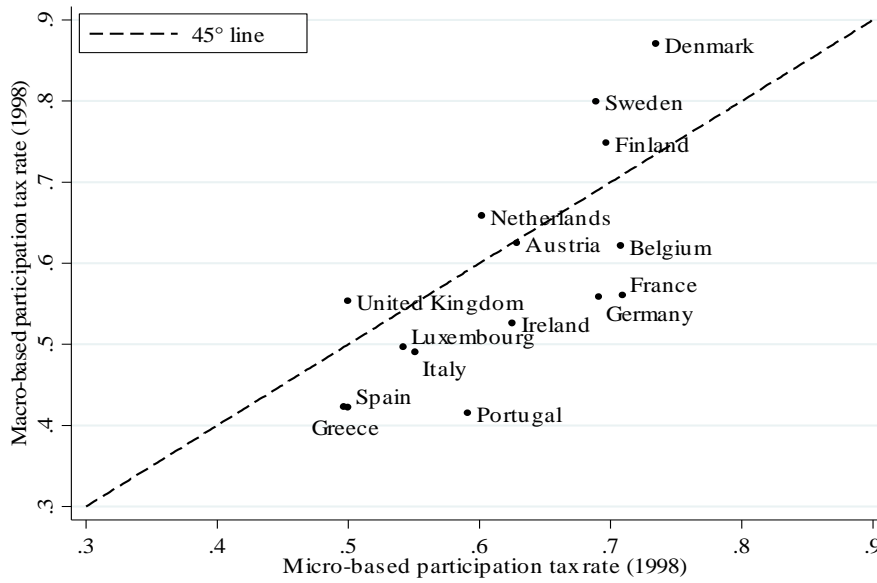


Online Appendix Figures for
“How Can Scandinavians Tax So Much?”
Journal of Economic Perspectives, Fall 2014

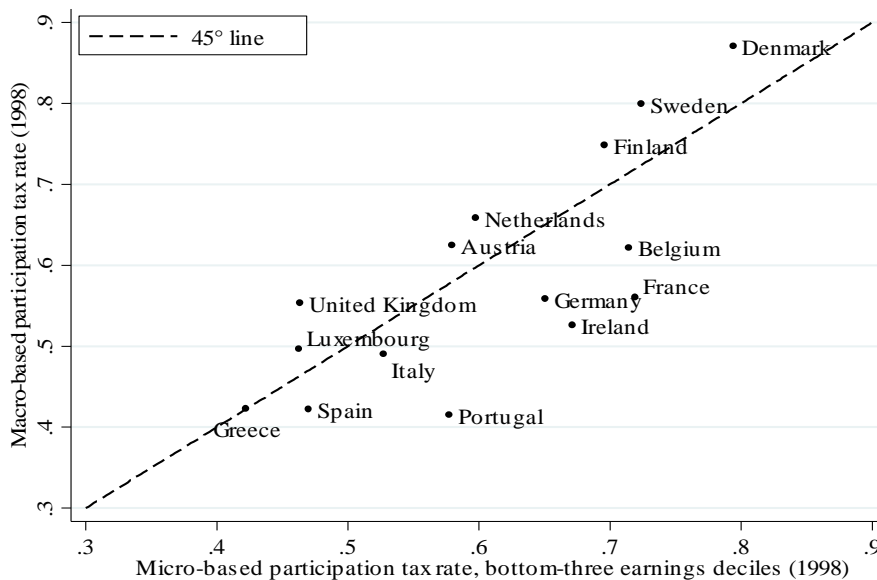
Henrik Jacobsen Kleven
London School of Economics

