

'Sweden should cut taxes in poor areas'

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A government-appointed commission recommended that Sweden should reduce payroll taxes by more than half for businesses in deprived areas to create more jobs and lower unemployment, Bloomberg said.

“The purpose of the measure is to stimulate the establishment of new companies and give existing companies better opportunities to grow in deprived areas,” Christer Sjödin, head of the commission, said in a statement.

The group said that the employment tax rate for businesses established in areas that have low levels of employment and education and many people on welfare should be cut to 10.2 percent from the standard 26.3 percent starting in 2014 for as many as seven years.

Strong exports drove a stellar performance for Sweden's economy in the [second quarter](#), shrugging off the effects of the euro zone debt crisis and supporting the central bank's view there is no need to cut interest rates.

But high unemployment figures keep haunting the country. Swedish unemployment rose to 8.8 percent in June. The government has identified unemployment, especially among the young and people born outside of Sweden, as one of the nation's main challenges.