



# COUNTRY PROFILE, SWEDEN

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## Introduction and Country Background

Sweden is the third largest country in Western Europe (nearly 85% of its population lives in urban areas, which comprise only 1.3% of its land area)

Sweden is an export oriented economy known for its public welfare system, high taxes and large public sector

Sweden rejected the use of the euro in a referendum in 2003

### Key Facts

|                         |  |
|-------------------------|--|
| Capital - Major Cities  | Stockholm - Gothenburg, Malmö, Uppsala   |
| Area                    | 449,964 km <sup>2</sup>  |
| Population              | 9.263 million (02-2009 estimate)   |
| Languages               | Swedish (Sami & Finnish minority)  |
| Currency                | SEK (Swedish Kroner)   |
| Telephone Code          | +46  |
| National/ Bank Holidays | 2009 – 1, 5, 6 Jan; 21, 10, 13 Apr; 1, 21 May; 6, 19, 20 Jun; 30, 31 Oct; 1 Nov; 24-26, 31 Dec |
| Bank/Business Hours     | 8:00-17:00 (Mon-Fri) / 9:30-16.00 (Mon to Fri) 9:30-18.00(Thu)                                 |
| Stock Exchange          | Stockholm Stock Exchange (NASDAQ OMX Group)  |
| Leading Share Index     | OMXS30 Index   |
| Overall Share Index     | OMXS, OMX Stockholm All-Share  |

### Economic Performance

|                                      | 2005   | 2006   | 2007   | 2008   |
|--------------------------------------|--------|--------|--------|--------|
| Exchange Rate - SEK/EUR <sup>1</sup> | 9.28   | 9.25   | 9.2481 | 9.6055 |
| Exchange Rate - SEK/USD <sup>1</sup> | 7.47   | 7.38   | 6.7607 | 6.5808 |
| Money Market Rate (%) <sup>1</sup>   | 1.8572 | 2.4338 | 3.7418 | 4.5507 |
| Consumer Inflation (%) <sup>2</sup>  | 0.8    | 1.5    | 1.7    | 3.4    |
| Unemployment Rate (%) <sup>3</sup>   | 7.6    | 7.0    | 6.1    | 6.6    |
| GDP (SEK billions) <sup>4</sup>      | 2,553  | 2,657  | 2,729  | 2,762  |
| GDP (USD billions) <sup>5</sup>      | 357.8  | 382.9  | 405.3  | 419.7  |
| GDP Volume Growth (%) <sup>2</sup>   | 3.3    | 4.1    | 2.7    | 1.2    |
| GDP Per Capita (USD)                 | 39,552 | 41,945 | 44,454 | 45,516 |
| Current Account (% of GDP)           | 6.8    | 8.5    | 8.5    | 6.4    |

Sources: International Monetary Fund, Central Bank of Sweden, European Central Bank

<sup>1</sup> Period average

<sup>2</sup> Year on year

<sup>3</sup> Per annum (seasons adjusted)

<sup>4</sup> Constant prices: index, 2000= 100

<sup>5</sup> Per average exchange rate

### Government

#### Legislature Regime

Sweden is a constitutional monarchy with a unicameral parliament. The Parliament (Riksdagen) consists of 349 members elected for four year terms via a proportional representation system. Next election due by September 2010.

#### Head of State

King Carl XVI Gustaf, since 1973

Political Leader

Prime Minister Fredrik Reinfeldt since 6 October 2005, head of the Moderate Party. The Prime Minister leads a coalition government consisting of the four centre-right parties in Sweden, known as the Alliance for Sweden (Allians för Sverige): the Moderate Party (liberal conservative), Centre Party (centrist), Liberal People's Party (social liberal) and Christian Democrats.

European Union

Sweden has been a member of the EU since 1995. A referendum in 2003, however, rejected the adoption of the euro in Sweden.

## Banking Environment

While the Swedish banking market is somewhat consolidated there are still a number of large, domestic commercial banks

### Overview

#### Introduction

The financial industry account for almost four per cent of the country's total output, defined as its Gross Domestic Product (GDP). Around 100,000 people, about 2% of the country's total working population, work in the Swedish financial industry.

The Swedish banking industry is somewhat consolidated. Nonetheless, since it is a part of the larger Nordic banking market, which has only seen a few large scale cross-border mergers, further Nordic consolidation will undoubtedly affect the Swedish market. At the same time, cross border bank mergers are becoming more frequent in Europe. It is likely that large foreign banks also are heading towards Sweden and other Nordic countries within the near future, which will extensively affect competition conditions for retail banking in Sweden. One such opportunity may arise when the Swedish state sells its 20% stake in Nordea.

There are four main types of banks on the Swedish market: Swedish commercial banks (joint stock banks), foreign banks, savings banks and co-operative banks. Commercial and foreign banks have rapidly increased in numbers from 15 to 63 in just over 10 years. New niche banks (e.g. purely internet-based) have entered the market along with the fact that some savings banks have converted their corporate status to commercial banks. Swedbank has been a facilitator for this; the bank now holds shares in a number of former savings banks. Traditionally, the group of savings banks have used Swedbank as a partner to provide generic products and technical solutions.

#### Sector Figures

As at end 2008 Sweden had 118 banks, of which there are 30 Swedish commercial banks, 33 foreign commercial banks, 65 savings banks, and 2 co-operative banks. The majority of the foreign banks focus on the corporate and institutional market.

#### Recent Years

Sweden pledged on October 20, 2008 as much as 1.5 trillion kronor to guarantee bank loans and created a fund that may buy shares in banks as it looks to revive lending in the financial system. The guarantee for the equivalent of \$205 (€260) billion will cover more or less all types of bonds, bank certificates and other loan obligations with an original maturity of between 90 days and five years. Under the plan, the government set aside 15 billion kronor in a stability fund to buy shares in banks if they are at risk of default and are "important to the broad financial system." The fund would buy preference shares with "strong voting rights." All financial institutions will have to pay a special stability fee once the market situation has improved, the government said. The plan has been given an extra six months, and is now set to expire on 31 October. Swedbank is the only Swedish bank to take advantage of the funding, which has been shunned by other banks due to the strict rules attached to the loans. In late January and early February the Swedish state was

amended, and has resulted in the Swedish state participating in Nordea's capital expansion to hold its current 20% stake.

Further, the government raised the guarantee on bank deposits to 500,000 kronor (\$67,000) from 250,000 kronor on October 6 to ease concern about the stability of the financial system. That is financed by an existing bank deposit guarantee fund, which has 18 billion kronor. The government will also guarantee deposits at foreign banks with clients in Sweden if their respective governments are unable to do so, and widened the types of accounts covered.

#### Sector Wide Agreements

The directive on capital-adequacy rules, known as Basel II, is to be transposed into national legislation of EU member states effective from the beginning of 2007.

