

LEX MUNDI INTERNATIONAL TAX DESKBOOK  
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# SWEDEN TAX DESKBOOK

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# LEX MUNDI WORLD TAX DESKBOOK

## INTRODUCTION

### 1 TYPES OF TAXES

The Swedish tax system comprises direct taxes and indirect taxes. Typical direct taxes are income tax and net wealth tax. Value added tax (VAT), which is charged on the sale of goods and services as well on imports, are on the other hand seen as an indirect tax.

### 2 SOURCES OF LAW

Income Tax Act (SFS1999:1229)  
Value-Added Tax Act (SFS 1994:200)  
Coupon (dividend) tax Act (SFS 1970:624)  
Wealth Tax Act (SFS 1997:323)  
Real Estate Tax Act (SFS 1984:1052)  
Stamp Duty Act (SFS1984:404)  
Tax Payment Act (SFS1997:483)  
Tax Assessment Act (SFS 1990:324)

### 3 TAX ADMINISTRATION STRUCTURE

On 1 January 2004 the Tax Administration merged eleven authorities into one, the Swedish tax Agency. By uniting the administration into one tax authority, a number of advantages were met. With this change, the regional structure which previously followed the county borders, were rearranged.

The Swedish Tax Agency consists of a headquarter, nine regions, an excise duty unit and a large tax payer unit. In January 2006 the numbers of tax regions were reduced to seven. In each of the tax regions there are one or more tax offices, to which the general public and small and medium sized business turn in matters on taxes or public registration. The large tax payer unit situated in Stockholm, Gothenburg and Malmö, serves the largest corporations.

However, many other agencies and authorities also take part in administering the tax system, for example the enforcement authorities and the customs

## INCOME TAXES AS APPLIED TO BUSINESS ENTITIES AND INDIVIDUALS

### I CORPORATIONS

Corporate taxation is based on the principle of double taxation. This means that income is first taxed in the corporate sector. Thereafter, income is taxed at the shareholders level when income is distributed by the corporation to the shareholders in the form of dividend or income is realised as capital gains upon divestment of shares in the corporation.

All income received by a limited liability corporation is taxed as income from business activity subject to the national income tax rate of 28 percent. Income is calculated in accordance with generally accepted accounting principles. However, special rules apply in respect of, among other things, depreciation of machinery and equipment as well as real property.

1. What tax returns must be filed

A. The filing dates

The basis of assessment for corporations is income for the most recent accounting period ending on or before 31 December. The tax return must be filed by 2 May the following year. Extensions may, however, be granted by the tax authorities.

B. Where and with whom to file

The tax returns must be filed with the local tax office in the city or municipality in which the corporation was domiciled at the end of the previous tax year.

C. When must taxes be paid

Every corporation is issued a preliminary assessment, indicating the estimated income and tax due. This assessment is based on a preliminary return filed by the corporation on or before 30 November of the year before the income year. The preliminary tax is payable in installments every month of the income year. The final assessment based on the annual tax return is normally issued in December of the assessment year. The corporation's preliminary tax payments are credited against the final tax liability. If preliminary tax payments exceed the amount of final taxes due, a refund is made. Any balance due must be paid a fixed due date within 90 days of the date of the final assessment.

2. Calculation of income/profit taxes

A. How is the taxable base determined

Taxable business income is computed according to "generally accepted accounting standards". The accounting record therefore forms the basis of taxation. The principles of accrual accounting apply to all business regardless of size. In some respects, tax law specifies how assets are to be valued.

(1) What revenues are included

Taxable income is based on the profits reflected in the annual financial statement with adjustments as provided by law. Any income having a monetary value derived from economic activity is deemed to be taxable income.

(2) What deductions are allowed

Normal business expenses incurred to obtain and maintain the corporation's income can be deducted from gross income when determining taxable income. Corporations are also entitled to a provision of 25 percent of the tax base to a tax

allocation reserve (*Sw.* periodiseringsfond) each year. The fund must be reversed after six years and the reversal is then included in the base for the seventh year's provision. This gives an effective tax rate approximately 21 percent the first six years and then varies depending on the difference between reversed provision and the provision charged for the year.

In some respects, the tax law specifies how assets are to be valued. Annual depreciation of machinery and equipment is allowed with 30 percent of the residual value or with 20 percent of the acquisition value. Buildings are depreciated by 2-5 percent per year depending on their use. Stock is valued at 97 percent of its acquisition value using the first in first out (FIFO) principle.