Figure A1: Macro-Based vs Micro-Based Participation Tax Rates across Countries

Panel A: Micro-Based Participation Tax Rates on Average Worker



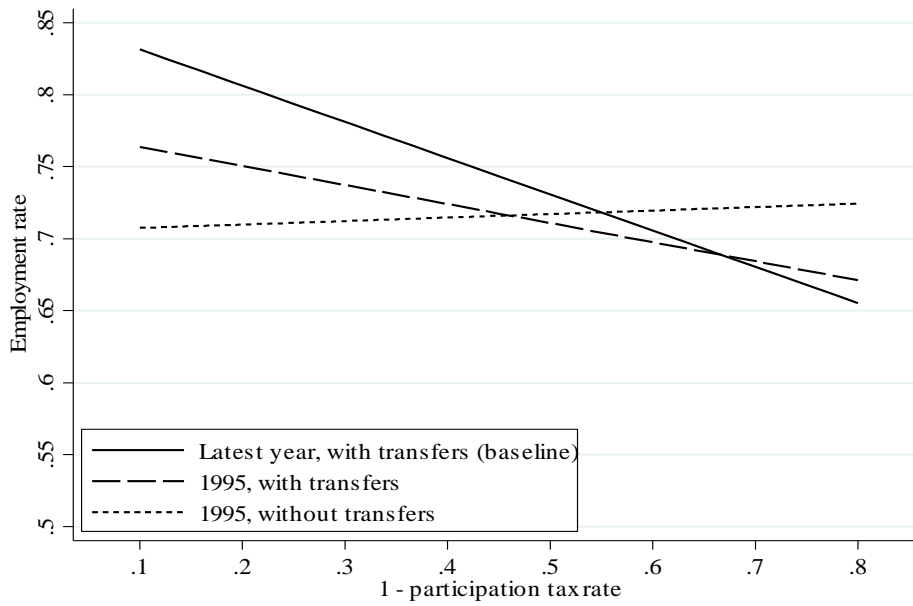
Panel B: Micro-Based Participation Tax Rates in Bottom-Three Earnings Deciles



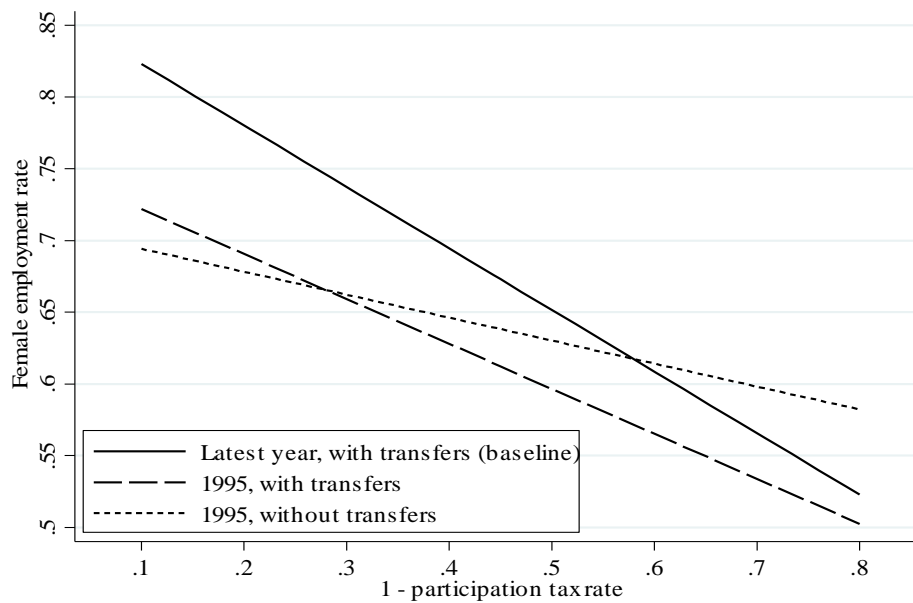
Notes: The figure compares macro-based participation tax rates (on the y-axis) to micro-based participation tax rates from Immervoll et al (2007) (on the x-axis). The micro tax rates are available for 15 countries in 1998, so the figure considers macro tax rates for the same countries and year. The macro tax rates are calculated according to equation (1) in footnote 2, with the different tax and benefit rates in the formula estimated using OECD Revenue Statistics, OECD Social Expenditure Statistics, and OECD National Accounts. In particular, referring to OECD tax classification numbers, the consumption tax rate is calculated as $(5110+5121+5123+5126+5128+5211)/(C-GW-5110-5121-5123-5126-5128-5211)$, where C is national consumption (household and government), GW denotes government wage outlays, and 5110 = general consumption taxes, 5121 = excise taxes, 5123 = customs and imports, 5126 = taxes on specific goods, 5128 = other taxes on specific goods and services, and 5211 = household motor vehicle taxes. The income tax rate is calculated as $(1110)/W$, where W is aggregate labor income and 1110 = taxes on income and profits of individuals. The payroll tax rate on employees (workers) is calculated as $(2100+2300+2400)/W$, where 2100 = social security contributions by employees, 2300 = social security contributions by self-employed or non-employed, and 2400 = unallocable social security contributions. The payroll tax rate on employers (firms) is calculated as $(2200+3000)/W$, where 2200 = social security contributions by employers and 3000 = taxes on payroll and workforce. The benefit rate is calculated as $(B/(1-P))/(W/P)$, where B denotes aggregate expenditures on means-tested and work-tested transfers and P is the employment rate between ages 20-59. We include in B all social assistance benefits (in cash and in kind), housing assistance, unemployment insurance, and disability insurance. Panel A considers an earnings-weighted average of micro tax rates in the full population of each country, while Panel B considers an earnings-weighted average of micro tax rates in the bottom three earnings deciles of each country.

