

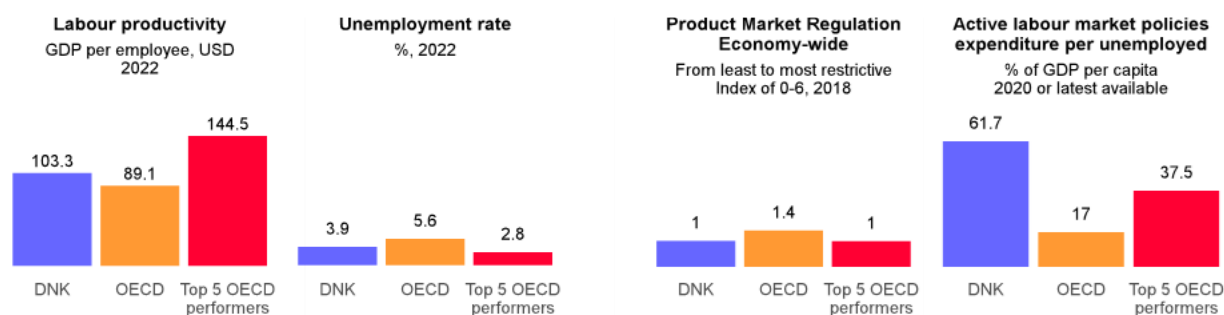


Performance gaps

Recommendations

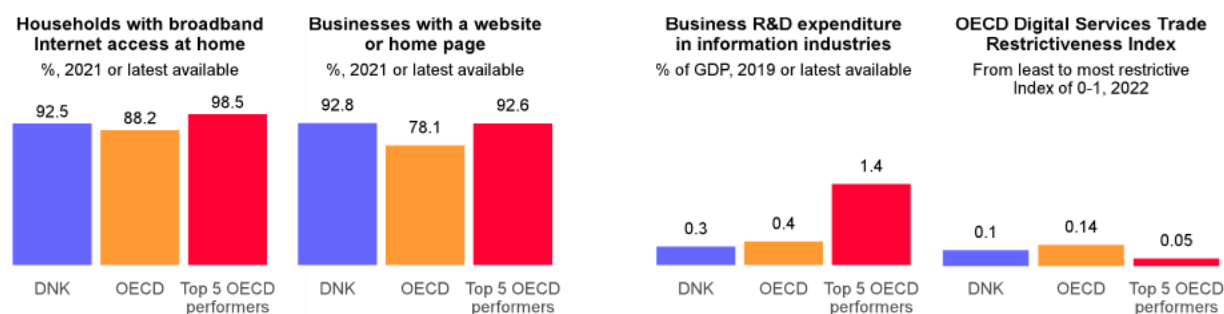
Product and labour markets functioning

- Rent regulation distorts and hampers growth in the private rental market, limiting mobility.
- Favourable tax treatment stimulates homeownership unduly. Low housing taxation reduces the overall efficiency of the tax system.
- Deregulate the rental market notably by easing special rent regulation for flats in buildings constructed before 1991.
- Shift the tax burden further away from labour and corporate incomes by raising the property and land tax rates and by reducing tax deductibility of interest expenses.



