



Sweden

**Reporting the remuneration of national civil servants
for A65 purposes**

1 Sweden and the EU - some Key Data

Some key numbers give some first information about Sweden as a country and its place in the European Union. Tables 1 and 2 give an idea of the Sweden's size relative with other EU Member States:

Table 1: Population in 1000 pers¹

	2015
<i>EU 28</i>	<i>509 630</i>
MT	432
LU	569
CY	848
EE	1 313
LV	1 979
SI	2 063
LT	2 905
HR	4 213
IE	4 642
SK	5 422
FI	5 481
DK	5 682
BG	7 197
AT	8 630
SE	9 799
HU	9 843
PT	10 358
CZ	10 543
EL	10 858
BE	11 212
NL	16 932
RO	19 819
PL	38 455
ES	46 407
IT	60 731
UK	65 110
FR	66 504
DE	81 681

¹ Downloaded from table NAMA_10_PE from Eurostat's database at 27 October 2016

Table 2: GDP in Mio € and in % of total EU GDP²

	% of of EU28 total	Current prices, mio €
	2015	2015
<i>EU28</i>	<i>100.0</i>	<i>14 702 097</i>
MT	0.1	8 788
CY	0.1	17 637
EE	0.1	20 252
LV	0.2	24 349
LT	0.3	37 331
SI	0.3	38 570
HR	0.3	43 847
BG	0.3	45 287
LU	0.3	51 216
SI	0.5	78 686
HU	0.7	109 674
RO	1.1	160 353
CZ	1.1	166 964
EL	1.2	175 697
PT	1.2	179 540
FI	1.4	209 149
IE	1.7	255 815
DK	1.8	266 179
AT	2.3	339 896
BE	2.8	410 351
PL	2.9	427 737
SE	3.0	446 946
NL	4.6	676 531
ES	7.3	1 075 639
IT	11.2	1 642 444
FR	14.8	2 181 064
UK	17.5	2 577 280
DE	20.6	3 032 820

The following table 3 gives an idea of the income position of Latvia compared with other EU Member States:

² Downloaded from table nama_10_gdp of Eurostat's database: at 27 October 2016

Table 3: GDP per capita 2015 in €³

	2015
EU28	28 800
BG	6 300
RO	8 100
HR	10 400
HU	11 100
PL	11 200
LV	12 300
LI	12 900
SI	14 500
EE	15 400
CZ	15 800
EL	16 200
PT	17 300
SI	18 700
MT	20 300
CY	20 800
ES	23 200
IT	27 000
FR	32 800
BE	36 600
DE	37 100
FI	38 200
AT	39 400
UK	39 600
NL	40 000
SE	45 600
DK	46 800
IE	55 100
LU	89 900

2 Executive summary

-The state administration of the Kingdom of Sweden is organized into two levels: (a) Government Offices (ministries) and (b) Central Government Agencies.

Generally, the same employment rules are applied to public sector employees as those applied to the private sector. The 1994 Civil Service Act stipulates the basic regulations for public employees (rights and obligations of public employees) and the 1994 Public Employment Act sets out the disciplinary measures.

³ Downloaded from table nama_10_pc of Eurostat's database at 27 October 2016

The Government has delegated most public employment management responsibilities to the 250 Agencies. The role of coordinating the central administration's employer policies and negotiating with trade unions on a national scale is given to the Swedish Agency for Government Employers (SAGE).

There is no central pay system, so each of the Agencies managing public employment is responsible for managing its own budget, assigning a part to staff salaries. However, collective agreements are initially negotiated at central level, then within each agency and finally individually.

In most agencies the formal career systems were abolished already in the 1990s. Instead position based systems are used.

Swedish civil servants are classified into Article 65 categories using ISCO codes. To form the sample, only civil servants who were in the same working conditions (same agency and working time) in two consecutive years are taken into account.

In Sweden, grades do not exist in the same meaning as in other Member States, and there are no general increases of salary by categories or grades. Therefore, an average of actual individual monthly salaries of specified individuals will be used in comparison instead of minimum, middle point and maximum salaries according to legislation/agreements in force. This data is drawn from the SAGE database and checked with the annual SAGE report.

