財政稅務學院
School of Public Finance and Taxation, ZUEL

567 Seminar

Wealth Tax Enforcement in Sweden: Filing Requirements and Pre-Populated Returns

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On leave Fall 2025 -Spring 2026

Current Appointments:

July 2005-present: Professor of Economics, University of California at Berkeley

July 2023-present: Director, Stone Center on Wealth and Income Inequality, at UC Berkeley

Chancellor's Professorship of Tax Policy and Public Finance

Education:

- 1999 Ph.D. in Economics, MIT
- 1996 M.D. in Economics at DELTA, Paris, France
- 1994 B.A. in Mathematics at École Normale Supérieure, 45 Rue d' Ulm, Paris, France

Research topics:

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NEW OR RECENTLY REVISED

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Income and Wealth Inequality

Empirical Public Policy Studies

Optimal Taxation and Transfer Programs

Macro Business Cycle

Retirement Savings

Policy Proposals and Analysis

NEW "How Much Tax Do US Billionaires Pay? Evidence from Administrative Data" with Akcan Balkir, Danny Yagan, and Gabriel Zucman, NBER Working Paper No. 34170, August 2025

NEW "Global Working Hours" with Amory Gethin, NBER Working Paper No. 34217, September 2025 **(VOX summary) (Slides)**

NEW "Income Inequality in the United States: A Comment" with Thomas Piketty and Gabriel Zucman, WIL Technical Note, September 2024. (Excel Data)

NEW "Beveridgean Phillips Curve" with Pascal Michaillat, October 2024

REVISED "Distributional Tax Analysis in Theory and Practice: Harberger Meets Diamond-Mirrlees" with Gabriel Zucman, NBER Working Paper No. 31912, November 2023, revised August 2024 **(Slides)**

REVISED "Deadwood Labor? The Effects of Eliminating Employment Protection for Older Workers" with Benjamin Schoefer and David Seim, NBER Working Paper No. 31797, October 2023, revised October 2024 **(VOX summary) (Slides)**

FINAL "Taxing the Wealth of the Poor: Evidence from the Danish Old-Age Support Asset Test" with Niels Johannesen and Johan Saeverud, NBER Working Paper No. 33189, revised April 2025 forthcoming *American Economic Journal: Insights* **(Slides)**

FINAL "Has the Recession Started?" with Pascal Michaillat, revised April 2025, forthcoming *Oxford Bulletin of Economics and Statistics*. **(Data and Programs)**

FINAL "Wealth Tax Enforcement in Sweden: Filing Requirements and Pre-Populated Returns" with David Seim, *Journal of Public Economics* 249, 2025, 105440 **(Programs for Replication)**

FINAL "u*=√uv: The Full-Employment Rate of Unemployment in the United States" with Pascal Michaillat, forthcoming *Brookings Papers on Economic Activity*, October 2024 **(Slides) (BPEA summary) (VOX summary) (Data and Programs)**

David Seim

Current Appointments:
11/20- Professor, Department of Economics, Stockholm University.
11/23- Visiting Professor, London School of Economics
1/2016 - 6/2016 Visiting Researcher, University of California, Berkeley.

Education:

- Ph.D., Institute for International Economic Studies, Stockholm University, June 2013
- Price Theory Summer Camp, Becker Center on Chicago Price Theory, University of Chicago, 2011
- Summer Institute in Behavioral Economics at University of Trento, Russell Sage Foundation, 2010
- PhD, Visiting Student, Department of Economics, Harvard University, 2009-2010
- MA, Department of Economics, Stockholm University, 2007
- BA, Economics and Mathematics, Stockholm University, 2008

Research Interests: Public Economics; Labor Economics.