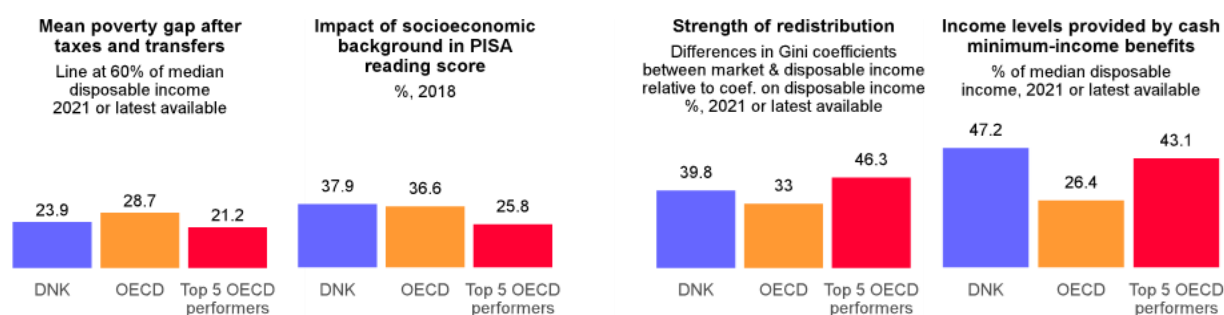
Digital transition

- Despite strong digital infrastructure provision, e-government and digital skills, modest investment in intangibles and labour shortages in ICT threaten the diffusion of productivity-boosting digital technologies. Investment is hampered by high top marginal tax rates on labour and capital income.
- Develop VET programmes that reflect future structural changes in the economy, such as digitalisation, and offer pathways to higher education.
- Reduce top marginal tax rates on labour and capital income.



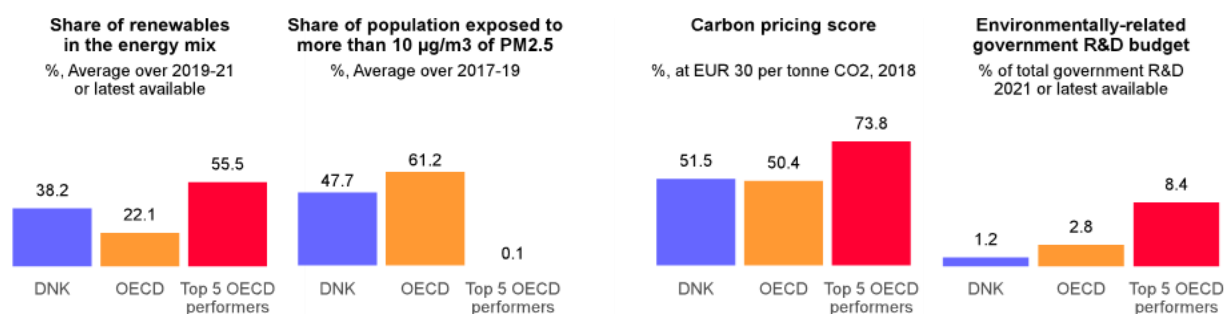
Inclusiveness, social protection, and ageing

- Social protection is strong and high-quality public services support social mobility. However, large gaps in employment rates and educational outcomes between foreign-born and natives persist. School segregation of immigrant students is high by OECD standards.
- Improve immigrant integration programmes by broadening the adoption of best practices across municipalities and extending the Integration Education Programme.
- Implement a broad integration strategy in the education system to address performance gaps.

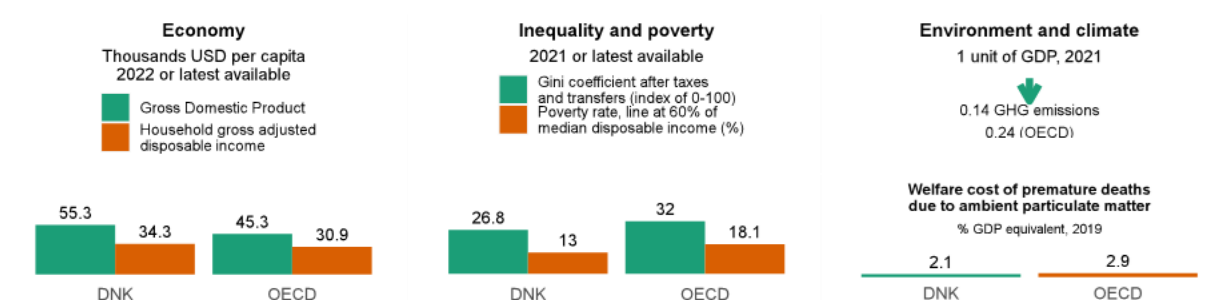


Climate transition

- Denmark has been a frontrunner in climate change mitigation policies and successfully reduced greenhouse gas emissions. However, achieving carbon neutrality as planned in a cost effective and inclusive way will require effective carbon pricing, while compensating for adverse distributional effects.
- Make emission pricing outside the EU Emissions Trading System more uniform by implementing a minimum price.
- Provide targeted support to those negatively affected by climate policy in a transparent manner, including via reduced taxation of renewable energy and means-tested transfers.



Overall performance





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