multiply the bottom tax by the withdrawal percentage for the specific year and then add the surtax.
*Source:* Genberg (1942, 22–24).

Table 9. The state marginal income tax rate, 1948–1956.

| State taxable income | Marginal tax rate % 1948–1951 | State taxable income | Marginal tax rate % 1952 | State taxable income | Marginal tax rate % 1953–1956 |
|---|---|---|---|---|---|
| 0 | 10 | 0 | 10 | 0 | 13.2 |
| 1,000 | 11 | 1,000 | 11 | 4,000 | 17.6 |
| 2,000 | 12 | 2,000 | 12 | 6,000 | 22.0 |
| 3,000 | 14 | 3,000 | 14 | 8,000 | 26.4 |
| 4,000 | 16 | 4,000 | 16 | 10,000 | 29.7 |
| 6,000 | 18 | 6,000 | 17 | 12,000 | 33.0 |
| 8,000 | 20 | 8,000 | 19 | 16,000 | 37.4 |
| 10,000 | 24 | 9,000 | 20 | 20,000 | 41.8 |
| 12,000 | 28 | 10,000 | 23 | 30,000 | 46.2 |
| 14,000 | 32 | 12,000 | 27 | 40,000 | 50.6 |
| 16,000 | 36 | 14,000 | 32 | 60,000 | 55.0 |
| 20,000 | 40 | 16,000 | 35 | 100,000 | 60.5 |
| 30,000 | 45 | 18,000 | 36 | 150,000 | 65.0 |
| 40,000 | 50 | 20,000 | 39 | | |
| 60,000 | 55 | 30,000 | 45 | | |
| 100,000 | 60 | 40,000 | 49 | | |
| 200,000 | 70 | 50,000 | 50 | | |
| | | 60,000 | 54 | | |
| | | 80,000 | 55 | | |
| | | 100,000 | 59 | | |
| | | 150,000 | 60 | | |
| | | 200,000 | 69 | | |
| | | 250,000 | 70 | | |

*Source:* Söderberg (1996, 82–85).

Table 10. The state marginal income tax rate, 1957–1970.

| State taxable income | Marginal tax rate % 1957–1961 | State taxable income | Marginal tax rate % 1962–1965 | State taxable income | Marginal tax rate % 1966–1970 |
|---|---|---|---|---|---|
| 0 | 11 | 0 | 10 | 0 | 10 |
| 4,000 | 17 | 6,000 | 20 | 6,000 | 15 |
| 6,000 | 22 | 9,000 | 25 | 8,000 | 22 |
| 8,000 | 25 | 12,000 | 30 | 10,000 | 27 |
| 10,000 | 28 | 16,000 | 36 | 15,000 | 31 |
| 12,000 | 32 | 20,000 | 41 | 20,000 | 36 |
| 16,000 | 36 | 30,000 | 45 | 25,000 | 40 |
| 20,000 | 41 | 40,000 | 49 | 30,000 | 44 |
| 30,000 | 45 | 60,000 | 54 | 40,000 | 49 |
| 40,000 | 49 | 100,000 | 59 | 60,000 | 54 |
| 60,000 | 54 | 150,000 | 65 | 100,000 | 59 |
| 100,000 | 59 | | | 150,000 | 65 |
| 150,000 | 65 | | | | |

*Source:* Söderberg (1996, 86–89).

Table 11. The state marginal income tax rate, 1971–1975.

| State taxable income | Marginal tax rate % 1971–1972 | State taxable income | Marginal tax rate % 1973–1974 | State taxable income | Marginal tax rate % 1975 |
|---|---|---|---|---|---|
| 0 | 10 | 0 | 7 | 0 | 7 |
| 15,000 | 16 | 15,000 | 13 | 15,000 | 12 |
| 20,000 | 22 | 20,000 | 19 | 20,000 | 17 |
| 30,000 | 28 | 30,000 | 28 | 25,000 | 22 |
| 52,500 | 38 | 52 500 | 38 | 30,000 | 28 |
| 70,000 | 44 | 70,000 | 47 | 40,000 | 33 |
| 100,000 | 49 | 100,000 | 49 | 45,000 | 38 |
| 150,000 | 54 | 150,000 | 54 | 65,000 | 43 |
| | | | | 70,000 | 48 |
| | | | | 100,000 | 52 |
| | | | | 150,000 | 56 |

*Note:* Beginning in 1971, the local tax was no longer deductible.
*Source:* Söderberg (1996, 90–91).

Table 12. The state marginal income tax rate, 1976–1978.

| State taxable income | Marginal tax rate % 1976 | State taxable income | Marginal tax rate % 1977 | State taxable income | Marginal tax rate % 1978 |
|---|---|---|---|---|---|
| 0 | 4 | 0 | 2 | 0 | 2 |
| 20,000 | 10 | 15,000 | 4 | 15,000 | 4 |
| 25,000 | 20 | 20,000 | 6 | 25,000 | 8 |
| 30,000 | 22 | 25,000 | 10 | 30,000 | 13 |
| 35,000 | 28 | 30,000 | 15 | 35,000 | 16 |
| 40,000 | 33 | 35,000 | 21 | 40,000 | 21 |
| 45,000 | 38 | 40,000 | 26 | 45,000 | 27 |
| 65,000 | 43 | 45,000 | 35 | 50,000 | 31 |
| 70,000 | 48 | 50,000 | 36 | 55,000 | 34 |
| 80,000 | 49 | 55,000 | 37 | 60,000 | 35 |
| 100,000 | 53 | 60,000 | 38 | 65,000 | 40 |
| 150,000 | 57 | 65,000 | 43 | 70,000 | 45 |
| | | 70,000 | 48 | 80,000 | 49 |
| | | 80,000 | 49 | 100,000 | 53 |
| | | 100,000 | 53 | 150,000 | 58 |
| | | 150,000 | 58 | | |

*Source:* Söderberg (1996, 91–93).

Table 13. The state marginal income tax rate, 1979–1981.

| State taxable income | Marginal tax rate, % 1979 | State taxable income | Marginal tax rate, % 1980 | State taxable income | Marginal tax rate, % 1981 |
|---|---|---|---|---|---|
| 0 | 2 | 0 | 1 | 0 | 1 |
| 16,200 | 4 | 5,800 | 2 | 6,400 | 2 |
| 27,000 | 8 | 23,200 | 4 | 25,600 | 4 |
| 32,400 | 13 | 29,000 | 5 | 32,000 | 5 |
| 37,800 | 16 | 34,800 | 8 | 38,400 | 8 |
| 43,200 | 20 | 40,600 | 11 | 44,800 | 11 |
| 48,600 | 25 | 46,400 | 14 | 51,200 | 14 |
| 54,000 | 29 | 52,200 | 20 | 57,600 | 20 |
| 59,400 | 33 | 58,000 | 22 | 64,000 | 22 |
| 64,800 | 35 | 63,800 | 26 | 70,400 | 26 |
| 70,200 | 40 | 69,600 | 30 | 76,800 | 29 |
| 75,600 | 45 | 75,400 | 34 | 83,200 | 33 |
| 86,400 | 49 | 81,200 | 39 | 89,600 | 38 |
| 108,000 | 53 | 87,000 | 44 | 96,000 | 44 |
| 162,000 | 58 | 92,800 | 45 | 102,400 | 45 |
| | | 98,600 | 48 | 108,800 | 48 |
| | | 116,000 | 53 | 128,000 | 53 |
| | | 174,000 | 58 | 192,000 | 58 |

*Note:* In 1980 (1981), a marginal tax cap was in place that limited the total marginal income tax—local and state—to at most 80 percent on taxable incomes up to SEK 174,000 (192,000) and 85 percent on taxable incomes above SEK 174,000 (192,000).
*Source:* Söderberg (1996, 94–96).

Table 14. The state marginal income tax rate, 1982–1984.

| State taxable income | Marginal tax rate % 1982 | State taxable income | Marginal tax rate % 1983 | State taxable income | Marginal tax rate % 1984 |
|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 |
| 6,900 | 2 | 7,300 | 3 | 7,600 | 3 |
| 27,600 | 4 | 29,200 | 4 | 30,400 | 4 |
| 48,300 | 9 | 51,100 | 7 | 53,200 | 6 |
| 55,200 | 14 | 58,400 | 10 | 60,800 | 7 |
| 62,100 | 23 | 65,700 | 19 | 68,400 | 17 |
| 69,000 | 26 | 73,000 | 23 | 76,000 | 22 |
| 82,800 | 29 | 87,600 | 26 | 91,200 | 23 |
| 89,700 | 33 | 94,900 | 29 | 98,800 | 25 |
| 96,600 | 38 | 102,200 | 32 | 106,400 | 26 |
| 103,500 | 44 | 109,500 | 36 | 114,000 | 28 |
| 110,400 | 45 | 116,800 | 38 | 121,600 | 32 |
| 117,300 | 48 | 124,100 | 40 | 136,800 | 36 |
| 138,000 | 53 | 138,700 | 42 | 144,400 | 40 |
| 207,000 | 58 | 146,000 | 45 | 174,800 | 43 |
| | | 167,900 | 47 | 197,600 | 47 |
| | | 189,800 | 49 | 228,000 | 49 |
| | | 219,000 | 52 | 342,000 | 52 |
| | | 328,500 | 54 | | |

*Note:* In 1982 (1983; 1984), a marginal tax cap was in place that limited the total marginal income tax—local and state—to at most 80 percent of taxable income up to SEK 207,000 (219,000; 228,000) and 85 (84; 82) percent on taxable incomes above SEK 207,000 (219,000; 228,000).
*Source:* Söderberg (1996, 97–99).