Other work

- “Mandatory Notice of Layoff, Job Search, and Efficiency” , (with J. Cederlöf, P. Fredriksson and A. Nekoei), *Quarterly Journal of Economics*, 140(1): 585-633, 2025.
- “How Do Inheritances Shape Wealth Inequality? Theory and Evidence from Sweden” , (with Arash Nekoei) *the Review of Economic Studies*, 90(1): 463-498, 2023.
- “Labor Market Returns and the Evolution of Cognitive Skills: Theory and Evidence” , (with Santiago Hermo, Miika Päällysaho and Jesse Shapiro) *Quarterly Journal of Economics*, 137(4): 2309-2361, 2022.
- “Risk-based Selection in Unemployment Insurance: Evidence and Implications” , (with C. Landais, A. Nekoei, P. Nilsson and J. Spinnewijn), *American Economic Review*, 111(4): 1315-1355, 2021.
- A “The Role of Firms in Payroll Tax Incidence: Evidence from a Young Workers’ Tax Cut in Sweden” , (with Emmanuel Saez and Benjamin Schoefer), *American Economic Review*, 109(5): 1717-1763, 2019.
- “Deadwood Labor? The Effects of Eliminating Employment Protection for Older Workers” , (with E. Saez and B. Schoefer) *R&R AEJ: Applied Economics*

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Overview

Economics Question

Can information provided to government improve wealth tax compliance?

This paper analyzes the role of information returns, tax filing requirements, and pre-population on tax enforcement for the Swedish wealth tax.

This paper uses sharp reforms in the Swedish wealth tax administration to cast light on these mechanisms. While Sweden has had extensive information reporting since 1986, they find that two administrative features –filing requirements and pre-populated tax returns –have a substantial additional impact on compliance.

Motivation

Information returns provided by third-parties (E.g. employers and financial institutions) to both the tax authority and the taxpayer can greatly improve tax enforcement.
The government can target audits on taxpayers reporting less than third-party reports making such tax evasion too risky for taxpayers.

What if the government does not use information returns to target audits and taxpayers understand this? The deterrence effect may not operate.

There is less work analyzing filing requirements and pre-population, or the interactions between such enforcement mechanisms.

Key Contributions

- **First Contribution:**
  - The literature has shown that information returns help with tax enforcement
  - This is consistent with their findings that information returns with no additional audit targeting may not improve compliance very much.
- **Second Contribution:**
  - Contributing to the literature regarding of the effect of introducing pre-population for wage income.
  - No effect is likely because those third-party reports were already used for enforcement.
  - Pre-population improves compliance because it makes government knowledge more salient to taxpayers
- **Third Contribution:**
  - There is no direct evidence showing effects of a pure change in the filing threshold
  - Various studies have also shown that taxpayers are eager to avoid burdensome filing requirements above thresholds with evidence of missing mass just above the threshold and bunching below the threshold.

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Background

Wealth tax in Sweden

- **Tax Period**
  The Swedish progressive wealth tax on individuals was in place annually from 1911 to 2007.This study period is 1984–1999.
- **Tax Base** Since the 1970 s, the tax base included the cadastral value of real estate, personal wealth (vehicles, horses, jewelry, but not furniture nor art), financial wealth, and private business wealth (only until 1990), net of debts. Private business wealth was included but valued at only 30 % of the net book value.
  The wealth tax in year t was based on the value of wealth on December 31 of year t and was reported to the tax administration on a joint income and wealth tax return filed in year $t+1$.
- **Tax Unit**
  The family, with couples taxed based on their total net worth. Approximately the wealthiest 10 % of families were liable for the tax during these years. The marginal tax rate in the first tax bracket above the exemption threshold was 1.5 %.

Key features of TAX

Table 1
Sweden wealth tax parameters and administration, 1984–1999.

Time periods	**1984-1985**	**1986-1989**	**1990-1993**	**1994-1996**	**1997-1999**
A. Wealth tax parameters					
Exemption threshold (same for singles and couples)	400 kSEK	400 kSEK	800 kSEK	800 kSEK (900 kSEK in 1996)	900 kSEK
Bottom bracket tax rate	1.5%	1.5%	1.5%	1.5%	1.5%
Top tax rate	3%	3%	1.5% (3% in '90, 2.5% in '91)	1.5%	1.5%
Filing requirements	All	All	All	**Net wealth above exemption**	Net wealth above exemption
B. Third party reporting					
Real estate (1)	Yes	Yes	Yes	Yes	Yes
Bank accounts and interest paying assets	No	**Yes**	Yes	Yes	Yes
Tradable corporate stocks, and mutual funds (2)	No	**Yes-(no value)**	Yes-(no value)	Yes-(no value)	Yes-(no value)
Debts	No	No	No	No	Yes
C. Pre-populated wealth on tax return	No	No	No	No (3)	**Yes (4)**

Filing requirements

During 1984–1999, the wealth tax was integrated into the individual income tax system, requiring taxpayers to file a joint income and wealth tax return.

