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Introduction to SWEDEN

Sweden is one of the most prosperous economies in the European Union, with a GDP per capita of around 20% above the EU average. The consensus system of labour relations is the main pillar of the country's economic model. This is characterised by centralised wage negotiations, high taxes and an advanced welfare system. Moreover, Sweden hosted the most refugees per inhabitant in the European Union in 2014 and 2015.

Manufacturing, accounting for around 15% of gross value added, is a key sector in Sweden's export-based economy (more than 45% of the economy). The country has a competitive advantage in green technologies. Indeed, Sweden, like other Nordic countries, has long been committed to sustainable development and is now one of the OECD countries with the lowest greenhouse gas emissions per capita. Environmental objectives are increasingly integral to every policy area.

Sweden has an independent monetary policy as the country decided not to join the ERM II - an essential requirement for euro adoption. The Riksbank aims at keeping inflation at around 2%. However, from 2012 - 2016, the country experienced an extended period with very low inflation. To return inflation to its target, the central bank is following an expansionary policy. The repo rate has thus been below zero since the beginning of 2015 and the bank has launched an asset purchase programme.

Consumer prices are close to the target since the spring of 2017, but moderate underlying inflation still suggests that inflationary pressures are moderate. Moreover, the Swedish central bank has expressed the need to anchor inflation expectations. The Riksbank, which has raised the key policy rate to -0.25% from -0.5% in December 2018, should therefore maintain an accommodative policy in the period ahead.

BNP Paribas presence

BNP Paribas established its business in Sweden in 2006, with a business centre located in Stockholm. While Sweden is well-served by local banks, many multinational corporations are seeking an international banking partner that can provide pan-European services. BNP Paribas is one of the few non-Nordic banks with direct access to the local clearing house in Sweden, enabling the bank to deliver a cohesive domestic and international cash management and trade finance offering.

BNP Paribas is also one of the only non-Nordic banks to provide direct local clearing system access across Norway, Sweden and Denmark, providing a pan-regional capability. BNP Paribas' trade centre for the Nordics provides a single entry point to its extensive network of branches and local trade finance expertise in more than 60 countries around the world.

Working with BNP Paribas

BNP Paribas supports a wide variety of customers in Sweden, including Swedish companies with international operations and foreign businesses with activities in Sweden. The bank has a customer-centric relationship model with a depth of expertise in international cash management and an extensive international network that is particularly valued by customers in Sweden.
Currency

- Sweden uses the Swedish krona (SEK).

Exchange Rates

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate: SEK per USD</td>
<td>6.8608</td>
<td>8.4348</td>
<td>8.5620</td>
<td>8.549</td>
<td>8.69</td>
</tr>
</tbody>
</table>


Central Bank

- The Swedish central bank is the Sveriges Riksbank (SRB - www.riksbank.se).
- The SRB is a member of the European System of Central Banks (ESCB).

Bank supervision

- Swedish banks are licensed and supervised by the Swedish Financial Supervisory Authority (Finansinspektionen – www.fi.se).

Bank accounts

Resident / non-resident status

- A company is generally considered resident in Sweden if it is registered with the Swedish Patent and Registration Office.

Bank accounts for resident entities

<table>
<thead>
<tr>
<th></th>
<th>Inside Sweden</th>
<th>Outside Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Currency</td>
<td>Permitted without restriction, fully convertible.</td>
<td>Permitted without restriction, fully convertible.</td>
</tr>
<tr>
<td>Foreign Currency</td>
<td>Permitted without restriction, fully convertible.</td>
<td>Permitted without restriction, fully convertible.</td>
</tr>
</tbody>
</table>
Bank accounts for non-resident entities

<table>
<thead>
<tr>
<th></th>
<th>Inside Sweden</th>
<th>Outside Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Currency</td>
<td>Permitted without restriction, fully convertible.</td>
<td>Permitted without restriction, fully convertible.</td>
</tr>
<tr>
<td>Foreign Currency</td>
<td>Permitted without restriction, fully convertible.</td>
<td>Not applicable.</td>
</tr>
</tbody>
</table>

Lifting fees

- Item-based fees are applied on payments between resident and non-resident bank accounts.