Table 15. The state marginal income tax rate, 1985–1987.

| State taxable income | Marginal tax rate % 1985–1986 | State taxable income | Marginal tax rate % 1987 |
|---|---|---|---|
| 0 | 0 | 0 | 4.5 |
| 7,800 | 4 | 63,000 | 13 |
| 70,200 | 15 | 72,000 | 20 |
| 78,000 | 20 | 126,000 | 25 |
| 124,800 | 25 | 135,000 | 30 |
| 140,400 | 29 | 144,000 | 34 |
| 148,200 | 34 | 180,000 | 40 |
| 163,800 | 35 | 189,000 | 45 |
| 179,400 | 40 | 342,000 | 47 |
| 202,800 | 45 | | |
| 351,000 | 50 | | |

*Note:* In 1985–1986, a marginal tax cap was in place that limited the total marginal income tax (local and state) to at most 80 percent of taxable income.
*Source:* Söderberg (1996, 100–101).

Table 16. The state marginal income tax rate, 1988–1990.

| State taxable income | Marginal tax rate % 1988 | State taxable income | Marginal tax rate % 1989 | State taxable income | Marginal tax rate % 1990 |
|---|---|---|---|---|---|
| 0 | 5 | 0 | 5 | 0 | 3 |
| 70,000 | 20 | 75,000 | 17 | 75,000 | 10 |
| 140,000 | 34 | 140,000 | 31 | 140,000 | 24 |
| 190,000 | 45 | 190,000 | 42 | 190,000 | 35 |

*Source:* Söderberg (1996, 102–103).

Table 17. The state marginal income tax rate, 1991–1998.

| State taxable income | Marginal tax rate, % 1991–1994 | Marginal tax rate, % 1995–1998 |
|---|---|---|
| 0 | 0 | 0 |
| Tax limit | 20 | 25 |

| Year | Tax limit |
|---|---|
| 1991 | 170,000 |
| 1992 | 186,600 |
| 1993 | 190,600 |
| 1994 | 198,700 |
| 1995 | 203,900 |
| 1996 | 209,100 |
| 1997 | 209,100 |
| 1998 | 213,100 |

*Source*: Söderberg (1996, 103–105); Skatteverket (2009, 71, Table 4.20).

Table 18. The state marginal income tax rate, 1999–2013.

| State taxable income | Marginal tax rate, % 1999–2013 |
|---|---|
| 0 | 0 |
| Lower tax limit | 20 |
| Upper tax limit | 25 |

| Year | Lower tax limit | Upper tax limit |
|---|---|---|
| 1999 | 219,300 | 360,000 |
| 2000 | 232,600 | 374,000 |
| 2001 | 252,000 | 390,400 |
| 2002 | 273,800 | 414,200 |
| 2003 | 284,300 | 430,000 |
| 2004 | 291,800 | 441,300 |
| 2005 | 298,600 | 450,500 |
| 2006 | 306,000 | 460,600 |
| 2007 | 316,700 | 476,700 |
| 2008 | 328,800 | 495,000 |
| 2009 | 367,600 | 526,200 |
| 2010 | 372,100 | 532,700 |
| 2011 | 383,000 | 548,300 |
| 2012 | 401,100 | 574,300 |
| 2013 | 413,200 | 591,600 |

*Source:* Skatteverket (2013, 152, Table 7.40).

Table 19. Defense taxes, 1913, 1918–1919.

| Taxable income | Marginal tax rate % 1913 | Taxable income | Marginal tax rate % 1918 | Taxable income | Marginal tax rate % 1919 |
|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 |
| 5,000 | 2.5 | 6,000 | 1.5 | 10,000 | 2.5 |
| 8,000 | 3.0 | 8,000 | 2.0 | 12,000 | 3.0 |
| 12,000 | 3.5 | 10,000 | 2.5 | 15,000 | 3.5 |
| 14,000 | 4.0 | 12,000 | 3.0 | 20,000 | 4.0 |
| 17,000 | 4.5 | 15,000 | 3.5 | 30,000 | 4.5 |
| 20,000 | 5.0 | 20,000 | 4.0 | 50,000 | 5.0 |
| 25,000 | 6.0 | 30,000 | 4.5 | 80,000 | 6.0 |
| 30,000 | 7.0 | 50,000 | 5.0 | 100,000 | 7.0 |
| 40,000 | 8.0 | 80,000 | 6.0 | 125,000 | 8.0 |
| 50,000 | 9.0 | 150,000 | 7.0 | 150,000 | 9.0 |
| 70,000 | 10.0 | | | 200,000 | 10.0 |
| 100,000 | 11.0 | | | 300,000 | 11.0 |
| 150,000 | 12.5 | | | 400,000 | 12.0 |
| 225,000 | 13.5 | | | 500,000 | 13.0 |
| 537,000 | 12.0 | | | 600,000 | 14.0 |
| | | | | 700,000 | 15.0 |
| | | | | 800,000 | 16.0 |
| | | | | 900,000 | 17.0 |
| | | | | 988,700 | 12.0 |

*Note*: Taxable income refers to state taxable income. The defense tax in 1913 included one-tenth of wealth, and the payment was split over three years, 1915, 1916 and 1917. The defense taxes in 1918 and 1919 included one-sixtieth of wealth. In the highest tax bracket, the marginal income tax rate was lower due to the average tax cap.
*Source*: 1913: Genberg (1942, 21–22); 1918: SFS 1917:513; 1919: SFS 1918:513.

Table 20. Defense surtax, 1918.

| Taxable income | Marginal tax rate % |
|---|---|
| 0 | 0 |
| 100,000 | 1.0 |
| 125,000 | 2.0 |
| 200,000 | 3.0 |
| 300,000 | 4.0 |
| 400,000 | 5.0 |
| 500,000 | 6.0 |
| 600,000 | 7.0 |
| 700,000 | 8.0 |
| 800,000 | 9.0 |
| 900,000 | 10.0 |
| 925,000 | 5.0 |

*Note*: Taxable income refers to state taxable income and included one-sixtieth of taxpayer’s wealth. In the highest tax bracket, the marginal income tax rate was lower due to the average tax cap.
*Source*: SFS 1918:512.

Table 21. Defense taxes during World War II, 1939–1947.

| Taxable income | Marginal tax rate, % 1939 | Taxable income | Marginal tax rate, % 1940–41 | Taxable income | Marginal tax rate, % 1942–47 |
|---|---|---|---|---|---|
| 0 | 2.7 | 0 | 5.0 | 0 | 6.0 |
| 3,000 | 3.3 | 3,000 | 5.5 | 3,000 | 7,0 |
| 6,000 | 3.9 | 6,000 | 6.5 | 6,000 | 8,0 |
| 8,000 | 4.9 | 9,000 | 8.0 | 9,000 | 10,0 |
| 10,000 | 5.9 | 12,000 | 10.0 | 12,000 | 12,5 |
| 15,000 | 7.9 | 15,000 | 12.0 | 15,000 | 15,0 |
| 25,000 | 9.9 | 25,000 | 14.0 | 25,000 | 18,0 |
| 40,000 | 11.9 | 35,000 | 16.0 | 35,000 | 21,0 |
| 60,000 | 13.9 | 50,000 | 18.0 | 50,000 | 24,0 |
| 100,000 | 15.9 | 100,000 | 20.5 | 100,000 | 27,5 |
| 200,000 | 17.9 | 200,000 | 23.0 | 200,000 | 31,0 |

*Note:* Formally, the defense tax in 1939 was half of the state income tax. Hence, if the taxpayer paid 5.4 percent in state income tax, (s)he had to pay an additional 2.7 percent of taxable income in defense tax. Taxable income refers to state taxable income, including one percent of wealth.
*Source*: Genberg (1942, 24–25).

Table 22. The local progressive income tax (*den kommunala progressivskatten*), 1920–1938.

| State taxable income | Base amount 1920–1927 % | State taxable income SEK | Base amount 1928–1938 % |
|---|---|---|---|
| 0 | 0 | 0 | 0 |
| 3,000 | 0.5 | 3,000 | 0.5 |
| 6,000 | 1.0 | 9,000 | 1.0 |
| 10,000 | 2.0 | 15,000 | 2.0 |
| 25,000 | 3.0 | 35,000 | 3.0 |
| 40,000 | 4.0 | 60,000 | 4.0 |
| 60,000 | 5.0 | 100,000 | 5.0 |
| 100,000 | 6.0 | 432,000 | 4.5 |
| 150,000 | 7.0 | | |
| 200,000 | 8.0 | | |
| 294,750 | 6.0 | | |

| Withdrawal percentage | |
|---|---|
| 1920 | 92.50 |
| 1921 | 92.50 |
| 1922 | 93.75 |
| 1923 | 93.75 |
| 1924 | 93.75 |
| 1925 | 93.75 |
| 1926 | 93.75 |
| 1927 | 96.25 |

*Note*: The base amount multiplied by the withdrawal percentage yields the marginal income tax rate.
*Source*: Genberg (1942, 22–23); Söderberg (1996, 75–76).

