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## **PHÂN TÍCH MÔ HÌNH THUẾ GIẢM BẤT BÌNH ĐẲNG THU NHẬP CỦA THỤY ĐIỂN VÀ BÀI HỌC CHO VIỆT NAM**

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### **Tóm tắt**

Nghiên cứu này phân tích mô hình thuế của Thụy Điển và tác động của nó trong việc giảm bất bình đẳng thu nhập, mang đến những bài học quan trọng cho Việt Nam. Nghiên cứu tập trung vào các khía cạnh chính của mô hình Thụy Điển, bao gồm thuế lũy tiến, các chương trình an sinh xã hội và các loại thuế khác. Qua việc nghiên cứu mối quan hệ giữa các chính sách này và phân phối thu nhập, kết quả cho thấy hệ thống thuế của Thụy Điển đã hiệu quả trong việc giảm bất bình đẳng thu nhập thông qua việc phân phối lại tài sản và cải thiện việc tiếp cận các dịch vụ thiết yếu. Những điều này mang lại bài học quý giá cho Việt Nam, nhấn mạnh sự cần thiết của việc phân cấp thuế lũy tiến hơn, mở rộng các chương trình an sinh xã hội và đa dạng hóa nguồn thu từ thuế để thúc đẩy phát triển kinh tế bền vững và giảm bất bình đẳng thu nhập.

**Từ khóa:** mô hình thuế, bất bình đẳng thu nhập, thuế lũy tiến, Thụy Điển, Việt Nam

## **ANALYSIS OF SWEDEN'S TAX MODEL FOR REDUCING INCOME INEQUALITY: LESSONS FOR VIETNAM**

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## Abstract

This study examines Sweden's tax model and its impact on reducing income inequality, offering important lessons for Vietnam. The analysis focuses on key aspects of Sweden's approach, including progressive taxation, social welfare programs, and other taxes. By exploring the relationship between these policies and income distribution, the research highlights how Sweden's system has effectively addressed inequality through wealth redistribution and improved access to essential services. The findings offer valuable insights for Vietnam, emphasizing the need for a more progressive taxation, the expansion of social welfare programs, and the diversification of tax revenue sources to promote sustainable economic development and reduce income disparities.

**Keywords:** tax model, income inequality, progressive taxation, Sweden, Vietnam.

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## 1. Introduction

According to the Organisation for Economic Co-operation and Development (OECD), income inequality refers to the uneven distribution of income among individuals or groups within a society. This disparity often stems from differences in education, skills, employment opportunities, and access to resources.

Taxes have primarily been used for two main purposes: raising revenue and regulating the macroeconomic environment. Well-structured tax policies play a key role in mobilizing and redistributing resources to promote national development and economic security (Tovstukha, 2024). By addressing market inefficiencies, such as wealth inequality, taxes help create fair conditions for taxpayers, supporting both fiscal stability and social equity. This not only fosters economic growth but also contributes to sustainable development (Bostajyan & Movsisyan, 2022).

In Vietnam, income shows significant disparities across regions and demographics, despite overall economic growth. The wealthiest 10% of the population holds a substantial portion of total income, while the bottom 40% earn a much smaller share (Chan & Minh, 2024). This inequality is especially pronounced in rural areas and regions like the Northern Midlands and Mountains, where the Gini index stands at 0.42, reflecting high levels of economic disparity (Ho & Benešová, 2023). Urban areas generally have lower income inequality compared to rural regions, emphasizing the geographic divides in wealth distribution.

To address these issues, this study focuses on two main objectives: analyzing Sweden's tax model for reducing income inequality and identifying key lessons that Vietnam can apply. By exploring these aspects, the research aims to provide valuable insights for developing effective tax policies that promote economic growth and social equity in Vietnam.

This study employs a qualitative approach, using secondary data to analyze Sweden's tax system and its impact on income inequality, drawing insights for Vietnam. This method enables an

in-depth examination of economic and policy issues that are difficult to quantify. Reports from government agencies and international organizations such as the OECD, IMF, and World Bank ensure efficiency, objectivity, and a broad scope. The research applies analysis and synthesis methods to assess Sweden's progressive taxation and redistributive mechanisms, identifying relevant models for Vietnam. Data from the 1990s to 2024, including government reports, academic research, and economic news, support evidence-based recommendations for Vietnam's taxation system.

This paper is structured as follows: Section 2 reviews the existing literature on income inequality, identifies research gaps, and sets the foundation for this study. Section 3 outlines the theoretical framework for analyzing tax systems and their impact on income distribution. Section 4 provides a detailed analysis of Sweden's tax model and its effectiveness in reducing income inequality. Section 5 examines the current state of Vietnam's tax system, highlights key differences between Vietnam and Sweden, and offers recommendations tailored to Vietnam's economic context. Finally, Section 6 concludes the study with a summary of findings and potential pathways for Vietnam's tax reform.

## **2. Literature review**

The relationship between tax systems and income distribution has been widely studied, with substantial evidence indicating that progressive taxation plays a key role in reducing income inequality. Comparative analyses across countries demonstrate that tax structures with higher progressivity are associated with lower income disparities, highlighting the critical role of taxation in redistribution (Tjan, 2024). Additionally, targeted relief mechanisms within progressive tax frameworks, such as tax exemptions for low-income households, have proven effective in reducing poverty without hindering economic growth (Álvarez et al., 2024).

However, Vietnam's tax system faces challenges in addressing income inequality. While moderately progressive, Rodríguez et al. (2023) find that most households contribute more in taxes than they receive in benefits, resulting in a limited reduction in poverty through taxation. Instead, public spending, particularly on healthcare and education, plays a more significant role in narrowing income gaps. Furthermore, tax evasion and income underreporting exacerbate inequality, as the Gini coefficient for disposable income increases from 0.379 to 0.409 when hidden income is accounted for (La & Dang, 2018).

Against this backdrop, Sweden's tax model stands out as a highly effective example of using progressive taxation to reduce inequality while maintaining a comprehensive welfare system. Sweden's tax policies not only redistribute income but also ensure the sustainability of its social safety net through stable revenue from high tax rates (Utami, 2023). These funds support extensive

welfare programs, including healthcare, unemployment benefits, and pensions, which significantly benefit lower-income groups and reduce income disparities (Khan et al., 2002). Moreover, Sweden's tax-funded public services, such as education, healthcare, and job training, contribute to long-term economic stability by fostering a well-educated and skilled workforce. This combination of taxation and social investment enhances economic growth while reducing inequality.

Despite Sweden's success in mitigating income inequality through taxation, research on the feasibility of applying similar strategies in Vietnam remains limited. The two countries differ significantly in economic structure, institutional capacity, and public trust in taxation, raising concerns about whether Sweden's model can be realistically adapted to Vietnam's conditions. Existing research on Vietnam, such as assessments by the Ministry of Finance (2023, 2024) and studies by Nguyễn Ngọc Minh (2024) and Hồ Thị Thanh Trúc (2023), predominantly focuses on tax progressivity, compliance, and enforcement, with little emphasis on integrating lessons from successful tax models like Sweden. Therefore, assessing the compatibility of Sweden's tax mechanisms with Vietnam's economic, cultural, and political landscape is essential for developing practical policy recommendations.

To bridge this research gap, this paper examines Sweden's and Vietnam's tax and welfare systems, highlighting key similarities and differences. Investigating which elements of Sweden's tax model could be effectively implemented in Vietnam and evaluating the potential impacts both positive and negative would provide valuable insights for tax policy reform. This includes assessing tax compliance, administrative feasibility, and public acceptance of tax changes. By conducting an in-depth analysis of Sweden's policies and their adaptability to Vietnam's economic context, this research aims to contribute to improving Vietnam's tax system and strengthening its social welfare framework.

### 3. Theoretical Framework

#### 3.1 *Taxation and Income Redistribution*

Taxation is a fundamental tool for governments to finance public goods and services while also addressing income inequality. The **Ability-to-Pay Principle** (Smith, 1776) argues that individuals should contribute to public finances according to their capacity, ensuring that higher-income earners bear a greater tax burden. This principle serves as the basis for **progressive taxation**, where tax rates increase with income levels to promote economic fairness.

**Progressive Taxation Theory** (Musgrave, 1959) suggests that a well-structured tax system can help reduce income disparities by redistributing wealth from higher-income groups to lower-income populations. This redistribution occurs through social welfare programs funded by tax

revenues, which improve access to essential services such as education, healthcare, and social security.

### ***3.2 Types of tax and Their Impact on Equity***

Different types of taxes influence income distribution in various ways. **Tax Incidence Theory** (Musgrave & Musgrave, 1989) explains that the economic burden of a tax does not always fall on those who are legally required to pay it. Instead, it depends on how taxes shift between consumers, businesses, and workers. This theory is crucial in evaluating the effectiveness of tax policies in reducing income inequality.

- **Personal Income Tax (PIT):** Typically designed as a progressive tax, PIT imposes higher rates on individuals with higher earnings. This helps redistribute wealth and reduce economic disparities (OECD, 2023).
- **Property Tax:** Levied on the ownership or transfer of property, property taxes can contribute to wealth redistribution by targeting those with significant asset holdings (Smith, 2022).
- **Value-Added Tax (VAT):** An indirect tax applied to goods and services, VAT is often considered regressive, as it constitutes a larger proportion of income for lower-income individuals. Despite its efficiency in generating revenue, its impact on inequality must be mitigated through compensatory social policies (World Bank, 2023).

### ***3.3. Balancing Taxation and Economic Growth***

While taxation is essential for wealth redistribution, excessively high tax rates can discourage investment and economic activity. **Optimal Taxation Theory** (Mirrlees, 1971) suggests that governments must find a balance between equity and efficiency. Tax policies should minimize economic distortions while ensuring adequate revenue collection for public expenditures.

Governments must also consider compliance and enforcement mechanisms. **Tax Compliance Theory** (Allingham & Sandmo, 1972) highlights that factors such as enforcement capacity, penalty structures, and public trust influence taxpayers' willingness to comply with tax obligations. Effective enforcement ensures that tax policies achieve their intended redistributive effects.

### ***3.4. Social Spending and Redistribution***

**Redistributive Fiscal Policy Theory** (Atkinson, 1970) emphasizes the role of government spending in reducing income inequality. Revenue collected from taxation must be allocated efficiently to social programs that enhance economic opportunities for lower-income groups. Investments in education, healthcare, and social protection systems are critical in addressing long-term disparities and fostering economic mobility.

## 4. Analyzing Sweden's inequality-reducing tax model

### 4.1 Overview

Sweden's households face high taxes, with income and property-related taxes at 14.6% of GDP and indirect taxes at 11.6%, both above EU averages (Tresor-economics, 2023).