BNP Paribas insights

- Account opening and maintenance is straightforward in Sweden, subject to normal compliance and know your customer (KYC) requirements.

BNP Paribas Cash Management Capabilities

Liquidity Management

- Physical cash pooling: Supported by BNP Paribas
- Notional pooling: Supported by BNP Paribas
- Cheque collections: Not required / permitted in SWEDEN or not supported by BNP Paribas

Collections

- Cash collections: Supported by BNP Paribas
- Cheque collections: Not required / permitted in SWEDEN or not supported by BNP Paribas
**Payments**

- Direct debit collections
- Domestic incoming transfers
- International incoming transfers
- Card acquiring

**Channels**

- Local e-Banking
- Global e-Banking - Connexis
- SWIFTNet / Global host to host
Payments & Collections

Market overview

- Sweden has a highly sophisticated financial infrastructure with a strong focus on electronic payments. The use of cheques is negligible, with direct debits as well as electronic transfers commonly used. Cash transactions are also declining significantly in favour of cards.

Payment systems

<table>
<thead>
<tr>
<th>RIX</th>
<th>Type</th>
<th>Operating hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Real time gross settlement.</td>
<td>• 06:30 - 17:00 CET, Monday to Friday.</td>
</tr>
<tr>
<td></td>
<td>• 34 direct.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High-value and urgent SEK-denominated domestic and cross-border credit transfers denominated in SEK.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Payments are cleared and settled in real time.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• RIX is closed at weekends and on all Swedish bank holidays.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Swedish bank holidays are:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 2nd half 2019: 24–26, 31 December.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 2020: 1, 6 January, 10, 13 April, 1, 21 May, 6, 19 June, 24–26, 31 December.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BANKGIROT</th>
<th>Type</th>
<th>Operating hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Bilateral gross settlement.</td>
<td>• 24 hours a day, Monday to Friday.</td>
</tr>
<tr>
<td></td>
<td>• 25 direct.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Low-value and non-urgent SEK-denominated domestic payments. As of 31 October 2016, Bankgirot no longer process payments denominated in EUR. EUR-denominated payments are processed via SEPA-compliant solutions developed by local banks.</td>
<td></td>
</tr>
</tbody>
</table>
**Clearing cycle details (eg cut off times)**
- Inter-bank cut-off time = 17:00 - 23:00 CET for next-day settlement.
- Credit transfers. Cut-off time = 11:30 CET for same-day settlement.
- Account deposits: Cut-off time = 14:00 CET for same-day settlement.

**System holidays**
- Bankgirot is closed at weekends and on all Swedish bank holidays. (Dates as above)

**DATA CLEARING**

<table>
<thead>
<tr>
<th>Type</th>
<th>Bilateral gross settlement.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Participants</th>
<th>32 direct.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Transaction types processed</th>
<th>Low-value and non-urgent domestic credit and debit payments. Paper-based payments (cheques) which must be truncated into electronic items before processing.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Operating hours</th>
<th>24 hours a day, Monday to Friday.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Clearing cycle details (eg cut off times)</th>
<th>Cut-off time = 17:00 to 23:00 CET for next-day settlement. Credit transfers. Cut-off time = 11:30 CET for same-day settlement. Account deposits: Cut-off time = 14:00 CET for same-day settlement.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>System holidays</th>
<th>Data Clearing is closed at weekends and on all Swedish bank holidays. (Dates as above)</th>
</tr>
</thead>
</table>

