

A box model for a uniform capital and real property taxation: Yes box – alright?

[Translation of the article *Boxmodell för en enhetlig kapital- och fastighetsbeskattning: Yes box – alright?* by Björn Forssén, published in original in Swedish in *Tidningen Balans Fördjupningsbilaga* (The Periodical Balans Annex with advanced articles), printed version 5/2017, pp. 8–13 (www.tidningenbalans.se). Translation into English by the author of this article, Björn Forssén.]

In this article, Björn Forssén is submitting certain viewpoints concerning inter alia application problems with the so-called box model for a uniform capital and dwelling taxation which has been presented in a study to *Expertgruppen för Studier i Offentlig ekonomi* (The Expert group for Studies in public economy), abbreviated ESO, which is a committee under the Treasury in Sweden.

The box model for a uniform capital and real property taxation was presented in September 2017 as a study in report form by professors Sven-Olof Lodin and Peter Englund to the ESO, which is a committee under the Treasury. The report has no. 2017:4 and was treated at a well-attended ESO-seminar at the Rosenbad conference centre in Stockholm on 5 September, 2017 led by the chairman of the ESO, Hans Lindblad. The ESO-report 2017:4 is available on <https://eso.expertgrupp.se/RAPPORTER>.

The study the professors Sven-Olof Lodin and Peter Englund has the title *Yes box! En ESO-rapport om en ny modell för kapital- och bostadsbeskattning* (Yes box! An ESO-report about a new model for capital and dwelling taxation), and in this article I use the short form the ESO-report 2017:4. The in the ESO-report 2017:4 suggested box model for a uniform capital and real property taxation is inspired partly by the in the Netherlands since 2001 applied box system, partly by the Swedish voluntary investment savings accounts (*investeringssparkonton* – ISK). According to the report, the idea is to build up a Swedish box model for a uniform capital and real property taxation which shall be mandatory. In this article, I treat the suggestion according to the following:

- Firstly, the Netherlands model is described with an overview of how it works and how the Swedish box model is presupposed to function.
- Thereafter, a review is made of certain problems about today's capital taxation which can be resolved by the box model according to the ESO-report 2017:4.
- I finish by a commentary of the box model on the whole, whereby I also submit some viewpoints of my own concerning inter alia application problems which might exist with the box model compared with the current Swedish rules on capital and real property taxation. There are some questions necessary to examine, why the title of this article is ended *Yes box – alright?* However, my conclusions also cause me expressing a *Yes box!*

Overview of the Netherlands box model and about a future Swedish box model

The Netherlands box model

The Netherlands introduced in 2001 a standardised taxation of financial income which is denoted the box model and since then it has been almost unchanged. The basic idea is that assets and debts are accounted for at market value and on the net of a permanent standardised proceeds on which tax is levied. The Netherlands box system replaced both income tax on capital proceeds and wealth tax and means according to Appendix 1 of the ESO-report 2017:4 that three different sorts of income are taxed in different ways, namely according to the following:

- Box 1 contains mainly labour and pension incomes, which are taxed progressively according to a special scale.
- Box 2 contains spouses or cohabitees incomes of dividends and capital profits of an enterprise in which they have 5 per cent or more of the share capital and taxation is made with a proportional tax of 25 per cent. Costs of interest and losses are deductible and a deficit from Box 2 may be deducted from the income tax for labour according to Box 1.
- Box 3 consists of the base for taxation mainly on the value of financial assets minus other debts than the mortgage loans on the main dwelling or loans whose interests are deductible in Box 2. On the net in Box 3 a hypothetical standardised income is calculated, which is taxed with a 30 per cent proportional tax. In practice, this means a tax charge of 1.2 per cent (0.04×30 per cent) of the financial net in Box 3. As an overview based on Appendix 1 of the ESO-report 2017:4 the following may be mentioned with respect of Box 3.
 - Concerning financial assets is besides ordinary bank savings only assets which are not market listed comprised by Box 3 if they are not belonging to Box 2. From Box 3 are thus e.g. unlisted shares and shares in other enterprises excluded and on the debt side also such debts which are pertaining to property outside Box 3, like loans invested in an unlisted enterprise.
 - Box 3 contains besides financial assets also small houses which are not constituting the owner's main dwelling, regardless of whether they are let out or not and other property acquired for investment purposes, e.g. a sailing-boat acquired for letting out and not for personal use.
 - Debts exceeding € 3,000 (barely SEK 30,000) pertaining to property in Box 3 and consumption debts are deductible from the asset side of Box 3. A deficit in Box 3 is not deductible from other incomes.
 - There is no capital gains taxation on sales, but the box 3-taxation is instead applying at the annual taxation.
 - The same standardised income is applicable at the annual taxation for all assets in Box 3, regardless of whether an alteration of value may exist and in the same way

is a standardised level applied for debts in Box 3, regardless of the real level of interests.