**Table I:** Breakdown of Sweden's general government revenue by tax type in 2021

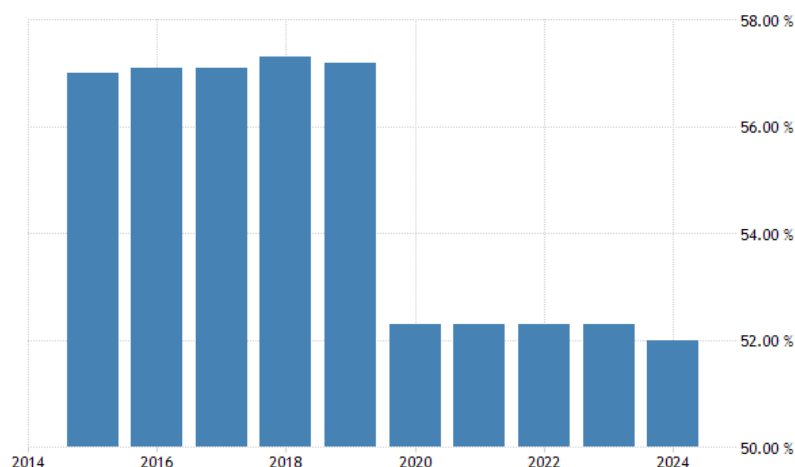
	Share of total revenue (%)	Share of GDP (%)
Direct taxes	37.2	18.4
Income tax	29.6	14.6
Corporation tax	6.8	3.4
Other	0.8	0.4
Indirect taxes	23.4	11.6
VAT	18.5	9.2
Other (excise duty, imports)	4.9	2.4
Net social security contribution	14.6	7.2
Taxes on production	12.4	6.1
Payroll tax	10.5	5.2
Other non-tax revenues	12.3	6.1
Total revenues	100	49.4

**Source:** Tresor-economics, 2022

#### 4.1.1. Structure of Personal Income Tax brackets: high progressive tax system with multiple tax brackets

##### 4.1.1.1. Analysis of each tax bracket

Sweden's personal income tax rate is 52.30%, the second-highest globally, with taxes comprising 48.2% of GDP. From 1995 to 2024, the rate averaged 55.86%, peaking at 61.40% in 1996 and bottoming at 51.50% in 2000 (Skatteverket, 2024). Yet, Sweden consistently ranks among the most successful societies globally (Dantri, 2016).



**Figure I:** The Personal Income Tax rate in Sweden

*Source:* Trading Economics, 2024

**Table II:** Some of the main tax rates in Sweden in 2024

Related	Last	Previous	Unit	Reference
Corporate Tax Rate	20.60	20.60	percent	Dec 2024
Personal Income Tax Rate	52.00	52.30	percent	Dec 2024
Sales Tax Rate	25.00	25.00	percent	Dec 2024
Social Security Rate	38.42	38.42	percent	Dec 2024
Social Security Rate For Companies	31.42	31.42	percent	Dec 2024
Social Security Rate For Employees	7.00	7.00	percent	Dec 2024
Withholding Tax Rate	0.00	0.00	percent	Dec 2024

**Source:** Trading Economics, 2024

In Sweden, the Personal Income Tax Rate applies to income from labor, pensions, interest, and dividends, with the top marginal rate serving as the benchmark. It is a key revenue source for the government.

**Table III:** Highlights of personal income tax rate in Sweden from 1995 to 2024

Actual	Previous	Highest	Lowest	Dates	Unit	Frequency
52.00	52.30	61.40	51.50	1995 - 2024	percent	Yearly

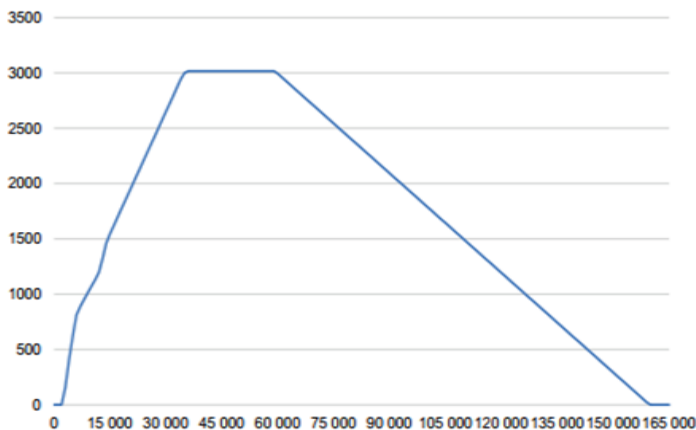
**Source:** Trading Economics, 2024

Sweden's income tax system includes local and national taxes, funding public services and ensuring fairness.

- **Local Tax:** Averaging 32.37% in 2023, it varies by municipality (29–35%) and funds services like education and healthcare. Taxes are based on residence, not workplace.
- **National Tax:** A 20% tax applies to annual incomes above SEK 598,500 (SEK 682,800 for those aged 66+). The national surtax was abolished in 2020, capping the rate at 20%.

Combined, these taxes result in a marginal rate of up to 52%, supporting equity and robust public services (Tresor-economics, 2023; Chiaselund, 2024).

The earned income tax credit (jobbskatteavdrag), introduced in 2007, boosts labor supply and benefits over 90% of employees. It applies only to labor income, increasing with earnings up to €3,250/month and phasing out above €14,490/month. The maximum reduction is €270/month. Funded by the central government, it reduces local tax liability without affecting local revenue.

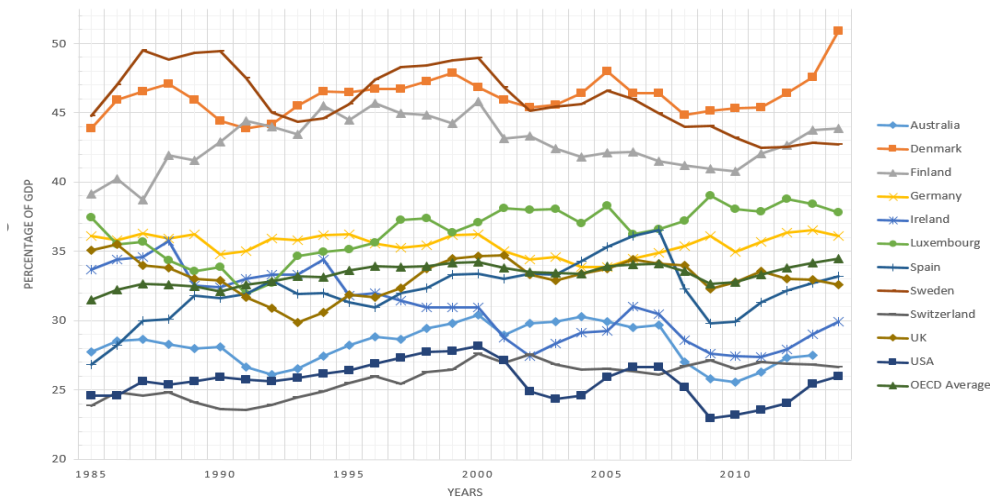


**Figure II:** Tax credit amount (SEK/month) in 2023, based on gross monthly income

**Source:** Tresor-economics, 2023



#### 4.1.1.2. Comparison with the income tax systems of other countries



**Figure III:** Tax revenue as percentage of GDP in some OECD countries

Source: OECD, 2024

**Table IV:** Tax revenue as percentage of GDP in OECD countries in 2024

No.	Country	Last	Previous	Reference	Unit
1	Australia	45	45	Dec/24	%
2	Austria	55	55	Dec/24	%
3	Belgium	50	50	Dec/24	%
4	Canada	33	33	Dec/24	%
5	Chile	40	40	Dec/24	%
6	Colombia	39	39	Dec/24	%
7	Costa Rica	25	25	Dec/24	%
8	Czech Republic	23	23	Dec/24	%

No.	Country	Last	Previous	Reference	Unit
9	Denmark	55.9	55.9	Dec/24	%
10	Estonia	20	20	Dec/24	%
11	Finland	57.3	57	Dec/24	%
12	France	45	45	Dec/24	%
13	Germany	45	45	Dec/24	%
14	Greece	44	44	Dec/24	%
15	Hungary	15	15	Dec/24	%
16	Iceland	46.28	46.25	Dec/24	%
17	Ireland	40	40	Dec/24	%
18	Israel	50	50	Dec/24	%
19	Italy	43	43	Dec/24	%
20	Japan	55.95	55.95	Dec/24	%
21	Latvia	31	31	Dec/24	%
22	Lithuania	32	20	Dec/24	%
23	Luxembourg	42	42	Dec/24	%
24	Mexico	35	35	Dec/24	%
25	Netherlands	49.5	49.5	Dec/24	%
26	New Zealand	39	39	Dec/24	%

No.	Country	Last	Previous	Reference	Unit
27	Norway	39.6	39.6	Dec/24	%
28	Poland	32	32	Dec/24	%
29	Portugal	48	48	Dec/24	%
30	Slovakia	25	25	Dec/24	%
31	Slovenia	50	50	Dec/24	%
32	South Korea	45	45	Dec/24	%
33	Spain	47	47	Dec/24	%
<b>34</b>	<b>Sweden</b>	<b>52</b>	<b>52.3</b>	<b>Dec/24</b>	<b>%</b>
35	Switzerland	40	40	Dec/23	%
36	Turkey	40	40	Dec/24	%
37	United Kingdom	45	45	Dec/24	%
38	United States	37	37	Dec/24	%

**Source:** Trading Economics, 2024

Sweden's personal income tax rate of 52.2% is among the highest in the OECD, compared to 37% in the U.S. and lower rates in Germany and France. Developing countries like China, India, and Vietnam have rates between 30% and 35%, reflecting differences in financial capacity and welfare systems. Middle Eastern nations like Saudi Arabia and the UAE rely on indirect and corporate taxes instead of personal income tax (Trading Economics, 2024).

#### 4.1.2. Property tax and Value-added tax (VAT)

##### 4.1.2.1. Property tax

Sweden is one of nine European countries without estate, inheritance, or gift taxes but applies other property-related taxes (Interimm, 2022):

- **Capital Gains Tax:** Property sales are taxed at 30%, with deductions allowed for acquisition, improvements, and repairs. Only 22/30 of the gain is taxable for private residences (Global Property Guide, 2024).
- **Corporate Tax:** Companies, domestic and foreign, pay a 20.6% tax on income and capital gains (Global Property Guide, 2024).
- **Property Holding Tax:** A municipal fee of 0.2%–2.8% applies based on property type. Residential properties are taxed at 0.75% of the assessed value or SEK 7,262 (€764), whichever is lower (Global Property Guide, 2024).

