


Tackling coronavirus (COVID-19) - Browse OECD contributionsTackling coronavirus (COVID-19)

Taxing Wages 2020



• AA

◦ A+

◦ A-

copy the linklink copied!Denmark

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

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



Denmark 2019					
The tax/benefit position of single persons					
Wage level (per cent of average wage)		67	100	167	67
Number of children		none	none	none	2
1. Gross wage earnings		286 693	427 901	714 594	286 693
2. Standard tax allowances					
Basic allowance					
Married or head of family					
Dependent children					
Deduction for social security contributions and income taxes		22 935	34 232	57 168	22 935
Work-related expenses		0	0	0	0
Other					
Total		22 935	34 232	57 168	22 935
3. Tax credits or cash transfers included in taxable income		0	0	0	0
Earnings tax credit deduction		32 905	37 200	37 200	53 266
Total		- 32 905	- 37 200	- 37 200	- 53 266
4. Central government taxable income (1 - 2 + 3)		230 853	356 468	620 226	210 492
5. Central government income tax liability (exclusive of tax credits)		32 073	47 870	101 489	32 073
6. Tax credits					
Basic credit		6 921	7 305	8 085	6 921
Married or head of family					
Children					
Other					
Total		6 921	7 305	8 085	6 921
7. Central government income tax finally paid (5-6)		48 087	74 797	150 572	48 087
8. State and local taxes		46 034	77 350	143 105	40 958
9. Employees' compulsory social security contributions					
Gross earnings		0	0	0	0
Taxable income					
Total		0	0	0	0
10. Total payments to general government (7 + 8 + 9)		94 121	152 147	293 677	89 045
11. Cash transfers from general government					
For head of family					
For two children		0	0	0	76 480
Green check		525	525	0	765
Total		525	525	0	77 245
12. Take-home pay (1-10+11)		193 097	276 279	420 917	274 893
13. Employer's compulsory social security contributions		0	0	0	0
14. Average rates					
Income tax		32.8%	35.6%	41.1%	31.1%
Employees' social security contributions		0.0%	0.0%	0.0%	0.0%
Total payments less cash transfers		32.6%	35.4%	41.1%	4.1%
Total tax wedge including employer's social security contributions		32.6%	35.4%	41.1%	4.1%
15. Marginal rates					
Total payments less cash transfers: Principal earner		39.0%	41.9%	55.6%	37.2%
Total payments less cash transfers: Spouse		n.a.	n.a.	n.a.	n.a.
Total tax wedge: Principal earner		39.0%	41.9%	55.6%	37.2%
Total tax wedge: Spouse		n.a.	n.a.	n.a.	n.a.

Denmark 2019					
The tax/benefit position of married couples					
Wage level (per cent of average wage)		100-0	100-67	100-100	100-67
Number of children		2	2	2	none
1.	Gross wage earnings	427 901	714 594	855 801	714 594
2.	Standard tax allowances				
	Basic allowance				
	Married or head of family				
	Dependent children				
	Deduction for social security contributions and income taxes	34 232	57 168	68 464	57 168
	Work-related expenses	0	0	0	0
	Other				
	Total	34 232	57 168	68 464	57 168
3.	Tax credits or cash transfers included in taxable income	0	0	0	0
	Earnings tax credit deduction	37 200	37 200	37 200	37 200
	Total	- 37 200	- 37 200	- 37 200	- 37 200
4.	Central government taxable income (1 - 2 + 3)	356 468	587 322	712 937	587 322
5.	Central government income tax liability (exclusive of tax credits)	47 870	79 943	95 740	79 943
6.	Tax credits				
	Basic credit	18 541	14 226	14 610	14 226
	Married or head of family				
	Children				
	Other				
	Total	18 541	14 226	14 610	14 226
7.	Central government income tax finally paid (5-6)	69 179	122 884	149 594	122 884
8.	State and local taxes	65 832	123 384	154 700	123 384
9.	Employees' compulsory social security contributions				
	Gross earnings	0	0	0	0
	Taxable income				
	Total	0	0	0	0
10.	Total payments to general government (7 + 8 + 9)	135 011	246 268	304 294	246 268
11.	Cash transfers from general government				
	For head of family				
	For two children	25 788	25 788	25 788	0
	Green check	1 570	1 290	1 290	1 050
	Total	27 358	27 078	27 078	1 050
12.	Take-home pay (1-10+11)	320 247	495 404	578 585	469 376
13.	Employer's compulsory social security contributions	0	0	0	0
14.	Average rates				
	Income tax	31.6%	34.5%	35.6%	34.5%
	Employees' social security contributions	0.0%	0.0%	0.0%	0.0%
	Total payments less cash transfers	25.2%	30.7%	32.4%	34.3%
	Total tax wedge including employer's social security contributions	25.2%	30.7%	32.4%	34.3%
15.	Marginal rates				
	Total payments less cash transfers: Principal earner	41.9%	41.9%	41.9%	41.9%
	Total payments less cash transfers: Spouse	38.9%	39.0%	41.9%	39.0%
	Total tax wedge: Principal earner	41.9%	41.9%	41.9%	41.9%
	Total tax wedge: Spouse	38.9%	39.0%	41.9%	39.0%