Table 23. The state equalization tax (*den statliga utjämningsskatten*), 1928–1938.

| State taxable income | Base amount 1928–1933 % | State taxable income | Base amount 1934–1938 % |
|---|---|---|---|
| 0 | 0 | 0 | 0 |
| 3,000 | 0.167 | 3,000 | 0.333 |
| 9,000 | 0.333 | 9,000 | 0.667 |
| 15,000 | 0.667 | 15,000 | 1.333 |
| 35,000 | 1.000 | 35,000 | 2.000 |
| 60,000 | 1.333 | 60,000 | 2.667 |
| 100,000 | 1.667 | 100,000 | 3.333 |
| 432,000 | 1.500 | 432,000 | 3.000 |

| Withdrawal percentage | |
|---|---|
| 1928 | 85 |
| 1929 | 85 |
| 1930 | 80 |
| 1931 | 100 |
| 1932 | 100 |
| 1933 | 100 |

*Note*: Formally, the state equalization tax was one-third of the local progressive income tax between 1928 and 1933 and two-thirds between 1934 and 1938. To calculate the exact marginal income tax rate for a specific year between 1928 and 1933, one must multiply the base amount by the withdrawal percentage for the specific year.
*Source*: Genberg (1942, 23); Söderberg (1996, 77).

Table 24. The extra state income tax (*den statliga extra inkomstskatten*), 1932–1938.

| State taxable income | Marginal tax rate, % 1932–1935 | State taxable income | Marginal tax rate, % 1936–1938 |
|---|---|---|---|
| 0 | 0 | 0 | 0 |
| 6,000 | 0.5 | 6,000 | 1.0 |
| 8,000 | 1.0 | 8,000 | 2.0 |
| 12,000 | 1.5 | 10,000 | 3.0 |
| 20,000 | 2.0 | 12,000 | 4.0 |
| 30,000 | 2.5 | 20,000 | 5.0 |
| 40,000 | 3.0 | 30,000 | 6.0 |
| 60,000 | 3.5 | 50,000 | 7.0 |
| 100,000 | 4.0 | 100,000 | 8.0 |

*Source*: Genberg (1942, 23).

# Appendix E. Basic local and state income tax allowances.

Table 25. The basic state and local allowances, 1920–1990.

| Year | Local allowance | State allowance |
|---|---|---|
| 1920 | 600 | 1,200 |
| 1921 | 600 | 1,200 |
| 1922 | 450 | 900 |
| 1923 | 450 | 900 |
| 1924 | 450 | 900 |
| 1925 | 450 | 900 |
| 1926 | 450 | 900 |
| 1927 | 400 | 800 |
| 1928 | 420 | 840 |
| 1929 | 420 | 840 |
| 1930 | 420 | 840 |
| 1931 | 420 | 840 |
| 1932 | 420 | 840 |
| 1933 | 420 | 840 |
| 1934 | 420 | 840 |
| 1935 | 420 | 840 |
| 1936 | 420 | 840 |
| 1937 | 420 | 840 |
| 1938 | 420 | See Table 26 |
| 1939 | 420 | See Table 26 |
| 1940 | 420 | See Table 26 |
| 1941 | 420 | See Table 26 |
| 1942 | 420 | See Table 26 |
| 1943 | 420 | See Table 26 |
| 1944 | 420 | See Table 26 |
| 1945 | 420 | See Table 26 |
| 1946 | 420 | See Table 26 |
| 1947 | 420 | See Table 26 |
| 1948 | 420 | See Table 27 |
| 1949 | 420 | See Table 27 |
| 1950 | 420 | See Table 27 |
| 1951 | 420 | See Table 27 |
| 1952 | 1,290 | See Table 27 |
| 1953 | 1,290 | 1,840 |
| 1954 | 1,290 | 1,840 |
| 1955 | 1,290 | 1,840 |
| 1956 | 1,290 | 1,840 |
| 1957 | 1,290 | 1,840 |
| 1958 | 1,840 | 1,840 |
| 1959 | 1,840 | 1,840 |
| 1960 | 1,840 | 1,840 |
| 1961 | 1,840 | 1,840 |
| 1962 | 2,250 | 2,250 |
| 1963 | 2,250 | 2,250 |
| 1964 | 2,250 | 2,250 |
| 1965 | 2,250 | 2,250 |

| Year | Local allowance | State allowance |
|---|---|---|
| 1966 | 2,250 | 2,250 |
| 1967 | 2,250 | 2,250 |
| 1968 | 2,250 | 2,250 |
| 1969 | 2,250 | 2,250 |
| 1970 | 2,250 | 2,250 |
| 1971 | See Table 28 | See Table 28 |
| 1972 | See Table 28 | See Table 28 |
| 1973 | See Table 28 | See Table 28 |
| 1974 | See Table 28 | See Table 28 |
| 1975 | 4,500 | 4,500 |
| 1976 | 4,500 | 4,500 |
| 1977 | 4,500 | 4,500 |
| 1978 | 4,500 | 4,500 |
| 1979 | 4,500 | 4,500 |
| 1980 | 6,000 | 0 |
| 1981 | 6,000 | 0 |
| 1982 | 7,500 | 0 |
| 1983 | 7,500 | 0 |
| 1984 | 7,500 | 0 |
| 1985 | 7,500 | 0 |
| 1986 | 7,500 | 0 |
| 1987 | 9,000 | 9,000 |
| 1988 | 10,000 | 10,000 |
| 1989 | 10,000 | 10,000 |
| 1990 | 10,000 | 10,000 |

*Note*: Until 1961 (local allowance) or 1937 (state allowance), the allowance was 50 percent higher, given that the assessed income was twice as high as the original allowance. If the assessed income was between the original allowance and double the original allowance, the allowance was increased by half of the difference between the assessed income and the original allowance. The basic tax allowances differed somewhat among cities until 1960, depending on the price level in each city. In Tables 25–27, we refer to the basic tax allowance in the average city. The local tax was deductible from the state taxable income between 1920 and 1970. In addition, the following allowance was guaranteed, even if the local tax was lower: in 1966, the guaranteed allowance was at least 25 percent of the total net income, and from 1967–1970, the guaranteed allowance was at least SEK 2,500 for single persons (Söderberg 1996, 65).
*Source*: Basic local allowance: Söderberg (1996, 54–62). Basic state allowance: Söderberg (1996, 67–73).

Table 26. Basic state income allowances, 1938–1947.

| Assessed income | Allowance |
|---|---|
| 0 | Allowance = state assessed income |
| 810 | SEK 810 plus SEK 10 for each SEK 20 exceeding SEK 810 in state assessed income |
| 1,170 | 990 |
| 1,210 | 1,000 |
| 1,230 | 1,010 |
| 1,250 | 1,020 |
| 1,270 | 1,030 |
| 1,310 | 1,040 |
| 1,330 | 1,050 |
| 1,350 | 1,060 |
| 1,410 | 1,070 |
| 1,430 | 1,080 |
| 1,450 | 1,090 |
| 1,510 | 1,100 |
| 1,530 | 1,110 |
| 1,550 | 1,120 |
| 1,610 | 1,130 |
| 1,900 | SEK 1,120 minus SEK 10 for each SEK 50 exceeding SEK 1,900 in state assessed income |
| 2,400 | 1,020 |
| 5,300 | SEK 1,010 minus SEK 10 for each SEK 100 exceeding SEK 5,300 in state assessed income |
| 13,800 | SEK 160 minus SEK 10 for each SEK 50 exceeding SEK 13,800 in state assessed income |
| 14,600 | 0 |

*Note*: For example, if the state assessed income was SEK 2,000, the allowance was calculated as 1,120 – 10 • ((2,000 – 1,900) / 50) = 1,100.
*Source*: Söderberg (1996, 68).

Table 27. Basic state income allowances, 1948–1952.