The official currency of Sweden is the krona

## Central Bank

### Background

The Central Bank, Svergies Riksbank or Riksbanken, is an authority under the Swedish parliament. Riksbanken, founded in 1668 and considered to be the oldest central bank in the world, only gained its political independence on 1 January 1999. Riksbanken has the sole responsibility for monetary policy and "shall make its own, independent assessments and must not take instructions from any party". The day-to-day management of Riksbanken is carried out by six members of the Executive Board. Mr Stefan Ingves is the Chairman and Governor of the Riksbanken.

### Currency

Sweden is - like any other EU-member state - part of the European System of Central Banks (ESCB), but the country is not part of the ERM2-system and Sweden therefore maintains the use of the Swedish krona (SKK, kr).

### Responsibilities

Its main tasks are to maintain price stability and to promote a safe and efficient payment system. Riksbanken's interprets price stability to mean low and stable inflation, concurrently with the consumer price index, CPI, maintained at around 2% per annum with a specified tolerance margin of plus/minus one percentage point. The bank's main tool for influencing inflation is the repo rate.

The payment system and the supplying of credit play a central role in ensuring the economy functions efficiently. All inter-bank clearing takes place via accounts with the bank through the Real Time Gross Settlement System, RIX. Riksbanken makes regular assessments of risk levels in the major Swedish banks and in the central financial infrastructure.

It also manages gold and foreign exchange reserves and has a monopoly within the supply of banknotes. The bank supervises the Stockholm Stock Exchange's role as central counterparty and clearing organisation, monitors clearing and settlement of securities through VPC (The Central Securities Depository), and it oversees the functionality and risks in the Bankgirot system (clearing of low-value payments). The Central Bank takes part in Continuous Link Settlement by providing settlement accounts in SEK and by participating in the oversight of CLS.

## Financial Authorities

The Ministry of Finance has the ultimate supervisory and legislative responsibility within banking, securities and insurance

The Swedish FSA supervises around 3,500 financial entities

The Swedish Bankers' Association represents 32 companies

The Association for Savings Banks represents 74 companies

### Ministry of Finance

The Ministry of Finance has the ultimate supervisory and legislative responsibility within banking, securities and insurance. It is the Ministry's goal to promote an efficient and stable financial system and to ensure the protection of the consumers' rights. Further, by doing so the development and the competition of the financial industry should be sustained. The Swedish Financial Supervisory Authority is an institution under the authority of the Ministry.

### Swedish Financial Supervisory Authority

The Swedish Financial Supervisory Authority's (Finansinspektionen, FI), overall goal is to "to promote stability and efficiency in the financial system as well to ensure effective consumer protection". The tasks of the Swedish FSA include:

- Supervision of around 3,900 banks and other credit institutions, insurance companies, authorised marketplaces and organisations on the securities market, e.g., audits and analyses
- Issuance of licenses and permits
- Regulation and guidelines
- Oversight of insider trades

The authority's vision includes:

- Prevent financial crises in the marketplace
- Ensure consumers' and corporates' access to a variety of services in a well functioning market

### Swedish Bankers' Association

The Swedish Bankers' Association (Svenska Bankföreningen) has 28 member companies: 28 banks (of which 8 are foreign), 3 finance companies and 3 credit institutions. The major banks in Sweden are all represented in the Management Group ("Styrelsen"), which is elected for a 3 year period.

The Association represents the public interests of the banking industry and publishes information about the banks and their positions in Sweden. Other assignments involve negotiating with authorities and the government, and representing the industry internationally, mainly in the European Banking Federation.

### Association for Savings Banks

The Association for Savings Banks (Sparbankers Riksförbund) represents the 53 savings banks and 9 joint-stock banks (i.e. commercial) that were once savings banks.

## Legal & Regulatory Issues

Swedish financial legislation has been harmonised with the EU

### Introduction

Under the European Single Market's objective of free movement of capital the Swedish financial environment and the rules regulating it have been harmonised with the rest of the EU, e.g. within Money Laundering. As such the market for financial services is deregulated.

Resident companies must register with Bolagsverket

### Resident and Non-Resident Status

To be legally regarded as a resident company, the company must be registered with Bolagsverket (the Swedish Companies Registration office).

Account ownership is independent of residency status

### Account Ownership

Any type of account can be owned by a resident as well as a non-resident company.

Cash pooling regulations allow the majority of services and products, though certain restrictions apply

### Cash Pooling Regulations

Domestic and cross-border cash concentration is allowed. Notional pooling is allowed domestically and on a cross-border basis. Swedish banks are not allowed to off-set credit and debit balances for the purpose of calculating their Capital Adequacy Ratio. Hence, a spread between the debit and credit interest rate will be applied

Cash pooling across legal entities, but within the same group, is permitted. Nevertheless, the Swedish Company Act applies certain restrictions. Resident and non-resident companies can participate in the same cash pool subject to approval from The Riksbank. Standard practice is that approval will be granted if the companies are incorporated within the European Economic Area (EEA). Swedish legislation permits multicurrency cash pooling.

Current accounts are available in all tradable currencies

### Account Types and Charges

Current accounts can be held in all exchangeable currencies and are offered with or without overdraft limits. SEK accounts are convertible into foreign currency. Interest rates can be either fixed using a base rate of the bank or based on a market rate – e.g. the inter-bank rate, STIBOR – less a spread. For larger corporations the latter method is the most common. Account maintenance fees (or similar) applies. Lifting fees (per mille of transferred amount) does usually not apply.

#### Payment Fees

A flat fee will be charged for domestic payments – a per mille charge (see above) could be charged for foreign payments, but the standard is a flat fee as well. Following the EU regulations on cross-border transfers in EUR, from 1 July 2003 the

charge for a cross-border transfer of up to 12,500 EUR must be equivalent to the charge for a domestic payment in EUR. The increase to a maximum of €50,000 took effect on 1 January 2006. The payer must provide the receivers International Bank Account number (IBAN) and the receiving bank's Bank Identifier Code (BIC, the SWIFT code). If such information is not provided – or the information is wrong – an additional charge will be levied.

Sweden has an opt-in in this the EU regulation (2560). This means that when sending a payment from Sweden in SEK the sending part benefits from the regulation and when receiving SEK in Sweden the receiver will benefit.

No FX controls

## FX Controls

The Swedish Krona flows freely. The Riksbank can intervene or coordinate an intervention with other European Central Banks in order to stabilise the exchange rate. There are no exchange controls.

No central bank reporting requirements are applicable

## Central Bank Reporting Requirements

No Central Bank reporting requirements for transactions between residents and non-residents apply for corporations. However, Riksbanken can request that the banks report residents' transactions with non-residents, subject to that such reporting is necessary for Riksbanken in order to follow the development on the FX market and to establish balance of payments.