**Table V:** Property Buying and Selling Taxes/Costs

Tax Type	Rate
Property Transfer Tax	1.50% - 4.25%
Agent Fee (Buyer)	-
Agent Fee (Seller)	3.00% - 5.00%
Legal Fees	1.00% - 1.50%
Notary Fee	0.10%
Roundtrip Cost	5.60% - 10.85%

**Source:** Global Property Guide, 2024

##### 4.1.2.2. Value-added tax (VAT)

Sweden's VAT is 25%, with reduced rates of 12% and 6%. Exports are zero-rated; health and financial services are exempt (Avalara, 2025).

**Table VI:** VAT in Sweden divided by type of goods or services

Rate	Type	Which goods or services
25%	Standard	All other taxable goods and services
12%	Reduced	Some foodstuffs; non-alcoholic beverages; takeaway food; minor repair services for bicycles, shoes and leather goods, clothing, and household linen; hotel accommodation; restaurant and catering services; some works of art, collectors items, and antiques
6%	Reduced	Domestic passenger transport; books (including e-books); newspapers and some periodicals; admission to cultural events (excluding cinema); writers and composers; admission to sports events; use of sports facilities
0%	Zero	Medicines supplied on prescription or sold to hospitals; printing and other services related to the production of magazines for non-profit making organisations; intra-community and international passenger transport; education services

**Source:** Avalara, 2025

In Sweden, VAT registration is required for turnover above SEK 120,000 (from 2025). Filing is monthly (turnover > SEK 40M), quarterly ( $\leq$  SEK 40M), or annually (< SEK 1M), with payments due 10 days after the period. VAT is deductible for business expenses, including advertising, hotel stays, and gifts (up to SEK 180), with partial deductions for rentals and entertainment (Avalara, 2025).

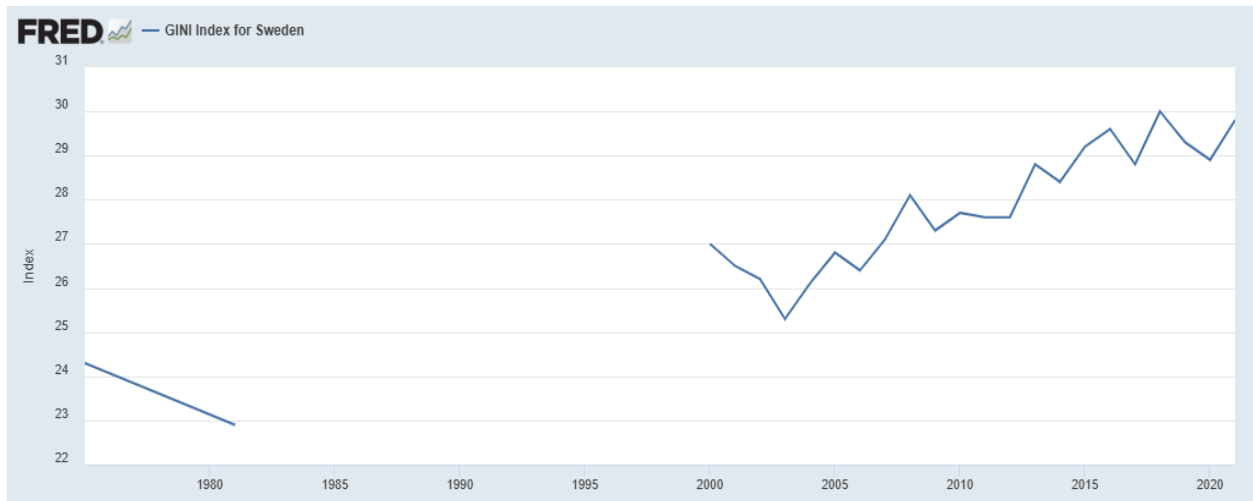
#### 4.1.3. *Personal income tax deductions*

Sweden offers several deductions to reduce taxable income. These include:

- Basic deduction (Grundavdrag): Ranges from SEK 14,000 to SEK 36,700, applied automatically (Lais Cattassini, 2025).
- Work-related travel expenses (Reseavdrag): Eligible if commuting expenses exceed SEK 11,000, covering public transport, vehicle use, and carpooling (Lais Cattassini, 2025).
- Interest on loans (Ränteavdrag): 30% deduction on loan interest up to SEK 100,000, reduced to 21% for higher amounts (Lais Cattassini, 2025).
- Charitable donations (Gåvodelavdrag): 25% deduction for donations over SEK 2,000, with a maximum of SEK 1,500 for donations up to SEK 6,000 (Lais Cattassini, 2025).

- Home improvement deduction (ROT-Avdrag): 30% deduction on labor costs for renovations, capped at SEK 50,000 per person annually. The RUT deduction offers 50% off household services, with a maximum SEK 75,000 per person (Lais Cattassini, 2025).
- Pension savings (IPS): Contributions to private pensions reduce taxable income (Lais Cattassini, 2025).
- Loss carryforward (Förlustavdrag): 70% of capital losses can be carried forward to offset future gains (Lais Cattassini, 2025).

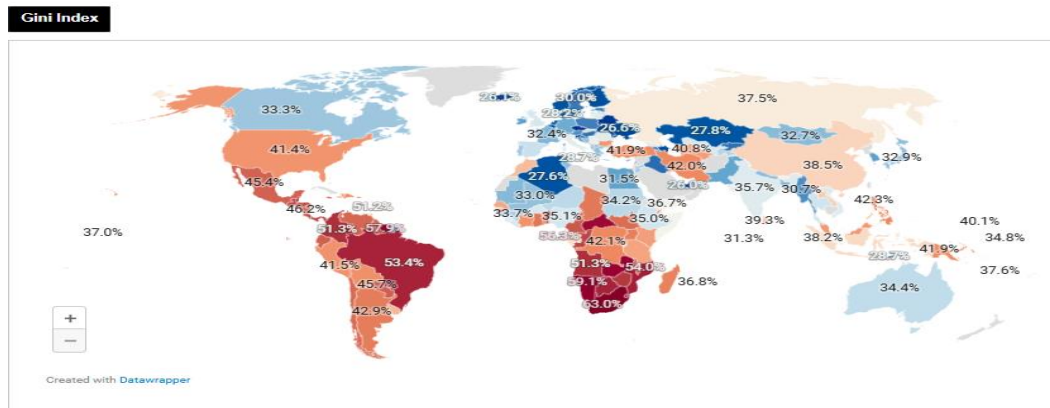
#### 4.2 The impact of Sweden's tax model on income inequality



**Figure IV:** Gini index for Sweden from 1975 to 2021

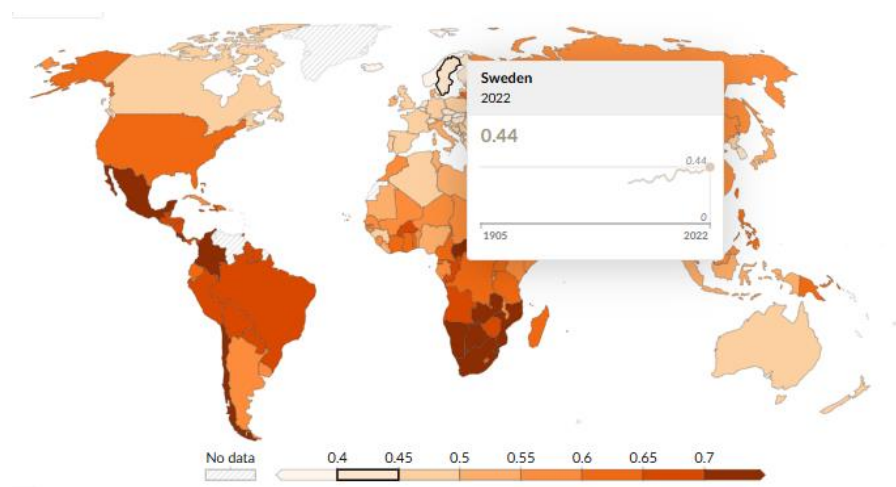
**Source:** World Bank, 2022

Sweden has a low Gini index, ranking 141st out of 204 countries with a score of 30% in 2024 (Data Pandas, 2024). This low inequality is driven by high tax rates funding welfare programs that reduce economic disparities and promote equity.



**Figure V: Gini index (after tax) of countries in the world in 2022**

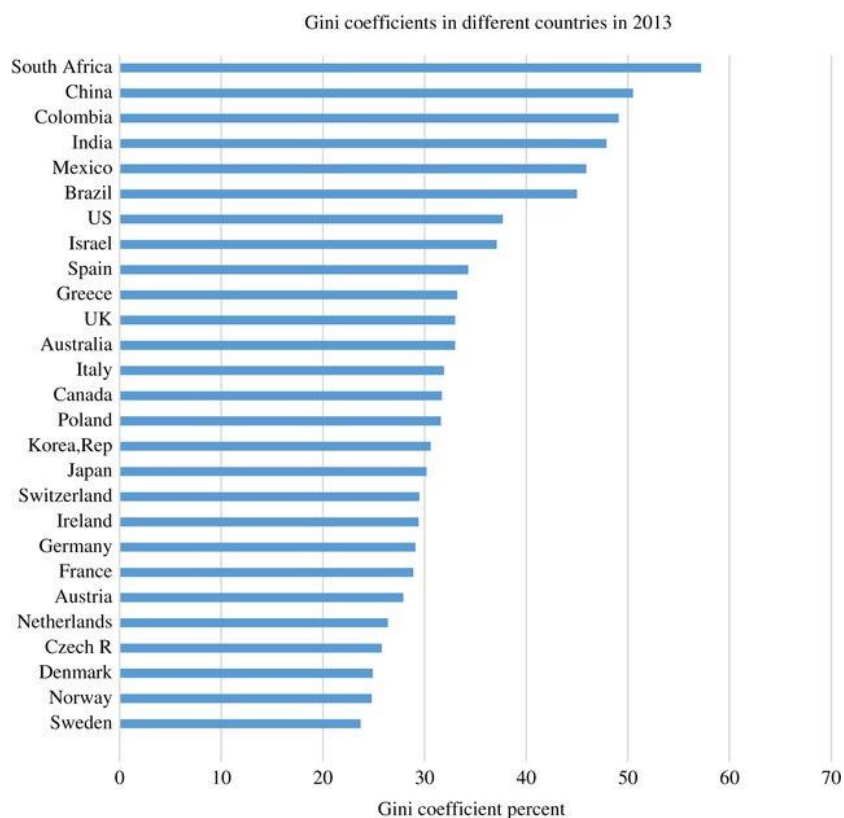
Source: Data Pandas, 2024



**Figure VI: Gini index (before tax) of countries in the world in 2022**

Source: Our World in Data, 2023

In 2022, Sweden's Gini index fell from 0.44 to 0.30, showing the tax system's role in reducing inequality through progressive taxes and social transfers (Tax Foundation, 2024; Andreas Bergh, 2007).



**Figure VII:** International Comparisons of Within Country Inequality in 2013

**Source:** Researchgate, 2014

This graph shows the Gini coefficient for equivalent household disposable income in different countries ranked in decreasing order.