| State assessed income | Allowance | State assessed income | Allowance | State assessed income | Allowance | State assessed income | Allowance |
|---|---|---|---|---|---|---|---|
| 0 | 1,800 | 4,850 | 1,340 | 6,900 | 880 | 8,950 | 420 |
| 2,850 | 1,790 | 4,900 | 1,330 | 6,950 | 870 | 9,000 | 410 |
| 2,900 | 1,780 | 4,950 | 1,320 | 7,000 | 860 | 9,030 | 400 |
| 2,950 | 1,770 | 5,000 | 1,310 | 7,030 | 850 | 9,070 | 390 |
| 3,000 | 1,760 | 5,030 | 1,300 | 7,070 | 840 | 9,100 | 380 |
| 3,030 | 1,750 | 5,070 | 1,290 | 7,100 | 830 | 9,150 | 370 |
| 3,070 | 1,740 | 5,100 | 1,280 | 7,150 | 820 | 9,200 | 360 |
| 3,100 | 1,730 | 5,150 | 1,270 | 7,200 | 810 | 9,250 | 350 |
| 3,150 | 1,720 | 5,200 | 1,260 | 7,250 | 800 | 9,300 | 340 |
| 3,200 | 1,710 | 5,250 | 1,250 | 7,300 | 790 | 9,350 | 330 |
| 3,250 | 1,700 | 5,300 | 1,240 | 7,350 | 780 | 9,400 | 320 |
| 3,300 | 1,690 | 5,350 | 1,230 | 7,400 | 770 | 9,430 | 310 |
| 3,350 | 1,680 | 5,400 | 1,220 | 7,430 | 760 | 9,470 | 300 |
| 3,400 | 1,670 | 5,430 | 1,210 | 7,470 | 750 | 9,500 | 290 |
| 3,430 | 1,660 | 5,470 | 1,200 | 7,500 | 740 | 9,550 | 280 |
| 3,470 | 1,650 | 5,500 | 1,190 | 7,550 | 730 | 9,600 | 270 |
| 3,500 | 1,640 | 5,550 | 1,180 | 7,600 | 720 | 9,650 | 260 |
| 3,550 | 1,630 | 5,600 | 1,170 | 7,650 | 710 | 9,700 | 250 |
| 3,600 | 1,620 | 5,650 | 1,160 | 7,700 | 700 | 9,750 | 240 |
| 3,650 | 1,610 | 5,700 | 1,150 | 7,750 | 690 | 9,800 | 230 |
| 3,700 | 1,600 | 5,750 | 1,140 | 7,800 | 680 | 9,830 | 220 |
| 3,750 | 1,590 | 5,800 | 1,130 | 7,830 | 670 | 9,870 | 210 |
| 3,800 | 1,580 | 5,830 | 1,120 | 7,870 | 660 | 9,900 | 200 |
| 3,830 | 1,570 | 5,870 | 1,110 | 7,900 | 650 | 9,950 | 190 |
| 3,870 | 1,560 | 5,900 | 1,100 | 7,950 | 640 | 10,000 | 180 |
| 3,900 | 1,550 | 5,950 | 1,090 | 8,000 | 630 | 10,050 | 170 |
| 3,950 | 1,540 | 6,000 | 1,080 | 8,050 | 620 | 10,100 | 160 |
| 4,000 | 1,530 | 6,050 | 1,070 | 8,100 | 610 | 10,150 | 150 |
| 4,050 | 1,520 | 6,100 | 1,060 | 8,150 | 600 | 10,200 | 140 |
| 4,100 | 1,510 | 6,150 | 1,050 | 8,200 | 590 | 10,230 | 130 |
| 4,150 | 1,500 | 6,200 | 1,040 | 8,230 | 580 | 10,270 | 120 |
| 4,200 | 1,490 | 6,230 | 1,030 | 8,270 | 570 | 10,300 | 110 |
| 4,230 | 1,480 | 6,270 | 1,020 | 8,300 | 560 | 10,350 | 100 |
| 4,270 | 1,470 | 6,300 | 1,010 | 8,350 | 550 | 10,400 | 90 |
| 4,300 | 1,460 | 6,350 | 1,000 | 8,400 | 540 | 10,450 | 80 |
| 4,350 | 1,450 | 6,400 | 990 | 8,450 | 530 | 10,500 | 70 |
| 4,400 | 1,440 | 6,450 | 980 | 8,500 | 520 | 10,550 | 60 |
| 4,450 | 1,430 | 6,500 | 970 | 8,550 | 510 | 10,600 | 50 |
| 4,500 | 1,420 | 6,550 | 960 | 8,600 | 500 | 10,630 | 40 |
| 4,550 | 1,410 | 6,600 | 950 | 8,630 | 490 | 10,670 | 30 |
| 4,600 | 1,400 | 6,630 | 940 | 8,670 | 480 | 10,700 | 20 |
| 4,630 | 1,390 | 6,670 | 930 | 8,700 | 470 | 10,750 | 10 |
| 4,670 | 1,380 | 6,700 | 920 | 8,750 | 460 | 10,800 | 0 |
| 4,700 | 1,370 | 6,750 | 910 | 8,800 | 450 | | |
| 4,750 | 1,360 | 6,800 | 900 | 8,850 | 440 | | |
| 4,800 | 1,350 | 6,850 | 890 | 8,900 | 430 | | |

*Source*: Söderberg (1996, 69–72).

Table 28. Basic local and state income tax allowances, 1971–1974.

| Assessed income | Allowance |
|---|---|
| 0 | 4,500 |
| 30,000 | 4,500 – 0.2 • ($T$ − 30,000) |
| 52,500 | 0 |

*Note:* $T$ = assessed income.
*Source*: Söderberg (1996, 58).

Table 29. Basic local and state income tax allowances, 1991–1992.

| Assessed income | Allowance 1991 | Assessed income | Allowance 1992 |
|---|---|---|---|
| 0 | 10,300 | 0 | 10,700 |
| 60,300 | 10,304 + 0.25 • ($T$ − 59,892) | 62,800 | 10,784 + 0.25 • ($T$ − 62,682) |
| 92,700 | 18,500 | 97,200 | 19,400 |
| 98,900 | 18,596 − 0.1 • ($T$ − 97,888) | 103,100 | 19,462 − 0.1 • ($T$ − 102,448) |
| 179,900 | 10,300 | 189,100 | 10,700 |

*Note*: $T$ = assessed income. The calculated amount is rounded down to closest hundred SEK.
*Source*: Söderberg (1996, 59–60).

Table 30. Basic local and state income tax allowances, 1993–1994.

| Assessed income | Allowance 1993 | Assessed income | Allowance Local 1994 |
|---|---|---|---|
| 0 | 11,000 | 0 | 8,800 |
| 64,400 | 11,004 + 0.25 • ($T$ − 63,984) | 65,900 | 8,800 + 0.25 • ($T$ − 65,472) |
| 99,200 | 19,800 | 101,500 | 17,800 |
| 105,300 | 19,866 − 0.1 • ($T$ − 104,576) | 107,700 | 17,864 − 0.1 • ($T$ − 107,008) |
| 192,300 | 11,000 | 196,700 | 8,800 |

*Note*: $T$ = assessed income. The calculated amount is rounded down to closest hundred SEK. In 1994, there was no allowance at the state level.
*Source*: Söderberg (1996, 60–61).

Table 31. Basic local and state income tax allowances, 1995–1996.

| Assessed income | Allowance 1995 | Assessed income | Allowance 1996 |
|---|---|---|---|
| 0 | 8,900 | 0 | 8,600 |
| 66,700 | 8,925 + 0.25 • ($T$ − 66,402) | 67,400 | 8,688 + 0.25 • ($T$ − 67,332) |
| 103,200 | 18,100 | 104,600 | 18,000 |
| 108,800 | 18,118 − 0.1 • ($T$ − 108,528) | 110,200 | 18,009 − 0.1 • ($T$ − 110,048) |
| 199,800 | 8,900 | 203,200 | 8,600 |

*Note*: $T$ = assessed income. The calculated amount is rounded down to closest hundred SEK.
*Source*: Söderberg (1996, 61–62).

Table 32. Basic local and state income tax allowances, 1997–1998.

| Assessed income | Allowance 1997 | Assessed income | Allowance 1998 |
|---|---|---|---|
| 0 | 8.700 | 0 | 8,700 |
| 67,900 | 8,712 + 0.25 • ($T$ − 67,518) | 68,000 | 8,800 + 0.25 • ($T$ − 68,000) |
| 104,700 | 18,000 | 105,200 | 18,100 |
| 111,000 | 18,059 – 0.1 • ($T$ − 110,352) | 110,800 | 18,000 − 0.1 • ($T$ − 110,800) |
| 203,000 | 8,700 | 203,800 | 8,700 |

*Note*: $T$ = assessed income. The calculated amount is rounded down to closest hundred SEK.
*Source*: Skattebetalarnas förening (1997, 35); Skatteverket (1998, 41).

Table 33. Basic local and state income tax allowances, 1999–2000.

| Assessed income | Allowance 1999 | Assessed income | Allowance 2000 |
|---|---|---|---|
| 0 | 8,700 | 0 | 8,700 |
| 68,000 | 8,800 + 0.25 • ($T$ − 68,000) | 68,200 | 8,800 + 0.25 • ($T$ − 68,200) |
| 105,200 | 18,100 | 105,800 | 18,200 |
| 110,800 | 18,000 − 0.1 • ($T$ − 110,800) | 111,400 | 18,100 − 0.1 • ($T$ − 111,400) |
| 203,800 | 8,700 | 205,400 | 8,700 |

*Note*: $T$ = assessed income. The calculated amount is rounded down to closest hundred SEK in 1999 and 2000.
*Source*: Skatteverket (1999, 46); Skatteverket (2000, 51).

Table 34. Basic local and state income tax allowances, 2001–2002.

| Assessed income | Allowance 2001 | Assessed income | Allowance 2002 |
|---|---|---|---|
| 0 | 10,000 | 0 | 11,200 |
| 68,800 | 10,100 + 0.25 • ($T$ − 68,800) | 70,900 | 11,300 + 0.25 • ($T$ − 70,900) |
| 106,400 | 19,500 | 109,300 | 20,900 |
| 112,900 | 19,400 − 0.1 • ($T$ − 112,900) | 115,900 | 20,800 − 0.1 • ($T$ − 115,900) |
| 206,900 | 10,000 | 211,900 | 11,200 |

*Note*: $T$ = assessed income. The calculated number is rounded to closest hundred SEK in 2001 and rounded up to closest hundred SEK in 2002.
*Source*: Skatteverket (2001, 50); Skatteverket (2002, 51).

Table 35. Basic local and state income tax allowances, 2003–2004.

| Assessed income | Allowance 2003 | Assessed income | Allowance 2004 |
|---|---|---|---|
| 0 | 16,400 | 0 | 16,700 |
| 57,600 | 16,400 + 0.17 • ($T$ − 57,600) | 58,557 | 16,700 + 0.2 • ($T$ − 58,557) |
| 105,000 | 25,900 | 106,896 | 26,400 |
| 119,700 | 25,900 − 0.1 • ($T$ − 119,700) | 121,830 | 26,400 − 0.1 • ($T$ − 121,830) |
| 265,200 | 11,400 | 269,991 | 11,600 |

*Note*: $T$ = assessed income. The calculated number is rounded up to closest hundred SEK.
*Source*: Skatteverket (2002, 51); Skatteverket (2003, 67).