**Transaction volumes by instrument**

<table>
<thead>
<tr>
<th>Transactions (millions)</th>
<th>% change</th>
<th>Value (SEK billion)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>-------------------------</td>
<td>----------</td>
<td>----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Cheques</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Credit card payments</td>
<td>361</td>
<td>519</td>
<td>43.8</td>
</tr>
<tr>
<td>Debit card payments</td>
<td>2,778</td>
<td>2,953.9</td>
<td>6.3</td>
</tr>
<tr>
<td>Credit transfers</td>
<td>1,303.5</td>
<td>1,466.6</td>
<td>12.5</td>
</tr>
</tbody>
</table>
Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- High-value and urgent domestic credit transfers can be settled in real time via RIX.
- High-value and urgent domestic and cross-border EUR-denominated transfers can be settled in real time via the Finnish or German component of TARGET2, or by the Euro Banking Association's EURO1 system. Four banks in Sweden participate directly in EURO1.
- High-value cross-border credit transfers in domestic and foreign currency can also be processed via SWIFT and settled through correspondent banking and bank branch networks.
- Low-value and non-urgent SEK-denominated credit transfers can be settled via Bankgirot or the Data Clearing System. EUR-denominated payments can be processed via STEP1 or SEPA-compliant solutions developed by local banks.
- Low-value and non-urgent credit transfers can also be settled on an intra-bank basis across post office accounts via Nordea's PlusGirot system.
- SEPA credit transfers can be settled via STEP2 or via correspondent banking networks. Nine banks in Sweden participate in the SEPA credit transfer scheme.
- In November 2017, the European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) went live across all SEPA countries. The scheme enables the transfer of funds (the maximum threshold value for SCT Insts is EUR 15,000) to another account in less than ten seconds. There is one bank participant in Sweden at present.
- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. The new system went live on the launch date of SCT Insts in November 2017. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- A new pan-European service for the settlement of instant payments in central bank money, TIPS, was launched on November 30, 2018. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.

Direct debits

- Direct debits (Bg Autogiro) are used for regular payments, such as utility bills.
- Direct debits are processed via the UK's VocaLink.
- SEPA direct debits are available in Sweden and can be settled on a same-day basis via STEP2.

Cheques

- The cheque is not a common payment instrument.
- Cheques have a maximum guaranteed value of SEK 2,000.
- All cheque payments incur an SEK 15 fee.
- Cheques are truncated into electronic items before being cleared via Data Clearing.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 11.0 million debit cards and 7.6 million credit cards in circulation at the end of 2018.
- Visa and MasterCard-branded payment cards are the most widely issued.
- American Express and Diners Club credit cards are also available.
- Card payments are processed by the international card providers. Final settlement takes place via RIX.
- Contactless card technology is available in Sweden.
- All cards issued are SEPA-compliant with EMV chips.

**ATM/POS**

- There were 2,672 ATMs in Sweden at the end of 2018.
- There were 275,411 EFTPOS terminals in Sweden at the end of 2018.
- All ATMs and POS terminals are EMV-compliant.

**Electronic wallet**

- There are various electronic wallet schemes in Sweden, most of which are issued by retailers.
- The Swedish National Debt Office issues a MasterCard-branded pre-paid card. These are issued to people who do not hold account bank accounts.
- Mobile payment schemes such as Apple Pay and Samsung Pay are available.
- The Swish mobile payment service has over seven million users and is the leading mobile payment scheme in Sweden.

**BNP Paribas capabilities**

- With direct access to the local clearing system, which is offered by only a few non-Nordic banks, BNP Paribas provides a high degree of support for domestic payments and collections as well as international cash management.

**Electronic banking**

**Market overview**

- Electronic banking services are available from all banks.
- There is no national electronic banking standard in Sweden.
- The EDIFACT format is currently used to a limited extent and is no longer maintained by the Swedish Bankers’ Association.
- The international payment messaging standard ISO 20022 is the main standard in the Swedish instant payment sector.
- Multinational companies also use the SWIFT for Corporates messaging standards.
- Transaction and balance reporting and transaction initiation services are available on a domestic and cross-border basis.
- Online banking is available from most Swedish banks.
- Online electronic invoice and bill presentment schemes are available from the larger Swedish banks. Over 80% of Swedish residents use online banking for bill payments.
- Mobile banking services are provided by all of the country's banks.

