



# STARTING A BUSINESS IN SWEDEN

*BUSINESS SWEDEN*  
*2025*

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## AN INTRODUCTION

Setting up a business in Sweden is a straightforward process. Procedures are simple and efficient, based on a transparent system seeking to facilitate the establishment of new enterprises.

Swedish society and industry is highly international and technology oriented. Sweden has no regulations discriminating foreign investors and shareholders may reside in any country.

### LIMITED LIABILITY COMPANY OR BRANCH?

Foreign-based companies wishing to establish an enterprise in Sweden typically choose one of two main business structures:

- Subsidiary – a limited liability company (aktiebolag)
- Branch (filial)

Most foreign investors who set up a business in Sweden opt for a private limited liability company. Swedish legislation has long accepted limited liability companies with a sole owner (wholly owned subsidiaries).

A private limited liability company is a legal entity incorporated in Sweden. The minimum share capital is SEK 25,000.

A branch is not incorporated in Sweden but is a divisional office part of a foreign limited company – organised to conduct business in Sweden.

Both a private limited liability company and a branch must be registered at the Swedish Companies Registration Office (Bolagsverket) and the Swedish Tax Agency (Skatteverket).

A limited liability company must appoint a board of directors and, if it is public, a managing director. A branch must have a managing director. Specific rules regarding residency of the managing director and the board of directors apply.



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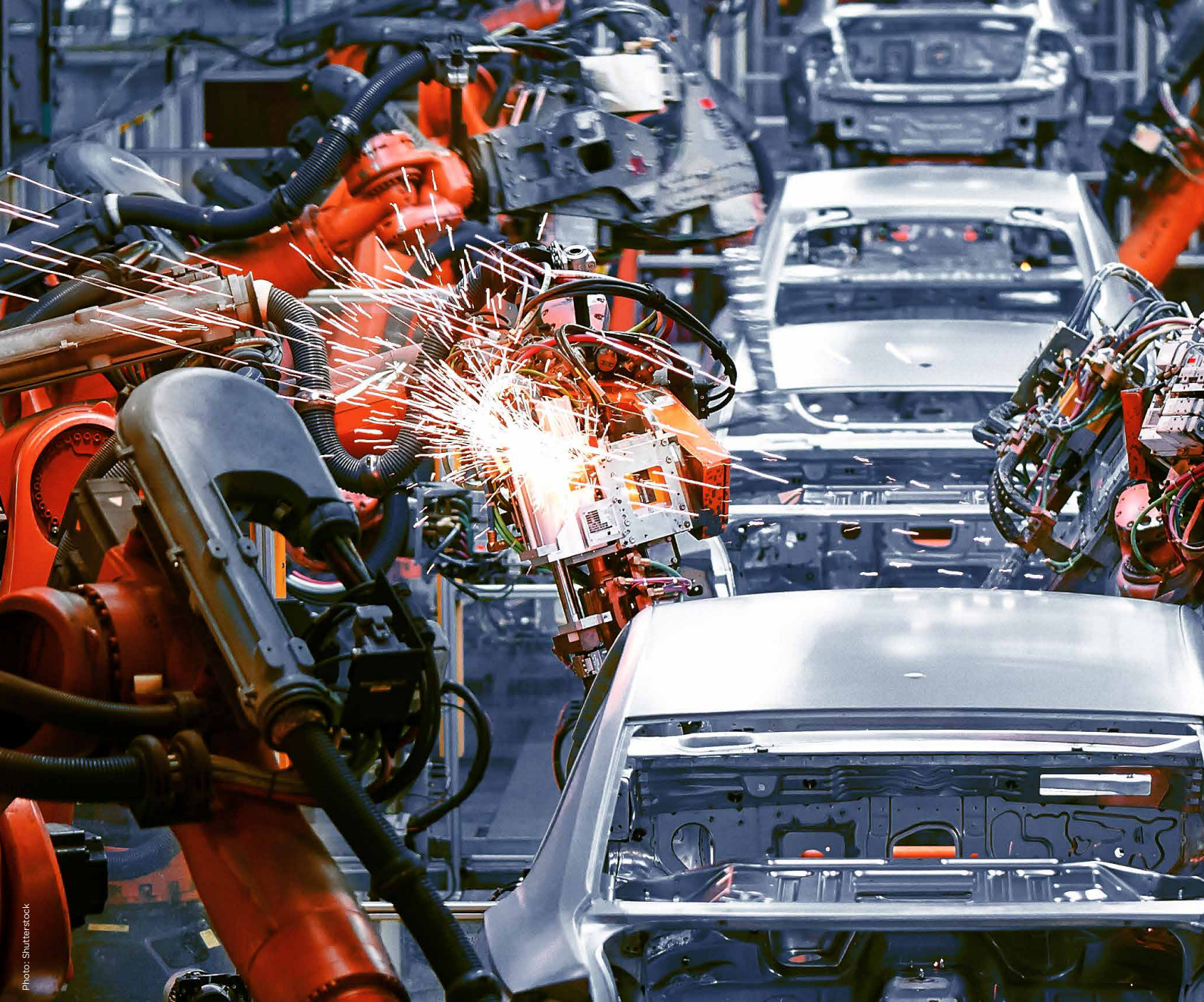