When the Central Bank stopped requiring reporting, the Swedish Tax Authority (Skatteverket) started requesting reporting all international payments above SEK 150,000 in order to prevent tax fraud. The banks must report all transactions above this limit, and the banks' customers need to inform the Tax Authorities (via the bank) of the transaction's purpose. It is not the banks responsibility to check the validity of the information received. Reporting is done annually.

Laws are in place to prevent money laundering according to international standards

## Money Laundering

The EC Money Laundering Directive (Council Directive 91/308/EEC of 10 June 1991 as amended by directive 2001/97/EC of 4 December 2001) has been implemented in Sweden. Generally, all the legislation is based on the 40 recommendations of FATF (Financial Action Task Force on money laundering). In May 2004 a Bill was put forward suggesting changes to the law effective 1 January 2005. Following the amendment, the scope of the law will also include real estate agents, dealers of antiques / high-value goods, attorneys and chartered accountants.

The "Third Directive" replaces existing EU legislation and incorporates into EU law the June 2003 revision of the Forty Recommendations of the Financial Action Task Force (FATF). The National Commission of Inquiry on Money Laundering and Financing of Terrorism, appointed by the Swedish Government, has issued a report setting out its conclusions on how the Third Directive should be implemented. Stakeholders have submitted their comments on the Commission's con-

clusions as part of the legislative referral process. At present these comments and the Commission's conclusions are being processed by the Swedish Government, and then a legislative proposal will be drawn up. According to the present timetable, a legislative proposal will be ready for examination by the Swedish Council on Legislation during the summer 2008 and a Government Bill will be brought before the Swedish Parliament in autumn 2008 for implementation by late 2008.

Electronic signature  
and transaction legis-  
lation is in place

### **Regulations Applicable for Electronic Transactions**

Electronic invoices and electronic signatures are allowed. Sweden has implemented the EU Directive on electronic signatures into national law via the Qualified Electronic Signatures Act (SFS 2000:832).

## Market Dominant Banks

Four large domestic banks dominate the Swedish banking sector

### Introduction

The banking market is dominated by the “big four” Swedish banks: Handelsbanken, SEB, Nordea, and Swedbank (previously known as FöreningsSparbanken). Taken together with the Danish-based Danske Bank Group, they account for more than 80% of the market in terms of total assets. In addition, Skandia in Sweden is market leader in life insurance and also has a strong position in fund investments. Amid the trend in other European countries Swedish market dominant banks have over the past decade expanded their non-core banking activities like mortgage lending and life insurance to become financial conglomerates.

Market Dominant Banks per 31 Dec. 2008

| Bank          | Assets (USDm) |
|---------------|---------------|
| Nordea        | 697,290       |
| SEB           | 381,560       |
| Handelsbanken | 328,080       |
| Swedbank      | 275,356       |

Note: Figures are total group consolidated assets in millions USD.  
Source: Banks' annual reports.

The Nordic's largest banking group

### Nordea

Nordea is the biggest Nordic banking group. It is the result of the successive mergers and acquisitions of the Swedish, Finnish, Danish and Norwegian banks of Nordbanken, Merita Bank, Unibank and Kreditkassen (Christiania Bank), respectively, that took place between 1999 and 2000. The bank's vision is “to be the leading Nordic bank, acknowledge for its people, creating superior value for customers and shareholders” and its mission is “making it possible”. Nordea has approximately 10 million retail and 700,000 thousand corporate customers, and more than 1,400 branch offices. Over half of Nordea's customer base are electronic customers and actively use the bank's electronic tools and services.

In Sweden, the bank targets most segments, with approximately 270 branches and has an estimated 10-23% market share, depending on the product and business area. Over 70 per cent of Nordea's lending to the public comes from outside Sweden. Nordea's Swedish business includes one of Sweden's largest finance companies and major players in fund management and mortgage credits. Nordea also owns the giro payment system Plusgirot. In 2007, Nordea placed special emphasis on Sweden to increase growth. The bank will over a two-year period strengthen its advisory capacity by increasing the number of advisers and specialists by up to 500 employees, and opening new branches. In the summer of 2008 Nordea acquired 68 branches in a bolt-on acquisition of Svensk Kassaservice.

Nordea is also present in Russia, the Baltic Sea countries (Estonia, Latvia, Lithua-

nia) and Poland with a combined number of 260 branches. The bank expanded into the former in 1989 and then divested its minority stake in June 2006 in order to acquire a majority stake in Orgresbank in November of the same year. Nordea expanded into Poland in August 2005 through its purchase of Sampo's Polish life and pension companies, which was merged into Nordea's Polish life company. Besides banking it provides insurance, mortgage banking and real estate agency services to its customers.

The bank's largest shareholder, the Swedish state is expected to sell its 20% stake in 2008 putting the bank in play for either a Nordic or European acquisition. Furthermore, the Sampo Group, following its sale of its banking operations to Danske Bank in 2006, acquired 10% of Nordea in open-market operations. Sampo has continued to increase its stake in Nordea and owns some 15%. To date the stake is purely financial (e.g. eventual gain from future M&A activity) in purpose.

A leading bank in Sweden with a substantial part of its business in Germany

## SEB

SEB is the name of the financial group that has been formed around Skandinaviska Enskilda Banken. SEB has developed substantial international activities and has a substantial part of its business in Germany (where it acquired BfG bank in 2000) In general the bank has traditionally had a strong focus on the corporate and institutional segment, where it serves 2,500 customers, and 400,000 small and medium-sized companies. The bank is a universal bank with some 5 million private customers. However, it especially targets high-end private clients (private banking).

In Sweden, SEB has a particularly strong position in fund management and life insurance, as well as in the mortgage and finance company sectors. SEB is also a traditionally strong player on the stock market and in currency trading as well as in international payments. The bank 660 branches in total, with 26% in Sweden where the largest number of its customers reside, 26% in Germany and the rest in the Baltic countries, Russia and Ukraine. SEB's vision is "to be a leading Northern European bank, based upon long-term customer relations, competence and e-technology".

Stadshypotek, Handelsbanken's mortgage credit institution, belongs to the largest players on the Swedish market

## Handelsbanken

Handelsbanken (Svenska Handelsbanken, SHB) has more than 461 branches in Sweden. From the 1990s the bank has also expanded in the Nordic region via acquisition and by opening branch offices, with 130 branches outside of Sweden in the other Nordic countries, and 49 in Great Britain, where the bank has been present since 2000, and 35 branches in 17 other countries. Stadshypotek, Handelsbankens' wholly owned mortgage credit institution, belongs to the largest players on the Swedish mortgage credit market. Handelsbanken also has extensive operations in the fund management, finance company and life insurance sectors, where it in 2004 acquired SPP Life Insurance.