**BNP Paribas capabilities**

- BNP Paribas’ full portfolio of electronic banking channels is available in Sweden. The bank supports EDIFACT standards which are commonly used in Sweden, as well as XML formats which are becoming increasingly common. The bank also supports local formats LB (vendor payments) and KI (payroll) where customers use the Bankgirot channel BankGiro Link.
Liquidity management

Domestic: notional pooling

- Domestic notional cash pools can be expensive to operate in Sweden because of the restrictions on banks offsetting credit and debit balances.
- Resident and non-resident bank accounts can participate in the same notional pool structure, as can different legal entities.
- Sweden's rules on arm's-length transfer-pricing may affect intercompany cross-guarantees.
- Interest rate enhancement is offered as an alternative by some banks.

Domestic: cash concentration

- Domestic cash concentration structures are widely available.
- Commonly used structures include zero-balancing, target-balancing and balance netting.
- Resident and non-resident bank accounts can participate in the same cash concentration structure, as can different legal entities.
- Non-resident entities require central bank approval before participating in a Swedish cash concentration structure.
- Central bank reporting applies.

Cross-border notional pooling

- Cross-border notional cash pools are not usually based in Sweden because of the restrictions on banks offsetting credit and debit balances.
- Sweden's rules on arm's-length transfer-pricing may affect intercompany cross-guarantees.

Cross-border cash concentration

- Cross-border cash concentration structures are available but are typically on a regional (Nordic) basis.
- Central bank reporting applies.
- Restrictions apply to cross-border cash concentration structures involving companies outside of the European Economic Area.

BNP Paribas insights

- There are no specific complexities associated with cross-border cash pooling in Sweden, although header accounts for notional pools are rarely based in Sweden. BNP Paribas supports both physical and notional pooling (including cross-currency pooling) and companies can choose the header account location as required, including Sweden.

Short term investments

Market overview

Interest payable on credit balances
• Interest-bearing current accounts are permitted for residents and non-residents.

**Demand deposits**

• Demand deposits are available for residents and non-residents.

**Time deposits**

• Time deposits are available in SEK and or major foreign currency for terms up to two years. One-year terms are the most common.
• The interest rates are within the range 0.25% - 1.80%.

**Certificates of deposit**

• Domestic banks do not commonly issue certificates of deposit.
• Certificates of deposit are available in SEK, EUR and USD.
• Maturities of three and six months are most common.

**Treasury (government) bills**

• The National Debt Office (Riksgäldkontoret) issues Treasury bills with maturities of three, six and 12 months. The minimum investment is SEK 5,000.
• A six-month bill is issued every third month. A three-month bill is issued in other months.

**Commercial paper**

• Domestic [commercial paper](#) is issued by companies and public authorities. Terms from overnight to 12 months are permitted.

**Money market funds**

• Domestic money market funds are available.

**Repurchase agreements**

• Repurchase agreements with maturities ranging from overnight to one week are available.

**Banker’s acceptances**

• Banker’s acceptances are not used in Sweden.

**BNP Paribas insights**

• Please contact your BNP Paribas relationship manager for support and guidance on cash investment.

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**BNP Paribas Trade Finance Capabilities**

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**Trade payments**

<table>
<thead>
<tr>
<th>Documentary credits</th>
<th>✔</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentary collections</td>
<td>✔</td>
</tr>
</tbody>
</table>
**Guarantees**

<table>
<thead>
<tr>
<th>Service</th>
<th>Supported by BNP Paribas</th>
<th>Not required / permitted in SWEDEN or not supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank guarantees</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Standby letters of credit</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

**Supply chain management**

<table>
<thead>
<tr>
<th>Service</th>
<th>Supported by BNP Paribas</th>
<th>Not required / permitted in SWEDEN or not supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

**Trade channels**

<table>
<thead>
<tr>
<th>Service</th>
<th>Supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connexis Trade</td>
<td>✓</td>
</tr>
<tr>
<td>Connexis Supply Chain</td>
<td>✓</td>
</tr>
<tr>
<td>SWIFTNet Trade for Corporates</td>
<td>✓</td>
</tr>
</tbody>
</table>
International trade

General trade rules

- As a member of the European Union (EU), Sweden follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Mercosur (the Southern Common Market), Uruguay, Myanmar and the USA.