Sweden's progressive tax system plays a crucial role in reducing income inequality by ensuring that the wealthiest contribute more, thereby funding essential social programs that account for 30% of GDP (Statistics Sweden, 2023). Higher tax rates on top earners facilitate income redistribution, directly impacting the Gini index. Björklund and Freeman (1997) emphasize that Sweden's tax structure significantly narrows income disparities, while Khan et al. (2002) demonstrate that tax-funded welfare programs contribute to a 15% reduction in the Gini index.

The causal relationship between Sweden's taxation policies and the Gini index is further supported by empirical evidence. Progressive taxation reduces income inequality by shifting wealth from high-income earners to lower-income groups (Utami, 2023). Tax-funded welfare programs further decrease the Gini index by ensuring equal access to essential services such as healthcare and education (EUROSTAT, 2023). Karakotsios et al. (2020) find that higher taxes



reduce disparities in the long run, aligning with studies on Nordic countries that highlight the role of progressive taxation and tax-funded welfare programs in lowering inequality (Kayhan, 2022).

However, recent trends in Sweden show an increase in income inequality, partly due to tax cuts for the wealthy and changes in public goods provision (Lisa Pelling, 2019). Despite this, the redistributive impact of taxation and government expenditure remains significant in reducing income inequality (IZA, 2018).

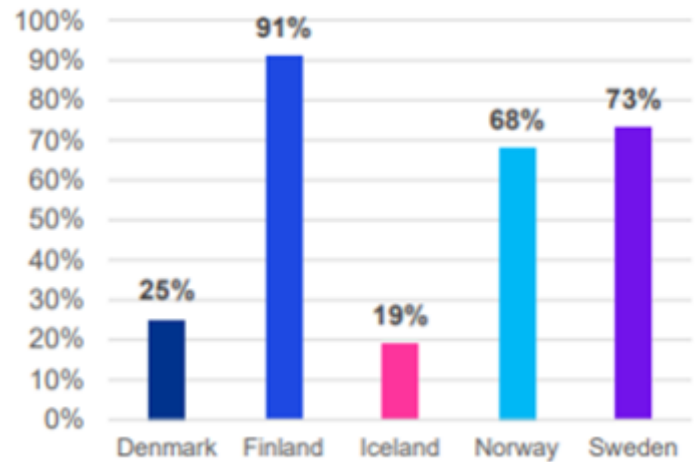
**4.3. Factors supporting the successful model in Sweden**

*4.3.1. Transparency in tax administration and a rigorous legal system*

Sweden is known for its strong, transparent tax system, praised by the OECD and KPMG for balancing high tax rates with public trust and accountability (OECD Global Forum, 2024; KPMG, 2023).

*4.3.1.1. Building public trust through transparency*

Sweden excels in tax transparency, with 73% of companies following GRI standards (KPMG, 2023) and high OECD compliance ratings (OECD, 2024). The legal framework ensures accurate records, and businesses must retain financial records for seven years. Sweden processed 95% of 346 Exchange of Information requests within 90 days in 2022 (OECD, 2024).



**Figure VIII:** Share of companies formally using GRI standards

**Source:** KPMG, 2023

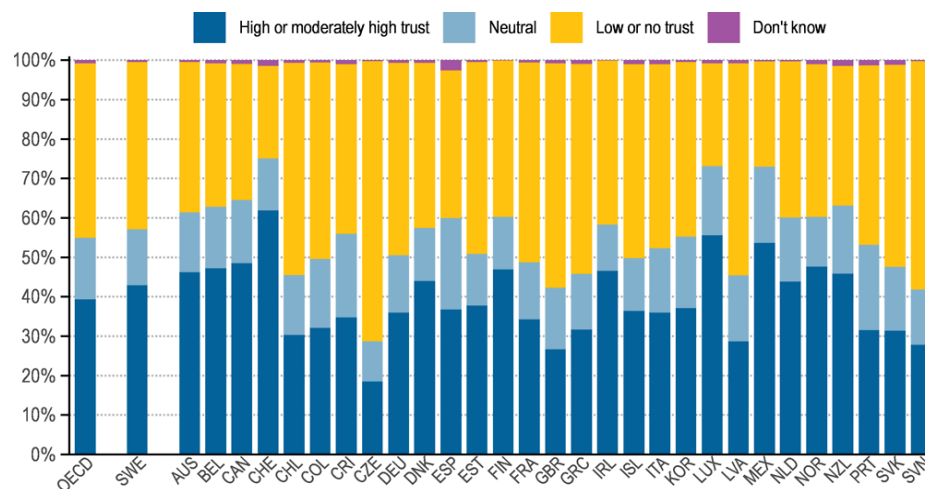
A 2023 KPMG study shows Sweden leads in tax transparency, with 73% of its companies following GRI Standards, ranking second in the Nordic region after Finland (91%) (KPMG, 2023). However, Swedish companies show limited alignment with the GRI 207: Tax 2019 standard, which covers tax strategy and public reporting.

#### 4.3.1.2. The enforcement of penalties for tax evasion offenses

Sweden combats tax evasion with strict penalties (Baker McKenzie's Resource Hub, 2023). Challenges, particularly post-2008 financial crisis, are compounded by globalization (Ligeti, 2018). Research by Andersson et al. (2023) shows that hard incentives, like debt transfer threats, boost compliance, while Beer et al. (2012) emphasize the need for cross-border cooperation to address international tax crimes.

#### 4.3.2. Civic awareness and encouragement

The OECD Trust Survey (2021) shows 43% of Swedes trust their government, above the OECD average of 39%. This is a 4 percentage point increase since 2021, while 18 other countries saw a decline of 2.4 percentage points (OECD, 2024).

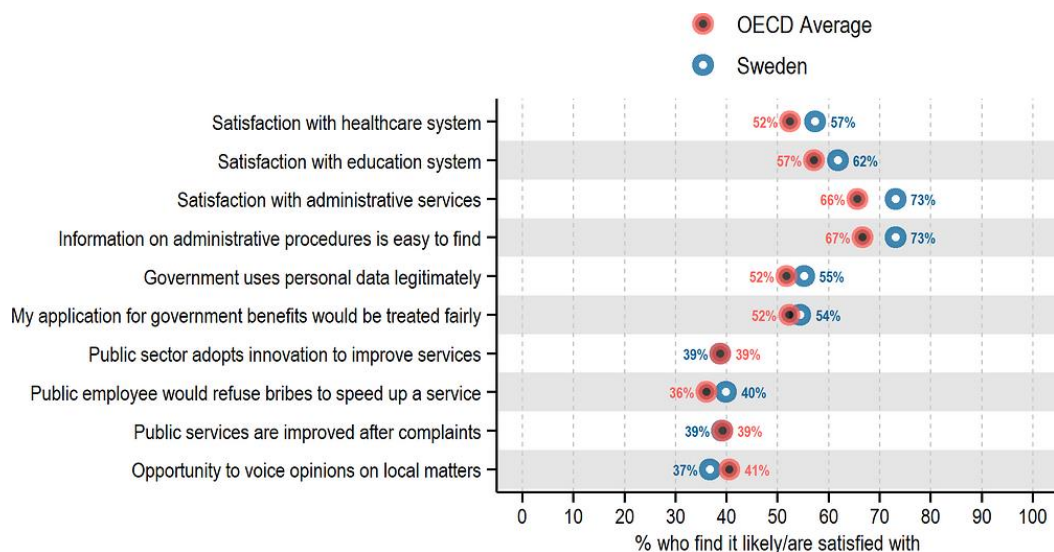


**Figure IX:** Trust in national government, 2023

**Source:** OECD Online Statistics, 2024

*‘High or moderately high’ corresponds to the aggregation of response options 6-10 to the question “On a scale of 0 to 10, where 0 is not at all and 10 is completely, how much do you trust the national government?”; neutral to option 5 and “low or no” to response options 0-4.*

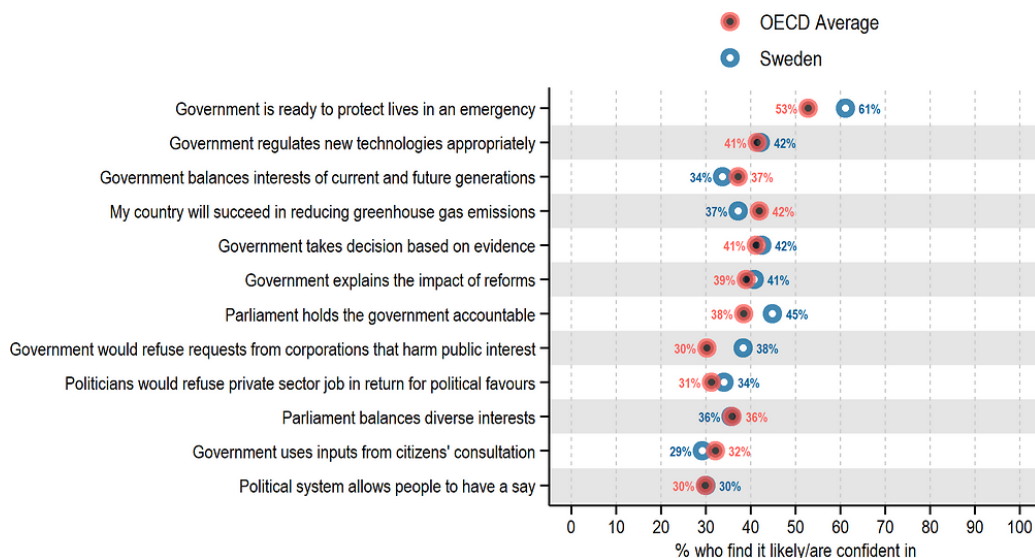
Swedes are more satisfied with public services than the OECD average, including education (62% vs. 57%) and administrative services (73% vs. 66%). However, only 37% feel they can influence local government decisions, below the OECD average of 41% (OECD, 2024). This satisfaction supports their willingness to pay higher taxes for better services.