- The Netherlands system has worked since 2001 without change of either the standardised proceeds rate of 4 per cent or the tax rate of 30 per cent, i.e. in practice 1.2 per cent tax in Box 3, despite that an unsettled world has caused great interest, proceeds and market value fluctuations. The system with hypothetical, permanent standardised proceeds has been – after a certain time of suspicion about its justice – completely accepted by those tax liable, authorities and politicians in the Netherlands.

The proposal of a Swedish box model

According to the summary in the ESO-report 2017:4, the proposal for a Swedish box model is meant to replace a major part of today's capital taxation, including capital gains taxation and the various forms of taxation of dwellings too. To get a greater uniformity and justice of the dwelling taxation the model does not only include small houses but also co-operative flats. All personal debts that do not belong to other income tax schedules than capital is included on the minus side of the box. In the same way as with Box 3 in the Netherlands system, a taxation base is suggested consisting of a standardised calculated proceedings on the net in the box (assets minus debts). The standardised proceedings are suggested to be permanent and independent of the trend in interest rate and the economic cycle so that a standardised income of 4 per cent is meant to include direct as well as indirect proceedings, whereby a tax rate of 30 per cent in practice causes a tax of 1.2 per cent of the net within the box. By the withdrawal of the tax being made currently during the time of possession, the locking up effect disappears that today's capital gains taxation (taxation of profit on sales) may cause, i.e. there will not be any taxation of sales of e.g. dwellings or shares.

The taxation base of the suggested Swedish box model is summarized according to the following:

The **asset side** includes

1. market listed financial instruments, to market value
2. 50 per cent of nominal savings, at nominal amount
3. private capital insurances at the value of last fiscal year (but not pension insurances)
4. dwelling: at assessed building value on small houses and co-operative flats and freehold flats (Sw., *ägarlägenheter*) belonging to them the share of the real property's assessed value.¹

The **debt side** includes 50 per cent of private debts which are not belonging to another source of income, i.e. which are not belonging to another income tax schedule than capital.

On **the net** of assets and debts a standardised income of 4 per cent is calculated for which the tax rate is 30 per cent. No right of deduction exists for a negative value of the box. Thus, taxation is made in practice with 1.2 per cent (0,04 x 30 per cent) of a positive net in the box.

¹ Freehold flats are since 1 May, 2009 a completely new type of real property. The first time a freehold flat was assessed for taxes on real property was, according to the tax authority's website (www.skatteverket.se), in 2010.

Thus, according to the proposal income of capital will still exist as an income tax schedule beside the described box taxation. Thus, income of capital taxation will be made, along with investments belonging to the box, of such incomes which cannot be comprised by the box model due to problems of valuation minus interests belonging to it. This applies inter alia for incomes from unlisted securities (compare with the Netherlands box model), first 3:12-shares and analogue with the ISK-model (investment savings accounts) certain very large possessions of securities.

Certain problems with today's capital taxation that can be solved by the box model

The great tax reform of 1991 meant a uniform treatment of various sorts of capital incomes as well as of losses and interest expenses. However, in time deviation has been made from that uniformity, where the ESO-report 2017:4 in section 1.1 especially emphasizes two reforms of principle importance, namely the alterations of the real property taxation in 2008 and the introduction in 2012 of the investment savings accounts (ISK) for financial assets. That the uniformity has not been upheld has caused at least three problems: owning of dwellings, especially co-operative flats, being favoured for tax purposes in comparison with flats with right of tenancy and other investments; the shifting to tax on capital gains at sales of real property has created locking up effects in the housing market; and the debts are now favoured for taxation purposes compared with several investments. To restore a uniform capital taxation the ESO-report 2017:4 presents two ways: a restoration of the principles of the 1991 reform, by abolishing the ISK and restore a value based real property tax or to change over to a consequent standardised system with a valuation of the households' total assets and a standardised tax like the in the Netherlands already existing *Box model*.

