SAMTÖK
SKATTGREIÐENDA

Memorandum: What would Iceland pay to the European Union each year?

A review of the official cost figures published ahead of the referendum of 29 August 2026

The Icelandic Taxpayers' Association (Samtök skattgreiðenda) – August 2026

A neutral, figures-driven review. All sources are public documents – EU budget legislation, Eurostat, the Finnish Ministry of Finance, the European Commission's spending-and-revenue database – and every figure is traceable and reproducible; the full calculations are shown step by step in the Appendix. Exchange-rate assumption: EUR 1 = ISK 146. "Billion" (bn) means thousand million throughout.

Summary

- As an EU member state, Iceland would pay **ISK 43–53 billion (EUR 295–363 million) per year to Brussels gross – central estimate about ISK 47 billion (EUR 322 million)**. That is roughly 1% of Iceland's GDP – about ISK 146,000 (EUR 1,000) per citizen per year.
- Net of EU grants received and of fees that would lapse, the **net cost would be ISK 23–44 billion (EUR 158–301 million) per year – central estimate about ISK 34 billion (EUR 233 million)**, about ISK 106,000 (EUR 725) per citizen per year.
- The estimate is supported by **three independent methods that converge on the same range**: The EU's own financing rules applied to Icelandic aggregates; Finland's actual payments; and Croatia's actual payments. The method reproduces Croatia's actual 2025 payment to the euro.
- **Official information gives voters only a net figure – ISK 10–15 billion (EUR 68–103 million) – in a four-sentence assessment with no source, no reference year, and no statement of the gross payment.** Five specific observations on that assessment are set out in Section 2.
- From 2028 the bill rises: Repayments of the EU's pandemic recovery fund (NGEU) add an estimated ISK 6–8 billion (EUR 41–55 million) per year, and the proposed next seven-year EU budget framework is substantially larger.

1. What official information tells voters

Two official texts constitute the government's public cost estimate.

a) The government.is article. The Ministry for Foreign Affairs published an English-language article, "How much would EU membership cost?" (government.is, 22 June 2026; accessed 12 August 2026). Its figures, quoted verbatim:

> *"Iceland's GDP in 2025: approximately ISK 5,000 billion."*
>
> *"Iceland's potential net contribution to the EU: approximately ISK 10–15 billion."*
>
> *"Current EEA participation costs (which would no longer apply after EU membership): estimated ISK 2–7 billion per year."*

The article cites one outside assessment:

> *"An assessment by the think-tank Evrópustraumar from March 2026 estimates Iceland's net contribution at approximately ISK 6–9 billion."*

Evrópustraumar (European Currents) is an organization publicly advocating EU accession. The article does not mention this.

b) The memorandum to parliament. For further information the article refers to a memorandum by the Ministry for Foreign Affairs to the Foreign Affairs Committee of the Althingi (17 April 2026; parliamentary file 2504, 157th legislative session, p. 20; in Icelandic). The cost assessment there consists of four sentences: Finland's net payments to the EU "have been estimated" at 0.2–0.3% of GDP (no source is named, no year given); applied to Iceland this gives ISK 10–15 billion net; deducting ISK 8 billion of EEA-related costs that would lapse leaves a "membership fee" of ISK 2–7 billion per year. The memorandum adds, without figures, that the effects of the customs union and the VAT-based contribution would be "insignificant".

Official figures versus this memorandum:

	Official information	This memorandum
Gross payment to the EU	not stated	ISK 43–53 bn (EUR 295–363 m)
Net cost per year	ISK 2–15 bn	ISK 23–44 bn (EUR 158–301 m)
Source of central assumption	none cited	EU budget documents, Eurostat, Finnish MoF, European Commission (all listed below)
Calculations shown	no	yes, step by step (Appendix)

2. Five observations on the official figures

1. **No source, no reference year.** The 0.2–0.3%-of-GDP figure for Finland's net contribution is nowhere traced to an origin. Official data from the Finnish Ministry of Finance show Finland's net contribution ranging from **0.11% of GNI (2024) to 0.38% (2021)** within a single decade – more than a threefold swing. The official range omits the upper half of the actual record; 0.38% would correspond to about ISK 19 billion on Icelandic aggregates.
2. **No gross figure.** The official material never states what Iceland would pay TO Brussels before receipts are netted off. Voters are shown only one side of the ledger. The claim that customs-union and VAT effects are "insignificant" is made without any figures – the customs transfer alone is ISK 7–8 billion (EUR 48–58 million) per year (Section 3).
3. **The reference year 2024 was the cheapest year in a decade.** The EU's GNI call rate – the percentage of national income each member state pays – is set annually and fluctuates with the EU budget's needs. 2024 was the lowest year of the period for nearly all member states:

Table 1. Direct contributions as % of GDP – the fluctuation

Member state	2020	2021	2023	2024	2025
Finland	0.98%	1.02%	0.80%	**0.73%**	0.81%
Croatia	0.97%	1.01%	0.82%	**0.75%**	0.82%
Denmark	0.90%	0.89%	0.72%	**0.61%**	0.68%

Source: Eurostat (gov_10a_main, D76PAY; nama_10_gdp), computed 11 August 2026.

