

STARTING A BUSINESS IN SWEDEN

BUSINESS SWEDEN
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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.



Photo: Shutterstock

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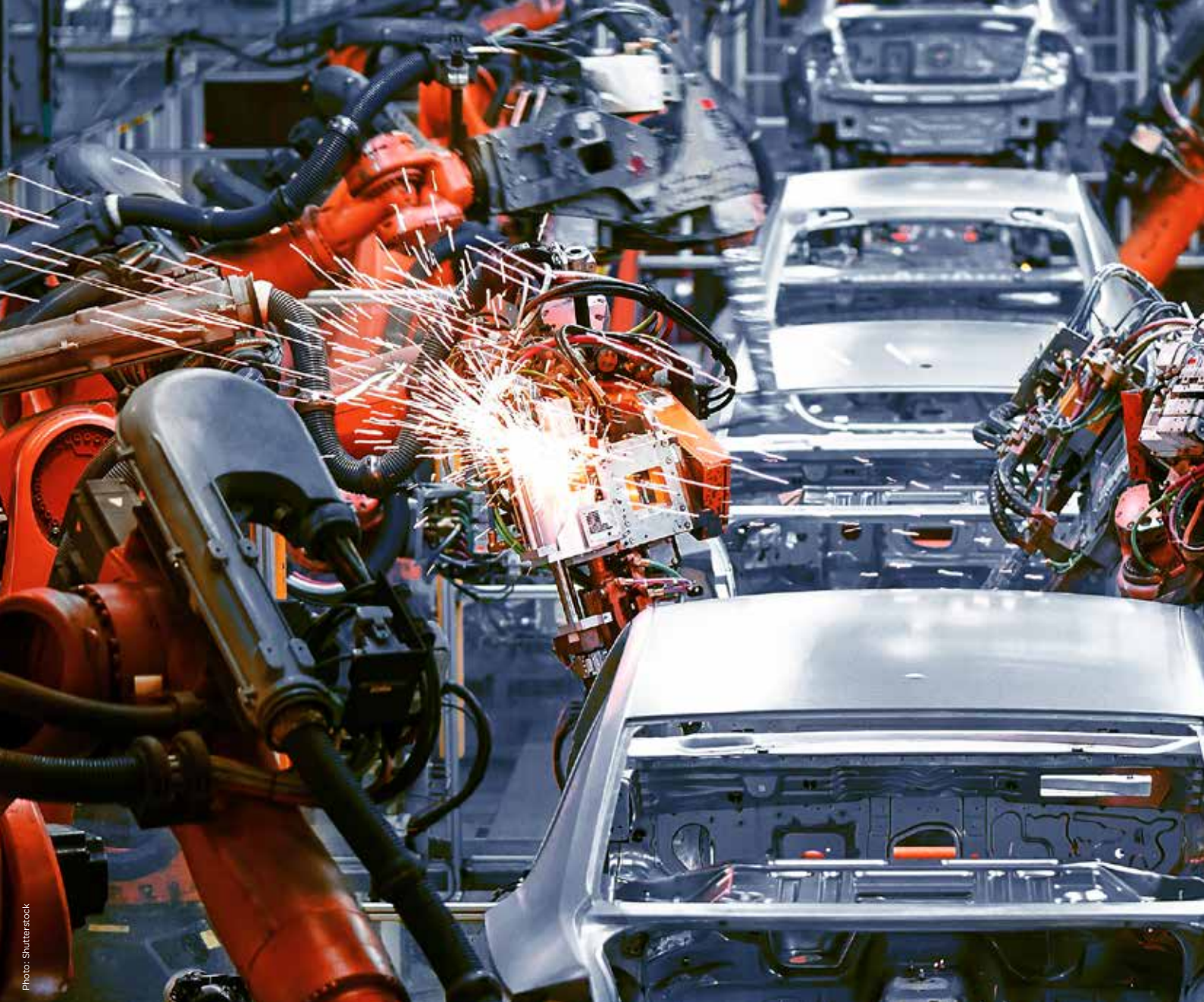


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Limited liability companies and branches are required to comply with Swedish bookkeeping regulations and depending on certain criteria appoint an auditor. A limited liability company must submit annual reports (including accounts) to Bolagsverket. 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
Legal entity	Yes	Not a separate legal entity – part of the foreign-based company (however still receives a company registration number)
Owners liable for the debts of the business	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
Registration	With the Swedish Companies Registration Office and the Swedish Tax Agency	With the Swedish Companies Registration Office and the Swedish Tax Agency
Corporate tax payable	Yes	Yes
Protection of name	Throughout Sweden	Throughout Sweden
Number of owners	One or more legal entities or persons	No ownership in Sweden. Branches part of the foreign-based company
Auditor required	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
Distribution of profit and loss	The profit can be distributed to owners in the form of dividends	The branch is a part of the foreign-based company
Capital requirement	SEK 25,000 for a private limited company	None
Who represents the business?	The board of directors, the managing director	The managing director represents the branch through a power of attorney from the foreign-based company
Number of board members	1 or more. If fewer than 3, a deputy board member must be appointed	None
Can the business employ staff?	Yes	Yes
Number of entities	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

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

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



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