Imports / exports

<table>
<thead>
<tr>
<th>Imports</th>
<th>Machinery</th>
<th>Petroleum and petroleum products</th>
<th>Chemicals</th>
<th>Motor vehicles</th>
<th>Iron and steel</th>
<th>Foodstuffs</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary import sources</td>
<td>Germany (18.7%)</td>
<td>Netherlands (8.9%)</td>
<td>Norway (7.7%)</td>
<td>Denmark (7.2%)</td>
<td>China (5.5%)</td>
<td>UK (5.1%)</td>
<td>Finland (4.7%)</td>
</tr>
<tr>
<td>Exports</td>
<td>Machinery</td>
<td>Motor vehicles</td>
<td>Paper products</td>
<td>Pulp and wood</td>
<td>Iron and steel products</td>
<td>Chemicals</td>
<td></td>
</tr>
<tr>
<td>Export markets</td>
<td>Germany (11%)</td>
<td>Norway (10.2%)</td>
<td>Finland (6.9%)</td>
<td>USA (6.9%)</td>
<td>Denmark (6.9%)</td>
<td>UK (6.2%)</td>
<td>Netherlands (5.5%)</td>
</tr>
</tbody>
</table>

Import / export volumes

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>- goods USD m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>179,731</td>
<td>152,304</td>
<td>151,982</td>
<td>165,194</td>
<td>178,313</td>
</tr>
<tr>
<td>Imports - services USD m</td>
<td>76,813</td>
<td>72,658</td>
<td>72,751</td>
<td>74,540</td>
<td>74,426</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Imports - goods USD m</td>
<td>162,191</td>
<td>138,502</td>
<td>140,395</td>
<td>154,390</td>
<td>169,648</td>
</tr>
<tr>
<td>Imports - services USD m</td>
<td>69,045</td>
<td>61,632</td>
<td>61,751</td>
<td>70,171</td>
<td>72,735</td>
</tr>
<tr>
<td>Current account as % GDP</td>
<td>5.4</td>
<td>4.5</td>
<td>3.8</td>
<td>2.8</td>
<td>1.7</td>
</tr>
</tbody>
</table>


**Trade finance - imports**

**Documentation**

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.
- The following documentation is typically required in order to import goods into Sweden from outside the EU:
  - customs declaration
  - commercial invoice
  - bill of lading
  - packing list
  - certificate of origin (in certain cases)
  - packing list.

**Import licences**

- Import licences are required for items with quantitative restrictions from outside the EU and for items from within the EU that are deemed to be of national interest or of a strategic nature.

**Import taxes and tariffs**

- Tariffs are set according to the EU customs code for all imports from outside the EU, with higher tariffs for agricultural imports.

**Financing requirements**

- None

**Risk mitigation**

- None

**Prohibited imports**

- Sweden prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons,
and/or for national security.

### Trade finance - exports

#### Documentation

- Documentation is not required for exports from within the EU, although a commercial invoice should be supplied.
- The following documentation is required in order to export goods from Sweden outside the EU:
  - customs declaration
  - commercial invoice
  - bill of lading
  - packing list
  - certificate of origin (in certain cases).

#### Export licences

- Licences are required when exporting goods that are subject to international controls.

#### Export taxes and tariffs

- None

#### Financing requirements

- None

#### Risk mitigation

- Sweden has implemented the EU directive on export credit insurance.
- The Exports Credit Guarantee Board (EKN), Sweden’s national export credit agency, provides state-supported export credit insurance.
- Export credit insurance is also available from private insurance companies.
- State-supported supplier credit, export buyer credit, credit for pre-export financing and outward investment finance is also available from the Swedish Export Credit Corporation (SEK).
- Export credit is available from the Nordic Investment Bank.
- Export financing is available privately from commercial banks.