(3) What major expenses are not deductible

Costs including bribes under criminal law and other illicit payments, fines and entertainment expenses in excess of certain limits are not deductible. Direct taxes, other than payroll taxes and social security contributions, are not deductible. Dividends paid are not deductible.

Capital losses on business-related holdings are not deductible from 1 July 2003. Losses incurred on the alienation of shares and other securities not related to the corporation's business (e.g. portfolio investment) may only be set off against gains on the same type of asset (*Sw.* "aktiefällan"); any exceeding losses may be carried forward indefinitely to be set off against gains on the same type of asset.

(4) What, if anything, is included concerning national investment abroad

A resident corporation is subject to national tax on their worldwide income.

Costs, which are derived from establishing a subsidiary abroad, are not deductible for the Swedish parent corporation.

B. What are the applicable rates

A limited liability corporation in Sweden pays national income tax (*Sw.* statlig inkomstskatt) at the rate of 28 percent on the net income.

C. How are losses handled

(1) Operating

If a loss arises in a tax year, the entire loss may be carried forward and deducted in the immediately following tax year. Where a loss arises also during the latter tax year, it may be "rolled" forward. There is no time limit on the utilization of a loss. Losses may only be carried back through dissolution of the allocation reserve. Losses are determined in the tax period in which they were incurred and deducted from income as soon as such income is available.

There are rules to limit trading with corporations with losses in conjunction with certain changes in ownership. Restrictions also apply to a merger where a

corporation absorbs a wholly owned subsidiary having old losses, upon bankruptcy or upon composition with creditors.

(2) Capital

Capital losses on business-related holdings are not deductible as of 1 July 2003. Other capital losses may generally be set off against business income in the current year. However, losses incurred on the alienation of shares and other securities not related to the corporation's business (e.g. portfolio investment) may only be set off against gains on the same type of shares; any surplus of such losses may be carried forward indefinitely to be set off against gains on the same type of asset.

D. Any special transfer pricing rules

Transactions between corporations sharing a community of interests must be at "arm's length", i.e. as between independent parties. This principle is expressed through what is commonly referred to as the adjustment rule.

According to the adjustment rule, the income in a Swedish corporation may be deemed to be higher where the income is lower as a consequence of terms and conditions agreed with a foreign corporation sharing a community of interest which deviate from the terms and conditions which would have been agreed with a corporation which does not share such interests. The adjustment rule applies when the following conditions are met:

- The person to whom the income is ascribed is not taxed for such in Sweden;
- There are reasonable grounds for assuming that an economic community of interests exists between the parties;
- The facts do not indicate that the contractual terms and conditions were agreed upon for any reason other than due to the economic community of interests.

In this context, it should be further noted that, in the event the income is transferred from a corporation in Sweden to a foreign corporation in the manner described above, this may also imply that a hidden profit distribution have been made.

E. Consolidated returns for affiliated corporations

Each individual corporation in a group of corporations is regarded as a tax entity. Income tax is not calculated at group level but, rather, individually in respect of each and every corporation. However, for tax purposes it is possible to reallocate income amongst the corporations in a corporation group. This is effected by group contributions (*Sw. koncernbidrag*).

3 Territorial Rules

A. What is the corporation's residence

Resident corporations are those which are registered in Sweden or managed and controlled in Sweden.

B. Is worldwide income taxed

Corporations resident in Sweden are subject to national tax on their worldwide income.

C. How is branch income handled

A foreign business enterprise that wishes to engage in business activities in Sweden without registering a subsidiary usually has to register a branch. A branch is the office of a foreign business enterprise with a separate administration in Sweden. A corporation may only have one branch in Sweden. The branch is to have a Managing Director. The Managing Director represents the branch and has to register the branch with the Swedish Companies Registration Office (*Sw. Bolagsverket*).

If a foreign corporation is considered to have a branch (permanent establishment) in Sweden, it is liable to file a Swedish corporation tax return and pay tax of 28 percent on income that is attributable to the permanent establishment.

D. How are controlled foreign corporation handled

A person (natural person or corporation) who owns shares in a foreign corporation with income which is subject to a low tax rate or is not taxed (CFC-company) may, where the following conditions are met, be taxed in Sweden for its share of the foreign corporation's income:

- The person holds or controls, directly or indirectly, not less than 25 percent of the shares or voting capital in the foreign corporation;
- The net income of the foreign corporation is taxed at a low rate. According to the main rule, this means that the tax is lower than 15.4 percent of the net income calculated in accordance with Swedish tax rules (for limited liability corporations).