Individual gross salary reported for Article 65 purposes includes the following components:

- Basic salary: Salary without additional elements and before deduction of taxes and contributions;
- Fixed supplements and other standard supplements due to working conditions;
- Other standard additional pay complement related to performance, benefits, etc.

The following deductions are made from the gross remuneration to arrive at the net remuneration.

- Social contributions: Social security contributions, insurance and pension;
- Taxes

There is an ex post adjustment for the impact of 'individual' components of the reported figures according to an agreed method.

2.1 The Swedish model of government administration

Sweden has three levels of government: national, regional and local. In addition, there is the European level which has acquired increasing importance following Sweden's entry into the EU.

At parliamentary elections and municipal and county council elections held every four years, voters elect those who are to decide how Sweden is governed and administered.

2.1.1 National level

At the national level, the Swedish people are represented by the Riksdag (Swedish parliament) which has legislative powers. Proposals for new laws are presented by the Government which also implements decisions taken by the Riksdag. The Government is assisted in its work by the Government Offices, comprising a number of ministries, and some 400 central government agencies and public administrations.

2.1.2 Regional level

Sweden is divided into 21 counties. Political tasks at this level are undertaken on the one hand by the county councils, whose decision-makers are directly elected by the people of the county and, on the other, by the county administrative boards which are government bodies in the counties. Some public authorities also operate at regional and local levels, for example through county boards.

2.1.3 Local level

Sweden has 290 municipalities. Each municipality has an elected assembly, the municipal council, which takes decisions on municipal matters. The municipal council appoints the municipal executive board, which leads and coordinates municipality work.

2.1.4 European level

On entering the EU in 1995, Sweden acquired a further level of government: the European level. As a member of the Union, Sweden is subject to the EU *acquis communautaire* and takes part in the decision-making process when new common rules are drafted and approved.

Sweden is represented by the Government in the European Council of Ministers, which is the EU's principal decision-making body.

2.1.5 Division of responsibility between levels of government

The Swedish Constitution contains provisions defining the relationship between decision-making and executive power. The 1992 Swedish Local Government Act regulates division into municipalities and the organisation and powers of the municipalities and county councils. It also contains rules for elected representatives, municipal councils, executive boards and committees.

The division of tasks between central government and municipalities has changed over the years. Activities have chiefly been transferred from central government to municipal bodies, *inter alia* for democratic reasons. In municipalities it is easier to maintain continuous contact between decision-makers and the private individual.

The Government has appointed a parliamentary committee, the Committee on Public Sector Responsibilities, which has been instructed to look into the division of responsibility between different levels of government.

2.2 Public agencies and how they are governed

The remit of each ministry includes responsibility for a number of government agencies. The police, the Swedish Migration Board and the Swedish Tax Agency are a few examples. The agencies must apply the laws and carry out the activities decided by the Riksdag and Government.

In addition to the general system of rules on financial management and the agencies' powers and obligations, the Government decides on the preconditions for the individual agency's operations. This is effected on the one hand in the annual appropriations directives and, on the other, by ordinances. The practical work of producing appropriation directives and ordinances is done in the Government Offices. The appropriations directives set out, among other things, the goals an agency is to reach in its operations, how much money the authority has at its disposal and how the money is to be distributed between its different activities. The ordinances contain various general administrative provisions concerning how the agencies are to carry out their work.

2.2.1 Appointment and recruitment of top management

Government agencies are the Government's most important instruments in carrying out its policies. Agency heads are often accountable to the Government for the agency's operations, which is why the Government's power of appointment and managerial policy is important. The Government's power of appointment covers decisions on the employment of agency heads, deputy directors-general and county directors. Decisions on other appointments are the responsibility of the agency in question.

2.2.2 The Government monitors agencies' activities

Public sector resources must be utilised in an optimal manner and used where they are most needed. Agencies' activities and results must therefore be followed up and evaluated. Every year they submit an annual report to the Government containing information about, inter alia, expenses, revenue and results. On the basis of the reports the Government can follow up and evaluate agencies' operations. The annual reports together with budget data submitted by agencies are also the basis for work on next year's national budget and appropriation directives.