Table 36. Basic local and state income tax allowances, 2005.

| Assessed income | Allowance 2005 |
|---|---|
| 0 | 0.423 PBB |
| 1.185 PBB | 0.423 + 0.20 • ($T$ − 1.185 PBB) |
| 2.72 PBB | 0.73 PBB |
| 3.11 PBB | 0.73 PBB − 0.10 • ($T$ − 3.11 PBB) |
| 7.48 PBB | 0.293 PBB |

*Note*: PBB = price basic amount (*prisbasbelopp*). *T* = assessed income. PBB 2005 = SEK 39,400. The calculated number is rounded up to closest hundred SEK.
*Source*: Skatteverket (2004, 70).

Table 37. Basic local and state income tax allowances, 2006–2013.

| Assessed income | Allowance |
|---|---|
| 0 | 0.423 PBB |
| 0.99 PBB | 0.423 PBB + 0.20 • ($T$ − 0.99 PBB) |
| 2.72 PBB | 0.77 PBB |
| 3.11 PBB | 0.77 PBB − 0.10 • ($T$ − 3.11 PBB) |
| 7.88 PBB | 0.293 PBB |

| Year | PBB |
|---|---|
| 2006 | 39,700 |
| 2007 | 40,300 |
| 2008 | 41,000 |
| 2009 | 42,800 |
| 2010 | 42,400 |
| 2011 | 42,800 |
| 2012 | 44,000 |
| 2013 | 44,500 |

*Note*: PBB = price basic amount (*prisbasbelopp*). *T* = assessed income. The calculated number is rounded up to closest hundred SEK.
*Source*: Skatteverket (2005, 68); Skatteverket (2006, 69); Skatteverket (2007, 70); Skatteverket (2008, 70); Skatteverket (2009, 70); Skatteverket (2010, 70); Skatteverket (2011, 70); Skatteverket (2013, 130).

## Appendix F. National basic pension contribution paid by employees (*folkpensionsavgift*).

Table 38. National basic pension contribution, 1913–1921.

| State assessed income | Fee |
|---|---|
| 0 | 3 |
| 500 | 5 |
| 800 | 8 |
| 1,200 | 13 |

*Source*: Elmér (1960, 222).

Table 39. National basic pension contribution, 1922–1935.

| State assessed income | Fee |
|---|---|
| 0 | 3 |
| 600 | 5 |
| 800 | 8 |
| 1,200 | 13 |
| 3,000 | 18 |
| 5,000 | 23 |
| 7,000 | 28 |
| 10,000 | 33 |

*Source*: Elmér (1960, 222).

Table 40. National basic pension contribution, 1936–1974.

| Year | Fee |
|---|---|
| 1936–1947 | 1.0 percent of the state assessed income, however at least SEK 6 and at the most SEK 20. |
| 1948–1951 | 1.0 percent of the state assessed income, however at least SEK 6 and at the most SEK 100. |
| 1952–1953 | Same as above although no minimum amount. |
| 1954–1956 | 1.8 percent of the state assessed income. For unmarried individuals a maximum of SEK 180. No fee if the assessed income is less than SEK 1,200. |
| 1957–1958 | 2.5 percent of the state assessed income. For unmarried individuals a maximum of SEK 250. No fee if the assessed income is less than SEK 1,200. |
| 1959–1961 | 4.0 percent of the state assessed income. A maximum of SEK 600 for unmarried individuals. No fee if the assessed income is less than SEK 1,200. |
| 1962–1965 | Same as above although the exemption from fee for low incomes is expanded up to SEK 2,400 in state assessed income. |
| 1966 | 4.0 percent of the state taxable income. A maximum of 1,200 SEK for unmarried individuals. |
| 1967 | 4.5 percent of the state taxable income. A maximum of 1,350 SEK for unmarried individuals. |
| 1968–1973 | 5.0 percent of the state taxable income. A maximum of 1,500 SEK per individual. |

*Source*: Söderberg (1996, 111–113).

## Appendix G. Health insurance fee paid by employees (*sjukförsäkringsavgift*).

Table 41. Health insurance fee, 1955–1962.

| Annual wage | Fee | | |
|---|---|---|---|
| | 1955–1958 | 1959–1961 | 1962 |
| 0 | 65 | 75 | 100 |
| 1,800 | 75 | 85 | 105 |
| 2,400 | 80 | 90 | 110 |
| 3,000 | 85 | 95 | 115 |
| 3,600 | 95 | 100 | 120 |
| 4,200 | 100 | 105 | 125 |
| 5,000 | 105 | 115 | 135 |
| 5,800 | 110 | 120 | 140 |
| 6,800 | 125 | 130 | 150 |
| 8,400 | 140 | 145 | 165 |
| 10,200 | 155 | 155 | 175 |
| 12,000 | 170 | 170 | 190 |
| 14,000 | 185 | 180 | 200 |

*Note:* Because the fee was a fixed amount in SEK within certain income brackets until 1973, the marginal effect within the brackets was zero.
*Source*: Söderberg (1996, 49).

Table 42. Health insurance fee, 1963–1966.

| Annual wage | Fee | | |
|---|---|---|---|
| | 1963–1964 | 1965 | 1966 |
| 0 | 120 | 130 | 140 |
| 1,800 | 120 | 130 | 140 |
| 2,600 | 130 | 135 | 150 |
| 3,400 | 135 | 145 | 155 |
| 4,200 | 140 | 150 | 165 |
| 5,000 | 150 | 160 | 175 |
| 5,800 | 160 | 170 | 185 |
| 6,800 | 170 | 185 | 200 |
| 8,400 | 190 | 200 | 215 |
| 10,200 | 200 | 215 | 235 |
| 12,000 | 215 | 230 | 250 |
| 14,000 | 230 | 245 | 265 |
| 16,000 | 245 | 260 | 285 |
| 18,000 | 265 | 285 | 310 |
| 21,000 | 290 | 310 | 335 |

*Note:* Because the fee was a fixed amount in SEK within certain income brackets until 1973, the marginal effect within the brackets was zero.
*Source*: Söderberg (1996, 50).

Table 43. Health insurance fee, 1967–1973.

| Annual wage | Fee | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 |
| 0 | 145 | 205 | 240 | 240 | 0 | 0 | 0 |
| 1,800 | 145 | 205 | 240 | 240 | 255 | 295 | 310 |
| 2,600 | 155 | 210 | 245 | 245 | 260 | 300 | 320 |
| 3,400 | 160 | 220 | 250 | 255 | 265 | 305 | 325 |
| 4,200 | 165 | 225 | 255 | 260 | 275 | 310 | 335 |
| 5,000 | 170 | 230 | 260 | 265 | 280 | 320 | 340 |
| 5,800 | 185 | 245 | 275 | 280 | 285 | 330 | 355 |
| 6,800 | 195 | 260 | 285 | 295 | 305 | 345 | 370 |
| 8,400 | 205 | 270 | 300 | 305 | 320 | 360 | 385 |
| 10,200 | 225 | 290 | 315 | 325 | 340 | 380 | 405 |
| 12,000 | 245 | 310 | 335 | 345 | 360 | 400 | 425 |
| 14,000 | 260 | 330 | 350 | 365 | 380 | 420 | 450 |
| 16,000 | 280 | 350 | 370 | 385 | 400 | 440 | 470 |
| 18,000 | 295 | 370 | 390 | 405 | 420 | 460 | 490 |
| 21,000 | 315 | 390 | 405 | 425 | 440 | 475 | 515 |
| 24,000 | 335 | 410 | 425 | 445 | 460 | 495 | 535 |
| 27,000 | 350 | 430 | 440 | 465 | 480 | 515 | 555 |
| 30,000 | 370 | 450 | 460 | 485 | 500 | 535 | 575 |
| 33,000 | 385 | 470 | 485 | 505 | 520 | 555 | 600 |
| 36,000 | 405 | 490 | 495 | 525 | 540 | 575 | 620 |
| 39,000 | 425 | 510 | 515 | 545 | 560 | 595 | 640 |

*Note:* Because the fee was a fixed amount in SEK within certain income brackets until 1973, the marginal effect within the brackets was zero.
*Source*: Söderberg (1996, 51).

Table 44. Health insurance fee, 1974.

| | |
|---|---|
| 1974 | SEK 300 + 1.6 percent of salary up to SEK 60,750.<br>(Hence, the maximum fee was SEK 1,272.) |

*Source*: Söderberg (1996, 52).