According to a supplementary rule, there is no basis for CFC taxation if the foreign corporation is domiciled in an area listed on what is commonly referred to as a white list (subject to the exceptions set forth in the list). Within the EEA, CFC taxation is limited, to the extent it is imposed, to essentially applying only to certain activities. These activities involve (1) financing of corporations sharing a community of interests and (2) insuring risks of corporations sharing a community of interests.

E. Tax credits- Are there tax credits relating to legal dispositions other than provisions Double Taxation Treaties, on the possibility of deducting taxes paid abroad or in any others

A corporation resident in Sweden that has foreign income may be granted credit for income taxes paid abroad if the following conditions are met:

- The foreign income has been included in the Swedish tax return and taxed;
- The income has been taxed in the foreign state;

- The income may be deemed to originate from the foreign state (pursuant to legislation in such state).

The set off against Swedish income tax and property tax is granted with an amount equal to the income tax in Sweden attributable to the foreign income. This amount (commonly referred to as the “Maximum Foreign Tax Credit Amount”) is calculated on total foreign income (the “overall principle”) in accordance with the following formula: Foreign net income/Total net income x income tax on Total foreign and Swedish net income.

If the total foreign income tax cannot be set off during a year, the exceeding amount may be carried forward and reduced in subsequent tax years, however not later than the third tax year thereafter (commonly referred to as “carry forward”).

#### 4. Withholding Taxes

##### A. Rates on dividends

Corporations that are resident abroad and which shares in a Swedish corporation are liable to pay withholding tax on dividends. The tax rate is 30 percent. In the following three scenarios, the withholding tax is either reduced or not imposed at all:

- A double taxation treaty between Sweden and the state in which the foreign corporation is domiciled may cause the tax rate to be reduced (in certain cases to zero);

- A foreign corporation which satisfies the following conditions is not liable to pay withholding tax:

- The foreign corporation is domiciled within the EU;

- The foreign corporation is holding not less than 25 percent of the shares in the corporation paying the dividend;

- The foreign corporation satisfies the conditions of Article 2 of the EU Parent/Subsidiary Directive.

- A foreign corporation that satisfies the following conditions is not liable to pay withholding tax:

- The corporation is a “foreign corporation”. A “foreign corporation” means a foreign legal person which is taxed in the state in which it is domiciled and where taxation is similar to that applicable to Swedish corporations. According to a special presumption rule, a foreign legal person resident and liable to tax on income in a state with which Sweden has entered into a double taxation treaty is normally regarded as a foreign corporation where such person is covered by the agreement;

- The foreign corporation is comparable to a Swedish limited liability corporation;

- The dividend would have been exempt from taxation had the foreign corporation been a Swedish corporation. In respect of listed shares, however, such shares must have been

business related for a period of not less than one year at the time the dividend was paid (see above under the heading, “Dividends and capital gains”).

B. Rates on royalties

Royalties are not subject to withholding tax, but they are normally subject to ordinary income tax in Sweden.

C. Rates on interest

There are no withholding taxes on interest.

D. Rates on withholding tax on profits realized by foreign corporation

There are no withholding taxes on profits realized by foreign corporations.

## II. PARTNERSHIPS AND LIMITED LIABILITY CORPORATIONS

There are two kinds of partnerships in Sweden, the general and the limited partnerships. The partners may be individual or legal persons. All partners in a general partnership are personally liable for the corporation’s agreements and debts. A limited partnership must have at least one partner with limited liability (limited partner) and at least one partner with unlimited liability (a general partner).

1. What tax returns must be filed

A. Filing dates

The tax return must be filed by 2 May of the assessment year.

B. Where and with whom filed

The tax return is filed with the local tax office of the municipality or the city in which the partnership has its domicile.

C. If taxes are levied against the entity, when must they be paid

Partnerships and limited partnerships are for income tax purposes considered transparent, i.e. the partners are treated as the tax subjects, not the partnership itself.

2. Calculation of income for income tax purposes

A. If the entity is taxable, identify the basis of the tax taxation

Taxable income is determined in accordance with the general rules that apply for individuals and corporation taxpayers, respectively, depending on to who the income is attributed to and the source of income is concerned.