2.2.3 Ministerial rule prohibited in Sweden

The Government, in other words, has quite substantial scope for steering the operations of government agencies. However, it has no powers to intervene in an agency's decisions in specific matters relating to the application of the law or the due exercise of its authority. In Sweden there does not exist a possibility for an individual minister to intervene directly in an agency's day-to-day operation. However, collective Government decision-making and the ban on instructing agencies on individual matters are expressions of the prohibition of 'ministerial rule', as it is often called. The Riksdag is responsible for monitoring to ensure that ministerial rule does not occur. Should the Government consider that an agency has not applied a law correctly its only remedy is to seek to amend the relevant legislation.

2.3 Structure of public employment

2.3.1 Legal Basis

Generally, the same employment rules are applied to public sector employees as those applied to the private sector. Although state employees carry some special conditions, there is *no formal legal status* for them.

The 1994 Civil Service Act stipulates the basic regulations for public employees (rights and obligations of public employees) and the 1994 Public Employment Act⁴ sets out the disciplinary measures.

2.3.2 Structure

As a general rule, employment rules in Sweden are similar for the public and private sector. Therefore, the main regulations are: the 1976 Act, the 1974 Act, and the 1978 Employment Act.

Information about the general labour market and the collective agreements in the Swedish labour market can be found on the website of the Swedish National Mediation Office (Medlingsinstitutet) <http://www.mi.se/>.

Swedish laws do not regulate many areas of public employment, with the exception of public employee responsibilities. Like other sectors of the labour market, Swedish public employment conditions are based on sectoral agreements which complement legislation in other aspects than specified by law. There is one set of agreements for the regional and municipal sector and another set of agreements for the sector of central government administration.

2.3.3 Public Employment Management Body

In Swedish central government administration, the Government has delegated most public employment management responsibilities to the 250 Agencies. Each Agency recruits, manages and dismisses its own staff, except the heads of agencies who are appointed by the Government. There are few formal administrative career systems remaining (except for diplomats, police and the armed forces).

The Swedish Government has given the role of coordinating the central administration's employer policies and negotiating with trade unions on a national scale to *Swedish Agency for Government Employers (SAGE)*, which is a membership organisation for Government agencies.

SAGE was established on July 1, 1994. It has 250 member agencies in the central Government sector. Other members include closely associated organisations, mostly foundations.

The supreme governing body of SAGE is the Employers' Council, which convenes once a year. The Council is made up of the 250 heads (e.g. Directors General, Rectors and County Governors) of the member agencies. The Employers' Council determines employer policy and sets membership fees. It also appoints the 15 members to the Board. The SAGE Board, which plays a central part in pay negotiations with the trade unions, is the supreme sovereign body between Council meetings. Unlike the other executive heads who are appointed by the government, the Board appoints the director general of SAGE.

As of 01/09/2014, SAGE is structured into five sectors; representatives from all five sectors form three delegations (Medlemsråd). Delegations act as advisory bodies to the Board and to the Director General.

⁴ 1994 Public Employment Act:

<http://www.government.se/4ac877/contentassets/686c614c5f4e4acb9170fb18bdac5c68/sfs-1994260-public-employment-act>

2.3.4 Statistics

According to the Swedish Agency for Government Employers, in 2009, there were 234,578 in 2015 252,407 people on the government payroll⁵.

Statistics Sweden publishes similar results on their website: For 2015 they report 229 400 persons in the Central Government sector⁶.

The gender distribution is near to nearly 50/50. Senior Civil Servants comprise about 360 people in all. Moreover there is a group of managers that report directly to their Director-Generals and there are Heads of Departments and Divisions at the Agencies. These managers are recruited by their Directors General with permanent contracts, as are most employees in the Central Administration. The number of people in this group can be estimated to be around 2,600; in all there are in 2015 about 16,300 managers in the central administration whereby almost 39%, or 6 338, are women⁷.

