

Models to introduce basic income in Denmark

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- 1) Simple model to introduce basic income within a year
- 2) Advanced model to introduce basic income within 10 years
- 3) Model partly financed by a carbon tax

1. Basic income next year financed by income tax

Basic income for all over 17 years of age: 820 € a month

Conditions

- No taxation of the basic income
- No personal allowances in tax
- Same deduction in taxes as today
- Social benefits as today in the amount they exceed basic income
- Other public expenditures remain unchanged
- General tax at 57,8 percent of all income except basic income

1. Basic income next year financed by income tax

Calculations

• Basic income 820 € a month to all over 17 year	-45 billion €
Reductions of social benefits	12 billion €
Abolishment of personal allowance in tax	11 billion €
Raise of tax percent to 57,8	22 billion €
• Improvements of public budget in all	45 billion €

Basic income next year
 Examples of individual changes
 € pr. year

Nominal wage income	Available income today	Available income with basic income	Difference in €	Difference in percent
6.710	6.634	12.848	6.214	93,7
11.675	9.753	15.137	5.384	55,2
20.129	15.022	18.705	3.683	24,5
26.838	19.557	22.079	2.522	12,9
40.258	28.830	29.138	308	1,1
53.677	37.193	34.801	-2.392	-6,4
93.935	57.607	51.790	-5.817	-10,1
134.192	76.669	68.779	-7.890	-10,3
268.384	140.209	125.408	14.801	-10,6

2. Basic income in 10 years Financed by income tax

Basic income	18-24 years old:	875 € a month
	25-29 year-old:	940 € a month
	over 29 year-old:	1.075 € a month

Conditions

- Phase out existing social benefits
- Phase out tax deductions
- General tax rate: 49,5 %
- 10 pct extra tax for income over 54.000 € a year

2. Basic income in 10 years Financed by income tax

Calculations

• Basic income	-57 billion €
Phase out of existing social benefits	23 billion €
Phase out of tax deduction	21 billion €
Raise of the general tax rate, 41,3 to 49,5	11 billion €
Revenue of an extra tax at 10 pct. for income over 54.000 €	2 billion €
• Improvements of public budget in all	57 billion €

3. Basic income over 10 years partly financed by CO² tax

Basic income 18-29 year-old: 940 € a month

Basic income over 29 year-old: 1.075 € a month

Conditions

- Taxation of CO² emissions 24 € pr. ton rising step-by-step to 240 € pr. ton
- Fee on sea transport in average 1 € pr. kg. from Europe and 2 € from outside Europe
- Fee on flight passenger 25 €, on goods 1,5 € pr. ton
- Compensory wage reductions after negotiations
- Phase out existing social benefits
- Phase out tax deductions
- General tax rate 40
- Extra tax of income over 54.000 € a year: 10 pct.

3. Basic income over 10 years partly financed by carbon tax

Calculations

• Basic income	-58 billion €
Phase out existing social benefits	23 billion €
Phase out of tax deduction	21 billion €
Extra tax 10 pct. on income over 54.000 €	2 billion €
Carbon tax	15 billion €
Reduced wages public employed	4 billion €
Reduction in tax revenue because of lower wages	-5 billion €
Reduction in general tax rate to 40	-2 billion €
• Improvements of public budget in all	58 billion €

		In 10 years							
supposed		Income		netto		netto with	Difference		Difference
deduction		brutto		to day		basic income	€		pct.
617		6710		6710		15935	9226		137,5
805		13419		10988		19324	8336		75,9
1006		20129		15240		22712	7472		49
2281		26838		19898		26100	6202		31,2
6307		40258		29772		32877	3105		10,4
8722		53677		39037		39654	617		1,6
9729		93935		60437		55958	-4479		-7,4
12077		134192		80358		72262	-8095		-10,1
13419		268384		144310		126610	-17700		-12,3