However, a capital gain relating to real estate in Sweden is regarded as capital income for a partner who is an individual, provided that the property is not classified as stock for

income tax purposes. For a partner that is a legal entity other than a partnership, such capital is always regarded as business income.

The net income of a partnership is calculated according to the rules of a limited liability corporation, see I.2 above.

B. Identify how the income is allocated to the partners, members or beneficiaries, detailed review of the tax structure is not required

The profits of the partnership are allocated to the partners in accordance with what has been agreed among them and are tax irrespective of whether the partners have made withdrawals. Non-resident partners are subject to tax in Sweden only if the income is derived from a permanent establishment or real estate that the partnership has in Sweden or if the participation form part of the business property of a permanent establishment that the partner has in Sweden.

### **III. OTHER ENTITIES SUCH AS JOINT VENTURE, ASSOCIATIONS AND FOUNDATIONS**

Other entities are treated for tax purposes according to the same rules limited liability corporations. However, if a foundation meets the requirements applicable to “foundations for the public benefit” is only liable to pay corporation tax (28 percent) on its business profits.

### **IV. INDIVIDUALS**

#### **1. What tax returns must be filed**

##### **A. The filing dates**

The tax return must be filed by 2 May of the assessment year.

##### **B. Where and with whom filed**

The tax return is filed with the local tax office of the municipality or the city in which the individual was registered as resident in November the previous tax year.

##### **C. When must taxes be paid**

Sometime between 15 August and 15 September the Tax Agency issues a final tax statement (*Sw. slutskattebesked*) and a statement of account to most of those who submitted tax returns. The final tax amount is calculated and offset against to the advance tax amounts. Excess tax are reimbursed, and any shortfall is payable at the latest 90 days after receiving the final tax calculation.

#### **2. Calculation of income/profit taxes**

##### **A. How is the taxable base determined**

The taxable income is attributed and calculated separately for each of the three categories of income; income of employment, business and capital. The business income is computed separately for each source and the net results are added to arrive at total taxable business income. The net employment and business income are added and the result, after deductions for private insurance premiums and the basic allowance constitute the taxpayers' earned income for national and municipal income tax purposes. Taxable capital income is established after deduction of interest payments and deductible capital losses. All employment income and income from capital form one source of income, respectively. All losses incurred in those categories can be set off against income from the same category in the current year. If the capital income is negative the loss may, with certain limitations, be taken as a credit against the national and municipal income tax and national real estate tax. Any exceeding amount that has not been offset during the current year can not be carried forward.

(1) What revenues are included

*Business income* for individual includes income from all types of business activities, professions and agriculture. It also includes income from immovable business property and income and capital gains movable property pertaining to a business.

*Capital income* includes dividends, interest and all other income derived from a capital investment. In addition, capital income includes capital gains from sale of immovable property pertaining to a business, and capital gains from all kinds of assets not pertaining to a business.

All taxable income not considered business income or capital income is *employment income*.

(2) What deductions are allowed

- A basic allowance varying between SEK 11.600 and SEK 30.600 (for 2006) depending on the amount of income.
- Membership due to trade unions and contributions to employment funds.
- Traveling expense regarding commuting from home to work using the most economically means of transport to the extent they exceed SEK 7.000
- Pensions premiums: For an individual earning employment income, the deduction for the premiums of private pension insurance is granted as a personal allowance from his income. The premiums paid by the tax payer may be deducted if the taxpayer is the holder of the insurance policy. In general, the deduction is subject to a maximum half of a basic amount (SEK 19.850 in 2006). Premiums paid by a self-employed taxpayer for his own pensions insurance are deductible as expenses for business income category. The deduction is subject to maximum of one basic amount.
- All other expenses not mentioned above and which are incurred for purposes of generating or maintaining earned income.

(3) What exemptions are allowed

- Scholarships or other support received for studies
- Inheritance and gifts (since 1 January 2005)
- Alimony received from a separated or divorced spouse on the basis of a legally binding commitment or obligation
- Alimony for maintenance of a child
- Certain public reimbursements
- Payment concerning material damage
- Rewards
- Lottery winnings

(4) What major expenses are not deductible

In general all expenses, which not are regarded as expenses for acquiring and maintaining taxable income, are not deductible.

