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Country Profile: Sweden

The Facts

Location	Northern Europe, bordering the Baltic Sea, Gulf of Bothnia, Kattegat, and Skagerrak, between Finland and Norway
Languages	Swedish
Nationality	Swedish
Religions	Lutheran – 87% Others – 13%
Government	Constitutional Monarchy
Head of Government	Prime Minister
Legislature	Unicameral Parliament
Constitutional Document	The Swedish Constitution
Economy	Sweden is today among the world's richest and most technologically advanced nations. The Swedish economy is built on rich reserves of iron ore and timber, and plentiful hydroelectric power. The main industrial sectors are forestry, telecoms, and the automotive and pharmaceutical industries. Today the country is among the world's 15 richest in terms of GDP per capita, a status helped by high levels of education and a skilled workforce, excellent internal and external communications, and one of the highest levels of internet access.
Currency	Swedish Krona (SEK)
GDP (2012)	Total – SEK 3,631.40 billion Per capita – SEK 383,059 Real GDP growth – 0.8%
Population	9,119,400 (approx.)
Percentage of population	Swedish – 89.3% Finn and Sami (Lapp) – 3% Others – 7.7%
Area	450,295 km ²
Time zone	CET (UCT +1) CEST (UCT +2)
Public Holidays	17
Climate	Temperate in south with cold, cloudy winters and cool, partly cloudy summers; subarctic in north



Sources: Central Intelligence Agency, International Monetary Fund, Sweden.se

Sweden

Sweden is today among the world's richest and most technologically advanced nations. It has not always been this way: Sweden was a largely impoverished agrarian society until it was transformed into a center of heavy industry in the 19th and 20th centuries. Now the country has an impact on global business and industry far beyond its size, and companies with Swedish roots, such as IKEA, H&M and Volvo, are household names from Boston to Beijing.

Sweden's transformation has been helped by several factors, including avoiding involvement in the 20th century's many wars and the country's long history of entrepreneurialism. Economists and politicians have long pointed to Sweden as a role model because of its successful combination of generous welfare benefits and high-tech capitalism. It constantly places near the top in international rankings of competitiveness, innovation and standard of living. Taxes are high, but the streets are clean.

Sweden is part of the European Union but maintains its own currency, the krona (crown). In 2003 Swedes voted in a referendum and chose not to join the euro. The country bounced back from the recent global financial crisis and subsequent recession more quickly and more strongly than many other industrialized nations, and foreign observers have noted its healthy public finances.

The Sweden Business Climate

International companies are attracted to Sweden for numerous reasons. The country is a global leader of innovation with a highly skilled labor force, sophisticated consumers, smooth business procedures, openness to international ownership and a stable economy. The below are some of the main reasons to invest in Sweden:

- **Innovative industries:** Sweden has an impressive track record as a leading supplier of innovative solutions and products in a wide range of industry sectors on a global scale. The ability to work across disciplines and bridge corporate and academic research environments makes Sweden eminently placed to deliver results. The Swedish culture is open-minded and readily embraces new ideas and technologies.
- **Strategic location, access to 500 million consumers:** Sweden is a prime location for centralized market operations in Northern Europe, and the preferred choice for regional headquarters and multi-country distribution centers, contact centers and shared service centers. It is the only country that offers 24-hour distribution to all major destinations in the region, with advanced distribution and communication infrastructure from ten logistics hubs. In Sweden you get access to the prospering domestic and Scandinavian markets, but also the world's largest free-trade market – the European Union – with 27 countries and 500 million consumers. Sweden accounts for a major share of both consumers and economic activities in the region. The country is often seen as a frontrunner in adopting new technologies and setting new consumer trends. There are many examples of companies using Sweden as a test market, not least for cleantech products and services.
- **Business-friendly environment:** Sweden has an international business environment that is modern, open and business-friendly. Skilled professionals, smooth business procedures and receptivity to international partnerships make it an easy country to operate in. Information is readily available, open and transparent. To start a company in Sweden is quick and straightforward. Information about the process and necessary forms are readily available online and in English. International companies in Sweden often praise the quality of local advisors and business partners.
- **Skilled and qualified labor:** With an abundance of skilled labor, high female participation in the workforce and a consensus on economic restructuring, Sweden has a good platform for a globalized world. Swedish labor relations are generally co-operative and rarely result in open conflict. Demographics are more favorable than in most European countries. Workforce participation of elderly people is high. Workplace education and training, delegation of authority and inclusion in decision-making helps spur innovation and growth.