In Denmark, Handelsbanken opened its first branch office in 1996. The opening of the Copenhagen office was soon followed by further openings in other parts of the

country. In 2001, Handelsbanken purchased Midtbank, which had a very strong presence in the Jutland area of Denmark. With this acquisition, Handelsbanken became the fifth largest bank in Denmark with 54 branch offices. Most recently in October 2008, Handelsbanken acquired Landsbanken in Denmark, a bank based North of Copenhagen during the midst of the financial crisis. The bank is expected to be run locally.

Handelsbanken's corporate philosophy includes five points: a strongly decentralised organisation – the branch is the Bank; customer, not the product, in focus; profitability always has higher priority than volume; a long-term perspective; and the bank's profit sharing system.

Swedbank is among the leading banks in the Baltics through its subsidiary Hansabank

## Swedbank

Swedbank (formerly FöreningsSparbanken) was formed through the merger of Sparbanken Sverige, a group of savings banks, and Föreningsbanken. Swedbank has been the international name for the bank since 1983. As of September 2006, the bank is using the Swedbank name domestically in Sweden, to demonstrate the bank's Swedish roots combined with its international presence.

In July 2007 Swedbank acquired TAS-Kommerzbank in Ukraine, Kiev. "TAS" has over 190 branches and 3,000 employees serving over 125,000 private customers and 16,000 corporate customers. In 1998 Swedish Swedbank purchased 50% of Hansabank shares, and steadily increased its ownership stake overtime, eventually owning 100% of the bank in 2005. Hansabank expanded to Russia in 2005, with the acquired bank later being renamed Swedbank. Following a decision taken by the Swedbank group on 15 September 2008, the Hansabank name will be discontinued in 2009 with all Baltic operations rebranded under the Swedbank name.

Swedbank's vision is to be the leading financial institution in the markets where present. With more than 21,000 employees Swedbank serves a total of around 9.4 million private customers and 540,000 corporate customers in Sweden, Estonia, Latvia and Lithuania. They also have a growing presence in Russia and the Ukraine.

Swedbank is Sweden's largest asset management company and a leading company on the mortgage lending market. Moreover, it has an extensive cooperation with independent and partly owned savings banks, e.g. within product development and system support. In Sweden the bank has 4.1 million private customers and 282,000 corporate customers, of which 2.4 million are internet banking customers. The bank has 419 branches and 863 ATMs in Sweden.

Danske Bank operates in Sweden via Östgöta Enskilda Bank and Provinsbankerne

## Danske Bank

Measured by total assets, the Danske Bank Group is the largest financial enterprise in Denmark and one of the largest in the Nordic region offering services in banking, insurance, mortgage finance, and asset management. The vision of the Group is "One platform – exceptional brands" and its mission is to be "the best local financial partner". In total, the Group serves 5 million retail customers and a large number of public sector and institutional organisations. Some 2 million customers

use the Bank's online services.

In the mid 1990s it expanded its operations into the rest of Scandinavia, and in 2005 via acquisition in the Republic of Ireland and Northern Ireland, marking its first move out of Scandinavia. Most recently in November 2006, the Group acquired the Sampo Bank Group - Finland's third-largest bank with subsidiaries in the Baltics and a recently acquired Russian bank - for approximately USD 5 billion in cash.

In Sweden, Danske Bank is represented via its acquisition of Östgöta Enskilda Bank in 1997, and also encompasses the banking activities of Provinsbankerne. These serve all types of retail and corporate customers. Danske Bank Sweden has four regions with 60 branches, four finance centres and nearly 1,500 employees. Real-estate agency business is carried out primarily through the 75 offices of Skandia Mäklarna. It should be noted that Danske Bank's presence in Sweden is smaller than it's four largest competitors listed here.

## Clearing Systems

There are two main payment settlement systems in Sweden

### Overview

The Swedish Central Bank, Riksbanken, plays a central role in relation to settlement of payments; the majority of all payments are affected via the commercial banks' accounts with the Riksbank. High-value Swedish kronor payments are settled through the Riksbank's own Real Time Gross Settlement (RTGS) system 'RIX' and low-value payments are handled in the Bankgirot system (managed by Bankgirocentralen, BGC) or via Dataclearingen (managed by Bankgirocentralen BGC on behalf of the Swedish Banker's Association), while the interbank settlement of such payments takes place via RIX.

In addition, since the adoption of SEK in the Continuous Link Settlement (CLS) system, mainly used for FX trading, in September 2003, the majority of all FX trading in SEK has been settled via the commercial banks' accounts in the Riksbank.

A special settlement method applies for settlement of securities. The VPC (The Central Securities Depository) can transact directly on special payment accounts in RIX, whereas the members of RIX can transfer liquidity between their normal RIX accounts and these payment accounts.

Riksbanken also has the responsibility to supervise and assess the clearing systems against the various applicable international standards.

RIX is Sweden's real time gross settlement system

### High Value Clearing —RIX

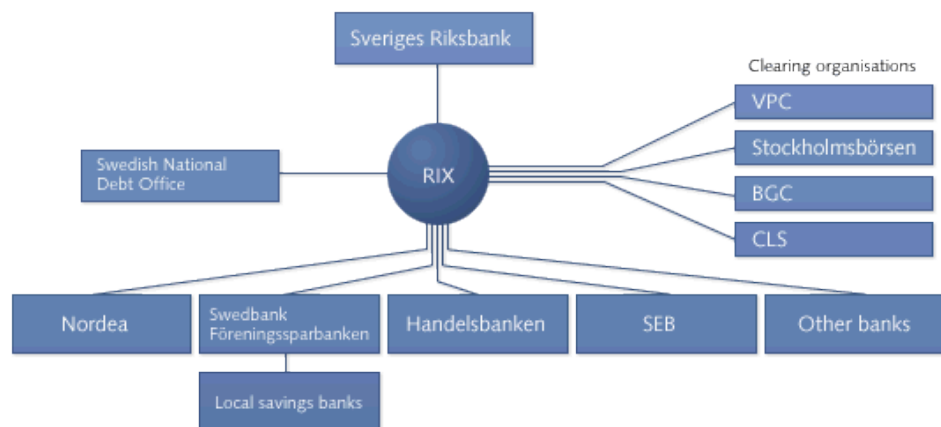
The Riksbank's large-value payment system RIX can be described as the hub of Sweden's payment system, in that it handles all Swedish krona payments between banks and other players. Real-time settlement means that payments are settled individually and instantly and the transferred funds are immediately available on the recipient's account. Payments due to the Riksbank's own transactions with participants, e.g. from securities trading and the provision of bank notes are also settled through RIX.

