

NEWS RELEASE

Average Danes pay high taxes to finance Denmark's large welfare state

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For immediate release

VANCOUVER—Despite common misperceptions, middle-class workers in Denmark pay relatively high taxes for Denmark's large government, notes a new book published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Foreign admirers, particularly social democrats, often point to Denmark as a policy model but few seem to appreciate who actually pays for the country's large welfare state,” said noted Danish economist Lars Christensen, co-author of *The Free Enterprise Welfare State: A History of Denmark's Unique Economic Model*.

Indeed, Denmark has a large welfare state paid for by some of the highest personal income and consumption taxes in the industrialized world.

For example, when they buy goods (e.g. groceries) and services, Danes pay a 25 per cent value-added tax (VAT), similar to Canada's GST, which is the second-highest among high-income countries.

And Denmark's top personal income tax rate (57 per cent), which is among the highest in the world, kicks in at a comparatively low level of income—roughly US\$92,000 compared to US\$177,000 in Canada and US\$536,000 in the United States. In other words, it's not just wealthy Danes who pay the top personal income tax rate.

“Average Danes pay the price for their large government sector,” said Matthew Mitchell, book co-editor and senior fellow at the Fraser Institute.

“When considering Danish-style government, policymakers in Canada should understand the implications for taxpayers,” said Steven Globerman, book co-editor and senior fellow at the Fraser Institute.

Finally, according to polling [data](#) released in 2023, Canadians overwhelmingly reject higher personal income taxes for the middle class and a higher GST to finance higher levels of government spending.

This book (accompanied by a website) is part of the Fraser Institute's Realities of Socialism series.

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