(5) Are stock options included, profit sharing plans, saving plans, pension benefits, social security or other benefits

An employee who is granted a stock option is deemed to receive a taxable benefit at the time the option is vested. Special rules apply where an employee leaves Sweden or moves to Sweden.

(6) Health insurance, life insurance, automobiles, housing and other matters provided, are any of those included in taxable income

Benefits in kind, i.e., any remuneration in kind received by an employee from his employer for services rendered, are taxable as employment income as their fair market value.

B. What are the applicable rates

The municipal tax rate varies between 27 percent and 34 percent and the national tax is 20 percent or 25 percent.

Assuming an average municipal tax rate of 32 percent, the effective rate of income tax in 2006 is 32 percent on the first SEK 306.000 of income. Additional income up to SEK 460,600 is taxed at 52 percent (municipal tax 32 percent plus national tax 20 percent) and income above SEK 460.600 is taxed at 57% (municipal tax 32 percent plus national tax 25 percent). The income brackets are adjusted annually.

Investment income (dividend income and net interest income) and capital gains are taxed as income from capital at a flat rate of 30 percent. Special rules apply to capital gains resulting from the disposal of shares in closely held corporations and on dividend income from such corporations. Wealth tax is payable at a rate of 1.5 percent to the extent the value of the taxpayer's net wealth exceeds SEK 1.500.000 for single taxpayer and SEK 3.000.000 for taxpayers who are taxed jointly.

### C. How are losses handled

Capital losses incurred on quoted shares are deductible from gains on quoted shares; capital losses on non-quoted shares are deductible from gains on quoted and non-quoted shares. 70 percent of capital losses not set off against gains are deductible from the taxpayer's other capital income. If the capital income is negative, 30 percent of the loss up to SEK 100.000 and 21 percent of the loss exceeding SEK 100.000 may be taken as a credit against the national and municipal income tax due on earned income (employment and business income), as well as against the national real estate tax. Any amount that cannot be off set in this way will be lost since the credit cannot be carried forward.

## 3. Territorial Rules

### A. Where is the individual subject to tax

Residents are subject to the national income tax on their worldwide income, non-residents on their income from sources in Sweden.

### B. Expatriates

However expatriates are generally taxed as ordinary Swedish individuals, foreign experts, researchers and other key personnel, may upon application be exempted on a portion of salary income and certain compensation. Tax exempt status applies during a period of three years in respect of the following work:

- Specialist work which, due to its focus or level of expertise, involves great difficulties in recruiting within Sweden;
- Qualified research or development work, due to its focus or level of expertise, involves great difficulties in recruiting within Sweden;
- Corporation management work or other work comprising a key position in the corporation.

Furthermore, the aforementioned applies only where:

- the employer is a Swedish corporation or a foreign corporation with a branch in Sweden;
- the employee is not a Swedish citizen;
- the employee has not been domiciled in Sweden at any time during the five calendar years preceding the calendar year in which the work commenced; and
- the stay in Sweden is intended for a period not exceeding 5 years.

The tax exemption applies to:

- 25 percent of the salary; and
- compensation for costs relating to:

- relocating to or from Sweden;
- trips between Sweden and the former home country by the employee and family members twice per year; and
- costs associated with schooling in primary school, high school, etc.

#### 4. Withholding Taxes

A. Is salary subject to withholding tax at the source; what is the treatment of residents compared to non-residents.

Resident individuals are subject to national and municipal income tax on their worldwide income, including capital gains. Foreign dividends, interest and royalties are fully taxable.

However, non-resident individuals are only subject to tax on their income from sources in Sweden. Unless otherwise indicated, a non-resident is subject to the normal income taxation rules for both the national and municipal income taxes described in IV B above.

In certain cases, a person resident abroad may be subject to a special income tax in Sweden. This applies, among others, in the following cases:

- The person receives a salary as a consequence of employment with the Swedish state or a Swedish municipality;
- The person receives a salary as consequence of employment other than with the Swedish State or a Swedish municipality to the extent the income is acquired through work in Sweden;
- The person is compensated as a consequence of duties as a board member or alternate member on board of directors or other similar body in a Swedish corporation, irrespective of where the activity is conducted.

The special income tax is imposed at a rate of 25 percent of the (gross) income. Accordingly deductions are not allowed for costs.

Dividends paid by resident corporations to non resident individuals are subject only to withholding tax imposed at 30 percent, unless lower rate applies under a tax treaty.