The national currency is the Kroner (DKK). In 2019, DKK 6.67 was equal to USD 1. In that year, the average worker earned DKK 427 901 (Secretariat estimate), which is calculated on the background of the extrapolated average worker income with the expected 2019 growth rate of wages on 1.615%.

## 1. Personal income tax system

In the Danish personal income tax system, the income of the individual taxpayer is split into three categories:

- Personal income, which consists of employment income, business income, pensions, unemployment benefits etc. and with fully deductibility of Labour Market Contributions.
- Capital income (e.g. interest income and some capital gains) is calculated as a net amount (the sum of positive and negative capital income net of interest expenses). Dividend income and the property value of owner-occupied dwellings are taxed at different tax rates.
- Taxable income – the aggregate of personal income and capital income less deductions (e.g. work-related expenses etc.).

All three categories are relevant for various tax rates, see Section 1.2.1.

Regarding the tax unit, the earned income of each spouse is taxed separately. However, as is mentioned in Section 1.2.1, some unutilised personal allowances can be transferred between them.

### 1.1. Tax allowances and tax credits

#### 1.1.1. Standard reliefs

Wage or salary earners who make expenses in order to earn their income (e.g. transport expenses, trade union membership dues, unemployment premiums) can fully deduct these expenses from taxable income.

The tax credit scheme allows the taxpayer to deduct 10.1% of earned income to a maximum of DKK 37 200 in order to calculate taxable income. Single parents get an extra employment allowance of 6.25% in 2019 with a maximum allowance of DKK 22 400. The effective value of the credit is equal to the average municipality tax (24.93%) multiplied by the value of the deduction.

Additionally, the taxpayer with an income (plus pension payments) of at least DKK 191 700 receives a job allowance of 3.75% on taxable income. The maximum allowance of DKK 2 100 is achieved at an income of DKK 247 700 and the effective value of the credit is equal to about DKK 360 (24.93% x DKK 2 100 = DKK 520).

From 2018, employees will receive an allowance in their current taxation due to pension payments. Even though pension payments are an NTCP, the related allowance is considered a standard tax relief. Pension payments are made to privately managed funds and are annually around 12% of the total wage (i.e. pension payment formula: gross wage earnings / 0.88 \* 0.12) where employees pay 4% and employers pay 8%. The allowance is 8% of the pension payments for employees with more than 15 years to retirement and 22% for employees with less than 15 years to retirement.

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

- Interest payments are fully deductible from capital income.
- The non-standard deduction for wage and salary earners: The actual costs that are made in order to acquire income are deductible from taxable income. The main items are:
  - Contributions to trade unions;
  - Transportation costs: Up to 24 km. per day: no deduction. 25–120 km.: DKK 1.98 per km. Above 120 km.: DKK 0.99 per km. as a standard, but transport from municipalities placed in the outskirts of the country gives a credit of DKK 1.98 also above 120 km;
  - Other costs above DKK 6 100.
- Contributions/premiums paid to private pension saving plans are in general deductible from personal income. From 1999 onwards, contributions/premiums paid to private pension saving plans with sum payments are no longer deductible from income subject to the top tax bracket rate. From 2013 onwards, contributions/premiums paid to private pension saving plans with sum payments are no longer deductible.
- Other reliefs:
  - Alimonies, if according to contract, are deductible from taxable income;
  - Contributions to certain non-profit institutions are deductible from taxable income (limit DKK 16 300);
  - Losses incurred from unincorporated business in earlier years are, in principle, deductible from personal income.

