

# Sweden

## Legal Provisions

Compiled by:

### Embassy of Switzerland in Sweden

Stockholm, November 2017

#### GENERAL REMARKS

Sweden is a constitutional Monarchy and a parliamentary democracy; the formal head-of-state is the monarch. The Swedish judicial system has its roots in Germanic law. Even though some Roman law elements have been adopted, this is on a smaller scale than in continental Europe. Compared to the rest of Europe, Sweden's law is less codified. Swedish law can principally be associated with the legal family of continental Europe, but with strong influences of Anglo-Saxon law it is somewhere between civil law and *common law*.

Sweden has a written constitution consisting of four independent constitutional or fundamental codes; the Instrument of Government (*Regeringsformen*), the Act of Succession (*Successionsordningen*), the Freedom of the Press Act (*Tryckfrihetsförordningen*), and the Fundamental Law on Freedom of Expression (*Yttrandefrihetsgrundlagen*). The Swedish legal system is based on a multitude of individual acts. A valid codification of civil law in one unified statute does not exist.

#### CUSTOMS

Sweden is subject to the relevant EU-Regulations and it applies the EU customs tariffs. *Tullverket* (Swedish Customs) is the autonomous authority in charge of custom issues, under the ministry of Finance (<http://www.tullverket.se/en/>). Goods imported from outside the EU are generally subject to VAT (commonly 25%).

## IMPORT AND EXPORT REGULATIONS

Traffic of goods between Sweden and Switzerland is regulated by the Free Trade Agreement with the EU. Virtually all industrial products of Swiss origin with a declaration of origin can be imported without duties.

## CURRENCY REGULATIONS

Sweden is not member of the European Monetary Union, EMU. The vote against the introduction of the Euro was made in a referendum in September 2003. The Swedish currency, the Swedish Krona (SEK), is issued by the Central Bank (*Sveriges Riksbank*; <http://www.riksbank.se/en/>) and freely traded. There are no limitations to import and export of currencies. However, persons travelling with cash exceeding the value of 10'000 EUR must report it to Customs (EU Regulation Nr. 1889/2005, in effect since 15th June 2007). This procedure contributes to combatting money laundering, terrorism as well as crime and supports security as well as the prevention of felonies on an EU-level.

Capital transfer and profit transfer are generally not bound by any limitations. Commercial banks are to report foreign exchange transactions higher than 75'000 SEK to the central bank as well as to the tax authority.

## REGISTRATION PROCEDURE FOR PRODUCTS

Companies in Sweden that sell batteries and/or electronical products must register at the so called EE- & Batteriregistret in the Naturvårdsverket (environmental authority).

General product safety regulations, registration laws etc.:

<http://www.konsumentverket.se/Other-languages/English-Engelska/>

Swedish Consumer Agency

<https://lakemedelsverket.se/english/>

Swedish Medical Products Agency

<https://www.prv.se/en/>

Swedish Patents and Registration Office

## STANDARDS, TECHNICAL RULES, LABELLING REGULATIONS

Sweden applies the technical norms that have been harmonised within the EU and if necessary also the ISO norms. The Swedish Standards Institute (SIS), Sankt Paulsgatan 6, 118 80 Stockholm is responsible.

<http://www.konsumentverket.se/Other-languages/English-Engelska/>

Swedish Consumer Agency

<http://www.sis.se/en/>

Swedish Standards Institute

<https://www.prv.se/en/>

Swedish Patents and Registration Office

<http://www.ivo.se/om-ivo/other-languages/english/>

Health and Social Care Inspectorate

<http://www.kemi.se/en>

The Swedish Chemicals Agency

## TAXES

Source: Swedish Tax Agency ([www.skatteverket.se](http://www.skatteverket.se))

<b>Corporate income tax:</b>	22 %
<b>Income tax</b>	Consists of the following:
(Municipal) Tax	29% - 34% (According to the municipal tax rate)
(Governmental) Tax	20% (additional) on the part of income exceeding SEK 430'200,- 25% (additional) on the part of income exceeding SEK 616'100,-
<b>Capital gains tax</b>	30%
<b>Wealth tax</b>	was abolished 1.1.2007
<b>Value Added Tax, VAT</b>	
Basic rate	25%
Food, Restaurant and Hotels	12%
Books, Newspapers, Culture, Sports	6%
Commercials, Online-Press	25%
Public Transportation	6%

No VAT on health services, education, insurance, etc.  
Tobacco, alcohol, petroleum and fuels are taxed extra<sup>1</sup>

### *Double taxation agreement Swizerland-Sweden*

Between Sweden and Switzerland there is a double taxation agreement in order to fore come double taxation of income and assets and also to support a fair distribution of taxes between the two states. (<https://www.admin.ch/opc/de/classified-compilation/19650078/index.html>)

## COMMERCIAL LAW

By large parts Sweden, as an EU member state, is bound by EU law. As a country which depends strongly on export, Sweden promotes free trade and is an engaged WTO member.