By a Swedish box model with that in the Netherlands as a model a uniform tax rate can be applied for a major part of the capital taxation. Today there is not much left of the uniform and homogeneous capital taxation from the 1991 tax reform, but it is split up in the following tax rates:

- the tax on the normal gains on shares in the ISK-model is in practice ca 10 per cent of a normal increase of value;
- the tax is 20 per cent for 3:12-dividends on shares in close companies within the limitation amount;
- the tax is 40–57 per cent on 3:12-incomes on shares in close companies exceeding the limitation amount;
- the tax is 22 and 27 per cent respectively for capital profits at sales of dwellings and real property;
- the tax is 25 per cent on dividends and capital profits on unlisted shares; and
- the standard tax rate of 30 per cent only applies for the proceedings on listed shares and on proceedings on conventional savings.

The tax effect of deduction of interest also depends on which tax rate is applying for the capital income in question.

There has not been any examination of in what degree the behaviour of those tax liable has been affected by the deviations from a uniform capital taxation that has taken place during the years after the tax reform in 1991 and no such examination is presented in the ESO-report 2017:4 either. Instead, the report is referring to that it in the tax political debate has been almost an obvious starting-point that the unevenness has had a significant influence. A very

fast growth of the investment in securities in the in 2012 introduced ISK-system has inter alia been considered showing how strong that influence is on financial investments. However, the report is pointing out the tax system's increasingly obvious effects on the housing market's function as a motive to investigate if it is possible to let also dwellings to be comprised by a Swedish box model. During the period of time 2005-01-01—2016-05-01 has, according to statistics from the Swedish Central Bank (Sw., *Sveriges Riksbank*) presented in the report, the prices of dwellings increased strongly: small house prices has been on average doubled in the land and in the greater Stockholm area they have increased even more (with ca 120 per cent).

It is not only low interests that have caused a lack of balance between supply and demand on the small housing and co-operative flat markets, but the report also points out two distortions in the capital taxation as a contributory cause:

- One is that there is an unevenness between the taxation of possession of real property – which is limited – and the owner's right to deduct interests on loans, which is in principle unlimited. This applies especially after the introduction of a real property fee (Sw., *fastighetsavgift*) with a cap amount in 2008.² The described unevenness stimulates the demand of dwellings and accelerates the price level – at the ESO-seminar on 5 September, 2017 Professor Lodin repeatedly mentioned the risk of a so-called bubble on the housing market. In that context, Professor Lodin mentioned also the latent tax debt consisting of the households' respite with capital profit for sales of dwellings, they amount according to section 1.3 of the ESO-report 2017:4 today to a total of close to SEK 300 billion and constitutes a great risk for the State.
- The other is that the existing capital gains taxation at sales causes – especially after the raise of the tax rate in 2008 – an unwillingness by the owners of dwellings to move, since the sale releases taxation of an increased value during the time of possession. Such a transfer tax (Sw., *flyttskatt*) in combination with an insufficient building of dwelling-houses particularly in the metropolitan areas contributes to a lack of balance between supply and demand on the small housing and co-operative flat markets. Although it is not empirically established, it is stated in the report that from many political representatives to heavily it is natural, with respect of knowledge about the effects of taxes on the behaviour of those tax liable, to assume that there are locking up effects and a reference is also made to that it in the general debate about the housing market has been demanded to strongly decrease the taxation of profits on sales for the purpose of decreasing such effects on the housing market. The report also states that the present opportunities of tax reduction on incomes from activities for obtaining income (Sw., *förvärvsinkomster*) due to a deficit in the income tax schedule of capital also contributes to the described locking up effects and the risk of a bubble on the housing market, since they make it easier for the purchaser of a small house or a co-operative flat to follow the development of prices on dwellings upwards. Today's degree of mortgage expressed as a debt quota – i.e. debt in relation to income after tax – lies furthermore very high, namely ca 182 per cent for 2016, which may cause a menace to the financial stability at a higher level of interests. That risk has been

² For real property with finished buildings a municipal real property fee applies and for recently built dwelling-houses a state tax for real property applies. The municipal real property fee will never exceed a determined cap amount, which is index-linked and is adjusted each year due to the changes of the income base amount (Sw., *inkomstbasbeloppet*). According to the tax authority's website (www.skatteverket.se) the cap amount was SEK 7,412 for the income year 2016.

moderated by the low level of interests the last few years, but it increases at future expected raising of interests.

