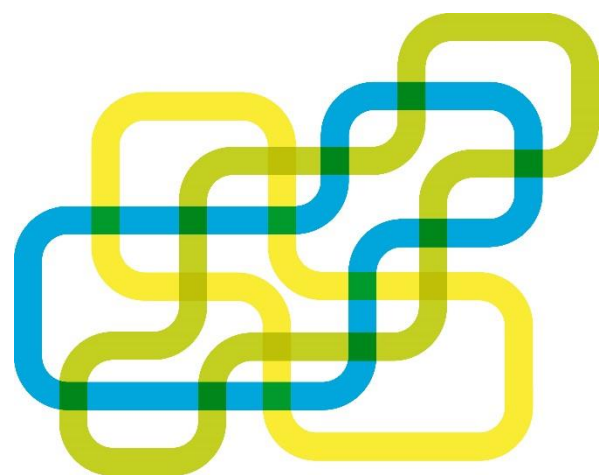


Allians

REVISION & REDOVISNING



Business registration and tax in Sweden

We have compiled basic information about business structures in Sweden. Please remember that there are advantages and disadvantages with all structures and to fully understand what a particular business structure involves, you may want to obtain professional advice.

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There are five different types of business enterprises in Sweden:

1. Sole trader (enskild näringsidkare)
2. Limited company (Aktiebolag)
3. Trading partnership (Handelsbolag)
4. Economic association (ekonomisk förening)
5. A branch (filial)

All forms of business enterprise except for sole traders have to be registered with the Swedish Companies Registration Office (Bolagsverket) before starting to operate. As a sole trader, you can choose just to register for f-tax with the Swedish Tax Agency (Skatteverket) and/or VAT registration and, where relevant, register as an employer.

1. Sole trader (enskild näringsidkare)

As a sole trader you are self-employed and are responsible for the business as a private person. No starting capital is required. Your personal Swedish National Identification number is what is going to identify the business which is the companies registration number.

2. Limited company (Aktiebolag)

There are two types of limited companies in Sweden: private limited companies and public limited companies. Limited company is the most common business type in Sweden. A limited company is a legal entity with its own rights and responsibilities, which, for example, limits your liability for the company's debts. A limited company can be started by one or more persons or legal entities. When starting a limited company, you need a minimum starting capital of 25,000 Swedish kronor. You need to register your business with the Swedish Companies Registration Office and the Swedish Tax Agency. A limited company is a legal person owned by its shareholder or shareholders. A limited company is regulated by the Companies Act (Aktiebolagslagen).

Depending on the kind of business, the company might need to apply for F-tax and VAT registration and, if relevant, register as an employer. There might be other permits or registrations that you need to consider when starting your business.

Compared to being a sole trader the administration is more demanding, and you have to file an annual report that is in accordance with the Annual Act Law (Årsredovisningslagen) with the Swedish Companies Registration Office every year and may require to have an auditor. However, there are exceptions. A limited company has to exceed at least two of the following criteria the last two financial years. The company must have exceeded the same two criteria both financial years.

- an annual turnover of more than 3 million Swedish kronor,
- a balance sheet total of more than 1,5 million and
- average number of 3 employees.

If the company does not fulfill two of the same criteria for the past two years, there is no requirement for an auditor and the company can end the year with an annual financial statement (årsbokslut).

Closing a limited company takes some effort and can be very time-consuming. It has to be sold or liquidated.

2a. Large limited companies

Large limited companies are those that have exceeded at least two of the following criteria the last two financial years. The company must have exceeded the same two criteria both financial years.

- average number of 50 employees (50)
- a balance sheet total of more than SEK 40 million (25)
- an annual turnover of more than SEK 80 million (50)

The following companies are always considered large. Limited companies that have shares;

- warrants; or
- convertible bonds

that are listed on

- a stock exchange;
- a parallel market; or
- another regulated market.

2b. Public limited companies

The shares of a public limited company can be sold to the public. To set up a public limited company you must invest a minimum share capital of SEK 500 000, or the equivalent sum in Euros.

A public limited company must have a board of directors consisting of at least three elected board members. One of the members must be appointed chair of the board. A managing director must also be appointed. The managing director can be a board member but not chair of the board.

A public limited company must appoint an auditor.

	Private limited company	Public limited company
Can sell shares to the public	No	Yes
Minimum share capital	SEK 25 000	SEK 500 000
Minimum amount of board members	1 member	3 members
Managing director	Optional	Mandatory
Auditor	Recommended and sometimes mandatory	Mandatory

3. Trading partnership (Handelsbolag)

A trading partnership is an alternative if at least two persons or legal entities wish to start a business together. There is no requirement to invest capital, although the partners are personally, jointly, and severally liable for the company's debts. You need to register a trading partnership with the Swedish Companies Registration Office and the Swedish Tax Agency. A trading partnership must have two or more partners. A trading partnership is a legal entity, but the partners are personally responsible for the partnership's debts. A trading partnership is regulated by the Partnership and Non-registered Partnership Act (Lag om handelsbolag och enkla bolag).