- Participants: There are 20 direct participants, including the Riksbank. Other banks (indirect participants) clear through the direct participants.
  - Requirements for participation: To take part in RIX an institution does not have to be domiciled or have a branch in Sweden. Further, the participants must fulfil technical and capital adequacy requirements.
- Transaction types: Individual, urgent, same-day-value domestic payments in Swedish Kronor. In addition, individual, urgent, same-day-value cross-border Euro payments
- Price indication: The fees for using the RIX system are determined by the principle that all costs should be covered. These fees consist of a transaction fee (SEK 5), which is the same for all participants, and an monthly charge, which is differentiated into four categories - from SEK 40,000 to SEK 260,000 depend-

ing on the number of payments transmitted during the preceding year. New members are automatically placed in tier 2 (SEK 65,000). Transaction fees are the same irrespective of the number of payments generated.

- Operating hours: 7.00 until cut-off at 17.00.
- Clearing cycle details: The clearing takes place with immediate finality for each individual payment instruction<sup>1</sup>. Payments are instructed via SWIFT. The banks must have sufficient funds in their accounts with The Riksbank, if not, the bank can grant both intraday and overnight credit subject to adequate collateral in form of approved securities
- Scandinavian Cash Pool (SCP): In 2003, a Scandinavian agreement was made allowing branches or subsidiaries in Sweden, of Danish or Norwegian banks, to use balances (in DKK or NOK) in the Central Banks of Denmark or Norway as collateral for clearing in Sweden.
- In 2005 with SIA/SSB of Italy for the delivery and implementation of a new second generation RTGS system called Perago:rtgs, developed by Perago Financial Systems Enablers (Pty) Ltd of South Africa. Work is underway in the Riksbank implementing the new platform for the payment system.

An overview of participants is provided in the figure below:



The Swedish Central Bank will not join TARGET2 and therefore will retain its domestic RTGS system

## TARGET2

The current pan-European RTGS system, TARGET, migrate into a single shared platform (SSP) called TARGET2 making the RTGS systems of individual Eurosystem countries obsolete. The changeover to the new TARGET2 system took place in three migration waves, starting November 2007 and ending May 2008.

The Swedish Central Bank and the Bank of England will not migrate to TARGET2.

Until 31 December 2006, E-RIX, a TARGET-linked sub-system of RIX, processed high value payments denominated in EUR. RIX now only processes payments denominated in SEK. It is not connected to TARGET2. Domestic and cross-border EUR transactions previously processed by E-RIX are settled through Finland's or Germany's components of TARGET2, processed bilaterally between banks or proc-

<sup>1</sup> Payment instructions below 500,000 SEK are not settled immediately, but in batches during the day.

essed through the European Banking Association's (EBA) pan-European EURO1 multilateral netting system (in which Sweden's largest four banks participate). Sweden does not intend to migrate to the pan-European TARGET2 RTGS system.

Bankgirot handles low value clearing

## Low Value Clearing – Bankgirot

Bankgirot is the system and Bankgirocentralen (BGC) is the clearing centre for low-value payments through Bankgirot. BGC is owned by 8 of the leading banks in Sweden. Bankgirot is based on bank-giro numbers, which are unique identifiers of bank accounts. The system processes more than 3.6 million payment instructions per day.

Until recently Bankgirot was a direct competitor to PlusGiro. However, PlusGiro was acquired by Nordea in December 2001 and is now an internal system for transfers between accounts in Nordea. As Nordea is a participant in Bankgirot, the bank-giro numbers can be linked to a PlusGiro account. Thus, payment instructions can be exchanged between the two systems.

- Participants: Bankgirot is open to all banks. 19 direct participants, 78 indirect participants
  - Requirements for participation: The participant must have a RIX account with the Riksbank and equity of at least 50 million SEK
- Transaction types: Bankgirot<sup>2</sup> processes low-value, non-urgent electronic credit transfers, giro payments, direct debits (autogiro), cheque payments and card payments in SEK. Paper-based SEK giro-payments are pre-processed by 'PrivatGiro' (a separate company) before they enter BGC. Since 1999, transactions can also be processed in EUR
- Price indication: BGC charges the banks for their use of the Bankgirot system. Bankgirot's pricing model is based on the handling of transactions and includes both the development of payment services and customer service. The level of those fees is determined on a yearly basis. New participants in Bankgirot pay an entry fee based on the actual cost of connecting them to the Bankgirot system. Other products and systems operated by BGC have different price models, and these are laid down in product or system specific agreements.
- Operating hours: Bankgirot operates around the clock
- Clearing cycle details:
  - The main parts of the payment instructions are netted and settled via the participants' accounts with the Riksbank through RIX. A few instructions (cash withdrawal and card payments) are cleared and settled on a multilateral basis
  - Settlement takes place with same-day value at fixed hours for each transaction type (more settlement runs for some transactions). The last cut-off for same-day settlement is at 14:25
  - Payment instructions can also be settled later in the afternoon for next-day settlement, the cut-off is then at 19:00

<sup>2</sup> Some of the payment instructions are handled in a sub-system, Dataclearing (DCL). BGC runs the system on behalf of the Swedish Bankers association who own the system.

## Payments & Collections Methods & Instruments

Electronic means of payment are widespread in Sweden, though cash is still used for primarily transactions involving small values

### Introduction

Cash is used primarily in transactions involving small values, where the seller and buyer meet directly. Cash payments still account for a large proportion of the number of transactions in the Swedish economy, although this proportion has decreased significantly in recent years in favour of the use of cards.

In value terms, credit transfers gained a stronger position during the 1990s. However, their percentage of total transactions has declined during this period. The explanation for this is the six-fold increase in the number of card transactions. The explanation for this increase in the number of card transactions, of which credit cards have increased in volume terms by over 400 per cent.

Banks in Sweden have been implementing SEPA (Single Euro Payments Area) standards for EUR-denominated payments. The country's banks now only issue SEPA-compliant debit cards (since 1 January 2008) and offer pan-European SEPA credit transfers since 28 January 2008. SEPA direct debits however will not be available until 1 November 2009 at the earliest.

#### Volume of Transactions (millions)

|                  | 2005         | 2006         | 2007         | % change    |
|------------------|--------------|--------------|--------------|-------------|
| Debit cards *    | 892          | 999          | 1,211        | 21.2        |
| Credit cards **  | 111          | 134          | 123          | -8.2        |
| Credit transfers | 511          | 572          | 645          | 12.8        |
| Direct debits    | 160          | 197          | 208          | 5.6         |
| Cheques          | 1            | 1            | 1            | 0.0         |
| <b>Total</b>     | <b>1,734</b> | <b>1,961</b> | <b>2,188</b> | <b>11.6</b> |

#### Value of Transactions (SEK billions)

|                  | 2005           | 2006           | 2007            | % change    |
|------------------|----------------|----------------|-----------------|-------------|
| Debit cards *    | 335.3          | 359.1          | 451.1           | 25.6        |
| Credit cards **  | 25.74          | 37.27          | 73.98           | 98.5        |
| Credit transfers | 7,949          | 8,868          | 10,020          | 13.0        |
| Direct debits    | 344            | 387            | 424             | 9.6         |
| Cheques          | 54.9           | 54.1           | 59.5            | 10.0        |
| <b>Total</b>     | <b>8,764.5</b> | <b>9,764.7</b> | <b>11,028.6</b> | <b>12.9</b> |

\* Includes payments by cards with a debit and/or delayed debit function.