According to the ESO-report 2017:4, the described effects of the present capital taxation has made it urgent to – apart from what applies according to the Netherlands box model – include also the permanent dwelling of the tax liable and debts belonging to it in the box. In that respect, the Netherlands solution is according to the report considered depending on a willingness to very soon support the ownership of the own permanent dwelling and the mortgage required for its acquisition.

Application problems etcetera concerning the box model

In section 1.1 of the ESO-report 2017:4, it is stated that the form of the box model present for Swedish purposes shall be seen as a proposed form amongst several other possible alternatives. In my opinion, the box model seems to be interesting and the arguments for it in the report are convincing compared to trying to accomplish a restoration of what applied originally according to the tax reform of 1991. It is – precisely as stated in the report – a whole lot of reforms made in the field of capital taxation since then and the most convincing argument in my opinion is that the box model so to speak has stood the test in the Netherlands during the considerable period of time that has passed since the box model was introduced there in 2001. The EU Member State the Netherlands has – like the EU Member States Finland, Ireland and Hungary and the EFTA/EEA-country Norway – on the whole had the same income tax system as the Swedish for the division of incomes from activities for obtaining income and capital incomes in close companies or rules leading to similar consequences as according to the Swedish in that respect, which I have mentioned in my licentiate's dissertation of 2011.³

In my opinion, it should be of a great interest for Sweden to examine the possibilities to introduce the box model according to the Netherlands model with the Swedish capital taxation. I consider that it should have a special value with an approximation to another EU Member State in that respect, when the other country has good experiences of the system in question and a reform may be seen as important in the field in question in Sweden. Why try another reform when it should be possible to adopt the box model in the Swedish tax legislation? However, I unite with those at the seminar on 5 September, 2017 who recommended to carry out the reform in connection with a greater overview of the Swedish tax system. Therefore, I suggest that this will either be done within the frame of the EU or, considering the closeness to Norway, within the frame for the OECD. If it would be proven a far too slow procedure, I deem that the box model should be introduced anyway, where I state that Professor Lodin at the mentioned seminar considered that the box model in itself can be expected to lead to desired effects for the capital taxation, i.e. e.g. that a uniform tax rate will apply instead of the many existing today and that locking up effects with the risk of a so-called bubble will be avoided on the housing market. Therefore, I limit my viewpoints otherwise to apply to the following examples of application problems which should be resolved regarding the box model in connection with the work on a reform if the introduction of it is started within the field of capital taxation:

- The emergence and entrance of the tax liability should – like with the abolished wealth tax – be determined based on the conditions on the last day of the fiscal year (income

³ See *Skattskyldighet för mervärdesskatt – en analys av 4 kap. 1 § mervärdesskattelagen* (Tax liability for VAT – an analysis of Ch. 4 sec. 1 of the ML), p. 289, by Björn Forssén, Jure Förlag AB, Stockholm 2011.

year), i.e. on 31 December. The wealth tax was based like with a capital taxation according to the box model on a net worth of assets minus debts and meant that loans were taken to accomplish a zero taxation on 31 december and the loan being redeemed after the turn of the year. Similar behaviour might cause a lack of justice depending on different people having different possibilities to take up loans. It may also cause control problems regarding whether loans between private persons are real loans. The solution could for example be that repeated such behaviour around the turn of the years being possible to disqualify at *Skatteverkets*, the tax authority's (abbreviated SKV), inspection of the income tax returns. A judgment of whether undesired procedures exist should then be possible within the period of review of the returns without consideration of the so-called two-year-respite after the end of the fiscal year, i.e. without a need for the SKV to use the institute of imposing additional tax (Sw., *efterbeskattningsinstitutet*) for time thereafter during the period of review.