A trading partnership becomes a legal entity when it is registered with the Swedish Companies Registration Office. A legal entity may sign agreements, have employees, own things, and be a party of a legal trial.

A person who wishes to be registered in a trading partnership must not

- be declared bankrupt,
- be prohibited from carrying on business, or
- have a custodian pursuant to the Parental Code.

Requirements

- The business name must contain the word "handelsbolag".
- The partners are personally responsible for the agreements and debts of the trading partnership.
- If you become a partner in an already existing trading partnership, you will also become personally responsible for the partnership's previously existing debts.
- If you are younger than 18, you need a guardian's or chief guardian's consent to enter a trading partnership.
- A trading partnership with only natural persons registered as partners must have an auditor if the partnership is considered 'large'. Read more on the page Auditor – trading partnership, where you also can see what applies when there are one or more legal entities registered as partners.
- If a trading partnership has legal entities registered as partners, or if the partnership is considered 'large', an annual report must be filed. Read more on the page Annual reports – trading partnership.

Advantage

- There are no requirements for start-up capital.

3a. Limited partnership (Kommanditbolag)

A limited partnership must have two or more partners, at least one general partner and one limited partner. A limited partnership is a form of a trading partnership.

A person who wishes to be registered in a limited partnership must not

- be declared bankrupt,
- be prohibited from carrying on business, or
- have a custodian pursuant to the Parental Code.

Requirements

- The business name must contain the word “kommanditbolag”.
- The general partner is personally responsible for the agreements and debts of the limited partnership.
- If you become a general partner in an already existing limited partnership, you will also become personally responsible for the partnership’s previously existing debts.
- If you are younger than 18, you need a guardian’s or chief guardian’s consent to enter into a limited partnership.
- A limited partnership with only natural persons registered as partners must have an auditor if the partnership is considered ‘large’.
- If a limited partnership has legal entities registered as partners, or if the partnership is considered ‘large’, an annual report must be filed.

As a partner you must complete a preliminary VAT and PAYE return (self assessment). Based on this self-tax assessment, the Swedish Tax Agency decides on your preliminary A tax (special A tax).

There might be other permits or registrations that you need to consider when starting your business.

4. Economic association (Ekonomisk förening)

No starting capital is required for an economic association. You need to register the economic association with the Swedish Companies Registration Office (Bolagsverket). You also need to register your business with the Swedish Tax Agency (Skatteverket). If you are more than three partners with common economic interests and you want to set up an organisation, an economic association may be the association form for you.

This association form is a legal entity that must be registered with the Swedish Companies Registration Office along with its articles of association. All members have to participate in the association’s economic activity.

An economic association must keep accounting records and produce an annual report.

There is no demand on starting capital, but all members of the association must pay membership dues when joining. The members have no responsibility for the association’s debts. An economic association is regulated by the Economic Association Act (Lag om ekonomiska föreningar).

5. Branch (Filial)

A foreign company wishing to operate in Sweden without registering a subsidiary may open a branch. A branch is a foreign company's local office in Sweden with its own administration and corporate identity number. A branch is an independent entity which conducts business transactions in its own name, acting on behalf of the company. The branch must have a managing director. The managing director represents the branch and must register it with the Swedish Companies Registration Office (Bolagsverket) prior to the commencement of business operations.

When the branch has been registered, it is allocated a ten-digit corporate identity number. This number is a kind of identifier for the branch and is used in its contacts with authorities and other parties.

The rules regarding the preparation and submission of financial statements can be summarised as follows:

Branches of companies in the EEA which are comparable with limited companies:

- The accounting is concluded with an annual financial statement (årsbokslut).
- The annual report for the foreign company must be sent to the Swedish Companies Registration Office.

Branches of companies in the EEA which are not comparable to limited companies:

- The accounting is concluded with an annual report (årsredovisning).
- The annual report for the branch and the foreign company must be sent to the Swedish Companies Registration Office if the annual report is a public document in the homeland of the foreign company.

The financial statements must be prepared in Swedish or translated into Swedish.

A foreign company starting a branch in Sweden must pay income tax on its business operations.

Typical features of branches:

- A branch is not a separate legal person, but part of the foreign company.
- A branch is subject to Swedish law and Swedish regulatory decisions with regard to legal relationships that arise in connection with business activities in Sweden.
- A branch does not have its own share capital and its assets and liabilities are part of the company's total assets and liabilities.
- The branch accounts must be kept separate from those of the foreign company. This is partly in order to allow a separate annual report to be prepared for the branch.
- The branch's accounts and the managing directors' administration must be reviewed by an authorized public accountant.

There is a summary of the different types which can be found on the Companies Registration Office websites. https://bolagsverket.se/polopoly_fs/1.224!/Menu/general/column-content/file/choose_the_form_of_business_enterprise.pdf