Figure A2: Participation Tax Rates and Employment Elasticity

Panel A: Participation Tax Rates and Employment Elasticity

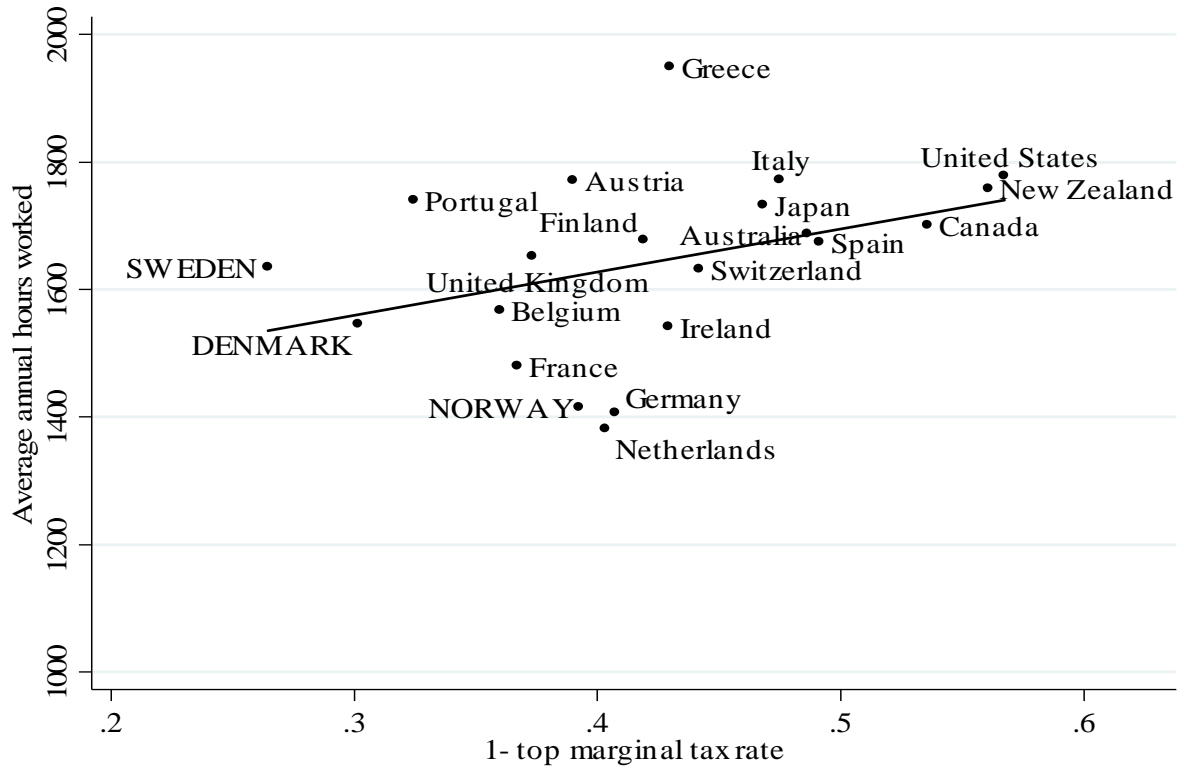


Panel B: Participation Tax Rates and Female Employment Elasticity



Notes: The figure shows how the cross-country relationship between the employment rate and the net-of-tax rate on participation changes when we consider a different year (latest available year vs 1995) and/or a different method of measuring the participation tax rate. The solid line corresponds to the regression line shown in Figure 4: we consider the latest available year (2009 or 2010 for most countries) and the participation tax rate accounts for the effect of social transfers as in equation (1) in footnote 2. The long-dashed line is instead based on data from 1995, but the participation tax rate still accounts for transfers as in equation (1). The short-dashed line uses data from 1995 and at the same time drops transfers from the calculation of the participation tax rate (equation (1) without the benefit rate b).

Figure A3: Average Annual Hours Worked vs Top Marginal Net-of-Tax Rate



Notes: Country-level observations, latest available year (2008, 2010, or 2011). The y-axis depicts average annual hours worked among the employed population (source: OECD Labor Force Statistics). The x-axis depicts top marginal tax rates (sources: Kleven, Landais, and Saez 2013; Piketty, Saez, and Stantcheva 2014).