



### ***Taxation of corporation***

#### **Corporate tax**

- Tax payer

Corporations, economy associations, insurance companies etc

- Tax base

All income of a company is taxed as business income, including gains realized on the sale of stock, real property, or other capital assets, whether held inside or outside the ordinary course of business.

- Tax loss

A loss sustained in any income year may be carried forward and deducted from taxable income during the next year. If the next year also shows a loss the accumulated losses will be deducted the following year. No carry back is permitted.

- Rate

The tax rate for a Swedish limited liability company is 28 percent. A limited liability company may set aside annually an amount equal to 25 percent of its taxable income before appropriations. This reserve must be reversed for taxation within six years.

#### **Other profit tax**

No

#### **Property tax**

Land and Property Tax. The assessment value of real property is based on 75 percent of the estimated sales value. The owner of real property pays an annual property tax amounting to 0,5 percent on industrial property and 1 percent on residential and on office properties.

During the first five years there is no tax on buildings. During the next five years there is a reduction of 50 percent of the tax.

There are proposals to reduce the property tax during 2007.



### **Payroll tax and Social security contributions**

For individuals, all types of earned or business income form the basis for liability to pay taxes, either full social security charges or a special wage tax amounting to 24,26 percent.

The employer is liable for the payment of social security chargers, in accordance with law and agreement, as a percentage of gross salaries. The rate is 32,28 percent according to law.

### **Tax at source**

The tax on dividends from group companies are tax free and from other companies is the rate 28%.



### ***Taxation of natural persons***

#### **Income tax**

- Tax payer

All natural persons resident in Sweden

- Tax base

Global income

Three types of income; income from employment, income from commercial activity and capital income

./. deductions

Additional outlays necessary to maintain an income

./. tax allowance (Basic deduction)

The allowance is between EUR 1,000 and EUR 2,000 depending on income.

- Losses

May be carried forward indefinitely.

Capital losses are tax-deductible against capital gains. If the losses exceed Gains 70% of the remaining losses are deductible from other capital income. If you have a net loss of capital income 30% is deductible from other taxes.

- Rate

Municipal tax of approximately 28-34%

State tax 20% on earned income between EUR 28,000 and EUR 42,000 and 25% on any income above this

Income from capital is taxed at a rate of 30% regardless of the size of the income, but for dividends is only 20%.

#### **Other profit taxes**

Tax on income from commercial activity (see V)

#### **Property tax**

Tax-rates: 0,5%-1,2% on ratable value of real estate. For newly built houses (1995 or later), no property tax is payable for the first five years after completion and for year 6-10 the tax is reduced by 50%.

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### Wage tax

### Social security contributions

- Payer
- Based on
- Payer

Are debited as employer's contributions or personal contributions. The employer's contributions are paid by the employer and calculated on the total salary. Mainly persons who carry on business activities pay personal contributions. The employer's contribution is 32,28% of the underlying taxable amount. Self- employed persons pay 30,71% of the net income from business activity.

- Based on
- Rate

### Pay-as-you-earn deductions

### Wealth tax

Tax base: global wealth of a resident natural person above EUR 200,000. Tax rate 1,5%.

The wealth tax will be abolished from January 1, 2008.

### Death duty/gift tax

- Payer

*Have been abolished since January 1, 2005.*

- Tax base
- Rate



### **Tax sales**

- Tax Payer

Business enterprises selling goods or services within Sweden are subject to VAT. The tax is based on the amount received for sales of goods and certain services. On imported goods, the VAT is based on the total value of the goods and customs duty.

- Tax base
- Rate

The tax rate is 25 percent of the pre-tax price. However, the tax rate is lowered to 12 or 6 percent for some goods and services, food and beverages excluding alcoholic drinks, passenger transportation, hotel services and books.