## Appendix H. General employee-paid social security contributions (*allmänna egenavgifter*).

Table 45. General employee-paid social security contributions, 1993–2013.

| Year | Fee<br>% | Income cap | Tax compensation<br>% | Marginal effect<br>% | Allowance to local and state income tax<br>% |
|---|---|---|---|---|---|
| 1993 | 0.95 | 258,000 | 0 | 0.95 | 100 |
| 1994 | 1.95 | 264,000 | 0 | 1.95 | 100 |
| 1995 | 3.95 | 270,000 | 0 | 3.95 | 100 |
| 1996 | 4.95 | 276,000 | 0 | 4.95 | 100 |
| 1997 | 5.95 | 277,500 | 0 | 5.95 | 100 |
| 1998 | 6.95 | 299,000 | 0 | 6.95 | 100 |
| 1999 | 6.95 | 299,800 | 0 | 6.95 | 100 |
| 2000 | 7.0 | 301,000 | 25 | 5.25 | 75 |
| 2001 | 7.0 | 304,200 | 50 | 3.5 | 50 |
| 2002 | 7.0 | 313,100 | 75 | 1.75 | 25 |
| 2003 | 7.0 | 330,000 | 75 | 1.75 | 25 |
| 2004 | 7.0 | 341,300 | 75 | 1.75 | 25 |
| 2005 | 7.0 | 349,400 | 87.5 | 0.875 | 12.5 |
| 2006 | 7.0 | 359,100 | 100 | 0 | 0 |
| 2007 | 7.0 | 370,400 | 100 | 0 | 0 |
| 2008 | 7.0 | 387,300 | 100 | 0 | 0 |
| 2009 | 7.0 | 410,700 | 100 | 0 | 0 |
| 2010 | 7.0 | 412,300 | 100 | 0 | 0 |
| 2011 | 7.0 | 420,400 | 100 | 0 | 0 |
| 2012 | 7.0 | 440,600 | 100 | 0 | 0 |
| 2013 | 7.0 | 456,700 | 100 | 0 | 0 |

*Note*: Beginning in 2000, taxpayers were compensated for the fee, which lowered the marginal effect. The allowance to the local and state income tax was decreased commensurately.
*Source*: 1993–1996: Söderberg (1996, 52). 1997–2013: Skatteverket (2013, Table 7.32).

## Appendix I. Income tax credits (*skattereduktion för arbetsinkomster*).

Table 46. Tax credits, 1999–2002.

| Income | Tax credit |
|---|---|
| 0 | 1,320 |
| 135,000 | SEK 1,320 minus 1.2% times the income exceeding SEK 135,000 |
| 245,000 | 0 |

*Note*: 1999–2001: Income refers to pension-entitled income. In 2002, it refers to taxable income.
*Source*: Skatteverket (2002, 50).

Table 47. Earned income tax credit, 2007.

| Income from active work per year (AI) | Tax credit |
|---|---|
| 0 | (AI − GA) • KI |
| 0.79 PBB | (0.79 PBB + 0.2 • (AI − 0.79 PBB) − GA) • KI |
| 2.72 PBB | (1.176 PBB − GA) • KI |

*Note*: Refers to persons below age 65.
PBB = Price basic amount according to the National Insurance Act
AI = Labor income
GA = The sum of all basic allowances and sea income tax reduction
KI = The tax rate for municipal income tax
In 2007, the price basic amount was SEK 40,300.
*Source*: Ministry of Finance (2006, 46–47).

Table 48. Earned income tax credit, 2008.

| Income from active work per year (AI) | Tax credit |
|---|---|
| 0 | (AI − GA) • KI |
| 0.91 PBB | (0.91 PBB + 0.2 • (AI − 0.91 PBB) − GA) • KI |
| 2.72 PBB | (1.272 PBB + 0.033 • (AI − 72 PBB) − GA) • KI |
| 7.00 PBB | (1.413 PBB − GA) • KI |

*Note*: Refers to persons below age 65.
PBB = Price basic amount according to the National Insurance Act
AI = Labor income
GA = The sum of all basic allowances and sea income tax reduction
KI = The tax rate for municipal income tax
In 2008, the price basic amount was SEK 41,000.
*Source*: Ministry of Finance (2007, 43).

Table 49. Earned income tax credit, 2009.

| Income from active work per year (AI) | Tax credit |
|---|---|
| 0 | (AI − GA) • KI |
| 0.91 PBB | (0.91 PBB + 0.25 • (AI − 0.91 PBB) − GA) • KI |
| 2.72 PBB | (1.363 PBB + 0.065 • (AI − 2.72 PBB) − GA) • KI |
| 7.00 PBB | (1.642 PBB − GA) • KI |

*Note*: Refers to persons below age 65.
PBB = Price basic amount according to the National Insurance Act
AI = Labor income
GA = The sum of all basic allowances and sea income tax reduction
KI = The tax rate for municipal income tax
In 2009, the price basic amount was SEK 42,800.
*Source*: Ministry of Finance (2008, 46–47).

Table 50. Earned income tax credit, 2010–2013

| Income from active work per year (AI) | Tax credit |
|---|---|
| 0 | (AI − GA) • KI |
| 0.91 PBB | (0.91 PBB + 0.304 • (AI − 0.91 PBB) − GA) • KI |
| 2.72 PBB | (1.461 PBB + 0.095 • (AI − 2.72 PBB) − GA) • KI |
| 7.00 PBB | (1.868 PBB − GA) • KI |

*Note*: Refers to persons below age 65.
PBB = Price basic amount according to the National Insurance Act
AI = Labor income
GA = The sum of all basic allowances and sea income tax reduction
KI = The tax rate for municipal income tax
In 2010 (2011; 2012; 2013) the price basic amount was SEK 42,400 (42,800; 44,000; 44,500).
*Source*: Ministry of Finance (2009, 61–62); Ministry of Finance (2010, 66); Ministry of Finance (2011, 66); Ministry of Finance (2012, 68).

## Appendix J. Employer-paid social security contributions (*arbetsgivaravgifter*).

Table 51. Employer-paid social security contributions, 1955–2013.

| Year | Fee, % | Levied on |
|---|---|---|
| 1955–1959 | 1.14 | wage share up to SEK 15,000 |
| 1960 | 1.14 | wage share up to SEK 4,200 |
| | 4.14 | wage share between SEK 4,200 and SEK 15,000 |
| | 3,00 | wage share between SEK 15,000 and SEK 31,500 |
| 1961 | 1.14 | wage share up to SEK 4,300 |
| | 5.14 | wage share between SEK 4,300 and SEK 15,000 |
| | 4.00 | wage share between SEK 15,000 and SEK 32,250 |
| 1962 | 1.14 | wage share up to SEK 4,500 |
| | 6.14 | wage share between SEK 4,500 and SEK 15,000 |
| | 5,00 | wage share between SEK 15,000 and SEK 33,750 |
| 1963 | 1.50 | wage share up to SEK 4,700 |
| | 7.50 | wage share between SEK 4,700 and SEK 22,000 |
| | 6,00 | wage share between SEK 22,000 and SEK 35,250 |
| 1964 | 1.50 | wage share up to SEK 4,800 |
| | 8.50 | wage share between SEK 4,800 and SEK 22,000 |
| | 7.00 | wage share between SEK 22,000 and SEK 36,000 |
| 1965 | 1.50 | wage share up to SEK 5,000 |
| | 9.00 | wage share between SEK 5,000 and SEK 22,000 |
| | 7.50 | wage share between SEK 22,000 and SEK 37,500 |
| 1966 | 1.50 | wage share up to SEK 5,300 |
| | 9.50 | wage share between SEK 5,300 and SEK 22,000 |
| | 8.00 | wage share between SEK 22,000 and SEK 39,750 |
| 1967 | 2.60 | wage share up to SEK 5,500 |
| | 11.1 | wage share between SEK 5,500 and SEK 41,250 |
| 1968 | 2.60 | wage share up to SEK 5,700 |
| | 11.6 | wage share between SEK 5,700 and SEK 42,750 |
| 1969 | 3.60 | wage share up to SEK 5,800 |
| | 13.1 | wage share between SEK 5,800 and SEK 43,500 |
| | 1.00 | wage share exceeding SEK 43,500 |
| 1970 | 3.90 | wage share up to SEK 6,000 |
| | 13.9 | wage share between SEK 6,000 and SEK 45,000 |
| | 1.00 | wage share exceeding SEK 45,000 |
| 1971 | 5.12 | wage share up to SEK 6,400 |
| | 15.37 | wage share between SEK 6,400 and SEK 48,000 |
| | 2.00 | wage share exceeding SEK 48,000 |
| 1972 | 5.47 | wage share up to SEK 7,100 |
| | 15.97 | wage share between SEK 7,100 and SEK 53,250 |
| | 2.00 | wage share exceeding SEK 53,250 |
| 1973 | 7.57 | wage share up to SEK 7,300 |
| | 18.07 | wage share between SEK 7,300 and SEK 54,750 |