#### 1.1.3. Tax credits

Each individual is granted a personal allowance, which is converted into a wastable tax credit by applying the marginal tax rate of the first bracket of the income tax schedule. For taxpayers who are 18 years of age or are older, the tax credit amounts to:

For central government income tax	12.16% of DKK 46 200 = DKK 5 620
For municipal income tax	24.93% of DKK 46 200 = DKK 11 520
Special personal allowance for an individual younger than 18: DKK 35 300.	

If a married person cannot utilise the personal allowance, the unutilised part is transferred to the spouse.

### 1.2. Central government income taxes

#### 1.2.1. Tax schedule

Individuals pay an 8% Labour Market Contribution levied on the gross wage or other income from work before the deduction of any allowance.

Before 2008, the revenue was earmarked for certain social security expenditures through the Labour market Fund, but this system was abolished from 2008, and the tax enters the budget in the same way as any other income taxes. From 2011 the last links regarding social security of the tax were removed making all taxpayers working in Denmark pay the labour market contribution. The labour market contribution is thus treated as a PIT in Taxing Wages from 2008.

Low tax bracket to the central government is assessed on the aggregate of personal income and positive net capital income at the rate of 12.16%.

From 2010 and onwards the medium tax bracket was abolished.

Top tax bracket to the central government is assessed on the excess of DKK 513 400 of the aggregate of personal income and positive net capital income in excess of DKK 44 800 at the rate of 15%. If a married individual cannot utilise the total allowance of DKK 513 400, the unutilised part is not transferred to the

spouse.

If the marginal tax rate including local tax exceeds 52.05%, the top tax bracket rate is reduced by the difference between the marginal tax rate and 52.05%.

1.3. State and local income taxes

1.3.1. General description

Local income taxes are levied only by the municipalities. The rates vary across jurisdictions.

1.3.2. Tax base

The tax base is taxable income (see Section 1). Tax credit varies with tax rates. The average amount is given below.

1.3.3. Tax rates

- Lowest rate: 22.5% (municipalities);
- Highest rate: 27.8% (municipalities);
- Average rate: 24.93% (municipalities);

The average rate is used in this study. It is applied to the tax base less personal allowances (see Section 1.1).

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

2.1. Employees' contributions

Employees make a contribution of DKK 11 899 for unemployment insurance. From 1999 onwards, the contribution for unemployment insurance is split into two: one part consists of the contribution for unemployment insurance (DKK 4 260) while the other part consists of a voluntary contribution to an early retirement scheme (DKK 6 096). In addition an administration fee of DKK 1 543 on average is added.

Contributions to unemployment funds are not mandatory. Nevertheless, these payments have up until the implementation of ESA 2010 and the major revision of the Danish national accounts in the autumn 2014 been defined as social security contributions and classified as taxes in the Danish national accounts because there is no direct link between what members pay to the schemes and what they receive and the funds are subsidized by the state. The contributions to the unemployment funds and the church tax are no longer classified as taxes in the Danish national accounts.

3. Universal Cash Transfers

The transfers for each dependent child are as follows:

Age group	Quarterly amount (DKK) for each child
0–2	4 557
3–6	3 609
7–17	2 838

The transfer is reduced when the tax base of the top-bracket tax of a parent exceeds DKK 782 600. There are additional special amounts for single parents: the transfer for each dependent child is DKK 5 764 per year and a yearly transfer of DKK 5 876 regardless of the number of children. In addition, there is a state transfer of DKK 16 644 per year for each dependent child in case an 'absent parent' does not contribute (this amount) to the family. This transfer is included in this Report's calculations for single parents.

Individuals older than 18 years receive a 'green check' of DKK 525; this amount is increased with DKK 120 per child for up to two children. Only one partner in a married couple receives the increased 'green check' for children. The 'green check' is nominally fixed and is phased out at a rate of 7.5% for income above DKK 405 700. If the yearly income of the individuals is lower than DKK 237 100 the individuals receive an 'additional green check' of DKK 280.

4. Main Changes in Tax/Benefit Systems

From 2000 to 2002, the low tax bracket rate has been reduced from 7% to 5.5%. The low tax bracket is assessed on the aggregate of personal income and positive net capital income.