- From 1984 to 1993, all taxpayers were obligated to report their wealth on the tax return, even if their net wealth was below the exemption threshold.
- In 2012–2013, the household gas share was about 88% of all gas sold by OMCs, with the remaining 12% consumed by the commercial, industrial, and transportation sectors.
- Since nearly everyone filed a tax return, this effectively meant that wealth reporting was almost universal. However, starting in 1994, only individuals with net wealth above the exemption threshold were required to fill in their wealth information on the tax return.

Third-party information return

- In 1984–1985, third-party reporting of wealth information was limited to real estate. Real estate values for wealth tax purposes were determined by the cadastral values dictated by the tax administration, which were also used for property tax purposes.
- In 1986, third-party reporting was expanded to include financial wealth. Financial institutions, such as banks, generated these reports and sent them both to the tax authority and to the taxpayers.

Pre-populated wealth

In 1997, by the introduction of new third-party reports for debt, the tax administration began pre-populating gross wealth and debt on tax returns, using all the third-party reports for wealth.

Pre-population was applied only to taxpayers whose total third-party-reported net wealth exceeded the exemption threshold or who had been liable for the wealth tax in the preceding year

Audits and enforcement

The tax administration never developed a "**match-and-audit**" system (our term) whereby taxpayers who under-report relative to their third-party-reported wealth would receive an automatic letter from the tax administration asking them to explain the discrepancy (effectively a form of audit).

- Instead, the Swedish tax administration focused its limited audit budget on taxpayers most likely to have significant tax under-payments and hence likely to be well above the exemption threshold.
- Hence, taxpayers below or slightly above the threshold based on their third-party reported wealth had a strong incentive to under-report to rationally evade taxes as in the standard *Allingham-Sandmo* model.
- This was equally true during universal filing requirement 1984–1993, filing above threshold 1994–1996, or pre-populated returns 1997–1999.

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Data resources

Administrative tax data for the full population maintained by Statistics Sweden.

These data include

- gross wealth and debts as reported on the tax return when this information is filled in by the taxpayer
- or if it is pre-populated by the tax administration with no further changes from the taxpayer.
- data on third-party-reported wealth and its component

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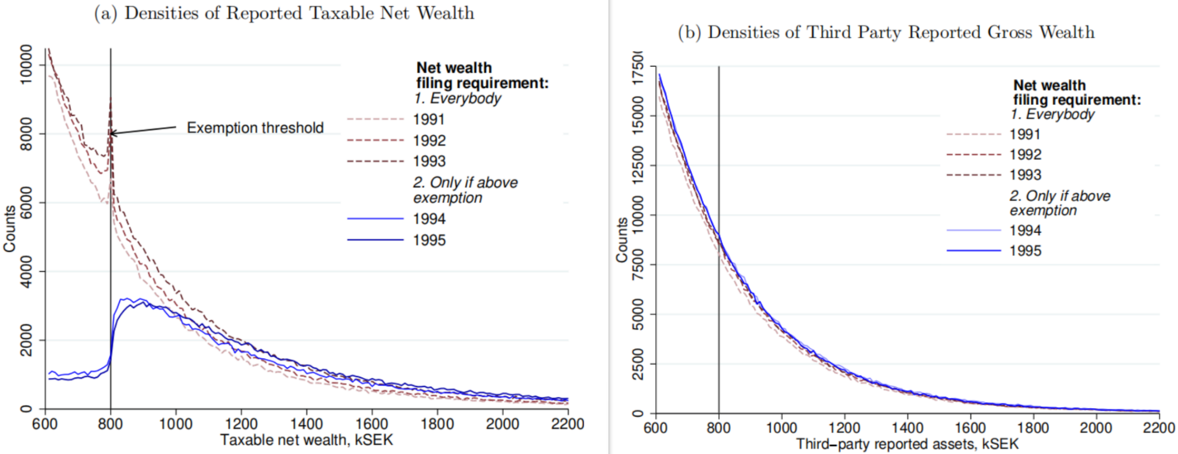
Increasing the Filing Requirement Net Wealth Threshold