Any estimate anchored to 2024, or to an average resting heavily on it, systematically understates the cost.

4. **The EEA offset double-counts.** Of the ISK 8 billion in current EEA-related costs said to lapse upon accession, about ISK 5.6 billion (EUR 38 million) are participation fees in EU programmes (Horizon Europe, Erasmus+) that return substantial funds to Iceland. Finland's net figure – the very basis of the official estimate – already includes the corresponding Finnish receipts. The same benefit is thus credited to Iceland twice. The genuine cost of running the EEA institutions themselves is about ISK 2 billion (EUR 14 million) per year.

5. **A richer country pays more – and the chosen benchmark, used consistently, supports the higher figure.** Contributions are levied on gross national income, and Iceland's GNI per capita is substantially higher than Finland's. The third minority of the parliamentary Foreign Affairs Committee made this point expressly in May 2026: "It is not substantiated why Finland is used as the benchmark in this regard. One would think it more natural to benchmark against richer EU countries." [our translation] Moreover, Finland pays 0.73–1.02% of GDP gross; the "Finnish model", applied honestly to both sides of the ledger, yields precisely the results of this memorandum.

On the cited think-tank estimate. Evrópustraumar (March 2026) put the gross payment at ISK 20–25 billion and the net at ISK 6–8.5 billion. That calculation allocated the Nordic countries' payments by **population** – but EU contributions are levied on gross national income, not headcount, and Iceland's income per capita is higher than the comparators'. The think tank's own annex table, computed by the GNI method, gave ISK 23–27 billion gross – closer to this memorandum's result than to its own headline.

3. What Iceland would pay – under the EU's own rules

The EU does not tax citizens directly; member states finance the common budget under fixed rules. Four revenue streams fund nearly all of it (2025 adopted EU budget): The GNI-based contribution (63% of EU revenue), the VAT-based contribution (15%), customs duties (14% – the collecting state keeps one quarter as collection costs, **three quarters go to Brussels**), and the plastics levy (4%).

The GNI-based contribution – the dominant stream – is a residual: The EU first determines what the budget needs, deducts other revenue, and calls the remainder from member states in proportion to GNI. The call rate was **0.55% in 2025 and 0.70% in 2026** – it moves year by year, which is why honest estimates are ranges, not points. Five wealthy member states (Denmark, Germany, the Netherlands, Austria, Sweden) negotiated rebates (EUR 9.2 billion in 2025), paid for by the other member states. **A new member state would receive no rebate but would help finance the others'.**

Table 2. Iceland's direct contributions (item A) – per year, 2025 system

Item	Basis	ISK bn	EUR m
GNI-based contribution	0.55–0.70% of GNI (~ISK 4,950 bn)	27.1–34.6	186–237
Financing others' rebates	0.05% of GNI	2.5	17
VAT-based contribution	0.3% of harmonized VAT base	5.3–6.1	36–42
Plastics levy	~11,000 t non-recycled plastic × EUR 0.80/kg	1.3–1.8	9–12
Direct contributions, total		**36–45**	**247–308**

Sources: Council Decision (EU, Euratom) 2020/2053; EU budget documents 2025–2026; Eurostat (GNI, plastics). Step-by-step calculations in the Appendix, items A-D.

Customs duties. Duties collected in Iceland – about ISK 7.6 billion in 2025, mostly on agricultural goods – currently accrue to the Icelandic treasury. Upon accession, three quarters would go to the EU. In addition, Iceland would adopt the EU's external tariff schedule, imposing new duties on goods that are duty-free today – for example US-built cars (10%) and Chinese electric vehicles (18–45%) – adding an estimated ISK 1.7–3.6 billion to the base, three quarters of which would also transfer.

Table 3. The customs transfer (item B) – per year

Item	ISK bn	EUR m
75% of current customs revenue	5.7	39
75% of new car tariffs	1.3–2.7	9–18
Customs to Brussels, total	**7.0–8.4**	**48–58**

Table 4. Iceland's gross payments to the EU per year

	Low	Central	High
Direct contributions (A), ISK bn	36	39	45
Customs (B), ISK bn	7	8	8
Total, ISK bn	**43**	**47**	**53**
Total, EUR m	**295**	**322**	**363**
Per citizen per year	ISK 134,000	ISK 146,000 (≈EUR 1,000)	ISK 165,000

4. Three independent methods – the same result

A single method can err. The figure was therefore computed three independent ways:

1. **By the rules:** The items in Tables 2–3, computed directly from the EU's financing rules on Icelandic aggregates (Appendix, items A-E).
2. **By what Finland actually pays:** Finland – the government's own chosen benchmark – paid EUR 2,010–2,272 million per year in direct contributions 2023–2025, i.e. 0.73–0.81% of its GDP. The same share of Iceland's GDP: **ISK 36.5–40.5 billion** (Appendix, item F).
3. **By what Croatia actually pays:** Croatia joined in 2013, most recently of all, with no rebate – the best mirror for a new member state. Its total payments (customs included) have been 0.80–1.06% of GNI in every year since accession. The same share of Iceland's GNI: **ISK 40–52 billion** (Appendix, item G). This memorandum's method, applied to Croatia's 2025 aggregates, reproduces Croatia's actual 2025 payment – EUR 788.2 million – exactly, item by item (Appendix, item H).

All three land inside the range of Table 4. That is the strength of the estimate.

5. What Iceland would receive – the net calculation

Two items are deducted from the gross payment:

1. **EU grants to Iceland** – chiefly agricultural and regional funds. This is the most uncertain item of the whole calculation, as it depends on the accession treaty; Iceland would be among the highest-income member states and would accordingly receive relatively little. Estimate: ISK 3–12 billion per year.
2. **Fees that lapse** – what Iceland currently pays under the EEA Agreement and related cooperation (programme participation fees, EFTA institutions, the EEA Grants). Estimate: ISK 6–8 billion per year.

Table 5. Net cost per year

	Favourable	Central	Unfavourable
Gross to Brussels, ISK bn	43	47	53
– EU grants received	−12	−6	−3
– fees that lapse	−8	−7	−6
Net cost, ISK bn	**23**	**34**	**44**
Net cost, EUR m	**158**	**233**	**301**
Per citizen per year	ISK 71,000	ISK 106,000 (≈EUR 725)	ISK 137,000

Even the favourable end of this range – ISK 23 billion – exceeds the upper end of the officially published net figure (ISK 15 billion) by half; the central estimate, about ISK 34 billion, is more than double it.

6. After 2028: The bill rises

Two developments are on the record – one already adopted, one proposed:

- **Adopted:** Repayments of the EU's pandemic recovery fund (NGEU) begin in 2028 and run to 2058. The annual burden on the EU budget will reach EUR 24–30 billion at its peak; Iceland's share would be roughly **ISK 6–8 billion (EUR 41–55 million) per year** on top of Table 4. Iceland never received anything from the fund – it was fully committed before any accession – but would participate fully in repaying it.
- **Proposed (not adopted):** In July 2025 the European Commission proposed the next seven-year framework (2028–2034): A total budget of about EUR 2,000 billion, with member states' direct contributions rising from EUR 130 to 235 billion per year. Unchanged, that could raise Iceland's annual contribution by half – to ISK 55–70 billion gross. Such a decision, however, requires unanimity and ratification by all national parliaments.

7. Membership costs that are not payments to the EU

For completeness, adjacent costs outside the headline figure: A permanent representation in Brussels and added administration (ISK 1.2–3.2 bn per year); paid-in capital to the euro rescue fund (ESM) upon euro adoption (one-off, ISK 18–22 bn in five instalments); ECB capital subscription (one-off, ~ISK 2 bn); ECB supervisory fees on Icelandic banks (ISK 0.2–0.5 bn per year from euro adoption). Euro adoption is obligatory for all new member states – only the timing is flexible. Amounts estimated from Croatia's payments upon euro adoption in 2023.

Method and caveats

1. Figures will be updated as final statistics appear (i.a. Eurostat's final 2025 GNI figures, not yet published at the time of writing).
2. All ranges reflect real fluctuations of the system (the annual call rate and treaty uncertainty about grants) – not imprecision of calculation.
3. The receipts item (EU grants) is a matter of accession negotiation and the most uncertain part; the gross side follows fixed rules and is close to indisputable.
4. No assessment is made of indirect economic effects of membership, positive or negative (trade, interest rates, currency) – only direct payments.
5. The Association's underlying research file with full data runs is available on request.

Appendix: The calculations, step by step

*Fixed assumptions throughout: EUR 1 = ISK 146. Iceland GDP 2025: EUR 34,257 m (Eurostat) × 146 = **ISK 5,002 bn**. Iceland GNI 2025: estimated EUR 33,900 m (GDP 2025 × 0.991, the 2024 GNI/GDP ratio; 2025 GNI not yet published by Eurostat) × 146 = **ISK 4,949 bn**. Citizens: 321,854.*

A. GNI-based contribution (ISK 27.1–34.6 bn) The call rate is published in EU budget documents: 0.5476% in 2025, 0.6984% in 2026.