### **ALL OTHERS TAXES, CONTRIBUTIONS OR TRANSFER REGIMES OTHER THAN INHERITANCE AND GIFT TAXES AND LEVIES**

#### I. VAT

Value added tax (VAT) is charged on almost all consumption of goods and services. VAT is actually paid by consumers, but payments to the state are made by business. VAT is not an expense for those who are to pay it to the state. The basic tax rate is 25 percent. There are two lower rates; 12 and 6 percent.

The tax rate is 12 percent for:

- Foodstuffs and food additives.

- Sale of own works of art by the artist or the artist's estate.
- Import of works of art, collector's items and antiques.
- Letting of rooms in hotel and boarding-house business.
- Letting of camping sites in campsite business.
- Transport in ski lifts.

The tax rate is 6 percent for:

- Books, newspapers, etc.
- Passenger transport.
- Entrance fees to concerts and to circus, cinema or theatre performances
- Entrance fees to zoos.
- Some services in the field of sporting activity.

The tax paid on purchases can be offset against the VAT collected on sales, which is payable to the government. Most businesses record the amount of VAT they have paid and the amount they have received in a special VAT return filed monthly. The VAT return must be filed by the 12th of the second month following the end of the relevant month. If the sale exceeds SEK 40 million the tax report must be filed by the 26th of the month following the end of the relevant month. For smaller businesses the VAT return is filed in the ordinary income tax return annually.

## II. Tax on capital

Resident individuals are subject to the national net wealth tax. Wealth tax is payable at a rate of 1.5 percent to the extent the value of the taxpayer's net wealth exceeds SEK 1.500.000 for single taxpayer and SEK 3.000.000 for taxpayers who are taxed jointly.

The calculation of the Swedish net wealth tax is based upon the asset values on 31 December of the relevant year.

## III. Social Security Contributions

The employer must pay a national social security contribution, which for 2006 amounts to approximately 32 % of the employee's gross salary. It is also common for employers to pay contributions to employee pension schemes. The social security contribution on such payments is approximately 24 % of the amount contributed.

However, an employee must pay a pension insurance premium of 7 percent. This payment is based on income up to SEK 360.000. No premiums are due from individuals who are 65 or

older. Only 25 percent of the payment is deductible for national and municipal income tax purposes. It is included in the general income tax assessment.

#### IV. Tax on real estate

National real estate tax is levied on all types of immovable property that can be used as dwellings, commercial premises and industrial property. The tax is based on the assessed value of the property or, in the case of a private dwelling located abroad, 75 percent of its market value. New buildings containing dwellings are exempt for the first 5 years; for the next five years the rate is reduced by 50 percent.

The tax rate is 0.5 percent for industrial property and rental apartments, and 1 percent for commercial premises and private dwellings. The tax is deductible in computing taxable business income.

A stamp duty is payable on a deed of transfer or real estate. The rate is 1.5 percent if the buyer is an individual and 3 percent if the buyer is a legal entity. The duty is computed on the basis of the purchase price or the tax value used for real estate tax purposes, whichever is the highest. A deferral of the tax liability may be obtained for intra-group transfers of real estate.

Stamp tax is also payable on the registration of a mortgage at 2 percent of the mortgage amount.

II. Registration Duties for business entities and, if relating to their formation, identify whether it is local or national regime or both for the formation. Are there:

##### 1. Registration duties due upon the incorporation of a corporation

A registration duty on SEK 2.000 is due upon the incorporation of a limited liability corporation. Upon registration of partnerships the fee is SEK 1.000.

##### 2. Registration duties due upon an increase in capital

A registration duty of SEK 800 is due upon the registration of an increase in capital of a corporation, provided that an amendment of the Articles of Association needs to be registered at the same time.

##### 3. Registration duties due upon the transfer of the corporations' shares

There are no registration duties upon the transfer of the corporations' shares.

##### 4. Registration duties due upon a transfer of corporation asset

There are no registration duties upon the transfer of corporation asset.