\*\* Includes payments by cards with a credit and/or delayed debit function.

Note: Percentage change calculated from 2006-2007

Sources: ECB Statistical Data Warehouse

Debit cards are by far the most common cashless means of payment

## Card Payments

At year-end 2007 there were 15.1 million issued cards in Sweden. 9 million were debit and 6.1 million were credit cards. Around 2,809 ATMs and 182,590 point of sales terminals are available around the country.

The following is an executive summary of the development of financial cards in Sweden by Euromonitor as of March 2008.

In 2007, the numbers of cards, transaction value and volume have continued to increase in Sweden. The use of cash is decreasing, while the point-of-sale infrastructure is continuing to develop, facilitating increased card usage. The number of ATM transactions is expected to decrease in the future in favour of financial cards. All types of financial cards showed an increase in both value and volume over the last few years.

Debit cards have gained the most in importance. Debit cards linked to bank accounts usually combine several functions, namely those of a debit card for EFTPOS and paper-based transactions; those of an ATM card for cash withdrawals; and those of a credit card to the extent that the bank account to which the card is linked has an overdraft facility. In addition, these cards are usually provided with a link to international card systems such as Visa or MasterCard, which also makes them useful for international travel.

While larger shops have adopted the point-of-sale infrastructure allowing the customers to pay freely with financial cards, small shops and kiosks usually do not favour small payments, typically under SEK100, with financial cards. This is due to the cost for the outlet associated with the financial card transaction. Despite the fact that outlets have agreements with the acquirers not to make a charge for a payment with financial card, it became customary for small outlets to do so in Sweden.

The promising RFID technology, which allows payments to be made with smart cards, without any physical contact with a point-of-sale (POS) terminal is now being tested by several public transportation companies, such as Stockholm's public transportation company. Currently, the technology is limited to transportation companies. The main reason is that transportation companies are providing large enough orders for international providers to become interested in implementing the RFID technology.

Debit cards remained the main instrument of choice when it comes to payments with financial cards in Sweden in 2007. Debit cards are the largest financial cards sector in Sweden and still growing. Credit and charge cards remain underdeveloped in comparison with debit cards, due mainly to the general scepticism towards borrowing. Another reason is the way these products are marketed by banks. Credit and charge cards are generally significantly more expensive than debit cards with regard to the annual fee. Debit cards are offered by several banks as a part of a package, which includes a savings account and internet connection. Going forward, credit and charge cards are expected to develop further.

The credit cards landscape is likely to be reshaped in the future. The big four Swedish banks started competing with each other more intensely some three years ago.

In value terms credit transfers are the dominant means of payment

### Credit Transfers

Non-urgent credit transfers through Bankgirot (or PlusGirot within Nordea) are extensively used for person-to-business and business-to-business payments. The payment instructions could be initiated based on a transfer form or directly using the bank-giro number. From the payers perspective the standard float is 1 day (debit day 0, credit day 1). However, the recipient may negotiate same day value with the receiving bank (day 0).

Urgent credit transfers (same day settlement) are primarily used for high-value payments between banks and to a limited degree by larger corporations. Such payments can be initiated through an electronic banking system and will be processed via RIX.

Direct debit usage continues to increase

### Direct Debits

Direct debit (Autogiro) is a popular way of settling recurring payments, like electricity or telephone bills and the volume is steadily rising. Two types exist: Autogiro private and Autogiro company. The former is used for person-to-business collections (bank-giro number not required) while the latter is used for business-to-business collections (bank-giro number required). The standard float is 1 day (debit day 0, credit day 1). However, the recipient may negotiate same day value with the receiving bank (day 0).

Direct debits still account for a relatively limited share – around 9% – of the total number of non-cash transactions. The reason that direct debits do not account for a larger share of the total number of non-cash transactions may be that the low cost of alternative payment methods means customers have no strong incentive to use direct debits.

Cheque volumes are currently negligible

### Cheques

Cheque payments have a diminishing role as means of payment in Sweden. Their volume usage is currently negligible.

## Electronic Banking

Electronic banking services are highly developed and increasingly popular

Many services are now offered over the web

Host-to-host solutions are provided for both domestic and international payments

Micro-payments are not widely used in Sweden

An industry wide e-invoice solution is

### Introduction

In line with the rest of the Nordic region, electronic banking services are highly developed in Sweden and increasingly popular. In recent years almost all sorts of banking services suited for electronic processing have been migrated to the internet. Banks typically develop electronic banking services in different proprietary formats. As at December 2007 there are some 7.74 million internet banking agreements in Sweden, of which 6.98 million are retail and 762,000 are corporate.

### General Functionality of EBS Offerings

For Bankgirot payments, a corporate will generate payment instructions in its own ERP-system and then feed BGC directly. BGC offers a number of direct communication channels (EDIFACT, proprietary formats and communication via the internet). Vice-versa remittance advice will be received via the same channel.

Many banks have shifted the focus from PC based electronic banking systems to web-based platforms, including direct communication with BGC. The services offered through the World Wide Web will normally include end-of-day and intra-day account information, inter-company netting solutions, FX dealings and information etc. The web-based solutions are becoming more and more advanced, and in a short time the PC-based tools will only play a minor role.

### EDIFACT / Host-to-Host Solutions

The corporations growing effort of streamlining payment processing in 'payment factories' is supported by a number of Swedish banks. Host-to-host solutions are provided for both domestic and international payments. Usually, the major cash management banks will accept payment instructions in their own proprietary formats and in the EDIFACT format. The most common EDIFACT messages are supported and the banks tend to follow the 96a EDIFACT catalogue.

### E-payments

In general, micro-payments (electronic purse) are offered by a number of 'global' players. Such solutions usually rest on two important prerequisites: 1) Prepayment and 2) Settlement via debit or credit cards.

In Sweden, micro-payments are not widely used. One of the 'e-money' or smart-card solutions is the Swedish Cash system, where digital value units can be uploaded from the issuing bank's website.

### E-invoice / EBPP

offered by the banks  
to consumers

The Swedish banks do not offer proprietary electronic bill present and payment (EBPP) solutions. Instead, the banks offer a joint solution for domestic EBPP services as a consumer-to-business (C2B) solution. The e-giro solution has been developed by SEB, Skandiabanken, Handelsbanken, Danske Bank, Sparbanken Finn together with BGC. Nordea and Swedbank developed a similar service called e-faktura.