After the parliamentary elections in 2001, the Conservative/Liberal government adopted a tax freeze policy, which implied that tax rates could not be increased, either in nominal or relative terms, during that government term. Taxes were therefore not increased during the period 2002-2005. After the parliamentary elections in February 2005, the Conservative/Liberal government and the tax freeze policy were confirmed.

In order to respect the 'tax freeze', the low tax bracket has been reduced by 0.36% from 2004 to 2010 as a compensation for increases in local income taxes from 33.31% in 2004 to 33.66% in 2011.

In the spring of 2003, the government agreed with one of the opposition parties to implement a tax package. The aim of this package was to decrease the level of labour taxation in Denmark, and thereby to reduce the distortions in the labour market and to improve the incentives to work. The package contained two main elements: an increase of the threshold for the medium tax bracket of nearly DKK 50 000 and the introduction of a tax credit scheme whereby the taxpayer can deduct 2.5% of earned income to a maximum of DKK 7 500 (in 2007) in the calculation of taxable income.

Before 2004, a compulsory contribution of 1% of employees' gross earnings was paid to an individual Labour Market Supplementary Pension Scheme established for the employee – this contribution is not considered as a social security contribution but rather as savings being made by the individual. However, from 2004 to 2010, this contribution was suspended and finally abolished and the deposits paid out as of April 2010.

In September 2007, the tax cuts from the 2003-package was extended. The threshold for the medium tax bracket was to be raised with DKK 57 900 in 2009 to meet with the top tax bracket threshold. The deductible tax credit was increased to 4.0% of earned income in 2008 and to 4.25% in 2009; thus raising the maximum to 12 300 in 2008 and to 13 600 in 2009. The effective value of the credit and of the personal income allowance is equal to the local income tax rate, the church tax plus the health care tax rate (31.63% on average in 2013) multiplied by the value of the deduction.

From the 1st of January 2007 a Local Government Reform has come into force, which changes the structure of labour taxation. The reform however had only a minimal impact on the overall level of taxation. The number of municipalities has been cut from 270 to 98 and five regions have replaced the 14 counties. The regions will not impose taxes but will be financed through state subsidies and by contributions from the municipalities. The reform implied an increase in the average municipal tax rate from 22.1% in 2006 to 24.577% in 2007. Since then, there has been a further increase in the average municipal tax to 24.907% in 2013. The county tax has been replaced by a new health care tax of 8% which is levied by central government. The health care tax rate is decreased to 6% in 2013. The levels of taxation have thus been reduced from three to two: only the central and local governments now levy taxes.

In the spring of 2009, the government and one of the opposition parties agreed upon a major tax reform to be phased in from 2010 to 2019. The reform aims at reducing the high marginal tax rates on personal income and thus to stimulate labour supply in the medium to long-term. The reform decreases income taxes by DKK 29 billion in 2010. The tax reform is planned to be revenue neutral as a whole, but was underfinanced in the short run (2010-12) in order to stimulate the economy. The main measures taken in 2010 include the reduction of the rate of the bottom tax bracket from 5.26% to 3.67%, abolition of the medium tax bracket with the 6% rate altogether, and increase the top tax bracket threshold by DKK 28 800 to DKK 389 000. The reform will decrease the lowest marginal tax rate from 42.4% to 41.0% and the highest marginal tax rate on labour income from 63.0% to 56.1%. The marginal tax rate on positive net capital income (up to 51.5 after abolition of the middle tax bracket) is further reduced for the vast majority by introduction of an extra allowance of DKK 40 000 (DKK 80 000 for married couples) for positive net capital income in the top bracket tax.

The reform is partly financed by higher energy, transport and environmental taxes to support the energy and climate policy objectives of the government, and also by increases of excise rates on health-related goods (fat, candy, sugary drinks, tobacco). These increases are partly compensated by giving a 'green check' to households (see section 3). The tax reform is also partly financed by base broadening measures. The measures include a gradual reduction from 2012 to 2019 of the tax value (from 33.5% to 25.5%) of assessment oriented deductions and limitations of the tax deductibility of net interest payments over a nominal threshold of DKK 50 000 (DKK 100 000 for married couples). Also the deductibility of payments above DKK 100 000 a year to individual pension insurance schemes with less than life-long coverage has been limited, as well as tightening of the tax treatment of company cars and other fringe benefits. Furthermore, a 6% tax is imposed from 2011 on pension payments exceeding DKK 362 800.