##### 5. Any other registration duties due

###### 1. Limited liability corporations

- Application of change of corporation name, secondary name or corporation name in translation, SEK 1.100.
  - Application for changes other than corporation name or changes specified below, SEK 800.
  - Corporation formed by combination through merger, SEK 1.000.
  - Permission to implement merger scheme, SEK 1500.
  - Voluntary liquidation, SEK 1000.
  - Liquidation proceedings discontinued, trading resumed, SEK 500.
  - Application for official notice regarding liquidation, SEK 500.
  - Summons of unknown creditors, SEK 625.
2. Sole trader, trading partnership, limited partnership, ordinary partnership and non-profit association which carries on business
- Registration of a new corporation, SEK 1.000.
  - Application for change of corporation name, SEK 800.
  - Application for changes other than corporation name or changes specified below, SEK 500.
  - Change of legal form (e.g. from trading partnership to sole trader), SEK 1.000.
  - Change of owner (sole trader), SEK 1.000.
  - Registration in another county, SEK 800.
3. European Economic Interest Grouping (EEIG)
- Registration of a new EEIG, SEK 1000.
  - Application for change of registered name, SEK 850.
  - Any other change, SEK 800.
4. Economic association and tenant-owner association
- Registration of a new association, SEK 1.200.
  - New registration of economic plan, SEK 800.
  - Application for change, SEK 800.
5. Branches
- Registration of a new branch, SEK 2.000.
  - Application for change, SEK 800.
6. Corporation mortgage
- Corporation mortgage certificate, SEK 200.
  - Certificate of search, SEK 150.
6. If there are registration duties due on any of the above, set out the method of determining the duty, the returns which must be filed and when, where and to whom the duties must be paid.

The registration duties specified above are paid to the Swedish Corporations Registration Office (*Sw. Bolagsverket*), which is the governing authority of the registrations. The duties are charged upon the filing of the application.

## **INHERITANCE AND GIFT TAXES**

Since 1 January 2004 there are no inheritance and gift taxes in Sweden.

## **OTHER MATTERS**

I. Are there any tax incentives granted for various matters such as research and development, investment in certain areas, etc., and if so,

No.

II. Are there exchange control regimes

There are no limitations on profit remittance abroad to foreign investors and no limitations on the possession of foreign currency by residents.

III. Are there any anti-deferral regimes

Except from the CFC-legislation mentioned above, there are no anti-deferral regimes in Sweden.

IV. Tax treaties<sup>1</sup>

<b>Tax treaty countries</b>	<b>Dividends in portfolio-situations (%)</b>	<b>Dividends in direct investment situations (%)<sup>2</sup></b>	<b>Royalties (%)</b>
Albania	15	5	5
Argentina	15	10	3,5/10/15 <sup>3</sup>
Australia	15	15	10
Austria	10	5	0/10 <sup>4</sup>
Bangladesh	15	10(10%)	10
Barbados	15	5(10%)	5
Belarus	10	5/0(30%/100%)	3/5/10 <sup>5</sup>
Belgium	15	5	0
Bolivia	15	0	15
Bosnia-Herzegovina	15	5	0
Botswana	15	15	15
Brazil	25	- <sup>6</sup>	25 <sup>7</sup>
Bulgaria	10	10	5

Canada	15	5	0/10 <sup>8</sup>
China	10	5	6/10 <sup>9</sup>
Croatia	15	5	0
Cyprus	15	5	0
Czech Republic	10	0	0/5 <sup>10</sup>
Denmark	15	0(10%)	0
Egypt	20	5	14
Estonia	15	5	5/10 <sup>11</sup>
Faroe Islands	15	0(10%)	0
Finland	15	0(10%)	0
France	15	0 (10%)	0
The Gambia	15	0/5 (80%/15%)	5/12,5 <sup>12</sup>
Germany	15	0(10%)	0
Greece	0	0	5
Hungary	15	5	0
Iceland	15	0(5%)	0
India	10	10	10
Indonesia	15	10	10/15 <sup>13</sup>
Ireland	15	5(5%)	0
Israel	15	5(50%)	0/- <sup>14</sup>
Italy	15	10	5
Jamaica	22,5	10	10
Japan	15	0/5(50%/25%)	10
Kazakhstan	15	5 (10%)	10
Kenya	25	15 (25%)	20
Korea (Rep)	15	10	10/15 <sup>15</sup>
Latvia	15	5	5/10 <sup>16</sup>
Lithuania	15	5	5/10 <sup>17</sup>
Luxembourg	15	0 (10%)	0
Macedonia	15	0	0
Malaysia	0	0	0/- <sup>18</sup>
Malta	15	0 (10%)	0
Mauritius	15	5 (10%)	15
Mexico	15	0/5 (25%/10%)	10
Morocco	0	0	0
Namibia	15	0/5 <sup>19</sup>	5/15 <sup>20</sup>
Netherlands	15	0	0
New Zealand	15	15	10
Norway	15	0 (10%)	0
Pakistan	-	15	10