2.3.5 Data supply for Article 65 purposes

The Swedish system of pay setting is characterized by a strong emphasis on social dialogue and at the same time an emphasis on local pay setting. This influences the possible data supply for the Art65 exercise. The data is supplied by the Swedish Agency for Government Employers (SAGE). As already explained above, SAGE is a Government agency of which all other Government agencies are a member. It is responsible for framework negotiations in the context of public sector remuneration and compiles statistics for central government employment policies. SAGE keeps a database for all employees in the governmental sector. The database main area is to be the basis for negotiations. However, to reduce the burden of reporting on Governmental Agencies the database is also used for salary statistics for the Governmental sector.⁸

2.4 Rights, obligations, principles and values

Swedish public sector employees have the right to union membership but do **not enjoy guaranteed employment**. Redundancies are possible if there is a “just cause” (for example departmental reorganisation). Since 1991 the Job Security Foundation has requalified employees who have been made redundant and guides them in their search for new employment on the labour market as a whole.

The right to collective bargaining, trade union freedom and strike is recognised for public sector employees.

⁵ Current and historical data about the number of employees in the governmental sector are published by SAGE as an Excel sheet which can be downloaded from <http://www.arbetsgivarverket.se/nyheter--press/fakta-om-staten/medarbetare/antal-kvinnor-och-man/>.

⁶

http://www.statistikdatabasen.scb.se/pxweb/en/ssd/START__AM__AM0104__AM0104C/Statlig16gA/table/tableViewLayout1/?rxid=cc4652f9-4b30-4417-8fb3-89e8f9b1422d

⁷ These numbers can be found in an Excel sheet to be downloaded from

<http://www.arbetsgivarverket.se/nyheter--press/fakta-om-staten/medarbetare/chefer/>

⁸ Agreements for the regional and municipal sector are made by other parties than SAGE, namely the Swedish Association of Local Authorities and Regions (SALAR). The agreements can be found in Swedish on their website:

<http://www.skl.se/avtal-lagar/huvudoverenskommelse>

3 Position-based system

In most agencies the formal career systems were abolished already in the 1990s. Instead position based systems are used, where new appointments are made in competition with the skills that are available on the labour market. Still career systems exist though in the foreign office, the national defence and the police. The focus on position based systems means that employees are paid based on the work they do, not on seniority or grades. Indeed, formal grades do not exist in Sweden.

Training: on average, Central Government sector employees receive more staff training than employees in the labour market as a whole. In 2008, 3.6 % of the total working hours in the Central Government sector were spent on staff training, whereas the corresponding figure for the entire labour market was 2.1 %. The number of employees who participated in training was also relatively high in the Central Government sector. About 57 % of Central Government sector employees participated in staff training compared to 46 % for the entire labour market.

3.1 Remuneration

There is no central pay system, so each of the Agencies managing public employment is responsible for managing its own budget, assigning a part to staff salaries.⁹ However, collective agreements are initially negotiated at central level, then within each agency and finally individually. **The aim is to ensure that remuneration is competitive to the labour market as whole when performing the same kind of activities.** However, as a general policy, the public sector is not allowed to “lead” the pay scale.

Therefore, the Government decides only on Senior Civil Servant salaries. The general pay framework agreement is determined at a central level by national social partners whilst more detailed negotiations take place in each Agency at local level.

The salaries of the Heads of Central Government Agencies are decided on with regard to their qualifications and experience. Salaries are also based on the size of the workforce, budget, complexity, results obtained, annual appraisals, etc.

There is no general schedule for pay changes and each agency can choose a suitable duration for its own work and staff.

3.2 Pension systems

The pension system for Government employees consists of three parts

1. The public pension system;
The employer pays 40% of the salary for social security. This means that the labour cost is 140% of the salary. These contributions do not appear on an individual payslip.
2. Special pension fund (only for central government, not for local municipalities);
Between 4.5%-9% of the salary is paid into a pension fund. The money derived from this fund makes up between 30%-40% of the final pension.

⁹ As of 2013, there are indeed 16 different pay systems for the central government sector. One of these covers 60% of the agencies. SAGE collects salary data from each agency in March and September of each year. Only the September data is usually published. As a lot of employees are on holidays during this time of the year, the data contains only a minimal amount for distorting elements (pay for overtime, etc.).

3. Individual contributions;

As part of the individual negotiations, an employee can negotiate a contribution from his employer into a pension fund.

None of the above contributions to a pension appear on a payslip and therefore, they do not appear in any database of SAGE or Statistics Sweden.

3.3 Social dialogue and system of representation

A 1966 Agreement granted civil servants the right to negotiate salaries and working conditions. The State is represented by the Swedish Agency for Government Employers (SAGE), which is an independent national agency responsible for Agreements with employees.