**Figure X:** Share of population who are satisfied with public services or find a positive action in the respective situation likely, OECD and Sweden, 2023

**Source:** OECD Online Statistics, 2024

*The figure presents the unweighted OECD averages and values for Sweden of the share of respondents who choose a response of 6-10 on the 0-10 scale for the above questions. Satisfaction with public services is restricted to recent service users.*



**Figure XI:** Perceptions of government decision making on complex policy issues

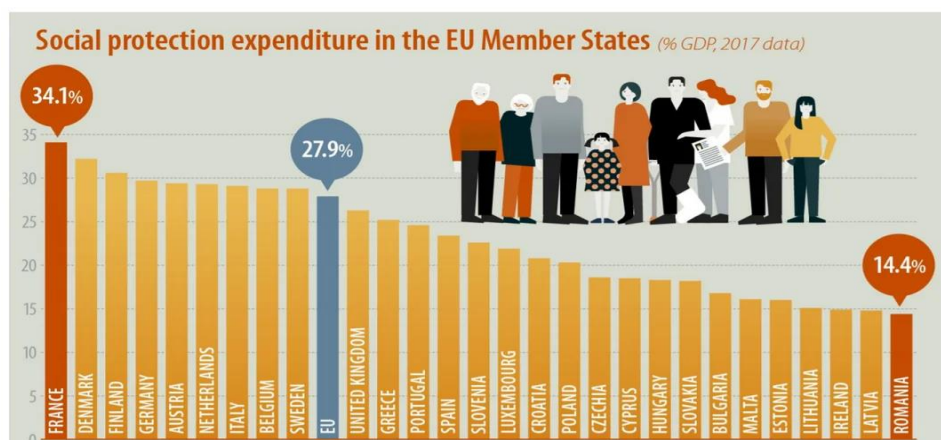
**Source:** OECD Online Statistics, 2024

*The figure presents the unweighted OECD averages and values for Sweden of the share of respondents who choose a response of 6-10 on the 0-10 scale for the above questions.*

Swedes trust the Swedish Tax Agency (Skatteverket) for its customer service and efficient handling of taxes. In 2015, 5.4 million filed taxes electronically, and 3.7 million received SEK 29 billion in refunds (Scandinavian-Polish, 2020). A voluntary disclosure program allows error correction, though discrepancies may still lead to fines (Skatteverket, 2020).

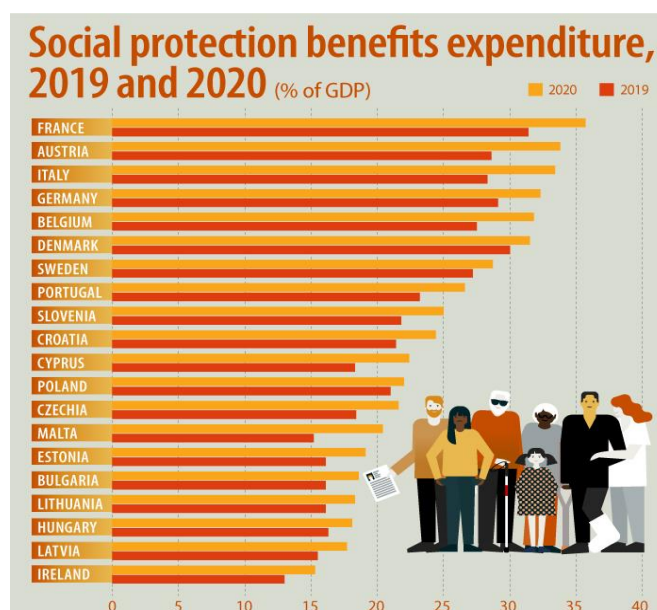
#### 4.3.3. Fair and comprehensive welfare system

Sweden's social welfare system, funded by taxes such as personal income tax, VAT, and corporate taxes, provides a safety net and helps reduce inequality.



**Figure XII:** Sweden's high ranking in social protection expenditure among EU Member States

Source: Eurostat, 2018

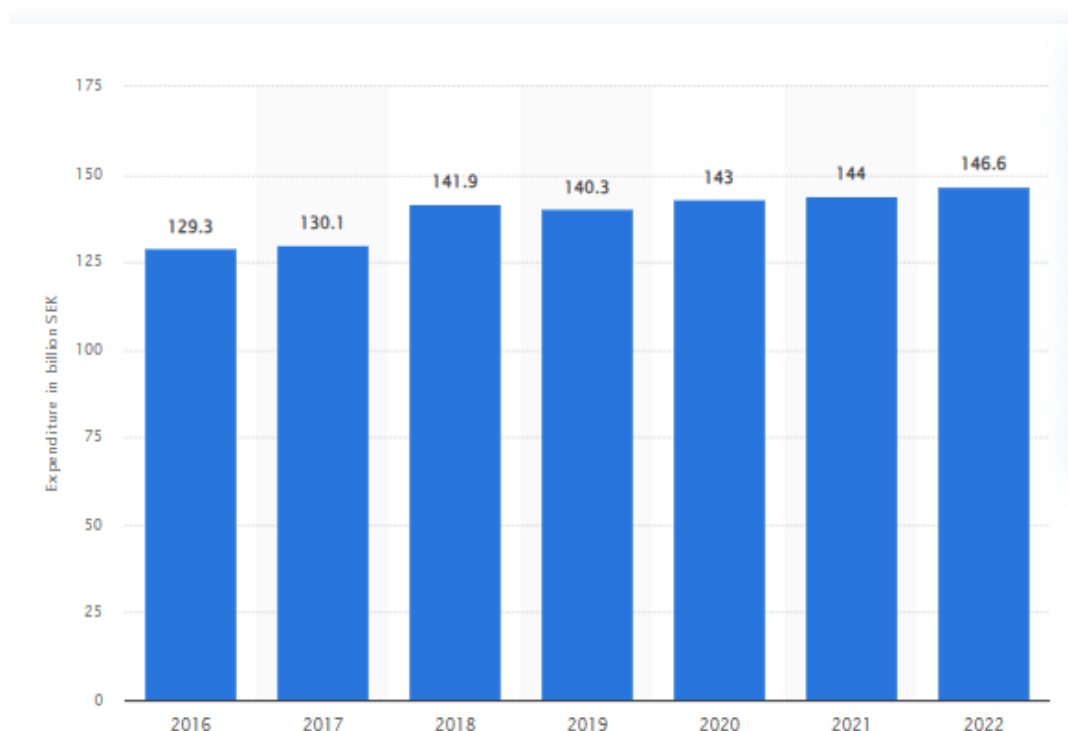


**Figure XIII:** Social protection benefits expenditure in Europe countries in 2019 and 2020

Source: Eurostat, 2021

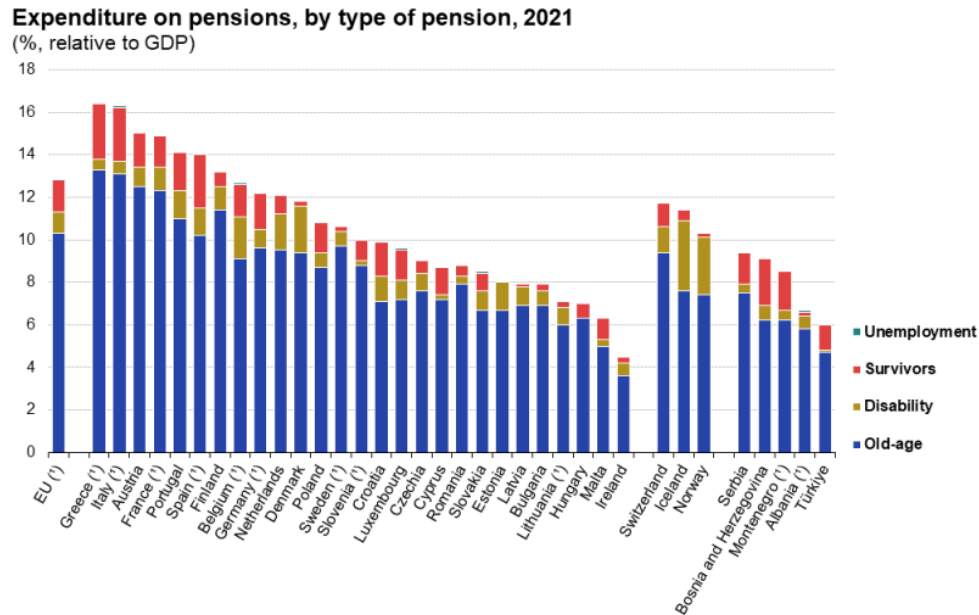
Sweden's municipalities and regional councils receive 30% of tax revenue, funding 70% of healthcare and pensions (Tresor-economics, 2023). In 2021, major social benefits went to the elderly (44%), health (29%), and family/children and disability (10% and 9%) (Statistics Sweden, 2023).

**(i) Elderly care:** Sweden's elderly population is 20% of 10 million, expected to rise to 23% by 2040. Life expectancy is high (80.6 years for men, 84.29 years for women), with over 5% aged 80+. Elderly care costs were SEK 126.3 billion in 2018, mainly funded by taxes (Social Security Magazine, 2023). The pension system's first pillar is funded by a 17.21% social security levy on wages (split 10.21% employers, 7% employees). Employee contributions became deductible in 2000, leading to a 2.5% GDP tax loss by 2021. Social security contributions are 7.2% of GDP, with 40% directed to the second pillar. Payroll tax supports welfare, with excess contributions going to the general budget (Tresor-economics, 2023).



**Figure XIV:** Expenditure on elderly care in Sweden from 2016 to 2022

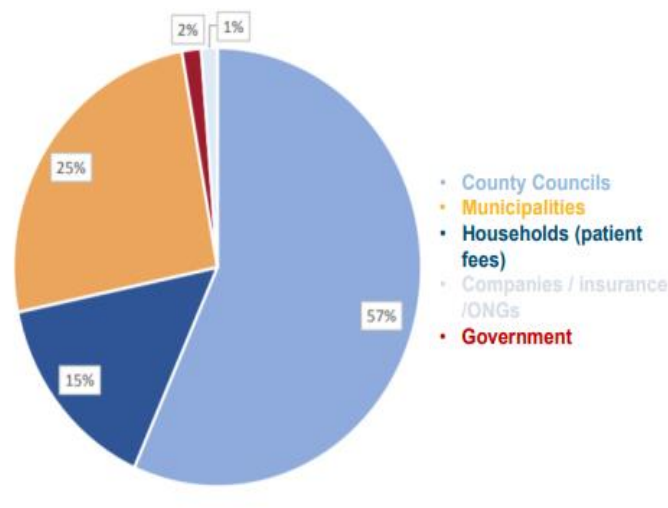
**Source:** Statista, 2023



**Figure XV:** Expenditure on pensions, by type of pension, 2021

**Source:** Europa, 2021

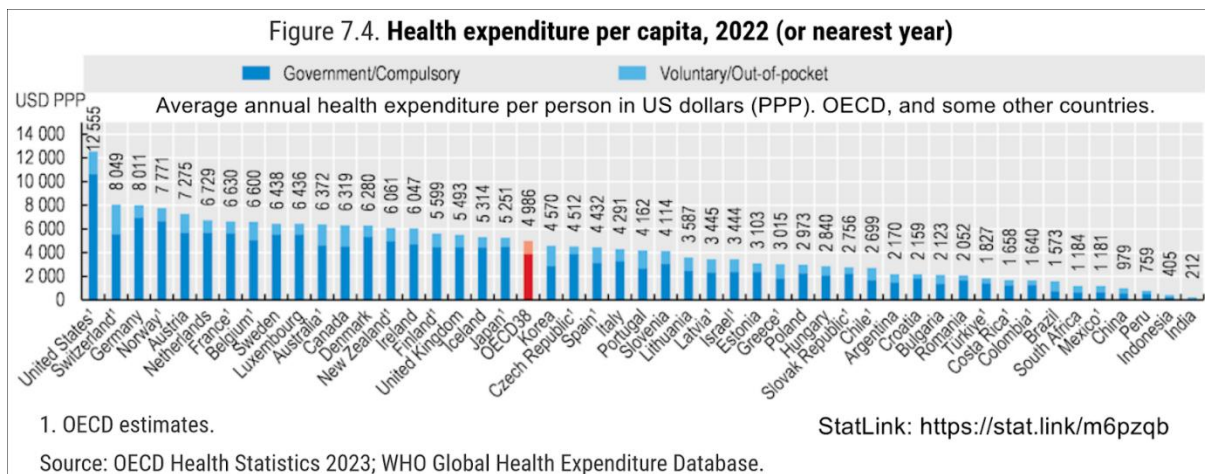
**(ii) Healthcare:** Sweden provides universal healthcare to all residents, funded mainly through taxes. The system ensures equal access to medical care, with out-of-pocket costs capped for certain treatments. It is largely government-funded and decentralized, managed by county councils and municipalities, though private healthcare options are also available.