Peru	-	- <sup>21</sup>	-
Philippines	15	10	15
Poland	15	5	10
Portugal	10	10	10
Romania	10	10	10
Russia	15	5 (100%)	0
Serbia and Montenegro	15	5	0
Singapore	15	10	0
Slovak Republic	10	0	0/5 <sup>22</sup>
Slovenia	15	5	0
South Africa	15	0/7,5 <sup>23</sup>	0
Spain	15	10 (50%)	10
Sri Lanka	15	15	10
Switzerland	15	0	0
Taiwan	10	10	10
Tanzania	25	15	20
Thailand	-	15/20	15
Trinidad & Tobago	20	10	0/20/ <sup>24</sup>
Tunisia	20	15	5/15 <sup>25</sup>
Turkey	20	15	10
Ukraine	10	0/5 (25%/20%)	0/10 <sup>26</sup>
United Kingdom	5	0	0
United States	15	5	0
Venezuela	10	5	7/10 <sup>27</sup>
Vietnam	15	5/10 <sup>28</sup>	5/15 <sup>29</sup>
Zambia	15	5	10
Zimbabwe	20	15	10

<sup>1</sup> Please consult the tax treaty in question for further details.

<sup>2</sup> Unless otherwise indicated, the reduced treaty rates given in this column apply if the non-resident company owns directly or indirectly at least 25 % of the capital or the voting power in the Swedish company.

<sup>3</sup> The rate 3% on news, 5% on copyrights (excluding films, etc.), 10% on industrial royalties and 15% in other cases.

<sup>4</sup> The rate 10% applies only if the Austrian corporation owns more than 50% of the capital in the Swedish corporation.

<sup>5</sup> The rate 3% on patent and royalties, 5% on equipment leasing and 10% in other cases.

<sup>6</sup> Domestic rate applies.

<sup>7</sup> The 25% rate applies to trademarks; the domestic rate applies in other cases.

<sup>8</sup> The lower rate applies to copyright, royalties, excluding films, etc.

<sup>9</sup> The 6% rate applies to equipment leasing (10% tax on 60% of payment).

<sup>10</sup> The lower rate applies to copyright royalties, including films, etc.

<sup>11</sup> The 5% rate applies to equipment leasing.

<sup>12</sup> The lower rate applies to industrial royalties.

<sup>13</sup> The lower rate applies to equipment leasing and know-how.

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- <sup>14</sup> The domestic rate applies to mining royalties and to payment for films, etc.
- <sup>15</sup> The lower rate applies to copyright royalties, excluding films, etc.
- <sup>16</sup> The 5% rate applies to equipment leasing.
- <sup>17</sup> The 5% rate applies to equipment leasing.
- <sup>18</sup> The zero rate applies to industrial royalties; the domestic rate applies to mining royalties and to literary or artistic copyrights, including film etc.
- <sup>19</sup> The 5% rate applies if Namibian corporation owns directly at least 10% of the capital in the Swedish corporation; the zero rate applies if it owns more than 50% of the capital in the Swedish corporation and more than 50% of the Namibian corporation is owned by residents of Namibia.
- <sup>20</sup> The lower rate applies to industrial royalties.
- <sup>21</sup> Domestic rate applies; there is no reduction under the treaty.
- <sup>22</sup> The lower rate applies to copyright royalties including film etc.
- <sup>23</sup> The zero rate applies if the dividends are exempt in South Africa.
- <sup>24</sup> The zero rate applies to copyright royalties, excluding films, etc; the domestic rate applies to mining royalties.
- <sup>25</sup> The lower rate applies to copyright royalties, excluding films, etc.
- <sup>26</sup> The lower rate applies to industrial royalties.
- <sup>27</sup> The higher rate applies to copyright royalties, including films, etc.
- <sup>28</sup> The 5 % rate applies if the Vietnamese corporation owns directly at least 70 % of the capital in the Swedish corporation or has invested at least USD 12 million in that corporation's; the 10% rate applies if it owns less than 70 % but at least 25 %.
- <sup>29</sup> The lower rate applies to patent, equipment leasing and know-how, etc.