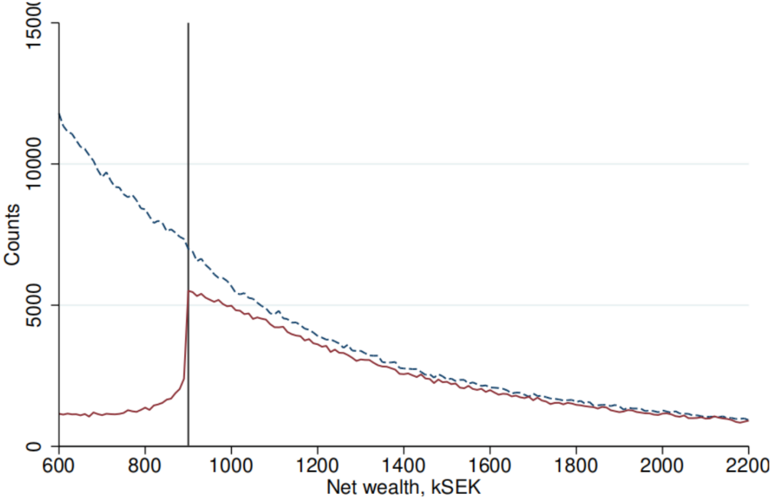
Sweden loosened its filing requirements for wealth information in 1994.



Loosening the filing requirement should not generate a significant response ? **Contradiction!**

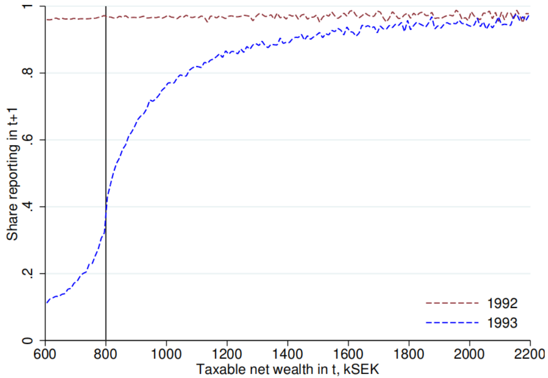
The density of third-party reported wealth is actually slightly higher than the density of reported net wealth above the exemption threshold as many taxpayers adjust the pre-populated wealth down on their tax return

Figure A.1: Reported vs. Third-Party Net Wealth in 1999



Many taxpayers with wealth slightly above the threshold opt not to report it anymore

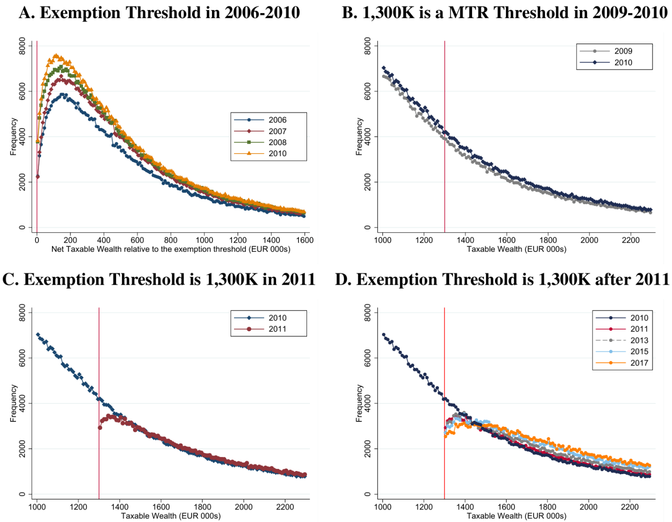
Figure A.2: Longitudinal Evidence around Filing Requirement Change