All State Agencies are compulsory members of SAGE, which is fully funded by membership fees. Central government staff is represented by the three trade union organizations.

The Basic Agreement and the Cooperation Agreement are established between SAGE and the unions for the central government sector, and must be approved by the Government. These agreements regulate the processes of negotiating pay levels and general conditions of employment and set out how the parties may act in the event of industrial action. These agreements also establish basic regulations to govern such action. More precisely, the Cooperation Agreement regulates how the negotiations are to be run. The result of these negotiations is then the Basic Agreement, which sets pay levels and general conditions of employment.

The framework negotiations about pay and working conditions are first carried out at central level between SAGE and the unions. The parties conclude a central collective agreement, which sets out the framework and preconditions for local pay negotiations for the relevant period. Central agreements provide a wide scope for parties at agency level to adapt the terms to their own conditions in local collective agreements. With the signing of the central agreement, the parties undertake to refrain from industrial action.

The agreements between SAGE and the unions may vary from union to union. Currently, there are three different framework agreements in place with different unions. They can be found under the following links:

SAGE and the Swedish Confederation of professional Associations (Saco-S)

<https://www.arbetsgivarverket.se/globalassets/avtal-skrifter/centralaavtal/rals-rals-t-2012-2013/rals-t-20131004.pdf>

SAGE and The Public Employees' Negotiation Council (OFR/S,P,O)

<https://www.arbetsgivarverket.se/globalassets/avtal-skrifter/centralaavtal/rals-rals-t-2016/rals-arbetsgivarverket-ofr-spo-2016-2017.pdf>

SAGE and Union of Service and Communication Employees (Seko)

<https://www.arbetsgivarverket.se/globalassets/avtal-skrifter/centralaavtal/rals-rals-t-2016/rals-arbetsgivarverket-seko-2016-2017.pdf>

The conclusion of the central agreement is followed by local negotiations between the employer and the local unions. No industrial action may be taken while these negotiations are underway. New pay

levels for individual employees are decided in a pay-setting dialogue between employer and employee, or after negotiations between the employer and the local trade union. Furthermore, other employment conditions may be adapted to local conditions through collective agreements, e.g. working hours, health benefits, etc. Local collective agreements specifying forms of co-operation between the employer and the local unions in more detail may also be concluded.

Other directly binding central agreements are also concluded covering job security, pension regulation, and other general employment conditions. All central agreements are available on the SAGE website. Local agreements are not available on the internet, as the agencies do not normally publish their local agreements and they do not have to report their local agreements to SAGE.

4 Employees

4.1 Total population and sample

The following table is taken from Statistics Sweden and shows the number of employees in the Swedish governmental sector in October 2016 per ministry.

Table 4 Employees in the governmental sector (KLS) by authority, gender and full-/part-time – October 2016¹⁰

	Female		Male		Total
	Full-time	part-time	full-time	part-time	
Total	97 094	28 730	97 671	19 344	242 839
Ministry of Justice	24 152	4 349	26 165	4 189	58 855
Ministry of Foreign Affairs	1 123		660		1 975
Ministry of Defence	59		62	.	127
Ministry of Education and Research	9980	22516	13317	23895	23297
Ministry of Health and Social Affairs	11 798	2 927	5 461	1 494	21 680
Ministry of Finance	12 285	3 030	8 695	1 010	25 020
Ministry of Culture	1 265	652	935	358	3 210
Ministry of Enterprise, Energy and Communications	8 108	2 153	8 964	1 259	20 466
Ministry of the Environment and Energy	1 284	297	1 112	160	2 853
Ministry of Employment	7 797	1 615	4 538	387	14 337
Defence Organization	3 746	364	17 541	693	22 344
The Parliament Agencies	492	106	363	39	1 000
Other State-Subsidized Activities	61	49	47	34	191

Comparing Table 4 with the sample from the submitted SRQ shows a difference in the respective numbers. For the 2016 Article 65 data, Sweden had reported 61 052 persons. The reason for that difference lies in the fact that, in the sample, the following COFOG (first level)¹¹ is excluded:

¹⁰ <http://www.scb.se/en/finding-statistics/statistics-by-subject-area/labour-market/wages-salaries-and-labour-costs/short-term-statistics-salaries-governmental-sector-cls/pong/tables-and-graphs/number-of-employees-by-authority/>

- Defence
- Public order and safety
- Education

In addition, excluded are also Agencies who are state-owned enterprise, however member of SAGE:

- Svenska kraftnät (the agency responsible for ensuring that Sweden's electricity supply is safe, environmentally sound and cost-effective)
- Sjöfartsverket (Swedish Maritime Administration)
- Luftfartsverket (air navigation services)

Salary comparison for Sweden is done on an individual basis, taking into account civil servants from Central government agencies, but excluding civil servants from armed forces, police, teacher etc. This is in line with the usual rules for the Art65 exercise. These civil servants thus form the total population. To form the sample, only civil servants who were in the same working conditions (same agency and working time) in two consecutive years are taken into account (pair matching may be used).

4.2 Allocation of national grades to AD/AST/SC

As the Swedish system of public employment is not based on grades, reporting for the Art65 exercise is a challenge. An agreement between Eurostat and the Swedish authorities was found in that salaries for two different groups are reported for the EU AD grade, namely for “normal” staff and management staff, provided said staff does work that would fall under the work of an AD as explained in the general Art65 manual. Further, there will be one category for AST and one category for SC staff.

5 Calculation of Gross Remuneration

Individual gross salary consists of the following components:

- Basic salary: Salary without additional elements and before taxes and contributions deduction
- Fixed supplements and other supplements due to working conditions
- Other additional pay complement related to performance, benefits, etc.

5.1 Data source

The Swedish Agency for Government Employers (SAGE) has a database that contains individual salary data for all civil servants. This database is used to produce a yearly bulletin on remuneration, which is sent to the Swedish government. The bulletin in Swedish can be downloaded from their website <https://www.arbetsgivarverket.se/avtal--skrifter/rapporter/loneutveckling-pa-det-statliga-avtalsomradet---statistikperioden-september-2015-september-2016/>.¹²

¹¹ Classification of the Functions of Government (COFOG): <http://www.oecd.org/gov/48250728.pdf>

¹² Direct link to the 2013 report: <http://www.arbetsgivarverket.se/avtal-skrifter/skrifter/arbetsgivarverkets-arsredovining-2013> and a summary report for 2012-2013: <http://www.arbetsgivarverket.se/avtal-skrifter/rapporter/loneutveckling-pa-det-statliga-avtalsomradet-2012-2013/>.

5.2 Salary Data

The average monthly salary in the Government sector can be found on the web site of Statistics Sweden¹³. From this statistics, it is not possible to do the dataset that is useful for Eurostat, because the population differ.

This website allows also downloading a monthly publication about Salaries and employment in the governmental sector. The publication for July 2016 reports an average monthly salary of 35 440 SKR and an increase of 1.9% compared with the July 2015. For the Article 65 exercise the average salary was reported as 36 154 SKR and an increase of 2.1%.

In most of the Member states data used in the comparison are the average between minimum, middle point, and maximum salaries by grades (Other possibilities: only middle point or the average between minimum and maximum). This is the standard mode for reporting data in the Art65 exercise, as can be seen in the methodology manual (Calculation of specific indicators in accordance with Article 65 of the EU Staff Regulations, 2008).

In Sweden, this approach is not possible because grades do not exist in the same meaning as in other Member States, and there are no general increases of salary by categories or grades. Therefore, an average of actual monthly salaries of specified individuals will be used in comparison instead of minimum, middle point and maximum salaries according to legislation/agreements in force.

There exists a classification system BESTA (Befattningsgruppering för statistik – Classification of positions for statistics)¹⁴ of the jobs. This classification¹⁵, is used to define positions with similar duties.