#### Prohibited exports

- Sweden prohibits the export of certain items in line with EU regulations and UN Security Council resolutions.

### Regulatory requirements
**Reporting regulations**

- Data is collected by Statistics Sweden (SCB) on behalf of the SRB, Sweden's central bank.
- Companies are selected by the SCB to report all cross-border transactions.

**Reporting method**

- Reports must be submitted electronically to the SCB by the 15th day of the end of the reporting period.

**Exchange controls**

- Sweden does not apply exchange controls.
- Restrictions apply to foreign investment in specific industries (Swedish airlines, fishing and insurance).

**Anti-money laundering / counter-terrorism financing**

- Sweden has enacted anti-money laundering legislation, including legislation implementing the first four EU anti-money laundering directives and counter-terrorist financing legislation (the Act on Measures against Money Laundering and Terrorist Financing 2017:630 (the new Money Laundering Act); and the Act on Penalties for Money Laundering Offences 2014:307, as amended. The Swedish Financial Supervisory Authority has also issued related Regulations and Guidelines). The fourth EU Anti-Money Laundering Directive (AMLD) was transposed into national law in June 2017 and new regulations following the structure of the new Money Laundering Act came into force in August 2017.
- A Financial Action Task Force (FATF) member, Sweden observes most of the FATF+49 standards.
- Sweden has established a financial intelligence unit, the Finanspolisen Rikspolisstyrelsen (FIPO), which is a member of the Egmont Group.
- Account opening procedures require formal identification of the account holder, unless the client is a bank situated within the EU or is a FATF member.
- Beneficial owners must be identified.
- Verification of identity of legal entities is on the basis of a registration certificate or other authorising document. Legal representatives who have power of attorney are identified as for individuals.
- All banks, credit and financial institutions have to identify clients for single transactions or a series of aggregated transactions exceeding EUR 15,000. Different banks can have individual thresholds at a lower level.
- Relationships with shell banks are prohibited.
- Financial institutions in the broadest sense are required to record and report suspicious transactions to FIPO.
- All records on identity must be kept for at least five years after the end of the business relationship, while records relating to transactions must be kept for five years from the end of the year following the transaction.

* Data as at July 2019

**Taxation**

**Resident / non-resident**

- A company is considered resident for tax purposes if it is incorporated in accordance with the Companies Act.

**Tax authority**

- Swedish Tax Agency (Skatteverket).

**Tax year/filing**
Companies use a financial year, normally consisting of a 12-month period ending on 31 December, 30 April, 30 June or 31 August, unless another date (ending on the last day of any month) is permitted by the Swedish Tax Agency. A group company must apply the same financial year as the entire group.

There are four different dates for filing the annual corporate income tax return:

- For companies with a financial year ending between 31 January and 30 April, the return is due on 1 November (paper returns) or 1 December (electronic returns) of the calendar year in which the financial year ended.
- For companies with a financial year ending between 31 May and 30 June, the return is due 15 December (paper returns) of the calendar year in which the financial year ended or by 15 January (electronic returns) of the calendar year after the calendar year in which the financial year ended.
- For companies with a financial year ending between 31 July and 31 August, the return is due by 1 March (paper returns) or 1 April (electronic returns) of the calendar year after the calendar year in which the financial year ended.
- For companies with a financial year ending between 30 September and 31 December, the return is due by 1 July (paper returns) or 1 August (electronic returns) of the calendar year after the calendar year in which the financial year ended.

A preliminary return must be filed no later than one month before the start of the tax year and monthly estimated tax payments must be made during the year based on the preliminary return. A final assessment is made within six months from the end of the tax year and either a refund will be issued or a final balance must be paid.

Consolidated tax returns are not allowed, but contributions between Swedish group companies are allowed under certain circumstances as a way to equalise profits and losses.