## SETTING UP COMPANIES

Swedish company law is inspired by German as well as Roman law and codified in the "svensk aktiebolagslag" (statute on corporations). Foreign companies can set up subsidiaries and branches in Sweden. When starting a company in Sweden there are various legal forms to choose from. The most common form is the stock company (Aktiebolag, AG) which differentiates between the private limited liability company and the listed public company. It is solely the listed public company that can finance itself publically at the financial markets (stock market etc.). The minimum capital requirement for a private limited liability company is 50'000 SEK and for a listed public company 500'000 SEK. The number of shareholders should not surpass 200. The Swedish stock corporation law allows voting shares.

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<sup>1</sup> <https://www.skatteverket.se/download/18.361dc8c15312eff6fd10583/1461569090868/vat-on-foreign-trade-skv560b-utgava05.pdf>

Stock companies are to be registered in the company register (bolagsverket). The company register is accessible to the public and maintains its own directory enquiry service. It also offers an extensive range of information.

Furthermore, company forms in Sweden include: sole proprietorship (*enskild firma/enskild näringsidkare*), general partnership (handelsbolag, HB), limited partnership (kommanditbolag, KB) and the individual company (enkelt bolage; similar to the German private corporation GbR). These company forms are also to be registered at the Swedish company register (bolagsverket).

The **sole proprietorship** is represented by the individual who is the unlimited liable owner of the company. The sole proprietorship is not a legal entity.

On the other hand, a **general partnership** in Sweden is an independent legal entity. It consists of at least two shareholders. Unless otherwise agreed, each shareholder is authorized to represent the entity. Apart from the corporate assets the Shareholders have an unlimited and personal liability as co-debtors.

The **limited partnership** is equal to the general partnership. However, apart from the shareholder who holds personal and unlimited liability (general partners), there are also limited partners. The liability of the limited partners is restricted to their contribution. They are generally not subject to the right of confidentiality.

The **unregistered partnership** is neither a legal entity nor an individual company. All shareholders hold an unlimited and personal liability as co-debtors. The unregistered partnership is represented by each and every shareholder.

For further information on Swedish company law please consult the Website „Business Sweden” (<http://www.business-sweden.se/>).

For most of the economic activities no official consent is required, although there are certain exceptions, for example in regard to financial services, banks and insurances. According to environmental law an official permission is required for constructing a factory etc.

For companies that distribute products in Sweden without a branch on site, involving a commercial agent (handelsagent) can be useful. The commercial agent distributes products independently. In addition (depending on the agreement with the company) he can also represent the company by accepting offers and entering into contracts. The agent usually works on a commission basis.

## **PROMOTION OF INVESTMENT**

Since the 90ies the Swedish government has worked towards creating an investment-friendly climate. The framework for investments is extremely liberal and there is no distinction between domestic and foreign investors. Profit can be transferred abroad with no further ado. However, investments in certain strategic areas are subject to approval, f.e. for war material or energy products and their distribution.

The general environment (political stability, life quality, high level of education, top scores on all ICT aspects, healthy public finances etc.) as well as the attractive tax rate of 22% on company profits, serve as an incentive for investment. Moreover, Sweden offers tax relief to foreign key personnel. Foreign key personnel includes: managers, experts, scientists, researchers etc., who are impossible or difficult to recruit in Sweden, due to their skills and talents. As an incentive the foreign personnel's income tax is based on only 75 percent of his or her income ([www.forskarskattenamnden.se](http://www.forskarskattenamnden.se)).

## **ENTRY CONDITIONS, WORK PERMITS, RESIDENCE PERMITS, LABOUR LAW**

Due to bilateral agreements that came into force June 2002, Swiss citizens and EU citizens enjoy equal rights and are free to choose an occupation. However, after three months of residence it is obligatory to request a permit of residence at the Swedish migration authority ([www.migrationsverket.se](http://www.migrationsverket.se)) for tax- and social security purposes.

## **PROCEDURES FOR COLLECTING PAYMENT**

The usual financial information- and debt-collection agencies are also present in Sweden. Further information can be received at Intrum Justitia ([www.intrum.com](http://www.intrum.com)) or at Dun & Bradstreet Sverige ([www.dbsverige.se](http://www.dbsverige.se)).

## **SOURCES OF INFORMATION AND LINKS**

The Swedish principle of public accessibility is embedded in the Swedish Press Regulation which entails the right of each individual – Swedish citizens as well as foreigners – to gain access to public documents, without giving reason. However, the so called Secrecy Act and Law of Confidentiality (*offentlighets- och sekretesslagen*) contains certain exemptions from this principle.

Trade between the Nordic states is excluded from the UN Sales Convention. Just as other Nordic countries, Sweden particularly protects the rights of its consumers.

Date: 10th November 2017

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