**Figure XVI:** Swedish healthcare funders

**Source:** investingothenburg, 2022

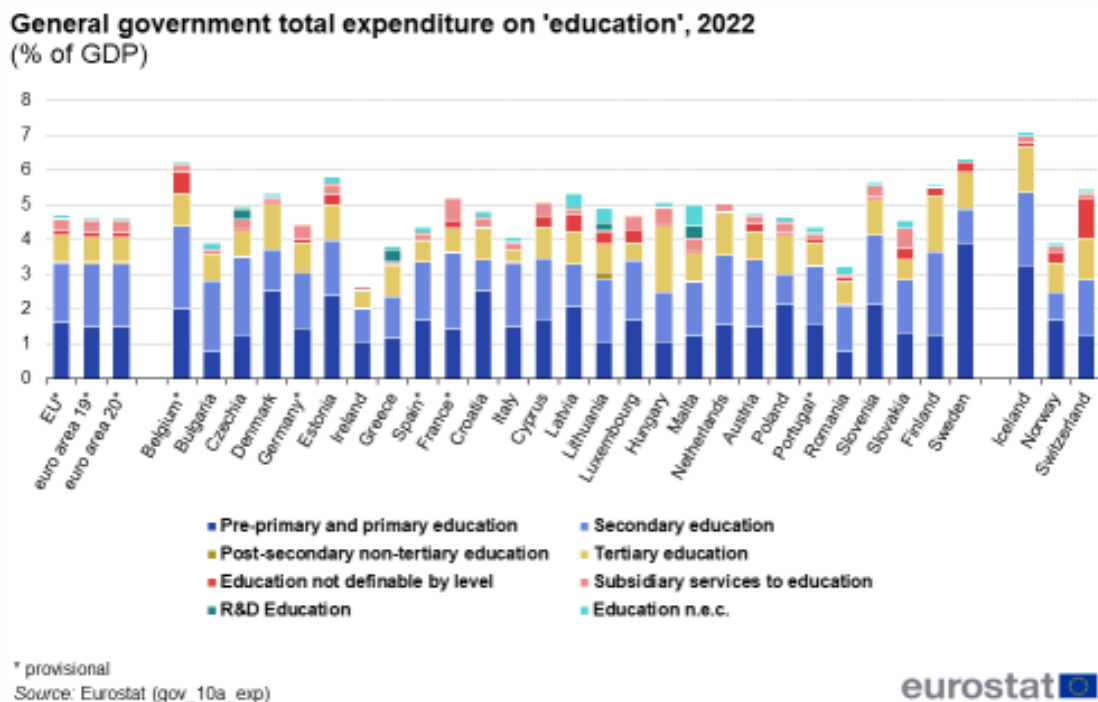




**Figure XVII: Health expenditure per capita, 2022**

**Source:** OECD Health Statistics 2023

**(iii) Education:** In Sweden, education is free up to the age of 16, including mandatory schooling. Higher education, such as master's and doctoral programs, is tuition-free for citizens of the European Union (EU), European Economic Area (EEA), and Switzerland. However, students from outside the EU/EEA may be subject to tuition fees for higher education. (Duy D., 2024).



**Figure XVIII: General government total expenditure on education, 2022**

**Source:** Europa, 2022

In 2022, Sweden's education expenditure as a percentage of GDP ranked second to Iceland, showing its commitment to high-quality services. Despite high taxes, the government prioritizes accessibility and equality in education, enhancing citizens' well-being.

#### **(iv) Other fields' social protection**

In December 2023, Sweden allowed grandparents to take paid leave to care for grandchildren, with up to 45 days for couples and 90 days for single parents. Sweden offers 480 days of paid parental leave and reduced working hours until the child turns 8 (12 for government employees). Births to women over 40 increased, with 537 children born to mothers aged 45+ in 2022 (Bao Lao Cai, 2024).

**Table VII:** Social protection expenditure by function (SEK) in relation to (%) GDP

<b>Function</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Disability</b>	127 193	129 644	133 179	132 915	132 000	133 381
<b>Survivors</b>	13 685	13 375	12 767	12 412	12 050	11 458
<b>Family/Children</b>	130 987	135 601	145 343	149 835	149 947	151 424
<b>Unemployment</b>	45 152	45 402	42 272	39 776	52 921	55 366
<b>Housing</b>	18 307	18 269	19 168	19 043	20 858	20 682
<b>Social exclusion nec.</b>	59 937	48 884	39 450	34 559	31 122	28 895
<b>Expenditures for social protection</b>	1272 665	1301 849	1340 752	1374 968	1452 427	1500 760
<b>As a % of GDP</b>	28.8	28.1	27.8	27.2	28.8	27.5



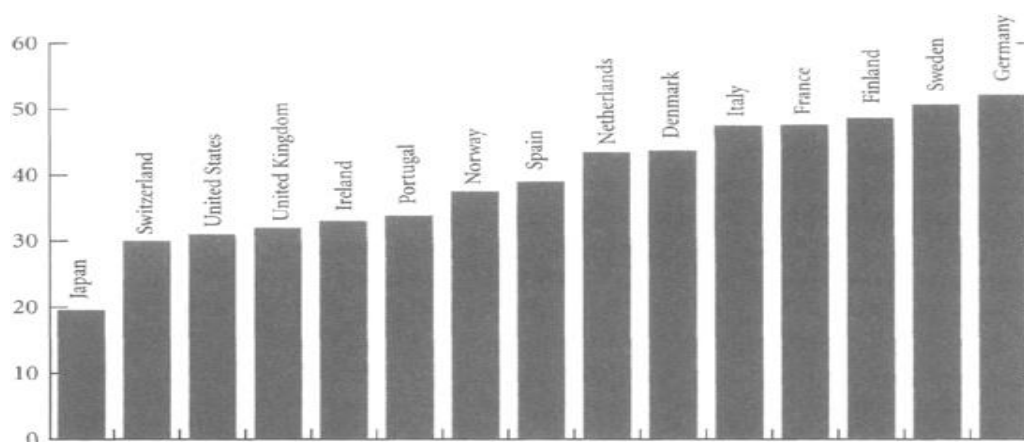
Function	2016	2017	2018	2019	2020	2021
Administration costs/Other expenditures	25 218	26 577	26 715	27 124	27 476	26 571
Social protection expenditure	1297 883	1328 426	1367 467	1402 092	1479 903	1527 331
As a % of GDP	29.4	28.7	28.3	27.8	29.4	28.0

Source: Statistics Sweden, 2023

#### 4.4. Challenges of the Swedish tax model

##### 4.4.1. Challenges of the tax model

Sweden's tax system struggled to sustain its welfare state due to high taxes, essential for financing social programs but also challenging economic productivity and fiscal sustainability. Balancing funding with economic competitiveness became harder as welfare demands increased (Subhash Madhav Thakur et al., 2003).

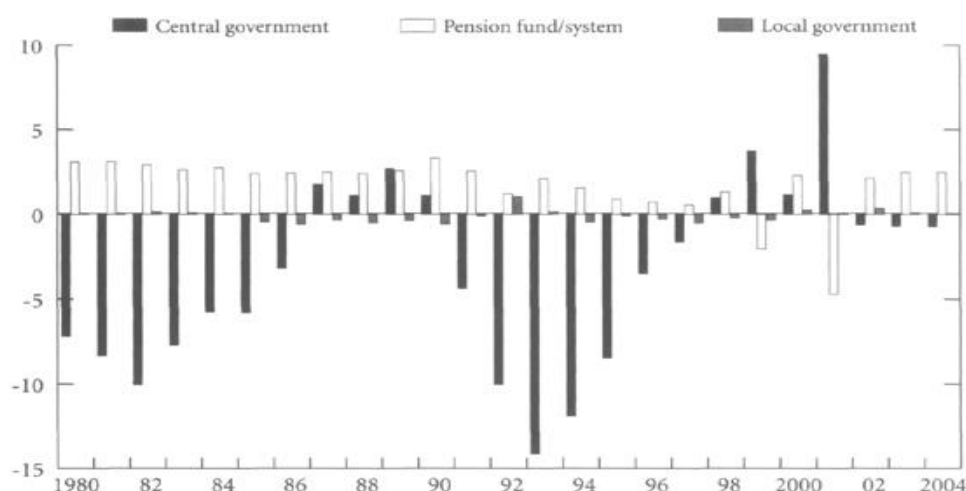


**Figure XIX:** Tax Wedge, income tax plus employee and employer social security contributions in 1998

Source: OECD Online Statistics, 2003

Sweden's high labor tax burden, one of the highest in the OECD, discouraged workforce participation and fueled a large underground economy (5%-19% of GDP). Generous welfare

benefits reduced work incentives as people relied more on welfare (Subhash Madhav Thakur et al., 2003).



**Figure XX:** General Swedish Government Balance (In percent of GDP)

**Source:** IMF eLibrary, 2005

Sweden's tax system struggled with economic inflexibility due to centralized institutions, high taxes, and compressed wage scales, which discouraged skilled labor and innovation. Demographic pressures and stagnating labor growth strained the tax base, while the 1990s fiscal crisis and globalization weakened its fiscal base (Subhash Madhav Thakur et al., 2003).

#### 4.4.2. *Sweden's efforts to address the difficulties of its tax model*

Sweden reduced its tax-to-GDP ratio from 57% in 1989 to 47% in 2009 to boost growth (Subhash Madhav Thakur et al., 2003). Recently, taxes increased to address aging and welfare costs, but economic balance was maintained through efficient spending, reduced bureaucracy, and workforce participation. Shared parental leave and decentralized wage bargaining support labor force engagement and global competitiveness.