- Lower bound: 0.5476% × EUR 33,900 m = EUR 185.6 m × 146 = **ISK 27.1 bn**
- Upper bound: 0.6984% × EUR 33,900 m = EUR 236.8 m × 146 = **ISK 34.6 bn**

B. Financing the rebates (ISK 2.5 bn) The five states' rebates 2025: EUR 9,188 m. Total EU GNI: EUR 18,544,534 m. Surcharge on the other member states: 9,188 / 18,544,534 = 0.0495% of GNI.

- 0.0495% × EUR 33,900 m = EUR 16.8 m × 146 = **ISK 2.5 bn**

C. VAT-based contribution (ISK 5.3–6.1 bn) The harmonized base = national VAT revenue divided by the weighted average VAT rate. Iceland's VAT revenue 2025: ~ISK 400 bn; weighted average rate ~21% (most consumption at the 24% rate, part at 11%).

- Base: 400 / 0.21 = ~ISK 1,900 bn (below the cap of 50% of GNI = 2,475)
- Contribution: 0.3% × 1,900 = **ISK 5.7 bn** (range 5.3–6.1 by base assumptions)

D. Plastics levy (ISK 1.3–1.8 bn) Eurostat, Iceland 2023: 18,246 t plastic packaging waste generated, 7,138 t recycled → 11,108 t non-recycled. Levy: EUR 0.80/kg = ISK 117/kg.

- 11,108 t = 11.1 m kg × 117 = ISK 1,300 m, i.e. EUR 8.9 m × 146 = **ISK 1.3 bn**
- At the worse 2022 recycling rate (15,135 t non-recycled): EUR 12.1 m = **ISK 1.8 bn**

E. Customs (ISK 7.0–8.4 bn)

- Iceland's customs revenue 2025: ISK 7,606 m (Statistics Iceland) × 75% = **ISK 5.7 bn**
- New car tariffs (Association's car-tariff analysis): ISK 1,700–3,600 m × 75% = **ISK 1.3–2.7 bn**

F. The Finland method (ISK 36.5–40.5 bn) Finland's direct contributions (Eurostat, D76PAY) and GDP:

Year	Finland's contribution	Finland's GDP	Share
2023	EUR 2,194 m	EUR 273,005 m	0.80%
2024	EUR 2,010 m	EUR 275,993 m	0.73%
2025	EUR 2,272 m	EUR 280,570 m	0.81%

Applied to Iceland: 0.73% × ISK 5,002 bn = **ISK 36.5 bn**; 0.81% × 5,002 = **ISK 40.5 bn.**

G. The Croatia method (ISK 40–52 bn) Croatia's total payments (European Commission database) as share of its GNI: Lowest 0.80% (2024: EUR 688.6 m / 85,943 m), highest 1.06% (2021: EUR 606.4 m / 57,352 m); 2025: EUR 788.2 m / 91,451 m = 0.86%. Applied to Iceland: 0.80% × ISK 4,949 bn = **ISK 40 bn**; 1.06% × 4,949 = **ISK 52 bn.**

H. Verification on Croatia 2025 – the method reproduces the actual figure Croatia's 2025 payment computed with the same method as items A-E: GNI-based contribution 500.8 + VAT share 137.2 + plastics levy 32.6 + rebate financing 45.3 + customs 72.2 = **EUR 788.2 m** – exactly the figure in the Commission's database.

I. Per citizen Central gross: ISK 47,000 m / 321,854 citizens = **ISK 146,000 (≈EUR 1,000) per year.** Central net: ISK 34,000 m / 321,854 = **ISK 106,000 (≈EUR 725) per year.**

Sources (accessed 11–12 August 2026)

- Draft amending budget No 3/2025 of the EU, COM(2025) 850, revenue annex – revenue table, call rate, rebates – commission.europa.eu
- Draft amending budget No 2/2026, COM(2026) 460 – 2026 call rate – data.consilium.europa.eu
- Council Decision (EU, Euratom) 2020/2053 on the system of own resources – EUR-Lex
- Eurostat: Member-state contributions (gov_10a_main, D76PAY), GDP (nama_10_gdp), GNI (nasa_10_nf_tr), plastic packaging (cei_wm020)
- Finnish Ministry of Finance (vm.fi): Annual releases on Finland's net EU payments 2015–2024
- European Commission: "EU spending and revenue" database – Croatia's payments 2014–2024
- Ministry for Foreign Affairs: "How much would EU membership cost?", government.is, 22 June 2026 (accessed 12 August 2026)
- Ministry for Foreign Affairs: Memorandum to the Foreign Affairs Committee of the Althingi, 17 April 2026 (file 2504, 157th legislative session, p. 20) – althingi.is
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- Opinion of the European Court of Auditors OP-2026-04 (the 2028–2034 framework and NGEU repayments) – eca.europa.eu
- Statistics Iceland: Treasury customs revenue (THJ05232)
- The Association's analysis of car tariffs under the EU external tariff (August 2026)