Models to introduce basic income in Denmark

Jens Wamsler, August 2018

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 €

Reducions 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

<table>
<thead>
<tr>
<th>Nominal wage income</th>
<th>Available income today</th>
<th>Available income with basic income</th>
<th>Difference in €</th>
<th>Difference in percent</th>
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<tbody>
<tr>
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2. Basic income in 10 years
Financed by income tax

<table>
<thead>
<tr>
<th>Basic income</th>
<th>18-24 years old: 875 € a month</th>
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<tbody>
<tr>
<td></td>
<td>25-29 year-old: 940 € a month</td>
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<tr>
<td></td>
<td>over 29 year-old: 1.075 € a month</td>
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</table>

**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 CO\(^2\) tax

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

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

**Conditions**

- Taxation of CO\(^2\) 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 €
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<tr>
<th>supposed deduction</th>
<th>Income brutto</th>
<th>netto to day</th>
<th>netto with basic income</th>
<th>Difference €</th>
<th>Difference pct.</th>
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