- To make it possible for the tax liable to do a preliminary tax calculation before and during the income year, changes of character regarding assets possessed at the beginning of the income tax year or acquired during the income year should not cause a negative taxation effect for the tax liable, if it is depending on such a change of character regarding the assets during the income year so that the effect emerges per the day of the tax liability's emergence and entrance, i.e. on 31 December. In my opinion, it would not only mean an impossibility to do a correct preliminary tax calculation during the income year, but also the emergence of retroactive taxation. In my opinion, it was in 1998, when the wealth tax was altered so that freedom of taxation that applied before for shares listed on the Stockholm Stock Exchange's A-list after 1991 only would apply to so-called main shareholders. That led to several companies moving from the A-list to the OTC- or O-lists so that shareholders would avoid the wealth tax. A hold-up date was introduced on 29 May, 1997 to suppress such activities. In an article, I stated that the circumstance that should lead to tax liability to wealth tax for a natural person regarding a certain kind of property taxable for wealth tax is that he or she has acquired the property before or during the income year and still is in possession of it at the end of the income year, i.e. the circumstance that the O-list shares in an example presented in the article could be deemed taxable for wealth tax due to the transfer from the A-list on 29 May or later would not in itself mean that tax liability to wealth tax for the shares would be deemed having entered just because they were in the possession of the person in question at the end of the year 1997. I considered that such a wealth taxation at the year of assessment 1998 was in conflict with the constitutional prohibition of retroactive tax legislation. For the prohibition of retroactivity having any effective function in the field of wealth taxation, I considered that it would be reasonable that the circumstance causing the tax liability for wealth tax on certain property in the natural persons possession would be deemed having a certain extension in time so that it begins with the acquisition of the property and ends at the end of the fiscal year by establishing that the person at that point of time still is the owner of the property.⁴ In my opinion, capital taxation according to the box model should be made in a corresponding way so that the tax liable will not be affected by negative taxation effects depending on the changes of character regarding his or her property, if the person has not been able to influence such an alteration.

⁴ See *Lagrådets avstående från prövning av ny förmögenhetsskatte-regels grundlagsenhetlighet vid 1998 års taxering* (The Council on Legislation's withdrawal from the trial of a new wealth tax rule's constitutional compliance at the year of assessment 1998), article by Björn Forssén in *Skattenytt* (Tax news) 1998 pp. 509–517.

- With changes of character on assets which might affect the tax liable's taxation situation negatively, I regard in the present respect in the first place the following situations: an assets comprised by the box model, i.e. included in the box, is transferred from being deemed an investment with low risk and valuation to 50 per cent of nominal savings, like conventional bank savings, to be deemed as an asset with high risk and valuation to market value (see above), which for example might occur if the risk profile of a money market fund is altered; an asset in the form of a claim that would fall outside the scope of *inkomstskattelagen (1999:1229)*, the income tax act (abbreviated IL) changes character and will be included in the box; and an asset which either is included in a hobby activity or constitutes an asset for personal use is transferred to constitute a collector's item and being deemed an investment that shall be included in the box. In the last-mentioned respect exists today difficult problems of fixing a border partly between on the one hand incomes which are not included in a business activity or constitutes earned income in the form of employment, but occur in a hobby activity and therefore are included in a special activity within the income tax schedule of earned income (which sometimes is called Earned Income 2 – Sw., *Tjänst 2* – and is stipulated in Ch. 10 sec. 1 third para and Ch. 12 sec. 37 of the IL) and on the other hand income of capital according to Ch. 52 of the IL, partly between assets for personal use (personal assets) and assets which constitute investment objects, which are not comprised by other rules on income of capital in the IL but pertaining to Ch. 52 as a collecting item.⁵ Since the tax reform in the beginning of the 1990's the income tax schedule of earned income functions, by Earned Income 2, as a rest income tax schedule: i.e. if an income cannot be assigned to anyone of the three income tax schedules of business activity (Sw., *näringsverksamhet*), earned income (employment) or capital – and neither falls outside the IL nor is comprised by an explicit exemption from taxation according to Ch. 8 of the IL – it is assigned to Earned Income 2. With respect of the mentioned problems of fixing a border between Earned Income 2 (hobby) and income of capital and within capital according to Ch. 52 of the IL respectively and that the ESO-report 2017:4 states that income of capital shall remain as an income tax schedule beside the box taxation, I consider that it at an introduction of the box model should be considered to make the box a rest income tax schedule instead of Earned Income 2. Taken by itself, the State will not lose anything in the form of tax and social fees on surplus in hobby activities, but the problems of fixing a border becomes fewer if today's Earned Income 2 is assigned to the box, where the described problems of fixing a border today is limited to distinguish equipment in hobby activities and investment objects, which shall not be included in the box but still is comprised by other capital gains according to the income tax schedule of capital. By the way, in that case still applies that if an activity which from the beginning constituted hobby is altered during the for the tax liable free period of review of five years, so that it based on a judgment in a longer perspective can be deemed fulfilling the criteria for business activity, he or she can apply by the SKV for a review, whereby the assets in the activity shall not be included in the box but in the income tax schedule of business activity.⁶ Furthermore, incomes of hobby activities were totally tax free before the tax reform in the beginning of the 1990's, why a

⁵ See pp. 139, 230 and 292 *Inkomstskatt – en läro- och handbok i skatterätt (16:e uppl.)*, Income tax – a text- and handbook in tax law (Edition 16), by Sven-Olof Lodin, Gustaf Lindencrona, Peter Melz, Christer Silfverberg and Teresa Simon-Almendal, Studentlitteratur, Lund 2017.