| Year | Fee, % | Levied on |
|---|---|---|
| | 4.00 | wage share exceeding SEK 54,750 |
| 1974 | 11.87 | wage share up to SEK 8,100 |
| | 22.37 | wage share between SEK 8,100 and SEK 60,750 |
| | 4.00 | wage share exceeding SEK 60,750 |
| 1975 | 15.97 | wage share up to SEK 9,000 |
| | 26.72 | wage share between SEK 9,000 and SEK 67,500 |
| | 4.00 | wage share exceeding SEK 67,500 |
| 1976 | 19.675 | wage share up to SEK 9,700 |
| | 30.675 | wage share between SEK 9,700 and SEK 72,750 |
| | 19.675 | wage share exceeding SEK 72,750 |
| 1977 | 22.95 | wage share up to SEK 10,700 |
| | 34.7 | wage share between SEK 10,700 and SEK 80,250 |
| | 22.95 | wage share exceeding SEK 80,250 |
| 1978 | 21.97 | wage share up to SEK 11,800 |
| | 33.72 | wage share between SEK 11,800 and SEK 88,500 |
| | 21.97 | wage share exceeding SEK 88,500 |
| 1979 | 22.38 | wage share up to SEK 13,100 |
| | 34.13 | wage share between SEK 13,100 and SEK 98,250 |
| | 22.38 | wage share exceeding SEK 98,250 |
| 1980 | 23.25 | wage share up to SEK 13,900 |
| | 35.25 | wage share between SEK 13,900 and SEK 104,250 |
| | 23.25 | wage share exceeding SEK 104,250 |
| 1981 | 23.605 | wage share up to SEK 16,100 |
| | 35.855 | wage share between SEK 16,100 and SEK 120,750 |
| | 23.605 | wage share exceeding SEK 120,750 |
| 1982 | 33.055 | full wage |
| 1983 | 36.255 | full wage |
| 1984 | 36.155 | full wage |
| 1985 | 36.455 | full wage |
| 1986 | 36.45 | full wage |
| 1987 | 37.076 | full wage |
| 1988 | 37.07 | full wage |
| 1989 | 37.97 | full wage |
| 1990 | 38.97 | full wage |
| 1991 | 38.03 | full wage |
| 1992 | 34.83 | full wage |
| 1993 | 31.00 | full wage |
| 1994 | 31.36 | full wage |
| 1995 | 32.86 | full wage |
| 1996 | 33.06 | full wage |
| 1997 | 32.92 | full wage |
| 1998 | 33.03 | full wage |
| 1999 | 33.06 | full wage |
| 2000 | 32.92 | full wage |
| 2001 | 32.82 | full wage |

| Year | Fee, % | Levied on |
|---|---|---|
| 2002 | 32.82 | full wage |
| 2003 | 32.82 | full wage |
| 2004 | 32.70 | full wage |
| 2005 | 32.46 | full wage |
| 2006 | 32.28 | full wage |
| 2007 | 32.42 | full wage |
| 2008 | 32.42 | full wage |
| 2009 | 31.42 | full wage |
| 2010 | 31.42 | full wage |
| 2011 | 31.42 | full wage |
| 2012 | 31.42 | full wage |
| 2013 | 31.42 | full wage |

*Note*: Including the unspecified payroll tax (*allmän arbetsgivaravgift*).
*Source*: 1955–1996: Söderberg (1996, 117–119); 1997–2013: Skatteverket (2013, Table 7.32).

## References

Agell, Jonas, Peter Englund, and Jan Södersten. 1995. “Svensk skattepolitik i teori och praktik. 1991 års skattereform.” In *Ekonomiska Rådets rapport till kommittén för utvärdering av skattereformen,* bilaga 1, SOU 1995:104. Stockholm: Fritzes.

Agell, Jonas, Peter Englund, and Jan Södersten. 1998. *Incentives and Redistribution in the Welfare State: The Swedish Tax Reform*. London: Macmillan.

Aidt, Toke S. and Peter S. Jensen. 2009. “Tax Structure, Size of Government, and the Extension of the Voting Franchise in Western Europe, 1860–1938.” *International Tax and Public Finance* 16(3), 362–394.

Barro, Robert J. and Chaipat Sahasakul. 1986. “Average Marginal Tax Rates from Social Security and the Individual Income Tax.” *Journal of Business* 59(4), 555–566.

Bassanini, Andrea and Duval Romain. 2006. “Employment Patterns in OECD Countries: Reassessing the Role of Policies and Institutions.” OECD Economics Department Working Paper 486. Paris: OECD.

Bentzel, Ragnar. 1952. *Inkomstfördelningen i Sverige*. Stockholm: Industriens Utredningsinstitut.

Bergh, Andreas. 2014. “What Are the Policy Lessons from Sweden? On the Rise, Fall and Revival of a Capitalist Welfare State.” *New Political Economy* 19(5), 662–694.

Birkinshaw Julian, Pontus Braunerhjelm, Ulv Holm, and Siri A. Terjeseni. 2006. “Why Do Some Corporations Relocate their Headquarters Overseas?” *Strategic Management Journal* 27(7), 681–700.

Braunerhjelm, Pontus. 2004. “Heading for Headquarters? Why and How the Location of Headquarters Matter among the EU-Countries.” In *European Union and the Race for Foreign Direct Investment in Europe*, edited by Lars Oxelheim and Pervez N. Ghauri, 123–148. Amsterdam and Boston: Elsevier.

Confederation of Swedish Enterprise. 2014. *Fakta om löner och arbetstider 2014*. Stockholm: Svenskt Näringsliv.

Corneo, Giacomo. 2005. “The Rise and Likely Fall of the German Income Tax, 1958–2005.” *CESifo Economic Studies* 51(1), 159–186.

Dahlgren, Stellan and Kekke Stadin, eds. 1990. *Från feodalism till kapitalism: skatternas roll i det svenska samhällets omvandling 1720–1910*. Uppsala: Department of History, Uppsala University.

Daveri, Francesco and Guido Tabellini. 2000. “Unemployment, Growth and Taxation in Industrial Countries.” *Economic Policy* 15(30), 49–104.

de Haan, Jacob, Jan-Egbert Sturm, and Björn Volkerink. 2004. “How to Measure the Tax Burden on Labor at the Macro Level?” In *Measuring the Tax Burden on Capital and Labor*, edited by Peter Birch Sørensen, 289–318. Cambridge, MA: MIT Press.

Disney, Richard. 2006. “Household Saving Rates and the Design of Public Pension Programmes: Cross-Country Evidence.” *National Institute Economic Review* 198(1), 61–74.

Disney, Richard, Tito Boeri, and Tullio Jappelli. 2004. “Are Contributions to Public Pension Programmes a Tax on Employment?” *Economic Policy* 19(39), 267–311.

Du Rietz, Gunnar. 1994. *Välfärdsstatens finansiering*. Stockholm: City University Press.

Du Rietz, Gunnas and Magnus Henrekson. 2015. ”Swedish Wealth Taxation (1911–2007).” IFN Working Paper nr 1000, published as chapter 6, pp.267–302 in *Swedish Taxation: Developments since 1862*, edited by Magnus Henrekson and Mikael Stenkula, 267–302. New York: Palgrave Macmillan.

Eberstein, Gösta. 1929. *Om skatt till stat och kommun enligt svensk rätt: Förra delen*. Stockholm: Norstedts.

Eberstein, Gösta. 1937. *Om skatt till stat och kommun enligt svensk rätt: Senare delen*. Stockholm: Norstedts.

Edvinsson, Rodney. 2005. “Growth, Accumulation, Crises: With New Macroeconomic Data for Sweden.” PhD diss., Stockholm University.

Elmér, Åke. 1960. ”Folkpensioneringen i Sverige med särskild hänsyn till ålderspensioneringen.” PhD diss., Lund University.

Elvander, Nils. 1972. *Svensk skattepolitik 1945–1970: En studie i partiers och organisationers funktioner*. Stockholm: Rabén & Sjögren.

Esping-Andersen, Gösta. 1990. *The Three Worlds of Welfare Capitalism*. Princeton, NJ: Princeton University Press.

Ekonomistyrningsverket. 2010. *Tidsserier, Statsbudgeten m.m. 2009*. ESV 2010:20. Stockholm: Ekonomistyrningsverket [Swedish National Financial Management Authority].

Ekonomistyrningsverket. 2011. *Tidsserier, Statsbudgeten m.m. 2010*. ESV 2011:21. Stockholm: Ekonomistyrningsverket [Swedish National Financial Management Authority].

Ekonomistyrningsverket. 2012. *Tidsserier, Statsbudgeten m.m. 2011*. ESV 2012:28. Stockholm: Ekonomistyrningsverket [Swedish National Financial Management Authority].

Ekonomistyrningsverket. 2013. *Tidsserier, Statsbudgeten m.m. 2012*. ESV 2013:38. Stockholm: Ekonomistyrningsverket [Swedish National Financial Management Authority].

Ekonomistyrningsverket. 2014. *Tidsserier, Statsbudgeten m.m. 2013*. ESV 2014:41. Stockholm: Ekonomistyrningsverket [Swedish National Financial Management Authority].

Feldt, Kjell-Olof. 1991. *Alla dessa dagar: i regeringen 1982–1990*. Stockholm: Norstedts.

Gårestad, Peter. 1987. ”Industrialisering och beskattning i Sverige 1861–1914.” PhD diss., Uppsala University.

Genberg, Torsten. 1942. *Skatteutvecklingen sedan sekelskiftet*. Stockholm: Skattebetalarnas förening [Swedish Taxpayers' Association].

Gustafsson, Siv. 1992. "Separate Taxation and Married Women's Labor Supply. A Comparison of West Germany and Sweden." *Journal of Population Economics* 5(1), 61–85.

Hansson, Åsa. 2000. "Limits of Tax Policy." PhD diss., Lund University.

Heady, Christopher. 2004. "The 'Taxing Wages' Approach to Measuring the Tax Burden on Labor." In *Measuring the Tax Burden on Capital and Labor*, edited by Peter Birch Sørensen, 263–287. Cambridge, MA: MIT Press.

Hedlund-Nyström, Torun. 1972. "The Finance Act of 1862 and its Effect on the Economy." *Economy and History* 15(1), 58–82.

Henrekson, Magnus. 1993. "The Peacock-Wiseman Hypothesis." In *The Growth of the Public Sector, Theories and International Evidence,* edited by Norman Gemmell, 53–71. Cheltenham, UK and Northampton, MA: Edward Elgar Publishing.