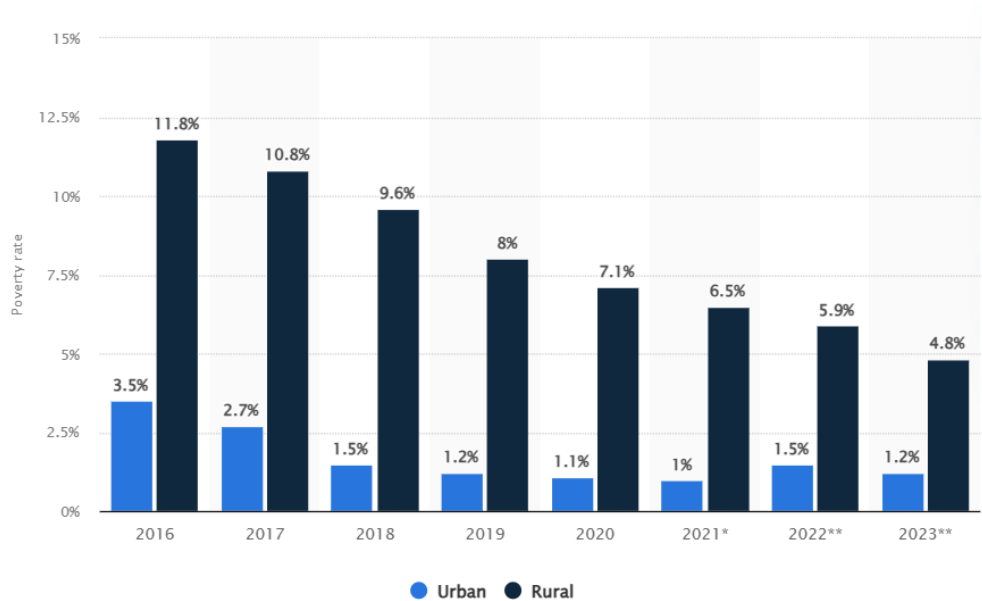
## 5. Lessons for Vietnam

### 5.3. *Current Situation in Vietnam*

#### 5.3.1. *Overview of Vietnam's income inequality and taxation system*

Income inequality in Vietnam is reflected through multiple indicators, such as the Gini coefficient, poverty rates, and wage disparities. The Gini coefficient for Vietnam was recorded at 0.374 in 2023 (General Statistics Office of Vietnam, 2024), showing moderate inequality compared to global standards. Poverty rates have declined significantly, with the proportion of people living on less than \$3.65 per day falling to under 4% in 2023 (World Bank, 2024). However,

disparities remain, particularly in rural areas, where poverty rates are substantially higher than in urban centers (4.8% vs. 1.2%) (Statista, 2024). The level of income inequality in rural areas is also higher than in urban areas (0.370 vs. 0.345) (General Statistics Office of Vietnam, 2024).



**Figure XXI:** Poverty rate in urban versus rural areas in Vietnam from 2016 to 2023

**Source:** Statista, 2024

Trends in income inequality reveal a growing divide between urban and rural populations. Urban areas such as Hanoi and Ho Chi Minh City have benefited disproportionately from Vietnam’s rapid economic growth, whereas rural regions, particularly in the northern highlands and central areas, lag behind in development (World Bank, 2022). Wage disparities between sectors also contribute to inequality, with high-paying industries such as technology and finance concentrated in urban centers while agricultural workers in rural areas earn significantly less.

Economic growth has played a dual role in shaping inequality. While Vietnam’s GDP growth has lifted millions out of poverty, it has also widened the gap between the wealthiest and the poorest segments of society. According to the General Statistics Office of Vietnam (2024), the wealthiest households (representing the top 20% of the population by income) had an average income of 10.86 million VND per person per month, which is **7.5 times higher** than the poorest households (representing the bottom 20% of the population) with an average income of only 1.45 million VND per person per month, highlighting a significant income disparity. These trends highlight the urgent need for equitable redistribution mechanisms, including progressive taxation and enhanced social welfare programs.

### 5.3.2. *Taxation system in Vietnam*

Vietnam's taxation system is managed by the General Department of Taxation and comprises various taxes, including Personal Income Tax (PIT), Corporate Income Tax (CIT), Value-Added Tax (VAT), and others.

#### **Overview of Tax structure**

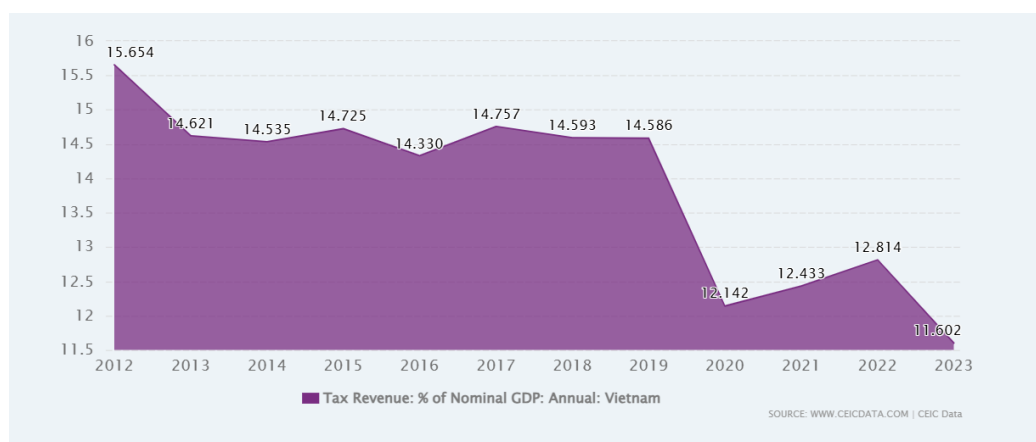
- **Personal Income Tax (PIT):** Vietnam applies a progressive tax system for personal income, with rates ranging from 5% to 35% depending on income levels. Taxable income includes salaries, investments, business income, and capital gains (Vietnam Ministry of Finance, 2013).
- **Corporate Income Tax (CIT):** The standard CIT rate is **20%**, with preferential rates for specific sectors, such as high-tech industries or businesses operating in economically disadvantaged regions (National Assembly of Vietnam, 2023).
- **Value-Added Tax (VAT):** VAT is a significant revenue source. Following COVID-19, the government temporarily reduced the VAT rate from **10% to 8%** (except for certain goods and services) under Resolution 43/2022/QH15 and Decree 15/2022/NĐ-CP (Vietnam Ministry of Finance, 2022). This measure aimed to support economic recovery.
- **Other Taxes:** Vietnam also collects revenue through excise taxes, import-export duties, natural resources tax (NRT), environmental protection tax (EPT), etc.

#### **Allocation of Tax revenue**

Tax revenue in Vietnam is allocated to various priorities, including social services, infrastructure development, and administrative costs:

- **Social Services:** Spending on healthcare, education, and poverty reduction programs constitutes a significant share. For instance, public expenditure on education accounted for **18% of total government spending** in 2020 (World Bank, 2022).
- **Infrastructure Development:** A substantial portion is directed toward large-scale infrastructure projects, including transportation, energy, and housing, aimed at fostering economic growth and reducing regional disparities.
- **Administrative Costs and Other Priorities:** Funding is also directed to government operations, public safety, and defense. However, inefficiencies in public spending remain a concern, with instances of corruption and mismanagement impacting the effective use of resources (Transparency International, 2023).

Vietnam's declining tax revenue-to-GDP ratio, falling from **15.7% in 2012** to under **12% in 2023** (CEIC Data, 2023), reflects challenges in mobilizing resources effectively. This decline is exacerbated by tax evasion, an expanding informal economy, and the reliance on indirect taxes such as VAT (IMF, 2023). Enhancing tax collection efficiency and transitioning toward a more progressive structure are essential steps for equitable economic development.



**Figure XXII:** Vietnam's Tax Revenue % of GDP from 2010 to 2023

**Source:** CEIC Data, 2024

An Automated Storage and Retrieval System (ASRS) is a computer-controlled solution used in warehouses and distribution centers for efficient item storage and retrieval. It combines hardware and software to optimize inventory management, reducing operational time and labor. ASRS ensures items are stored based on their movement speed, prevents merchandise damage, controls environmental factors, and enhances security. It prioritizes order processing using a FIFO approach, managing aging merchandise and warehouse space. ASRS also performs accurate stock counts by brand and stock code, aiding inventory management, procurement, and lead time reduction. However, due to infrastructure and staffing requirements, ASRS is typically used by larger companies like JWD Infologistics.

#### ***5.4. Challenges faced by Vietnam in reducing income inequality***

Vietnam's economic growth over the past decades has contributed significantly to poverty reduction, yet income inequality remains a persistent challenge. Structural limitations, weaknesses in tax enforcement, and constraints in social spending hinder the country's ability to achieve a fairer distribution of wealth. Addressing these issues requires targeted reforms that align with Vietnam's institutional capacity and economic context.

#### **Structural Issues: The Informal Economy and Regional Disparities**

A major challenge to reducing inequality in Vietnam is its large informal economy, which employs around 55% of the workforce (World Bank, 2022). Many small businesses and self-

employed workers operate outside the formal tax system, reducing government revenue and limiting funds available for redistributive social programs (Nguyen & Pham, 2021). Without proper taxation of informal sector earnings, the burden falls disproportionately on formal businesses and salaried employees, reinforcing inequality (IMF, 2023).

In addition, regional disparities in economic development further exacerbate income inequality. Rural areas receive fewer public investments and have limited access to quality education, healthcare, and infrastructure compared to urban centers (General Statistics Office of Vietnam, 2023). This uneven development makes it difficult for lower-income groups in rural areas to improve their socio-economic status, contributing to a persistent wealth gap (Nguyen & Vo, 2022). Research by Oxfam (2021) highlights that income inequality in Vietnam is heavily driven by disparities in public service access, particularly in education, where rural children have fewer opportunities for upward mobility.

### **Tax Evasion, Avoidance, and Weak Enforcement**

Vietnam also faces significant challenges in tax compliance. High-income earners and corporations often exploit loopholes or underreport income, limiting the effectiveness of the country's tax system in reducing inequality (Nguyen, 2016). The Ministry of Finance of Vietnam (2023) has identified widespread underreporting in sectors such as real estate, finance, and high-income professions, where individuals and businesses find ways to minimize their tax obligations.

Unlike high-income countries with well-developed tax enforcement mechanisms, Vietnam's tax administration remains constrained by manual reporting and fragmented oversight (Tran, 2021). The World Bank (2022) estimates that Vietnam loses approximately 6% of its GDP annually due to tax evasion, particularly among high-net-worth individuals and multinational corporations. Strengthening digital tax collection tools, increasing audits on high-income earners, and improving financial transparency could help address these issues. However, such reforms must be implemented gradually to ensure businesses and individuals can adjust to the new system (IMF, 2023).