Individual monthly salaries from the SAGE database at 30th June¹⁶ of each year will be used to calculate the following average in gross and net terms for current and previous period of reference:

- Average Salary for AD Managers
(Manager in the classification system BESTA level 3-6)
- Average Salary for AD others
(Level 3-6 in the classification system BESTA)
- Average Salary for AST
(Level 1-2 in the classification system BESTA, excluding workfield 48, 53 and 54)
- Average Salary for SC
(Level 1-2 in the classification system BESTA only workfield 48,53 and 54)

To calculate these averages, salaries from civil servants working part-time ("*omf*" < 100%) have to be adjusted at 100 % basis. Example: if a civil servant works halftime ("*omf*" = 50) and earns 5.000 SKR, the salary used to calculate averages should be: $5.000 / 50 * 100 = 10.000$ SKR

¹³ <http://www.scb.se/en/finding-statistics/statistics-by-subject-area/labour-market/wages-salaries-and-labour-costs/short-term-statistics-salaries-governmental-sector-kl>

¹⁴ <http://bestavagen.partsradet.se/besta/>

¹⁵ The BETA classification of jobs is widely documented under <https://www.arbetsgivarverket.se/besta/>

¹⁶ More precisely, the values will be from the month of March. Most agencies have their salary negotiations in the period December-March, so the salaries do not change much from March to June.

5.3 Unmarried Civil servants and married with two children

Most Member states send to Eurostat separate salaries for unmarried civil servants and for married civil servants with two dependent children. Indicators are then calculated using the average of salaries of both statuses to take account of changes related to family allowances.

In Sweden this distinction is not needed because the marital status makes no difference for the salary. Nor do children make any difference for the salary of a civil servant. Additionally, an employer usually does not know if an employee is married or not or whether there are children to take care of. This is the case for the government as an employer as well – it is impossible for SAGE to calculate child allowances as the fact of having children is not part of the raised data.

For tax purposes, there is no difference between an unmarried and a married employee, so this unavailability of data is not a problem for the Art65 exercise. Child allowances are a lump sum and are paid by the Swedish Social Insurance Agency. The child allowances have no influence on the taxation.

The amount of the lump sum is 1050 SEK per child and per month.¹⁷ If one has 2 or more children, there is an additional amount depending on the number of children. For 2 children, the additional amount is 150 SEK per month, resulting in a total of 2250 SEK/month for 2 children.¹⁸ This amount is not subject to any further tax. The allowance is paid until the child turns 16. If the child continues to study, further allowances are available. However, as this allowance then depends on individual circumstances.

Eurostat can in addition to the figures transmitted from Sweden add the general child allowance for the calculations of a model civil servant (married, two children) for the Art65 exercise. Sweden will not include this in the data transmission.

6 Calculation of Net Remuneration

The following deductions are made from the gross remuneration to arrive at the net remuneration.

- Social contributions: Social security contributions, insurance and pension
- Taxes

However, under the Swedish system, contributions to the pension system are not deducted from the gross salary. Instead, they are paid separately by the employer. For a civil servant, there are two pension systems, the general central system in which every Swedish employer pays into and which funds the pensions of every employee. And another pension scheme for employees of the national government. As the contributions are paid by the government as employer, they are not part of the normal gross salary and are therefore not counted as deductions for the net remuneration.

Similarly, the social security system is paid for by the employer; the contributions are called “social fees” and are not part of the gross remuneration and as such are not taken into account neither for the gross remuneration nor the net remuneration.

¹⁷ http://www.forsakringskassan.se/sprak/eng/for_families_with_children_%28barnfamiljer%29/!ut/p/b1/

¹⁸ http://www.forsakringskassan.se/wps/wcm/connect/07a63f80-05f7-4254-b294-71e9568f0999/4058_barnbidrag_flerbarnstillagg_eng.pdf?MOD=AJPERES

The only deductions that are thus to be taken into account are income taxes. There exist two types of income tax in Sweden, the local income tax and the state income tax. The local income tax is further split into a part that goes to the municipality and one that goes to the county, but that distinction is of no importance for the tax calculation in the context of the Art65 exercise. Further, a tax credit exists, but that can only be deducted against the local income tax.

A comprehensive description of the Swedish tax system can be found in (Swedish Tax Agency, 2015), which is an English summary of the Swedish Tax Statistical Yearbook, see (Skatteverket, 2015).