⁶ See prop. 1989/90:110 Part 1 pp. 312 and 313.

transfer to having a box taxation of assets in such activities instead of today's taxation of a surplus in them do not have to be considered prohibitive for the State.⁷

- Another reform that would be suitable to carry out at the same as an introduction of the box model would be to make the partnerships (Sw., *handelsbolagen*) into tax subjects according to the IL. Then would the capital gains taxation which still could be made outside the box for sale of shares in a partnership be done according to the same rules as for share owners in limited companies (Sw., *aktiebolag*) and other legal persons.⁸ Also such a measure would give a clearer systematics in the IL. By unlisted securities, like 3:12-shares not supposed to be included in the box, but otherwise comprised by the income tax schedule of capital (see above), should thus clarity be tried to obtain at the preparation of a Swedish box model for the capital taxation. It also means that such things as the so-called Lex Uggla-problems which occurred at the time of the wealth tax should not be allowed to come up again at the box taxation. Those problems meant that the owner of an unlisted limited company etc. risked having to pay wealth tax on capital needed in the enterprise for investments and new employments.⁹
- In section 3.2.4 of the ESO-report 2017:4, it is stated that above all economists consider that the investment in one's own dwelling is an investment amongst other and that the base for the taxation should be constituted of the market value or at least the total assessment value including the assessed value of land (Sw., *markvärdet*) so that those investments are treated in the same way as financial investments. However, it is stated in the report that the study of the box model is taking a more flexible attitude, where also practical circumstances are taken into consideration. One reason is that the report states as absurdly that in the box partly tax a site leaseholder (Sw., *tomträtthavare*) with the total assessment value as a base as if he or she owned the whole real property, partly force the person in question to pay a high site leasehold fee (Sw., *tomträttsavgäld*). The study chooses the assessed building value as a suitable tax base, which Professor Lodin also recommended at the ESO-seminar on 5 September, 2017. I agree with this position and may add that the building value should be used as a tax base also with respect of the problems of fixing borders which otherwise is likely to arise when the new phenomenon three-dimensional division of real property (3D-real property) will be applied. A real property usually constitutes an area on the ground. However, a real property can also be under the ground (for instance a garage) or above ground (as a freehold flat in a dwelling-house – see above). The garage and the freehold flat are examples of 3D-real properties. A real property shall contain at least three dwelling flats to be allowed forming a 3D-property meant for dwelling purposes.¹⁰

With these reflections, I also say *Yes box!* Concerning transitional problems, it is stated in section 6.2 of the ESO-report 2017:4 that the most difficult problem with a transition to the box model is the actual transition moment and the taxation of the standardised proceeds emerged before a transition to the box model. However, it is hardly sustainable to continue

⁷ See prop. 1989/90:110 Part 1 p. 310.

⁸ See SOU 2002:35 pp. 151 and 152.

⁹ See p. 2 in *Promemoria om reformerad förmögenhetsskatt* (Memo on reformed wealth tax), *Finansdepartementet* (the Treasury) in February 2007.

¹⁰ See *Lantmäteriets* (the Swedish mapping, cadastral and land registration authority's) website, www.lantmateriet.se.

with the existing capital taxation system and the described problems with an approaching bursting bubble on the housing market. Professor Lodin also stated at the ESO-seminar on 5 September, 2017 that experience shows that transitional problems often are proven exaggerated afterwards. Here, there is a in the Netherlands tried model – the box model – which should be expected to remedy the problems for above all the housing market which is deteriorating with the existing capital taxation system. Thus, I consider that the work with introducing a Swedish box model in the field of capital taxation should continue and come in as soon as possible.

Doctor of Laws Björn Forssén is a Member of the Swedish Bar Association with his own law firm in Stockholm. He is an external resource of the Research Team, Tax law at Örebro University (JPS) and teaches recurrent at Södertörn University, the institution of social sciences (public law).