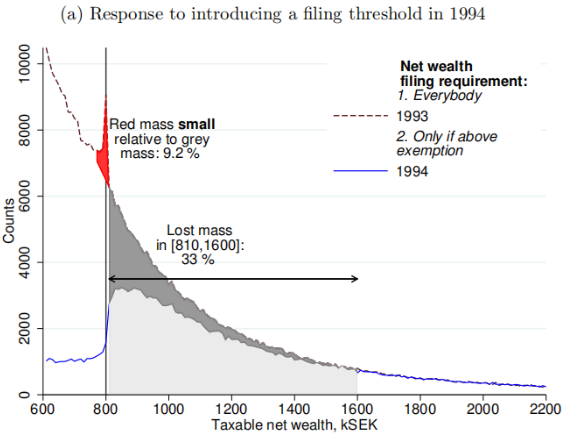
About half of taxpayers with wealth slightly above the threshold in 1993 do not fill their wealth information in year 1994.
This is consistent with main text interpretation that a large fraction of taxpayers with wealth slightly above the exemption threshold stop filling in their wealth information in 1994. In contrast taxpayers with wealth well above the exemption threshold continue filling in their wealth information

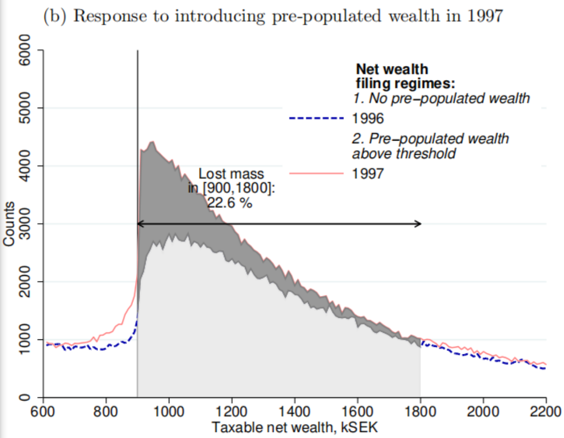
French wealth tax, Garbinti et al. (2023)