- **Modern infrastructure:** Sweden hosts an excellent infrastructure. It matches or outperforms that of any other European country. Extensive public investment ensures a nationwide network of roads, railroads, waterways, harbors and airports. The challenging exposure to hot summers as well as arctic winters have contributed to high quality and reliability in building and construction, transportation and communications, and also to the competitiveness of Swedish companies in the international market for infrastructure projects.
- **High quality of life:** Living and working in Sweden means being part of a well-functioning society in a dynamic environment. The quality of housing, education and health care is excellent. Sweden offers good scope for balancing a career with family life, and work with leisure. Sweden has long been distinguished for its environmental work and for pioneering reductions of air and water pollution. In most parts of the country there is plenty of free space and easy access to outdoor activities.
- **Attractive corporate taxation:** Sweden is one of the most competitive locations for corporate taxation in Europe. This is confirmed in comparative surveys and in analysis by international tax consultants. Besides offering an attractive package, Sweden's corporate tax system is transparent and enables easy access to information. The national tax authority is efficient and service-minded. A number of on-line services save the investor time and money.

Setting up a Business in Sweden

Sweden has a modern welfare system with low corporate tax which creates a flourishing business environment. Great investments have been made in higher education creating a highly skilled labor force which has resulted in predominance within several fields. Sweden is one of the world's leading free-trading nations providing a great environment in which to set up a business.

The World Economic Forum report ranks Sweden 2nd regarding competitiveness, innovation, business sophistication, technological readiness, goods market efficiency, higher education and training, and institutions in 2011-2012. Sweden also has very low corruption and inflation rates. The Global Competitiveness Report for 2011-2012 can be found [here](#). The following steps are required to register a business in Sweden:

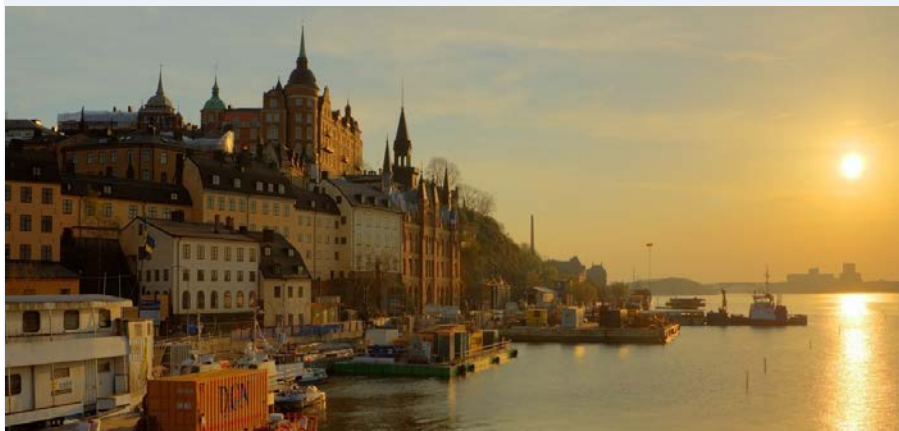
- Obtain a written statement from a Swedish bank certifying that the total cash amount to be paid for shares has been deposited in an account.
- **Submit the application online to the Swedish Companies Registration Office (Bolagsverket) and obtain the registration certificate:** To register a company, relevant application documents have to be filed with the Swedish Companies Registration Office. It is possible to register the company in the Companies Register and to apply for tax registrations (income and VAT), employer registration and to file a preliminary tax return at the joint web site (i.e. all registrations generally required to start up a business). Registration forms are available at the web sites of the Companies Registration Office (www.bolagsverket.se) and the Tax Agency (www.skatteverket.se). Forms can be downloaded, printed out or ordered by telephone, free of charge, to be signed by hand and sent by ordinary mail. Application and registration forms can also be filled in and filed entirely electronically.

- Registration must be applied for within six months from the date of signing the deed of foundation. The application must be signed (by hand or electronically) by a board member or by the managing director and be accompanied by a verified copy of the deed of foundation, a bank's (or accountant's in case of non-cash contributions) certificate concerning the paid-in capital. The uniqueness of the proposed name of the company is checked against the Companies Register. The ordinary and electronic filing costs are SEK 2200 and SEK 1900 respectively.
- Upon approval, the Registration Office assigns the company an organization identity number and publishes a notice in the Official Gazette (Post- och Inrikes Tidningar). The notice includes the name, mailing address and the identity of the board members, directors and all other authorized signatories. The registration turnaround time is between 2 to 4 weeks, depending on the time of the year.
- **Register with the Swedish Tax Agency (Skatteverket):** Any employer or a company subject to VAT and intending to do business in Sweden must register with the Swedish Tax Agency. The registration is a prerequisite for a company to deduct VAT and to receive payment for services without deducting preliminary tax (F-tax registration). An employer must withhold social security tax for employee salary and account for such charges in the monthly returns. F-tax registration is a prerequisite to require payment for services rendered without the customer having to withhold preliminary income tax. Barring any unusual circumstance, companies should register with the Swedish Tax Agency 2 weeks before starting business activities. All application forms can be downloaded (as Adobe Acrobat files) from the Swedish Tax Agency Web site (www.skatteverket.se). They can also be ordered and received by postal mail, free of charge.