### **Low Tax Revenue Base and Heavy Reliance on Indirect Taxes**

Vietnam's tax revenue structure presents another challenge. The country relies heavily on value-added tax (VAT) and corporate income tax, which places a higher relative burden on lower-income groups (IMF, 2023). According to the OECD (2022), indirect taxes such as VAT tend to be regressive, as lower-income individuals spend a greater proportion of their earnings on consumption. Meanwhile, personal income tax contributes a relatively small share of total tax revenue, reflecting both a narrow tax base and enforcement challenges (Ministry of Finance of Vietnam, 2023).

A study by the Vietnam Institute for Economic and Policy Research (2022) indicates that nearly 80% of personal income tax revenue comes from formal salaried workers, while high-net-worth individuals and business owners often underreport their earnings. This imbalance weakens the redistributive potential of Vietnam's tax system. Expanding personal income tax contributions through better enforcement, restructuring tax brackets, and introducing targeted property taxes on high-value assets could help diversify revenue sources in a way that supports income redistribution (Oxfam, 2021).

### **Social Spending and Redistribution Constraints**

Although Vietnam's social welfare programs have contributed to reducing absolute poverty, they remain insufficient in addressing relative inequality (World Bank, 2022). Public spending on education, healthcare, and social security is lower than in many comparable economies, limiting opportunities for low-income individuals to improve their socio-economic status (Nguyen & Tran, 2023).

For instance, Vietnam's public expenditure on healthcare accounts for only 4.1% of GDP, compared to Sweden's 10.9% (OECD, 2023). This discrepancy means that while Sweden can provide universal healthcare financed through progressive taxation, Vietnam's healthcare system remains underfunded, forcing many lower-income citizens to rely on out-of-pocket payments (Nguyen & Vo, 2021). Similarly, social security coverage in Vietnam remains limited, with pension and unemployment benefits primarily serving formal sector workers, leaving the informal workforce largely unprotected (Ministry of Labour, Invalids, and Social Affairs, 2023).

A more viable approach in the short term would be to increase targeted subsidies for education and healthcare in disadvantaged regions, ensuring that tax revenues contribute directly to social equity (IMF, 2022). Strengthening the link between tax collection and social benefits could also improve public trust in taxation and encourage compliance (World Bank, 2023).

### **Balancing Economic Growth and Equity**

Vietnam's economic policies have traditionally prioritized rapid growth, but maintaining long-term stability requires a stronger focus on equitable distribution (IMF, 2024). While progressive taxation and increased social spending could help reduce inequality, they may also face resistance from businesses and high-income individuals who fear potential negative impacts on investment and economic performance (OECD, 2022). Research by the Vietnam Chamber of Commerce and Industry (2023) indicates that many private sector firms are concerned about potential increases in corporate tax burdens, which could affect profitability and expansion plans.

However, failing to address income inequality could pose long-term risks, as highly unequal societies often experience social unrest and lower productivity (World Bank, 2024). Oxfam (2021) warns that growing inequality in Vietnam could lead to reduced social mobility, undermining

economic growth by limiting opportunities for lower-income individuals to participate in higher-value economic activities.

By gradually improving tax enforcement, diversifying revenue sources, and expanding targeted social programs, Vietnam can work toward a more equitable economic model while sustaining growth. The next section examines how Sweden's tax model has successfully addressed income inequality and explores whether elements of this approach could be adapted to Vietnam's context.

### ***5.5.Key differences between Vietnam and Sweden***

Vietnam and Sweden have significant differences in their tax system, economic, and social spending. Recognizing these differences is essential before drawing lessons from Sweden's model for Vietnam.

The tax systems of Sweden and Vietnam differ significantly in structure and their impact on income inequality. Sweden operates a high-tax regime, with tax revenues making up about 44% of its GDP (OECD, 2023). It uses progressive personal income taxes where top earners pay rates as high as 50-60%, including municipal taxes alongside a regressive value-added tax (VAT) of 25%. Though VAT impacts lower-income groups more, Sweden directs these funds into social programs that benefit the less wealthy, reducing inequality. Vietnam, by contrast, has lower tax revenue of around 18.2% of GDP (World Bank, 2020). Its personal income tax (PIT) is progressive, ranging from 5% to 35%, but these rates are lower than Sweden's. Vietnam's VAT exists but is less extensive, and the country is reforming its tax system (2021-2030) to widen the VAT base and increase certain taxes (Vietnam Ministry of Finance, 2021). Sweden's higher tax collection supports robust social spending, while Vietnam's limited revenue restricts similar efforts.

In terms of the economy, Sweden's highly developed, export-oriented economy excels in high-tech industries and manufacturing, supported by a well-educated workforce and welfare state, leading to lower pre-tax inequality (World Economic Forum, 2023). Vietnam is transitioning from an agricultural economy to an industrialized, export-driven one, with agriculture and manufacturing still key. However, infrastructure gaps, skills shortages, and regional disparities maintain higher inequality (World Bank, 2024). Sweden's advanced economy supports greater income equality, while Vietnam's developing status sustains structural disparities. Moreover, Sweden boasts strong institutions, low corruption, and high transparency, ranking top globally (Transparency International, 2023), ensuring effective tax collection and welfare distribution. Vietnam has improved governance but struggles with corruption and institutional weaknesses (Transparency International, 2023), reducing the impact of its tax and social spending on inequality.



In addition, social spending in Sweden and Vietnam reflects their fiscal capabilities. Sweden uses its high tax revenues to fund universal benefits like healthcare, education, and social assistance, accessible to all citizens, significantly reducing inequality (OECD, 2023). Its spending on education and health is among the highest in the OECD, fostering a skilled workforce. Vietnam's social spending is less comprehensive; while primary education is near-universal (98% enrollment) and secondary education has improved (95% lower, 80% upper by 2024), tertiary education and regional disparities pose challenges (World Bank, 2024). Social assistance exists but lacks the scale to significantly cut inequality (UNICEF Vietnam, 2023). Sweden's extensive social programs contrast with Vietnam's more limited efforts, constrained by a smaller tax base.

Given these differences, a direct application of Sweden's tax model in Vietnam would be neither realistic nor effective. However, certain elements of Sweden's approach could be gradually adapted to strengthen Vietnam's tax system in a way that aligns with its current economic and institutional capacity. The following section explores a feasible approach that builds on Vietnam's existing framework while incorporating lessons from Sweden's model.

### ***5.6. Adaptability of Sweden's tax model to Vietnam***

Rather than implementing drastic changes, Vietnam can take a step-by-step approach to tax reform, focusing on improving enforcement, diversifying revenue sources, and gradually strengthening public trust in taxation.

One of Vietnam's biggest challenges is tax evasion, particularly in the informal sector, where many businesses and workers remain outside the formal tax system. While Sweden benefits from a highly digitalized tax administration and strong enforcement mechanisms, Vietnam's tax system still relies heavily on manual reporting and paper-based transactions (Tran, 2021). Strengthening digital tax collection tools, expanding the use of electronic invoices, and increasing audits on high-income earners and large corporations could help improve compliance without needing to raise tax rates (Nguyen & Vo, 2020).

In terms of personal income tax, Sweden's system is highly progressive, with top earners paying up to 52.3% (OECD, 2023). In Vietnam, the top income tax rate is 35%, but enforcement remains inconsistent (Ministry of Finance of Vietnam, 2023). Instead of immediately increasing tax rates, Vietnam could refine its tax brackets to ensure that the highest earners contribute more while maintaining incentives for investment and business growth. Strengthening tax collection from high-net-worth individuals, rather than overburdening middle-class taxpayers, would be a more sustainable strategy (IMF, 2022).

Diversifying revenue sources is also crucial. Vietnam currently relies heavily on VAT and corporate income tax, which places a disproportionate burden on lower-income households (World Bank, 2022). Sweden, by contrast, balances VAT with property taxes and capital gains taxes. A

gradual shift toward taxing high-value real estate could provide Vietnam with a more stable revenue source without increasing financial pressure on lower-income groups (Oxfam, 2021). For example, a tax on properties valued above 2 billion VND could primarily target wealthier individuals while leaving most middle-class households unaffected (Vietnam Institute for Economic and Policy Research, 2022).

Expanding social welfare is another area where Vietnam could gradually adopt elements of Sweden's model. While Sweden provides universal healthcare, education, and social security, Vietnam does not yet have the fiscal capacity to implement such a system on the same scale. Instead of large-scale welfare expansion, Vietnam could start by increasing targeted support for low-income groups, such as subsidizing education and healthcare in rural areas (Nguyen, 2021). Linking social benefits directly to tax revenue growth would ensure sustainability and prevent excessive financial strain on the government (World Bank, 2023).

Another critical aspect of reform is simplifying tax regulations and strengthening institutions. Sweden benefits from a straightforward and transparent tax system, which contributes to high compliance rates. In Vietnam, tax regulations are often complex and difficult to enforce, leading to confusion and inefficiencies (Ministry of Finance of Vietnam, 2023). Simplifying tax laws, reducing administrative burdens on businesses, and improving tax authority training could enhance enforcement and public trust over time (Tran & Pham, 2022).

While Sweden's tax model cannot be directly applied to Vietnam, certain principles such as improving compliance, diversifying revenue sources, and gradually expanding social programs could help Vietnam build a fairer and more efficient tax system. By considering Vietnam's political, economic, and social context, policymakers can implement reforms that strengthen the tax system while ensuring economic growth and social stability. The key is to approach reforms gradually, ensuring that changes align with Vietnam's institutional capacity and long-term development goals.

## **6. Conclusion**

This paper presents an analysis of Sweden's tax model and its potential for reducing income inequality, drawing valuable insights for Vietnam. The study reviews Sweden's progressive taxation system, characterized by high marginal tax rates, extensive social welfare programs, and a focus on redistributing wealth. These policies have proven effective in narrowing the income gap and fostering sustainable economic development.

Key findings from the analysis show that Sweden's tax model, which combines progressive taxation with other social welfare programs, has led to significant reductions in income inequality. The implementation of higher tax brackets for top earners, along with extensive government

spending on healthcare and education, has contributed to greater income redistribution and improved the standard of living for low- and middle-income households. Sweden's emphasis on transparency, institutional capacity, and legal reforms has further strengthened the system, ensuring effective tax collection and compliance.

From Sweden's experience, Vietnam can draw several critical lessons. Vietnam should focus on adopting progressive taxation, expanding social welfare, reducing dependence on indirect taxes, and building stronger institutions to create a fairer and more effective tax system. These measures will contribute to long-term economic stability and improve the quality of life for the population.

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