The banks now offer a joint solution, which works as follows: A company sends electronic payment information via BGC to its customers. In the customer's Internet bank the electronic invoice will be presented enabling the customer to pay in an efficient way. The service is currently available for approximately 5 million Swedes through their Internet banks. Other banks are likely to sign up in the near future.

Additionally, a business-to-business (B2B) solution is available provided by BGC in co-operation with Danske Bank, SEB and Handelsbanken.

With regards to electronic signatures Handelsbanken, Swedbank, SkandiaBanken, Danske Bank and Ikanobanken jointly promote a product called 'Bankernas ID-tjänst' (BankID). The electronic identification is based on the PKI (Public Key Infrastructure) technical standard. When using BankID, 'members of the public can identify themselves to government authorities, companies and organisations and electronically sign documents. Presently 9 banks acts as issuers (Certification Authorities) of BankID to their customers. Together they represent about 5.6 million online customers (Sweden has about 7.3 million citizens in the age of 18 or above). BankID is the leading digital identity in Sweden with a market share of 75%, representing about 1.5 million customers.

## Cash Pooling Solutions

The legal environment for cash pooling is rather liberal

Notional pooling services are only offered by major cash management banks

Domestic cash concentration services are used by larger corporates

Various services for multicurrency and cross border pooling are available

### Introduction

The leading Swedish banks provide a wide variety of cash pooling solutions and the legal environment is rather liberal. Hence, the prerequisites for a smoothly running cash pooling solution are in place. As Sweden is not part of the European Monetary Union (the Euro) it continues to be the larger Nordic corporations or larger Nordic subsidiaries of multinationals that demands liquidity optimising solutions.

### Notional Pooling

Notional pooling on a domestic basis is only offered by the major cash management banks. The solutions offered to avoid co-mingling of funds include interest enhancement / interest apportionment schemes and more rarely, pure interest netting. Such solutions all retain the autonomy of the individual participant and distribute the benefit of the set-off of balances according to agreement with the bank. As the bank cannot set-off the account balances in its own books due to Capital Adequacy Regulations a spread between the debit interest rate and the credit interest rate will be charged.

### Cash Concentration

Domestic cash concentration in the form of zero or more rarely target balancing is offered and used by larger corporations. Further, another instrument where funds physically are co-mingled is the Single Legal Account Pooling. This solution is based on a single, external bank account where all physical payments take place. Each participant (could be separate legal entities) will then have a virtual reference account, where the payments of that participant are mirrored. Hence, each legal entity will perceive the solution as if they have their own physical bank account. The advantage for the bank compared to notional pooling schemes is that balances can be off-set for the purpose of calculating capital adequacy ratios.

### Multicurrency and Cross Border Pooling

On a cross-border basis notional as well as cash concentrating pooling schemes are offered on a single currency basis. However, the primary tool for pooling is zero-balancing.

A few banks offer multi-currency zero-balance solutions on a cross-border basis (i.e. transfer services but no internal interest calculations and/or documentation). In the same manner, multi-currency notional pooling schemes are provided. These highly sophisticated products will normally target the larger Nordic multi-nationals or subsidiaries to international corporations with a significant Nordic presence. Other means of optimising liquidity is via inter-company netting and, so far, more rarely via money market funds.

## Tax Issues

Tax information is general and individual advice should be sought

Resident companies are subject to tax on their worldwide income

The corporate tax rate is 28%

It is possible to effectively offset operating losses against Group

### Introduction

The following tax information, last updated by PricewaterhouseCoopers in April 2009, should be considered general and individual advice should always be sought.

### Tax Liability

A company is considered resident and thus liable to tax in Sweden if it is incorporated in Sweden. Resident companies are subject to tax on their worldwide income whereas foreign companies are subject to tax on Swedish source income only.

### Tax Base

In general, taxable profits are determined on the basis of a profit and loss account prepared in accordance with Swedish generally accepted accounting principles which follow international standard accounting principles, and taking into consideration differences between accounting and taxation principles.

The corporate tax rate is 26.3%. Swedish companies and Swedish branches of foreign companies (permanent establishments) are subject to the same tax rules.

The fiscal year corresponds to the financial year of the company.

Plant, machinery, several types of intangibles (patents, trademarks, etc.) and goodwill relating to asset purchases are normally depreciated according to a declining balance method. A straight-line method is also available. Any of these methods can be chosen and the method can be changed from year to year. However, the same method must be applied to all tangible equipment in a given year. The fiscal depreciation according to the described rules must also be used in the statutory accounts.

For buildings, only a straight-line method is allowed.

Restructurings, i.e. mergers, divisions, transfers of assets and share for share exchanges may be carried out tax free with succession, provided the conditions are met. The tax rules are in line with EU directives.

Tax losses can be carried forward for an infinite period of time, but there is no possibility for carry back. However, the possibility to use loss carry forward may be limited if a company is subject to an acquisition or a merger.

### Tax Consolidation

Under Swedish tax law, companies are not taxed on a consolidated basis. Each

operating profits

company files its own net profit or loss. However, it is possible to effectively offset operating losses against operating profits by way of group contributions.

Group contributions are payments that are deductible for the paying company and taxable income for the receiving company provided the conditions are met. The main condition is that the parent company owns more than 90% of the share capital in the subsidiary during the whole financial year for both companies. A company giving or receiving a group contribution has to be either Swedish (which in this respect includes foreign companies resident within the EEA) or a company resident in a territory with which Sweden has a tax treaty with a standard OECD non-discrimination clause. Foreign companies can, however, only pay or receive group contributions in respect of their Swedish permanent establishments.

Taxation of dividends occurs at a rate of 28%

### **Inbound and Outbound Taxation of Dividends**

Dividends on shares held for business purposes (see under 5) are exempted from tax. Dividends on other shares will be taxed at a rate of 26.3%. The same rules apply to shares in foreign companies, which correspond to Swedish limited liability companies (ABs).

Dividends paid to non-resident qualifying corporate shareholders benefit from extensive exemptions from withholding tax. For other dividends the statutory rate of withholding tax is 30 %, subject to reductions under tax treaty provisions.

Capital gains on shares held for business purposes by corporate shareholders are exempt from tax

### **Taxation of Capital Gains and Losses on Shares, Bonds, Debts, Receivables and Financial Contracts**

Capital gains on shares held for business purposes by corporate shareholders are exempt from tax. Unlisted shares, which are not held as stock in trade, are always considered held for business purposes. Listed shares, which are not held as stock in trade, are considered held for business purposes provided that the owner holds at least 10% of the voting rights, or if the shares are held in the course of the shareholder's business. An additional condition regarding listed shares is that the shares must have been held for a period of at least one year. Shares in foreign companies may also qualify as shares held for business purposes.

Capital losses from shares held for business purposes are not deductible.