To consolidate the budget, a *Fiscal Consolidation Agreement* was reached in May 2010, somewhat modifying the prescriptions of the Spring Package of 2009.

The specific provisions of the *Fiscal Consolidation Agreement* include:

- The suspension from 2011 until 2013 of automatic adjustments in various tax thresholds (including personal allowances).
- Postponing from 2011 to 2014 the increase of the threshold for the top income tax rate (15%) from DKK 389 900 to 409 100 (EUR 52 316 to 54 892). The increase was an element of the 2009 tax reform.
- The labour union membership fees' tax deductibility is limited to DKK 3 000 (EUR 403) from the year 2011. The threshold is not adjusted.
- From 2011, the annual amount of child allowance is limited to DKK 35 000 (EUR 4 696), irrespective of the number of children. This was abolished by the new government by 2012. Child allowances will be gradually reduced by 5% until 2013.

As part of the Finance Act 2012 it was decided to introduce an 'additional green check' to people beyond 18 years with low income (less than DKK 212 000). The 'additional green check' is DKK 280.

In June 2012 a tax reform was reached. Included in the reform were changes in the earned income tax credit and the top tax bracket. The earned income tax credit is gradually raised from 4.40% in 2012 to 10.65% in 2022 (6.95% in 2013) where the maximum limit of earned income tax credit is raised from DKK 14 100 in 2012 to DKK 34 100 in 2022 (DKK 22 300 in 2013). Furthermore, a special earned income tax credit for single parents was decided from 2014. This will be gradually introduced to the amount of 6.25% in 2022 with a maximum limit of DKK 20 000. In The Tax Reform 2012 it was also decided to gradually raise the top tax bracket from DKK 389 900 in 2012 to DKK 467 000 in 2022 (DKK 421 000 in 2013).

As part of the Finance Act 2013 an agreement, The Excise Duty and Competition Package, was reached. This agreement includes a decrease in the excise duty on electricity, an abolition of the fat tax and a planned expansion in the excise duty on sugar, which will reduce expenses of both consumers and companies. This was financed by an increase in the bottom tax rate of 0.19 percentage points and a reduction in the personal allowance by DKK 900 for all persons (under and over 18 years) introduced from the income year 2013. As a consequence the marginal tax ceiling was increased from 51.5% to 51.7%. It is estimated that the abolished excise duties and the increased income taxes will have similar effects on distribution and labour supply.

Certain elements of the tax reform from 2012 were accelerated in the 2014 Budget. The employment allowance is adjusted upwards to 7.65% (2014), 8.05% (2015), 8.3% (2016) and 8.75% (2017), with a simultaneous increase of the maximum allowance from DKK 25 000 in 2014 to DKK 28 600 in 2018. The extra employment allowance for single parents is increased to 5.40% in 2014 (instead of 2.60%) with a maximum allowance of DKK 17 700.

Growth Plan 2014 contained measures to reduce the public service obligation on electricity and roll back an increase in excise duty on fossil fuel. As part of the financing of Growth Plan 2014 the low tax bracket rate is increased by 0.28 percentage point over the next five years, including 0.25 percentage point in 2015, with a parallel increase in the tax ceiling. Also, the green check and the supplementary green check are reduced over the next five years, starting in 2015.

In the autumn 2014, the new ESA 2010 guidelines (European System of National and Regional Accounts) and a major revision of the Danish national accounts were implemented which changed the classification of a few taxes. For example, the church tax and contributions to the unemployment fund are no longer classified as taxes, but as volunteer contributions (see Section 2.1).

As part of the Finance Act 2015 the tax deductibility of labour union membership fees is increased from DKK 3 000 to DKK 6 000 in 2015.

The Finance Act of 2016 included an abolishment of the so-called PSO-excise duty. To finance the abolishment the tax rate for the bottom tax bracket will be increased with 0.05 percentage point from 2018 increasing to 0.09 percentage point in 2022. Fully phased-in the tax rate for the bottom tax bracket will be 12.20% in 2022. Additionally, the tax ceiling will be increased from 51.95% in 2017 to 52.07% in 2022. The 'green check' will be reduced with 190 DKK from 2018 increasing to 380 DKK in 2022. The 'additional green check' will be lowered proportionally. Low-income earners such as senior citizens and early retirees are exempt from the decrease in the 'green check'.