Types of Business Structures in Sweden

One of the first things you have to do when setting up a business is to choose a business structure that best suits your needs. Compare the different business structures in Sweden here:

- **Sole Proprietorship (Enskild Näringsverksamhet):** The structure is an unincorporated business, which means that it is not a separate legal entity and has only one owner. The owner has unlimited liability for all debts and there is no separation between the owner's private and business debts.
- **Private Partnership (Enkelt Bolag, EB):** In a private partnership the business is conducted under a common business name and the partners are equally liable. As the private partnership is not a legal entity, it can neither hold property nor contract in its own name. It cannot sue under its own name in the courts, and similarly it cannot be sued under its own name.
- **General Partnership (Handelsbolag, HB):** This partnership is based on an agreement between two or more partners (individual or corporate) and constitutes a legal entity. The partners operate under a common name. The general partnership can hold property, can contract in its own name and can sue and be sued. The partners are jointly and severally liable for partnership debts. A general partnership must be registered with Bolagsverket, otherwise it will become a private partnership.
- **Limited Partnership (Kommanditbolag, KB):** This partnership is a form of General Partnership but has, besides one or more general partners who are jointly and severally liable, one or more limited partners whose liability are limited to the amount of their capital contribution. It is usual that the general partner is a limited company. It enjoys the same property rights as a General Partnership and constitutes a legal entity. Private, general and limited partnerships are regulated by the General and Private Partnership Act.
- **Economic Association (Ekonomisk Förening, EF):** An economic association is a legal entity, set up by a minimum of three individuals or corporate entities. The association is issued with a registration number as a means of identification. An economic association is to be registered with Bolagsverket after the association has been established. In this way, it is similar to a limited company, but there are certain differences. Every member undertakes to pay a certain contributed capital and, normally, to pay an annual membership fee which is decided by the general meeting of members. There is, however, no requirement of a minimum starting capital similar to a share capital. Apart from the amount contributed, the members of an economic association are not personally liable for the debts and other obligations of the business enterprise. Economic associations are regulated by the Act on Economic Associations.



- **Limited Company (Aktiebolag, AB):** Foreign companies establishing a business in Sweden most commonly form subsidiaries in the form of limited liability companies (corporations). A limited liability company is a legal entity, with a clear distinction between the company and the owners. The limited company can enter into agreements; has its own property (for example real estate) or other assets of its own. The limited liability company can also be a party in a legal proceeding. The limited liability company must always have a minimum of 100,000 SEK in share capital. Swedish legislation provides for two types of companies with limited liability (joint stock companies):
 1. **Private Limited Liability Company (Privat Aktiebolag):** there must be at least 1-2 members of the board and at least 1 deputy member or alternatively 3 members of the board. In the latter case the appointment of one or more deputy members is optional. A managing director is not compulsory in a private limited liability company, but in case a managing director is appointed it may very well be the chairman. A chairman can only be appointed if the board consists of more than one member. The minimum of share capital is 100,000 SEK. A private limited liability company may not introduce its shares on the stock exchange or any other organized market.
 2. **Public Limited Liability Company (Publikt Aktiebolag):** can offer shares and other securities to the public, for example by advertising in media for new shareholders (e.g. new capital). In a public limited liability company there must be at least 3 board members and an optional amount of deputy members. It is also compulsory to appoint a managing director and that must not be the same person that holds the title of chairman of the board. The minimum of share capital is 500,000 SEK.
- **Branch:** An alternative approach to do business in Sweden, other than forming a company, is the establishment of a branch structure. Registration in the branch office registry of Bolagsverket is required when an overseas company conducts its business activities (activities of a financial and commercial nature) in Sweden. It can be a difficult task to determine whether an overseas company has established a branch or not. In the process several factors must be taken into consideration. Business activities exceeding a period of 12 months will generally be considered to constitute a business that is liable for registration. The branch office is subject to Swedish law and must have a Managing Director resident of the EEA. A branch is not considered a separate legal entity and all legal responsibilities and liabilities remain with the parent company. The branch office must have its own bookkeeping records, which must be separated from those of the parent company. The financial statements and the auditor's report must, together with the corresponding documents for the overseas company in its entirety, be annually submitted to Bolagsverket. If the overseas company is comparable to the Swedish limited company and domiciled within the EEA, it is only required to submit a copy of the overseas company's annual report translated into Swedish. If the overseas company or branch has not handed in the financial statements for the two previous years, the Bolagsverket has the authority to, without prior notice, deregister the branch in Sweden. Branches are regulated by the Branch Act .