Henrekson, Magnus. 1996. "Sweden's Relative Economic Performance: Lagging Behind or Staying on Top?" *Economic Journal* 106(439), 1747–1759.

Henrekson, Magnus and Nathan Rosenberg. 2001. ”Designing Efficient Institutions for Science-Based Entrepreneurship: Lessons from the US and Sweden." *Journal of Technology Transfer* 26(3), 207–231.

Higgs, Robert. 1987. *Crisis and Leviathan: Critical Episodes in the Growth of American Government.* New York: Oxford University Press.

Immervoll, Herwig. 2004. “Average and Marginal Effective Tax Rates Facing Workers in the EU: A Micro-Level Analysis of Levels, Distributions and Driving Factors.” OECD Social, Employment and Migration Working Paper No. 19. Paris: OECD.

Jaimovich, Nir and Sergio Rebelo. 2012. “Non-Linear Effects of Taxation on Growth.” NBER Working Paper No. 18473. Cambridge, MA: National Bureau of Economic Research.

Jakobsson, Ulf and Göran Normann. 1972. *Inkomstbeskattningen i den ekonomiska politiken*. Stockholm: Industriens Utredningsinstitut and Almqvist & Wiksell.

Johansson, Dan. 2004. “Skatternas utveckling, omfattning och fördelning.” In *Skatter och värdighet*, edited by Dan Johansson, Nils Karlson, and Richard Johnsson, 66–94. Stockholm: Ratio.

Jungenfelt, Karl G. 1966. *Löneandelen och den ekonomiska utvecklingen*. Stockholm: Industriens Utredningsinstitut and Almqvist & Wiksell.

Lewin, Bengt. 2009. *Efter skattereformen. En genomgång av svensk skattepolitik 1992–2009*. Stockholm: Riksrevisionen.

Lindbeck, Assar. 1997. ”The Swedish Experiment.” *Journal of Economic Literature* 35(3) , 1273–1319.

Lindbeck, Assar. 2012. *Ekonomi är att välja*. Stockholm: Albert Bonniers Förlag.

Lodin, Sven-Olof. 2011. *The Making of Tax Law*. Uppsala and Amsterdam: Justus Förlag and International Bureau of Fiscal Documentation (IBFD).

Löwnertz, Susanne. 2003. *De svenska skatternas historia*. Stockholm: Riksskatteverket.

Madrick, Jeff. 2009. *The Case for Big Government.* Princeton, NJ: Princeton University Press.

McKee, Michael, Jacob Visser, and Peter Saunders. 1986. “Marginal Tax Rates on the Use of Labor and Capital in OECD Countries.” *OECD Economic Studies* 7, 45–101.

Ministry of Finance. 2006–2012. *Beräkningskonventioner*. Stockholm: Finansdepartementet.

OECD. 2006. “Special Feature: Broadening the Definition of the Average Worker.” In *Taxing Wages 2004.* Paris: OECD.

OECD. 2009. “Special Feature: Consumption Taxation as an Additional Burden on Labor Income.” In *Taxing Wages 2008*. Paris: OECD.

OECD. 2010. *Taxing Wages 2008–2009*. Paris: OECD.

OECD. 2011. *Taxing Wages 2010*. Paris: OECD.

Orhnial, A. J. H. and Lucien Foldes. 1975. “Estimates of Marginal Tax Rates for Dividends and Bond Interest in the United Kingdom 1919–1970.” *Economica* 42(165), 79–91.

Peacock, Alan T. and Jack Wiseman. 1961. *The Growth of Public Expenditure in the United Kingdom.* Princeton, NJ: Princeton University Press.

Poterba, James M.. 2004. “Taxation and Corporate Payout Policy.” *American Economic Review* 94(2), 171–175.

Prado, Svante. 2010. “Nominal and Real Wages of Manufacturing Workers, 1860–2007.” In *Historical Monetary and Financial Statistics for Sweden, Vol. 1, Exchange Rates, Prices and Wages, 1277–2008*, edited by Rodney Edvinsson, Tor Jacobson, and Daniel Waldenström, 479–572. Stockholm: Ekerlids Förlag.

Rodriguez, Enrique. 1980. *Offentlig inkomstexpansion: en analys av drivkrafterna bakom de offentliga inkomsternas utveckling i Sverige under 1900-talet*. Lund: Liber Läromedel.

Rodriguez, Enrique. 1981. *Den svenska skattehistorien.* Lund: Liber Läromedel.

Roine, Jesper, Jonas Vlachos, and Daniel Waldenström. 2009. “The Long-Run Determinants of Inequality: What Can we Learn from Top Income Data?” *Journal of Public Economics* 93(7–8), 974–988.

Roine, Jesper and Daniel Waldenström. 2008. “The Evolution of Top Incomes in an Egalitarian Society: Sweden, 1903–2004.” *Journal of Public Economics* 92(1–2), 366–387.

Rydqvist, Kristian, Joshua D. Spizman, and Ilya A. Strebulaev. 2014. “Government Policy and Ownership of Equity Securities.” *Journal of Financial Economics* 111(1), 70–85.

Saez, Emmanuel. 2004. “Reported Incomes and Marginal Tax Rates, 1960–2000: Evidence and Policy Implications.” In *Tax Policy and the Economy*, edited by James M. Poterba, 113–173. Cambridge, MA: MIT Press.

SFS 1861:34. Bewillningsförordning 1862.

SFS 1871:30. Kongl. Maj:ts nådiga förordning, angående utgörande af en särskild tilläggsbewillning för år 1893.

SFS 1879:25. Kongl. Maj:ts nådiga kungörelse, angående särskild tilläggsbevillning för år 1879 och 1880.

SFS 1880:46. Kongl. Maj:ts nådiga kungörelse, angående särskild tilläggsbevillning för år 1881.

SFS 1881:29. Kongl. Maj:ts nådiga kungörelse, angående särskild tilläggsbevillning för år 1882.

SFS 1883:51. Kongl. Maj:ts nådiga förordning angående bevillning af fast egendom samt af inkomst.

SFS 1892:44. Kongl. Maj:ts nådiga förordning angående bevillning af fast egendom samt af inkomst.

SFS 1892:111. Kongl. Maj:ts nådiga förordning, angående särskild tilläggsbevillning för år 1893.

SFS 1893:34. Kongl Maj:ts nådiga förordning, angående särskild tilläggsbevillning för år 1894.

SFS 1894:76. Kongl. Maj:ts nådiga kungörelse angående den vid 1894 års riksdag åtagna bevillning af fast egendom samt af inkomst.

SFS 1895:62. Kongl. Maj:ts nådiga kungörelse angående den vid 1895 års riksdag åtagna bevillning af fast egendom samt af inkomst och angående särskild tilläggsbevillning för år 1896.

SFS 1897:111. Kongl. Maj:ts nådiga förordning angående bevillning af fast egendom samt af inkomst.

SFS 1901:31. Kongl. Maj:ts nådiga kungörelse angående den vid 1901 års riksdag åtagna bevillning af fast egendom samt af inkomst.

SFS 1901:34. Kongl. Maj:ts nådiga förordning angående särskild tilläggsbevillning för år 1901.

SFS 1902:50. Kongl. Maj:ts nådiga kungörelse angående den vid 1902 års riksdag åtagna bevillning af fast egendom samt af inkomst.

SFS 1902:84. Kongl. Maj:ts nådiga förordning om inkomstsskatt.

SFS 1910:115. Kongl. Maj:ts nådiga förordning om inkomst- och förmögenhetsskatt.

SFS 1910:116. Kongl. Maj:ts nådiga förordning angående bevillning af fast egendom samt af inkomst.

SFS 1917:513. Fastställelse av vissa till ledning vid uträknandet av extra inkomst- och förmögenhetsskatt för år 1918 erforderliga tabeller.

SFS 1918:512. Tilläggsskatt för år 1918 års inkomst och förmögenhet.

SFS 1918:513. Extra inkomst- och förmögenhetsskatt för år 1919.

SFS 1920:759. Kungl. Maj:ts förordning om ändring i vissa delar av förordningen den 28 oktober 1910 (n:r 116) angående bevillning av fast egendom samt av inkomst.

Skattebetalarnas förening. 1997. *Fakta för skattebetalare*. Stockholm: Skattebetalarnas förening [Swedish Taxpayers' Association].

Skatteverket. 1998–2013. *Tax Statistical Yearbook of Sweden 1998–2013*. Stockholm: Skatteverket [Swedish Tax Agency].

Söderberg, Hans. 1996. *Inkomstskattens utveckling under 1900-talet. En vägvisare för skatteberäkningar åren 1921–1996*. Stockholm: Skattebetalarnas förening [Swedish Taxpayers' Association].

Sørensen, Peter Birch, ed. 2004. *Measuring the Tax Burden on Capital and Labor*. Cambridge, MA: MIT Press.

SOU 1989:33. *Reformerad inkomstbeskattning, del 1, skattereformens huvudlinjer*. Stockholm: Fritzes.

Statistics Sweden. 1914–2011. *Statistical Yearbook of Sweden*. Stockholm: Statistics Sweden.

Stenkula, Mikael. 2015. "Taxation of Goods and Services in Sweden (1862–2013)." IFN Working Paper nr 956, published as chapter 4, pp. 179–221 in *Swedish Taxation: Developments since 1862*, edited by Magnus Henrekson and Mikael Stenkula. New York: Palgrave Macmillan.