Figure 3: **Bunching at the Exemption Thresholds**



Estimating the Tax Evasion Responses

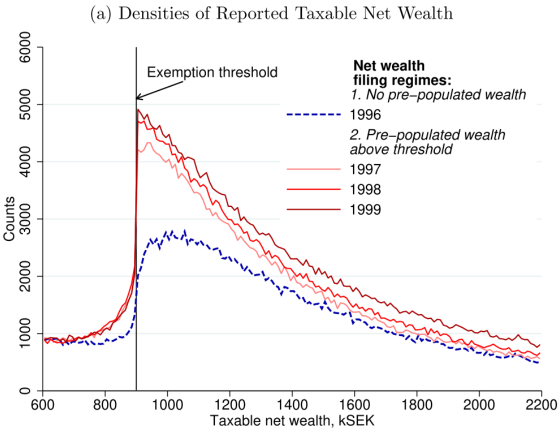


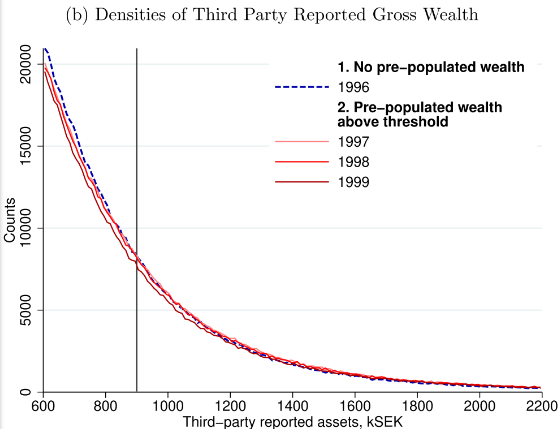


Introducing pre-populated wealth on tax returns

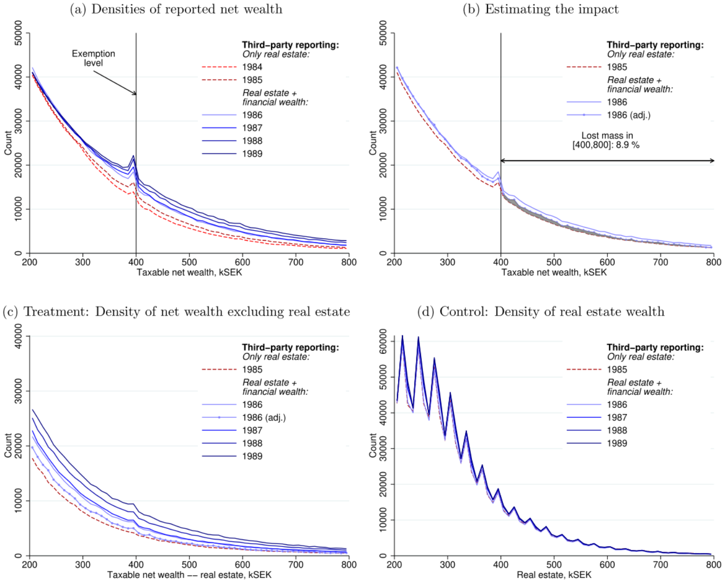
In 1997, the tax administration began pre-populating gross wealth and debts on tax returns using third-party reports.

Pre-population was applied only if total third-party reported net wealth exceeded the exemption threshold or if the taxpayer had been liable for the wealth tax the previous year.





Expanding third-party reporting



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Filing requirements

In a rational model, filing requirements should not influence the decision to evade taxes, as taxpayers could misreport their wealth regardless of filing obligations.

- However, in practice, evading taxes under a universal filing requirement requires taxpayers to explicitly falsify figures on the tax return, making non-compliance more overt.
- Conversely, when filing requirements are limited to those above a threshold, taxpayers can evade taxes simply by not reporting their wealth, rather than actively reporting false numbers.
- the legal consequences are actually the same, no matter misreporting or failing to report(results in tax underpayment upon audit carries a 40 % surtax on the tax underpaid).
- If a taxpayer left the wealth boxes blank, the system coded them as zeros.

The psychology literature:Individuals cheat more when it requires passively accepting a default incorrect answer (cheating by omission) than when it requires voluntarily giving an incorrect answer (commission) .(see Mazar and Hawkins 2015 for an experimental study)

Pre-population

In a rational model, pre-populating wealth should not impact the decision to evade either because taxpayers are aware that the tax administration has access to third-party reported wealth information regardless of pre-population.

- In practice, however, pre-populating net wealth above the exemption threshold makes taxpayers more acutely aware that **the tax administration knows their wealth is quite possibly above the threshold. It also requires taxpayers to explicitly falsify figures on their return to evade taxes**, making non-compliance more overt and hence psychologically more difficult.
- In contrast, prior to pre-population, taxpayers could evade taxes by simply failing to report their wealth, a less explicit form of non-compliance. Taxpayers in such cases can also invoke the excuse that they thought their net wealth was below the threshold.

It is the combination of filing costs and psychological costs of providing explicitly false information that can best explain all their results.

Information returns

The extension of information returns did not generate a large improvement in tax enforcement because Sweden did not use them systematically to audit taxpayers reporting less,

- From a rational evader taxpayer’s perspective, the risk of being caught while evading did not increase drastically with the introduction of information returns.
- Generally, information returns are used to systematically target audits to taxpayers reporting less than the amounts on information returns hence deterring rational tax evasion.
- When information returns are not used systematically to audit taxpayers under-reporting wealth and taxpayers understand it, their deterrent effect on compliance is lost and significant evasion may result.

In such a situation, this paper has shown that **additional tax administration features –filing requirements and pre-populated returns –can have a large positive impact on compliance**.

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Review

This paper using two tax policy reforms studies the wealth tax compliance.

No complex econometric method, but concise and clear graphs, reasonable and powerful explanation.

The fancy point is the possible psychological interpretation underlying the behavior of those wealthy.

Inspirations

Such a pre-populating can apply to the future real estate tax . For example, initiate a report requesting wealthy individuals to report the number and market value of their properties.

Leveraging behavioral economics to optimize tax administration processes. Beyond pre-population, what other "nudge" mechanisms can encourage voluntary compliance? For instance, sending personalized risk notification letters to individual and firm.

The psychological interpretation reminds me of, in secondary school days, when students who hadn't completed their assignments on time or had done them perfunctorily would often choose not to hand them in at all, instead of submitting an imperfect answer that would draw criticism from the teachers.

Looking for questions and criticism!