Photo: Shutterstock

Limited liability companies and branches are required to comply with Swedish bookkeeping regulations and depending on certain criteria appoint an auditor. A limited liability company must submit annual reports (including accounts) to Bolagsverket. A branch has to keep its accounts separate from those of the foreign-based company. Whether the annual accounts of both the foreign-based company and the branch are to be submitted depends on a number of factors.

For tax purposes, a limited liability company and a branch are treated in similar fashion, but they can give rise to different tax implications depending on the structure of the company group. For limited liability companies, group contribution rules admit transfer of profits between two group companies, meaning that taxation of a consolidated income is effectively achievable. A branch structure can offer tax benefits for a tran-

sitional period when launching a business. This is because deficits may be tax deductible for the foreign-based company as the branch is not a legal entity in its own right. This advantage is not open to a subsidiary, which is considered a Swedish legal entity regardless of ownership.

The term “representative office” is sometimes mentioned as an alternative business format.

#### IN BRIEF

- Straightforward system for business startups
- Limited liability company most used form
- No Swedish partner needed to start a business

However, a “representative office” is not recognised as a legal entity under Swedish law.

### SOME BUSINESSES REQUIRE LICENSES

It is important to establish whether a license is needed to carry out the business of the company, although it should be noted that it is quite unusual for a business to require a license in Sweden.

Laws generally regulate license requirements. The Police authority, the Municipality and the County Administrative Board (Länsstyrelsen) are often involved in licensing activities. Foreign banks and other financial institutions with subsidiaries and branches in Sweden must be authorised/ registered with the Swedish Financial Supervisory Authority (Finansinspektionen).

## SUMMARY OF SOME LEGAL DIFFERENCES BETWEEN PRIVATE LIMITED LIABILITY COMPANY AND BRANCH

|  | Private limited liability company  | Branch of a foreign-based company  |
|--|--|--|
| <b>Legal entity</b>                                | Yes  | Not a separate legal entity – part of the foreign-based company (however still receives a company registration number)     |
| <b>Owners liable for the debts of the business</b> | No personal liability. Only capital invested at risk   | Branch is part of the foreign-based company. Owners' liability depends on the legal structure of the foreign-based company |
| <b>Registration</b>                                | With the Swedish Companies Registration Office and the Swedish Tax Agency                        | With the Swedish Companies Registration Office and the Swedish Tax Agency  |
| <b>Corporate tax payable</b>                       | Yes  | Yes  |
| <b>Protection of name</b>                          | Throughout Sweden  | Throughout Sweden  |
| <b>Number of owners</b>                            | One or more legal entities or persons  | No ownership in Sweden. Branches part of the foreign-based company   |
| <b>Auditor required</b>                            | Yes, at least one certified public accountant. Small companies may choose not to have an auditor | Yes, at least one certified public accountant. Small companies may choose not to have an auditor                           |
| <b>Distribution of profit and loss</b>             | The profit can be distributed to owners in the form of dividends                                 | The branch is a part of the foreign-based company  |
| <b>Capital requirement</b>                         | SEK 25,000 for a private limited company   | None   |
| <b>Who represents the business?</b>                | The board of directors, the managing director  | The managing director represents the branch through a power of attorney from the foreign-based company                     |
| <b>Number of board members</b>                     | 1 or more. If fewer than 3, a deputy board member must be appointed                              | None   |
| <b>Can the business employ staff?</b>              | Yes  | Yes  |
| <b>Number of entities</b>                          | The foreign-based company may choose to start an unlimited number of companies in Sweden         | A foreign-based company can only start one branch in Sweden  |

# USEFUL CONTACTS

## GOVERNMENT AGENCIES

### Swedish Companies Registration Office

(Bolagsverket)

+46 771 670 670

[www.bolagsverket.se](http://www.bolagsverket.se)

The Swedish Companies Registration Office is the government agency that registers new companies as well as changes in established companies and receives annual accounts, etc.

### Swedish Tax Agency

(Skatteverket)

0771 567 567 (from Sweden)

+46 8 564 851 60 (from abroad)

[www.skatteverket.se](http://www.skatteverket.se)

The Swedish Tax Agency is the government agency for taxation and national registration of residents.

### Verksamt

A collaboration among several government agencies and lists permits required for business in Sweden.

[www.verksamt.se](http://www.verksamt.se)





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