

Sweden – a tax and duty free zone for Holding Companies!

The new tax regime is placing Sweden among the top holding company regimes in the world. Here is a brief introduction.

A Swedish holding company can be established without any duty or incorporation tax, no tax on in- and outgoing dividend, and tax and duty free sale of shares in subsidiaries. Almost all of the other holding company regimes have some kind of requirement regarding the holding period or minimum ownership.

Sweden enables the combination of no thin capitalization rules and no capital duty with unlimited deduction of interest costs.

Sweden does not impose any tax or duty on capital contributions or capital increases and neither any wealth tax or net worth tax.

The national corporation tax rate is 28% in general. There are no local taxes.

Dividends received by a Swedish resident non listed company are exempt from income tax. Dividends from a listed company are exempt from tax if the receiving company holds at least 10% of the voting shares for at least 12 months.

There is a withholding tax on dividends from the holding company to its shareholders and the rate is normally 30%. However, if the receiving company is fully taxable in its country and the taxation is regarded to be equivalent to the Swedish corporation tax dividends are exempted from withholding tax. This exemption also applies when the receiving company is domiciled in a country with which Sweden has signed a double taxation treaty regarding these matters.

Sweden does not levy any withholding tax on interest or royalty payments.

Capital gains realized by a Swedish resident non listed company on the sale of shares are normally exempt from capital gains tax. Capital gains from a listed company are exempt from tax if the seller holds at least 10% of the voting shares for at least 12 months.

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