

TAXATION NORDIC COUNTRIES

There is an evident correlation between the unemployment rate and the weight of the shadow economy with GDP per capita

GDP per capita by countries

PPP, international \$



Shadow economy by countries

% of total economy, 2017



Unemployment rate by countries

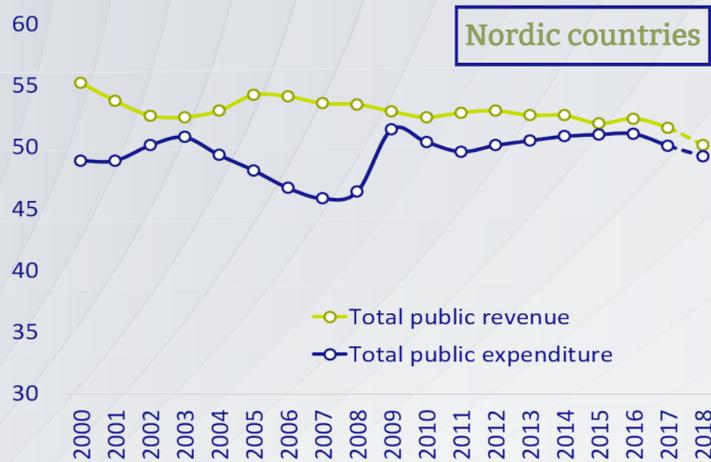
%



Since 2000, the average public revenues of the Nordic countries² have remained above their public expenditure, placing their public debt on average at 42.3% of GDP³

The evolution of total public revenue and expenditure³

% of GDP



The evolution of total public revenue and expenditure

% of GDP



The way its tax system is designed allows public revenues to be less sensitive to business cycles

Thus, the Nordic countries have a lower tax burden on Corporate Tax and Social Security Contributions by the company, favouring the creation of employment and business activity

Rates of the main taxes and Social Security contributions

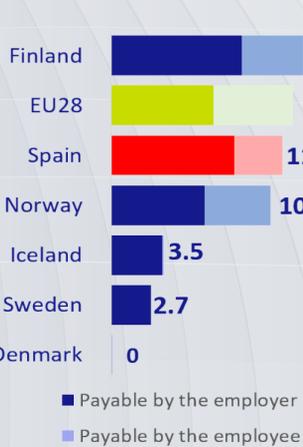
%

	VAT	Personal Income Tax	Corporate Tax	Social Security contributions payable by the employer	Social Security contributions payable by the employees
Denmark	25	55.8	22	0	8
Spain	(4) (10) (21)	45	25	29.9	6.35
Finland	(10) (14) (24)	51.1	20	22.08	9.78
Sweden	(6) (12) (25)	57.1	22	31.42 ⁴	7 ⁴
EU28	21.5	39	21.9	21.7	13.2
Iceland	(11) (24)	46.3	20	8.65	0
Norway	(11,11) (12) (15) (25)	38.4	23	14.1	8.2

In Spain, the tax rates are above the European average (except Social Security contributions paid by the employees) even though tax revenues do not reach the EU28 figures. This is predominantly explained by the high unemployment rate and a larger shadow economy

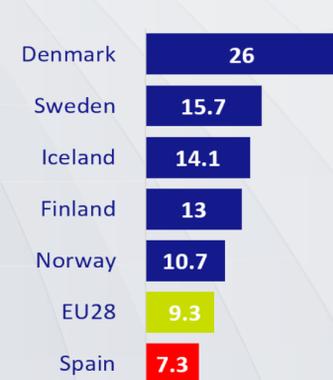
Social security contributions incomes

% of GDP



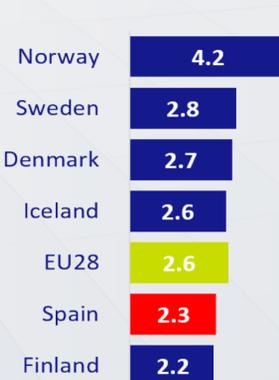
Personal Income Tax incomes

% of GDP



Corporate Tax incomes

% of GDP



VAT incomes

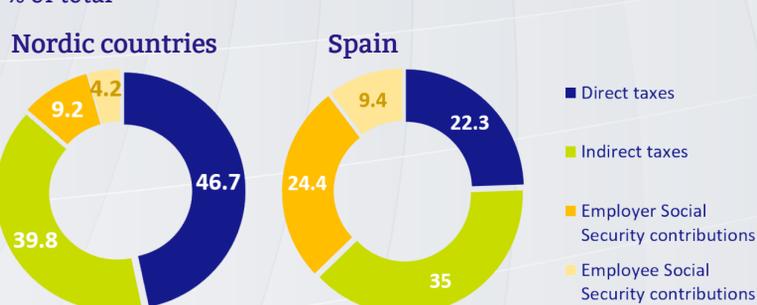
% of GDP



Additionally, the budgetary policy of the Nordic countries shows a greater efficiency in public spending which starkly contrasts with Spain

Distribution of tax collection

% of total



Efficiency in public spending out of the OECD countries (WEF)

Ranking by position out of 36 countries



¹ Last available data is from 2015

² Denmark, Iceland, Finland, Norway & Sweden

³ Weighted average calculated by using the nominal GDP of each country

⁴ In the case of Sweden, the effective rate is much lower than the marginal rate as the age of the employee determines the amount to be paid

Source: Círculo de Empresarios based on Eurostat, IMF & WEF, 2018