Capital gains on bonds, debts, receivables and financial contracts are taxed at the ordinary corporate tax rate of 26.3%.

CFC income is taxed at 28%

### **CFC Taxation**

A Swedish parent company must include low-taxed income of a foreign legal entity in its Swedish income tax return if the Swedish parent company directly or indirectly holds at least 25% of the share capital or controls more than 25% of the voting rights in the foreign legal entity.

Low-taxed income is income that is taxed at a tax rate lower than 14.5%, i.e. if the effective tax is lower than Swedish income tax had been on 55% of the income in the foreign legal entity if that income were taxed in Sweden (14.5%=55% of 26.3%).

The CFC rules contain a white list of countries; the rules do not apply to companies which are residents of these countries, unless the income in question is specifically excluded from the white list exception.

CFC income is taxed at the ordinary corporate tax rate of 26.3% with relief for foreign taxes through a credit.

A shareholder of a CFC is not entitled to deduct the CFC's losses from other income; such losses may however be carried forward over 3 years to be set off against taxable income from the CFC, i.e. if a foreign low taxed CFC-company pays no tax due to loss utilisation the CFC rule will not apply. An individual shareholder in a CFC is not liable to Swedish tax on an actual distribution received from the CFC if he has been liable to Swedish tax on his share of the CFC's net profit. For a corporate shareholder in a CFC the participation exemption will apply for dividends and capital gains.

Only resident banks and similar entities are required to withhold tax on interest payments to Swedish resident individuals

### Withholding Tax

There is no Swedish withholding tax or other taxes on interest and service fees paid to non-resident corporation or individuals. Such payments to resident corporations are taxed as ordinary income. Only resident banks and similar entities are required to withhold tax on interest payments to Swedish resident individuals, that is, 30% preliminary standard tax. Withholding tax on cash dividends vary between 0 and 30% according to domestic law and tax treaties. For royalties, license fees and rentals, the recipient will have to file an ordinary Swedish income tax return and pay corporation income tax. There is no withholding tax on such payments. This tax liability is with few exceptions removed under the provisions of the applicable tax treaty.

Swedish tax law does not include specific rules concerning thin capitalization of companies

### Transfer Pricing and Thin Capitalisation

Profit shifting among related resident companies through intercompany pricing is not prohibited by specific transfer pricing rules, but may nevertheless be in violation of other rules, in particular the rules on group contributions (see above). An unwritten rule often applied in practice is that if open group contributions of unlimited amounts are allowed, the same result may also be reached through intercompany pricing.

Where, as a result of an agreement to conditions that deviate from what would have been agreed between independent persons, the profits of a company are transferred to a person (including a company) who is not subject to tax in Sweden in respect of that income, the income of the company taxable in Sweden is computed as the amount that it would have been if those deviating (off-market) conditions had not existed, provided:

- there are reasonable grounds to assume that an economic relationship exists between the persons concerned; and
- the existing circumstances do not suggest that the deviating conditions have been agreed upon for reasons other than the economic relationship.

As of 1 January 2007, new provisions regarding transfer pricing documentation entered into force. On the whole, it is required that companies, in respect of their transactions with foreign related parties, prepare documentation concerning those transactions. The documentation has to be available at all times in the company. It must contain, among other things, a description of the business, the nature and the scope of the transactions, a functional analysis and an analysis of the arm's length nature of the pricing.

Sweden has introduced interest stripping rules, which apply to certain interest expenses accruing from 1 January 2009. Interest payments are no longer deductible if made to a group company in respect of an intra-group acquisition of shares. There are two exceptions to this rule. As such, interest payments are deductible if any of the following two conditions are met:

- the beneficial owner of the interest payments would have paid tax at a rate of at least 10% in its country of residence in case it were to only have the interest income in question; or
- the share acquisition and the relating debt are mainly motivated by business (non-tax) reasons,

Further limitations of interest deductibility are being considered but have not yet been introduced. The limitations would apply to certain upstream loans. Also, the loan amount would be included in taxable income when the loan is granted. The purpose of these rules is mainly to prevent certain abusive schemes that are implemented by individuals, but the draft proposal does not exclude loans granted to corporate borrowers.

Certain stamp duties apply

### Capital or Stamp Duties

Stamp duty at the rate of 1.5 or 3% is payable on the transfer of real estate. Stamp duty on an intra-group transfer of real estate may be deferred for as long as the group retains the real estate. There is also a 2% stamp duty at the registration of mortgages.

There is no capital duty when establishing a Swedish company or share transfer duty upon the transfer of shares in a Swedish company, nor is there duty on the transfer of e.g. goodwill or other assets.

VAT is 25%

### VAT and Payroll Duty

VAT is 25% on the price charged (exclusive of VAT) and is chargeable on the sale of most goods and services. Reduced rates apply to certain goods and services.

There is a payroll duty (social security charges) of about 32% of cash and benefits-in-kind. Payroll duty is deductible for corporation tax purposes.

Employers withhold income tax on wages monthly

### **Employer Obligations – Tax and Social Security Withholdings**

Employers are required to withhold income tax on wages when paid to the employees. These are accounted for on a monthly basis. Employers are also required to deduct and pay the part of the social security charges which is imposed on employees.

## Source and Contacts

Sources used for this country profile

### Sources

|  |  |
|--|--|
| Central Bank (Riksbanken)              | <a href="http://www.riksbanken.se">www.riksbanken.se</a>               |
| Ministry of Finance                    | <a href="http://www.finans.regeringen.se">www.finans.regeringen.se</a> |
| The Swedish Bankers Association        | <a href="http://www.bankforeningen.se">www.bankforeningen.se</a>       |
| Association for Savings Banks          | <a href="http://www.sparbankerna.se">www.sparbankerna.se</a>           |
| Swedish FSA (Finansinspektionen)       | <a href="http://www.fi.se">www.fi.se</a>                               |
| Bank Giro Centre (Bankgirocentralen)   | <a href="http://www.bgc.se">www.bgc.se</a>                             |
| Sweden.se (official gateway to Sweden) | <a href="http://www.sweden.se">www.sweden.se</a>                       |
| Stockholm Chamber of Commerce          | <a href="http://www.chamber.se">www.chamber.se</a>                     |
| The Government & Government Offices    | <a href="http://www.sweden.gov.se">www.sweden.gov.se</a>               |
| Statistics Sweden                      | <a href="http://www.scb.se">www.scb.se</a>                             |

Contact Danske Bank for cash management services

### Danske Bank Contacts

Danske Bank Sverige: [www.danskebank.se](http://www.danskebank.se)

See [www.danskebank.com/corporate](http://www.danskebank.com/corporate) for contact persons for all countries.

Tax information provided by PricewaterhouseCoopers

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Market research provided by CaRisMa Consulting

### Country Research

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