In February 2018, an agreement on lower tax on labour income and larger deductions for pension payments was made. The agreement will gradually be introduced from 2018 to 2020 and consists of the following elements: 1) Additional tax deductions for pension payments. The deduction will be 12% for persons with more than 15 years until they reach state pension age and 32% if they have 15 years or less - up to DKK 70,000. 2) A new job allowance of 4.5% of labour on income over DKK 187 500 to a maximum of DKK 2 500. 3) Expansion of the basis of the employment allowance to also cover pension payments. 4) Increase of the ceiling for the employment allowance from DKK 37 400 to 38 400. 5) Lowering of the bottom-bracket tax rate with 0.02 percentage points.

5. Memorandum Items

5.1. Identification of an AW

The AW is identified as an average worker employed at firms which are members of the Danish Employers' Confederation.

5.2. Employer and employee's contribution to private schemes

Employees typically participate in a private occupational (labour market) pension scheme to which both the employee and the employer contribute. The employee's contribution is deductible for income tax purposes until payment. The employer's contribution is not included in the gross wage income of the employee.

2019 Parameter values			
Average earnings	Ave_earn	427 901	Secretariat estimate
	Ave_pens	58 350	
Central taxes	Health_tax_rate	0	
	Low_rate	0,1216	
	Medium_thrs	0	

	Medium_rate	0
	Top_thrsh	513.400
	Top_rate	0.15
	Marg_rate_ceil	0.5205
	Adj_top_rate	0.1496
	Temp_tax_rate	0
	Temp_tax_thrsh	0
	Personal_al	46.200
	Job_deduc_min	191.700
	Job_deduc_rate	0.0375
	Job_deduc_max	2.100
Pension payments tax credit scheme	Pens_deduc_rate_o_15	0.08
	Pens_deduc_rate_u_15	0.22
	Pens_deduc_max	71.500
	Pension_base_adjust	0.88
The green check	green_check	525
	1_child	120
	child_max	240
	Green_check_thrsh	405.700
	Green_check_taper_rate	0.075
	Extra_green_check	280
	Extra_green_check_thrsh	237.100
Local taxes	gener_rate	0.2493
	church_rate	0
total local tax rate	Local_rates	0.24930
Earned income tax credit scheme	earncredit_rate	0.101
	earncredit_max	37.200
for single parents	Sing_par_earncredit_rate	0.0625
	Sing_par_earncredit_max	22.400
Child transfers	Child_3to6	14.436
	Child_7to17	11.352
	Child_limit	782.600
	Child_red	0.02
for single parents	Sing_par_basic	5.876
	Sing_par_ch	22.408
Labour Market Contribution	Labour_market_rate	0.08

2019 Tax equations

The equations for the Danish system in 2019 are mostly on an individual basis but there is an interaction in the calculation of Central Government tax between spouses and the child benefit is calculated only once. This is shown by the Range indicator in the table below.

