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Sweden – Parliament Approves Modified Income Tax Thresholds for 2014

by KPMG AB, Stockholm (a KPMG International member firm)

For coverage of last year's budget, see [Flash International Executive Alert 2012-181](#), 8 October 2012

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Sweden has approved a revised budget proposal for 2014, which includes further changes to the personal income tax thresholds.¹

Why This Matters

Parliament voted to approve personal income tax thresholds different than what the government originally proposed in its budget; this is unusual. The adjustments to the thresholds are less than originally anticipated and effectively marginal – approximately 1.7 percent upwards – and will have no significant impact on international assignment-related tax costs.

Therefore, the new income tax thresholds for income year 2014 that came into force on 1 January 2014, are as noted in the table below.

New 2014 Personal Tax Rates/Thresholds for Residents and Nonresidents

Income Year 2014	Taxable Income	Tax
Residents	SEK 0 – 420,800	Municipal income tax*
	SEK 420,800 – 602,600	Municipal income tax + 20% national income tax
	Over SEK 602,600	Municipal income tax + 25% national income tax
Nonresidents	Special income tax on non-residents	20%

* Please note that the municipal tax rate varies between different municipalities.

KPMG Note

As readers will note in [Flash International Executive Alert 2013-138](#) (9 October 2013), the planned first two income thresholds for residents for Income Year 2014 were supposed to have been:

- From SEK 0 to 435,900, and
- Above SEK 435,900 to 602,600.

Footnote:

1 For the decision from the Riksdag, Sweden's parliament (in Swedish), see:

<http://www.riksdagen.se/sv/Dokument-Lagar/Utskottens-dokument/Betankanden/Arenden/201314/FiU16/> .

For the original budget presented by the government (in Swedish) Prop. 2013/14:1, *Budgetpropositionen för 2014*, see: <http://www.regeringen.se/sb/d/16886/a/223709> .

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The information contained in this newsletter was submitted by the KPMG International member firm in Sweden. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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