Taxation

Companies doing business in Sweden are subject to a broad range of taxes, including corporate income tax, withholding tax, value added tax (VAT), real estate tax, stamp duties and social taxes paid by employers, along with a variety of environmental taxes. There is no branch tax, excess profits or alternative minimum tax.

Sweden has implemented the EU directives, including the parent-subsidiary, interest and royalties, and merger directive, as well as the savings directives, which requires the exchange of information between tax administrations when interest payments are made in one EU member state to an individual resident in another member state.

Further information for taxes in Sweden as the following:

- **Income tax:** Swedish companies are taxed on their worldwide income, subject to the provisions of tax treaties. Nonresident companies are taxed on Swedish-source income. The corporate income tax rate is a flat 25.3%, with no local or industry variations. The profits of a branch of a foreign company are taxed in the same way as the profits of a resident company.
- **Value added tax (VAT):** All entrepreneurs are liable for VAT if they trade in goods or services on a commercial basis in Sweden. Trade covers sales of goods, the provision of services, exchange and own withdrawals from the business. VAT is levied at every stage of the production and distribution chain, up to and including sale to the consumer. If you are an entrepreneur, VAT is not a cost because you can deduct the VAT that you pay on purchases by your business. You pay the difference between the VAT you collect on your sales (output VAT) and the VAT you pay on your purchases (input VAT). There are three tax rates for VAT:
 1. 25 % VAT is the general tax rate, applied to most goods and services
 2. 12 % VAT on, for example, groceries, hotels and works of art sold directly by an artist
 3. 6 % VAT on, for example, newspapers, books, concerts and domestic travel (taxi, bus, air and train journeys), etc.

Investment Incentives in Sweden

Sweden offers a limited range of financial incentives to help companies set up a business and expand in Sweden. This support is primarily regional in nature and comprises regional investment grants, employment support and a special social insurance-related tax break. Financial incentives for investors in Sweden are primarily available at regional level. This fact sheet focuses on regional development grants and regional social security discounts.

Regional development grants are aimed at stimulating economic growth and achieving balanced regional development. These are divided into regional investment grants and regional employment grants. A grant is only made if it is considered necessary to bring about the investment. A company can obtain support either in the form of regional investment grant or a regional employment grant, but never both. To be eligible, the business must operate in regional development areas A or B. The map shows regional development areas A and B, where businesses can apply for regional investment grants and regional employment grants to finance start-up and growth.

Companies that invest in a regional development area can apply for regional investment grants. These are funded mainly by County Administrative Boards (Länsstyrelsen) and also by central government through the Swedish Agency for Economic and Regional Growth (Tillväxtverket). Subsidies are available to companies for the following activities only:

- Industry and industry-like operations
- Industrial service operations
- Service operations aimed at more than a purely local or regional market
- Tourism
- Construction of buildings to let
- Other activities of special importance to regional business development





Immigration and Visa Requirements

The Swedish Migration Board offers a simple online application process in which you can fill in all necessary information and submit the required documents. By filing online, the approval process can be as short as three weeks – given that the future employer has gotten the approval regarding salary and working conditions from the concerned union – as opposed to three months or more for paper applications. Please note that you will have to pay a fee for your application to be processed. To apply for a work/residence permit online, you will need copies of the following documents in a digital format:

- A written offer of employment, completed and signed by your potential employer
- Pages of your passport that show your identity, the validity period of your passport and whether you have permits to be in countries other than your native country
- Two photos in passport format, which are taken from the front and are not more than six months old
- If applicable, copies of relevant documents for each of the family members who intend to join you to live in Sweden
- Receipt of paid application fee
- As soon as you have collected the required digital documents, you may begin the application process.

Banking Requirements

In order to open a bank account in a Swedish bank you will need a personnummer, the Swedish identification number, which provides proof of residence in the country. To obtain this you must go to your local Skatteverket (tax office) and register as a Swedish resident. Once this is done, just go to the local branch of your chosen bank with your ID and personnummer. The process is easy and straightforward.

If you do not have personnummer, it is possible in some cases to open a non-resident bank account, although smaller branches with less experience of international clients may refuse to do so. Try to go to a bank that has more experience with international clients. The basic documents you need to prepare are your passport copy and address proof. Some banks may require additional documents, such as reference letter from the bank that you have an account with in your home country.

After you successfully complete the procedure you will receive your debit card (Betalkort) in approximately one week. Every bank offers an online banking service, Sweden has one of the highest internet banking rates in the world.

Reference

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