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

→			
🔗			
📄🔗 copy the linklink copied!			
Line in country table and intermediate steps	Variable name	Range	Equation
1. Earnings	earn		
2. Allowances:	tax_al	B	Labour_market_contr
	earncredit	B	Min((earn+((earn/Pension_base_adjust)-earn))*earncredit_rate, earncredit_max)+(Children>0)*(Married=0)*Min((earn+((earn/Pension_base_adjust)-earn))*Sing_par_earncredit_rate; Sing_par_earncredit_max)
Credits in			
3. taxable income	taxbl_cr	B	0
4. CG taxable income	tax_inc	B	Positive(earn-tax_al-earncredit+taxbl_cr)
Personal income	pers_inc	B	Positive(earn-Labour_market_contr)
CG tax			
5. before credits	CG_tax_excl_princ	P	Low_rate*tax_inc_princ+Medium_rate*Positive(tax_inc_princ-Medium_thrsh-Married*Positive(Medium_thrsh-pers_inc_spouse))+Adj_top_rate*Positive(tax_inc_princ-Top_thrsh)
	CG_health_tax_excl_princ	P	Health_tax_rate*tax_inc_princ
	CG_tax_excl_spouse	S	Low_rate*tax_inc_spouse+Medium_rate*Positive(tax_inc_spouse-Medium_thrsh)+Adj_top_rate*Positive(tax_inc_spouse-Top_thrsh)
	CG_health_tax_excl_spouse	S	(Married=1)*Health_tax_rate*tax_inc_spouse
6. Tax credits:	tax_cr_princ	P	Personal_al*Low_rate+Married*Positive(Personal_al-pers_inc_spouse)*Low_rate+(MIN(Positive((earn_princ+((earn_princ/Pension_base_adjust)-earn_princ))-Job_deduc_min)*Job_deduc_rate;Job_deduc_max))+ +MIN(((earn_princ/ Pension_base_adjust)-earn_princ)*Pens_deduc_rate_o_15;Pens_deduc_max))* (gener_rate+Health_tax_rate)
	health_tax_cr_princ	P	Health_tax_rate*(Personal_al+Married*Positive(Personal_al-tax_inc_spouse))
	tax_cr_spouse	S	Personal_al*Low_rate+(MIN(Positive((earn_spouse+((earn_spouse/Pension_base_adjust)-earn_spouse))-Job_deduc_min)*Job_deduc_rate;Job_deduc_max))+MIN(((earn_spouse/ Pension_base_adjust)-earn_spouse)*Pens_deduc_rate_o_15;Pens_deduc_max))* (gener_rate+Health_tax_rate)
	health_tax_cr_spouse	S	(Married=1)*Health_tax_rate*Personal_al
Labour Market Contribution	Labour_market_contr	B	Labour_market_rate*earn
7. CG tax	CG_tax	B	Positive(CG_tax_excl-tax_cr)+Positive(CG_health_tax_excl-health_tax_cr)+Labour_market_contr
8. State and local taxes	local_tax_princ	P	Positive((Local_rates)*(tax_inc_princ-Personal_al-Married*Positive(Personal_al-tax_inc_spouse)))
	local_tax_spouse	S	(Local_rates)*Positive(tax_inc_spouse-Personal_al)
9. Employees' soc security	SSC_total	B	0
10. Total payments	tot_payments	J	Positive(CG_tax_total+local_tax_total+SSC_total)
11. Cash transfers	cash_trans	J	Positive(((Children=0)*(Child_3to6+(Children>1)*(Children=1)*Child_7to17+(Married=0)*(Sing_par_basic+Children*Sing_par_ch)))-(Positive(earn_spouse-Child_limit)*Child_red)-(Positive(earn_spouse-Child_limit)*Child_red))+IF(Married=1, (Taper(green_check,pers_inc_princ,Green_check_thrsh,Green_check_taper_rate)+Taper(green_check+MIN(Children*_1_child,child_max),pers_inc_spouse,Green_check_thrsh,Green_check_taper_rate)),Taper(green_check+MIN(Children*_1_child,child_max),pers_inc_princ,Green_check_thrsh,Green_check_taper_rate))+ IF(Married=1,(IF(pers_inc_princ>Extra_green_check_thrsh,Extra_green_check,0))+IF(pers_inc_spouse>Extra_green_check_thrsh,Extra_green_check,0)),IF(pers_inc_princ>Extra_green_check_thrsh,Extra_green_check,0))
13. Employer's soc security	SSC_empr	B	0

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

Metadata, Legal and Rights

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

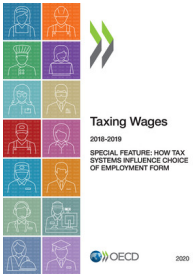
https://doi.org/10.1787/047072cd-en

© OECD 2020

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at http://www.oecd.org/termsandconditions.

×





Continue to open the publication page on OECD iLibrary to find:

All available formats

Buy option for print or PDF copies

All publication details?

Go to OECD iLibrary

Cancel

Denmark

[TERMS & CONDITIONS](#) [COPYRIGHT & PERMISSIONS](#) [EDUCATORS & STUDENTS](#) [PRIVACY POLICY](#) [CONTACT US](#)



OECD iLibrary is the online library of the Organisation for Economic Cooperation and Development (OECD) featuring its books, papers and statistics and is the knowledge base of OECD's analysis and data.

© 2020 OECD. All Rights Reserved.