6.1 Local income tax

This is a percentage that is deducted from the gross income. The precise percentage rate depends on your place of living and the tax year and is retrievable online.¹⁹ However, in order to simplify the calculations, Eurostat and the Swedish authorities agreed to take the average local income tax rate for the entire country. This rate is published as well and for 2017, the rate is 32.12%.²⁰

In order to calculate the taxable income, a basic deduction (“Grundavdrag”) is made from the gross income. The amount of that deduction depends on the gross income and tables for this basic deduction are available online.²¹

<https://skatteverket.se/download/18.361dc8c15312eff6fd1f7cd/1467206001885/taxes-in-sweden-skv104-utgava16.pdf>

6.2 State income tax

The state income tax applies only to income above certain thresholds.²² The thresholds are adapted each year. For 2017, the lower threshold is 438900 SEK. Income above this limit is taxed with 20%. The upper threshold is 638500 SEK. Income above the upper threshold is taxed with 25%.

6.3 Earned income tax credit (“Jobbskatteavdraget”)

The earned income tax credit (“Jobbskatteavdraget”) was introduced in several steps from 2007 until 2014. It is a tax credit financed by the state budget and therefore does not influence the calculation of the local income tax. The amount of the tax credit depends on three factors:²³

- The earned (gross income)
- The (local) tax rate at the place of living
- The basic deduction (“Grundavdrag”)

¹⁹

<http://www.skatteverket.se/privat/skatter/arbeteinkomst/vadblirskattenskattetabellermm/skattetabeller.4.18e1b10334ebe8bc80005221.html> (in Swedish).

²⁰

<http://www.skatteverket.se/privat/skatter/arbeteinkomst/vadblirskattenskattetabellermm/skattetabeller/kommunalaskattesatsermmunder2015/omskattesatser.4.3f4496fd14864cc5ac9de12.html> (in Swedish)

²¹

<http://www.skatteverket.se/privat/skatter/arbeteinkomst/vadblirskattenskattetabellermm/skattetabeller.4.18e1b10334ebe8bc80005221.html> (in Swedish, “Tabeller för beräkning av grundavdrag”),

²²

<http://www.skatteverket.se/funktioner/svarpavanligafragor/privat/beloppochprocent/privatbeloppfag/narskamanbetalastatliginkomstskattochhurhogarden.5.10010ec103545f243e8000166.html>

²³ <https://sv.wikipedia.org/wiki/Jobbskatteavdrag>

As we are using the average local tax rate, the place of living is not a concern for the Art65 exercise. There are several online calculators available for the calculation of this tax credit.²⁴ However, as the tax credit is larger for persons aged 65 or older, the age is usually a required input. For the Art65 exercise, one must therefore assure to choose a year of birth that is equivalent to an age lower than 65 years.

²⁴ <http://www.ekonomifakta.se/sv/Fakta/Skatter/Skatt-pa-arbete/Jobbskatteavdraget/>

6.4 Detailed example with 2017 data

		Income Monthly	Income Yearly	Basic deduction yearly	Yearly income - Basic deduction	Local Income Tax	State Income Tax		Total Income Tax	Total Income Tax Monthly	Earned Income Tax Credit	Monthly Income Tax	Yearly Net Income
						0	638 500	438 900					
AD	Managers	57 036	684 432	13 200	671 232	215 600		48 103	263 703	21 975	2 138	19 837	409 667
	Others	36 592	439 104	13 200	425 904	136 800			136 800	11 400	2 206	9 194	291 310
AST		28 113	337 356	14 700	322 656	103 637			103 637	8 636	2 112	6 524	221 131
SC		27 949	335 388	14 900	320 488	102 941			102 941	8 578	2 101	6 477	219 648

7 Annual adjustment of remuneration

As has been explained before, the central government negotiates a general pay framework. More detailed negotiations take place in each Agency at local level and might even be differ between individuals. As such, it is difficult to describe the annual adjustment system precisely.

8 Other issues

8.1 Transmission of data

After the first of July of each year SAGE sends to Eurostat as soon as possible:

- The two tables above mentioned
- Any complementary information related to salary changes.

In parallel SAGE should send to Eurostat:

- The General agreement and any update of it.

9 Conclusion: worked example calculation

Sweden has to deviate from the general way of reporting data for the Art65 exercise for the reasons explained above, and the annual calculations will vary significantly. Please see attached detailed worked example shows the situation for 2017 for gross income of an unmarried official.

10 Bibliography

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