Financial instruments

- N/A

Interest and financing costs

- Interest deduction limitations generally prohibit a deduction for interest on intra-group loans if the loans were raised for an intra-group acquisition of shares. There is, however, an exemption for interest on loans that have been raised for intra-group acquisition of shares if either:
  
  - The recipient of the interest is taxed at a rate of at least 10% on the interest income, provided that the recipient is not allowed to claim a deduction for dividends paid to its parent company (the 10% taxation rule); or
  
  - The company can show that it had sound business reasons for both the acquisition of the shares and the debt.

Foreign exchange

- Exchange rate fluctuations are normally taxed on an accrual basis. Exchange gains/losses are taxable/deductible.

Advance tax ruling availability

- Advance rulings may be issued by the Council for Advance Tax Rulings to a resident or non-resident company on corporate income tax, VAT, real estate tax and the general anti-avoidance rule.
Capital gains tax

- Capital gains derived from the sale of shares in a resident company are normally tax-exempt provided the shareholding is business related. Shares in EU resident companies (including shares held as inventory) also are considered business related if the holding represents at least 10% of the capital.
- Shares in companies that are resident outside of the EU may be considered business related, provided the features of the foreign entity are similar to those of a Swedish limited liability company or a Swedish economic association.
- Taxable capital gains are regarded as other business income and taxed at a rate of 21.4% for FY starting after 31 December 2018 but before 1 January 2021.

Withholding tax (subject to tax treaties)

<table>
<thead>
<tr>
<th>Payments to:</th>
<th>Interest</th>
<th>Dividends</th>
<th>Royalties</th>
<th>Other income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident entities</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Non-resident entities</td>
<td>None</td>
<td>0% / 30%</td>
<td>None*</td>
<td>None</td>
</tr>
</tbody>
</table>

- No withholding tax is levied on dividends, interest or royalties paid to resident companies, or on interest or royalties paid to non-residents.
- A withholding tax of 30% is levied on dividends paid to non-residents, unless the rate is reduced or an exemption applies under a tax treaty, Swedish domestic legislation or the EU parent-subsidiary directive. A specific anti-avoidance rules applies for withholding tax purposes.
- Royalty payments made from Sweden to a foreign company are treated as income from a PE (in Sweden) and are subject to ordinary corporate income tax, unless the income is exempt from tax under an income tax treaty.

Tax treaties / tax information exchange agreements (TIEAs)

- Sweden has exchange of information relationships with 127 jurisdictions through 82 double tax treaties and 47 TIEAs.
- Sweden, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, has signed a multilateral co-operation agreement with 30 other countries ('the MCAA'). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).
- With country-by-country reporting, tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA started in 2017/18 on 2016 information. There are currently 102 signatory countries.

Thin capitalisation

- There are no formal thin capitalisation rules for tax purposes, although substantial interest deduction restrictions apply on loans from affiliated persons. New interest deduction limitation rules entered in to force on 1 January 2019 and apply to fiscal years commencing after 31 December 2018. The rules introduce new targeted and general restrictions for interest expense and include provisions for hybrid arrangements.
Transfer pricing

- Sweden adheres to the OECD transfer pricing guidelines and allows the following transfer pricing methods: comparable uncontrolled price, resale price, cost plus, profit split and transactional net margin method. Documentation requirements apply.
- Sweden allows bilateral and multilateral advance pricing agreements

Stamp duty

- Stamp duty is levied on the transfer of real estate and is payable by the purchaser.
- The standard rate for real estate is 4.25% on the higher of the acquisition value and the tax assessed value if the transferee is a legal entity. For mortgage loans, the rate is between 0.4% and 2%.

Cash pooling

- There are no specific tax rules in Sweden that apply to cash pooling arrangements. However, from a civil law perspective there is a general loan prohibition that should be considered in connection with cash pooling. Swedish companies are not allowed to provide loans to their direct or indirect owner, or to any party related to such owner. However, extensive exceptions apply, and formalities due to Swedish company law requirements must be considered.

Financial transactions / banking services tax

- There are no specific financial transaction or services taxes in Sweden that apply to services, loans, money transfers, letters of credit and/or foreign exchange, etc.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2019 (www.deloitte.com).

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