

HOW MUCH GOES TO THE TAX AUTHORITY

when individual **A** works to buy a service from individual **B** in Nordic high-tax countries?

	Tax wedge rate*	Standard VAT rate	Percent of wage cost left for individual A after average tax wedge	Money left after paying VAT on purchase	Left for individual B after average tax wedge	To tax authority
Finland	44	24	56	45	25	75
Sweden	42	25	58	46	26	74
Denmark	38	25	62	49	30	70
Norway	37	25	63	50	32	68
Iceland	34	25	67	53	35	65

* *Average direct/indirect taxes on work.*

Source: OECD (2014). The OECD data in turn is based on single individual without children at the income level of the average worker.