

# Labor costs in Sweden

Sweden's social contribution costs are comparable to other European countries'. They consist of employers' contributions and the employees' contribution in form of the general pension fee.

## Employers' contributions

By law, employers must pay an employment payroll tax consisting of contributions for pension, health insurance, and for other social benefits. The table below is a breakdown of employers' statutory social contribution in percentage of wages for 2003:

Old age pension	10.21
Survivor's pension	1.70
Health insurance	11.08
Occupational-injury insurance	0.68
Parental insurance	2.20
Labor-market contribution	3.70
Payroll contribution	3.25
Statutory employers' contribution	32.82

Apart from the statutory payroll tax, employers' contribution also consists of the cost of collective agreement. About 90 percent of all companies in Sweden have collective agreements. For the remaining 10 percent there is a range of private insurance companies.

There are different collective agreements depending on whether the employees are wage-earners or salaried employees. Approximately 90 percent of Swedish wage-earners and 50-60 percent of the salaried employees are affiliated to collective agreements.

## Wage-earners (%)

Group life insurance (TGL)	0.43
Collective group health insurance (AGS)	1.23
Severance-pay grant (AGB)	0.01
Occupational pension	
– pension premium	3.50 <sup>1</sup>
– insurance from release premium	0.72
Labor-market no-fault liability (TFA)	0.01
Special payroll tax	1.02
Statutory employers' contribution	32.82
Total employers' contribution	39.74

## Salaried employees (%)

Supplementary pension (ITP)*	12.20 <sup>2</sup>
Group life insurance (TGL)*	0.20 <sup>3</sup>
Labor-market no-fault liability (TFA)	0.01
Employment security council (TRR)	0.30 <sup>4</sup>
Special payroll tax*	2.67
Statutory employers' contribution	32.82
Total employers' contribution*	48.20

\* Approx. amounts

<sup>1</sup> From the age of 21

<sup>2</sup> Mentioned amount is a forecast of the average ITP for 2003 excl. changes in salaries.

There may be strong differences respecting the employees' salaries and ages etc.

<sup>3</sup> SEK50/month, which is equivalent to approximately 0.2% of the white-collar's salary

<sup>4</sup> The premium applies to members of the Confederation of Swedish Enterprise.

All others pay 0.7%.

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## Employees' contribution

The employee pays a contribution of 7 percent for the pension system, the so-called general pension fee (*egenavgift*). This contribution is included in the income tax, and is deducted by the employer along with the preliminary tax. 75 percent of the general pension fees are deductible from assessed income and the remaining 25 percent is deducted from the tax as a tax reduction. This does not concern employees who have reached the age of 65. No fee is payable on incomes exceeding 8.07 times of an income base amount unit (SEK 42,300 in 2004).

The National Tax Board's (Skatteverket) website provides details of tax laws and regulations.  
[www.skatteverket.se](http://www.skatteverket.se)