

Legal 500

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Sweden

Doing Business In

Contributor

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This country-specific Q&A provides an overview of doing business in laws and regulations applicable in Sweden.

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Sweden: Doing Business In

1. Is the system of law in your jurisdiction based on civil law, common law or something else?

The Swedish legal system is based on civil law.

2. What are the different types of vehicle / legal forms through which people carry on business in your jurisdiction?

There are several types of legal forms through which people can conduct business in Sweden:

- **Public limited liability companies** (Sw. *publika aktiebolag*) regulated by Aktiebolagslagen (2005:551).
- **Private limited liability companies** (Sw. *privata aktiebolag*) regulated by Aktiebolagslagen (2005:551).
- **Partnerships** (Sw. *handelsbolag*) regulated by Lag (1980:1102) om handelsbolag och enkla bolag.
- **Limited partnerships** (Sw. *kommanditbolag*) regulated by Lag (1980:1102) om handelsbolag och enkla bolag.
- **Non-registered partnerships** (Sw. *Enkelt bolag*) regulated by Lag (1980:1102) om handelsbolag och enkla bolag (this will not be further included in this questionnaire).
- **Economic associations** (Sw. *ekonomiska föreningar*) regulated by Lag (2018:672) om ekonomiska föreningar.
- **Sole proprietorship** (Sw. *enskild firma*) (this will not be further included in this questionnaire).

3. Can non-domestic entities carry on business directly in your jurisdiction, i.e., without having to incorporate or register an entity?

According to the Swedish Act on Foreign Branches (Sw. *Lag om utländska filialer*), a foreign company shall conduct its business in Sweden through a branch, a subsidiary, or an agency. A branch is not a separate legal entity of its own, but rather an extension of the foreign-based company. Both branches and subsidiaries are to be registered with the Swedish Companies Registration Office (the SCRO).

The Act on Foreign Branches stipulates certain exemptions from the requirement to register a branch. Most commonly used is an exemption that derives from the development of EU law that stipulates that a foreign

provider, which benefits from the free movement of goods and services, is exempted from the registration requirement. In assessing whether the exemption is relevant, it is crucial to consider the duration during which the services or goods are provided in Sweden. The shorter the duration, the higher the indication that the exemption is met.

4. Are there any capital requirements to consider when establishing different entity types?

Both public and private limited liability companies have requirements regarding minimum share capital, these amounts are prescribed by law.

A public limited liability company has a requirement of a minimum share capital amount of 500,000 SEK, and a private limited liability company has a requirement of a minimum share capital amount of 25,000 SEK. In each case the company can choose to have the equivalent amount in EUR.

5. How are the different types of vehicle established in your jurisdiction? And which is the most common entity / branch for investors to utilise?

Limited liability companies ("LLCs") are the most common form of business type in Sweden. The owners can be natural persons and/or legal entities. There are also other vehicles, such as partnerships (Sw. *handelsbolag*), limited partnerships (Sw. *kommanditbolag*) and economic associations (Sw. *ekonomiska föreningar*). All these types of companies need to be registered with the SCRO. Please find an overview of the registration processes below.

- **Limited liability companies:** Limited liability companies are formed by signing a memorandum of incorporation (Sw. *stiftelseurkund*). The memorandum of incorporation will include information on e.g. the share price, the board members and the articles of association and shall be signed by the subscribers of shares, as well as the founders. Note that there is no requirement that each founder must subscribe for shares in the company.

The money paid for the shares shall be deposited into a specific bank account, but the shares can also be paid in non-cash property (capital contributed in kind). After the insertion of the share capital, the bank will issue a bank certificate as proof of the inserted capital. The bank certificate shall be sent together with, *inter alia*, the memorandum of incorporation and an application for registration of the company to the SCRO. It shall be noted that if payment is done with non-cash property, additional appendices will be required. The SCRO will furthermore require documentation in relation to the founders and board members/other representatives.

- **Partnerships:** Partnerships are companies with two or more partners (i.e. co-owners), who are personally liable for the partnership's obligations. Partnerships are registered with the SCRO by submitting an application for registration. The application shall include information on, *inter alia*, business name, business address and business activities, as well as on the partners and their signatory rights.
- **Limited partnerships:** A limited partnership must always have two or more partners, i.e. a minimum of one general partner (Sw. *komplementär*) and a minimum of one limited partner (Sw. *kommanditdelägare*). The general partner is personally liable for the limited partnership's contracts and debts. The limited partnership shall be registered with the SCRO using an application for registration, which shall include information on, *inter alia*, business name, business address, business activities, the general partner(s) with unlimited liability, the limited partner(s) with limited liability and the signatory powers.
- **Economic associations:** An economic association can be formed by a minimum of three founders (physical persons, companies or associations) by adopting the associations' statutes (Sw. *stadgar*) and electing a board and an auditor. The statutes are the fundamental rules for the association and specify e.g. the amount and method for payment. All members of an economic association must pay a contribution. The association is registered with the SCRO.

6. How is the entity operated and managed, i.e., directors, officers or others? And how do they make decisions?

LLCs are required to have a board of directors. The number of members required, as well as other representative requirements vary depending on whether the company is public, private or listed (please see further in section 7).

With regards to the decision-making in the company, the general meeting is the highest decision-making body of the LLC. All shareholders have the right to attend and vote at the general meeting, which in turn makes decisions on important matters such as, *inter alia*, the election of board members, amendments of the articles of associations, distribution of profits, discharge of liability for the board of directors and the CEO. LLCs must hold a minimum of one general meeting per year (an annual general meeting) in order to adopt and approve the annual accounts.

The board of directors is responsible for the management and organization of the company. The board makes decisions on the company's strategic direction, budget, major investments and other important matters which are not reserved for the general meeting. If the company has a CEO it is by the appointment of the board. The CEO in turn is responsible for the day-to-day management of the company in accordance with the guidelines and instructions provided by the board. A private LLC may choose to have a CEO, however that it is mandatory for a public LLC.

Unless otherwise stipulated in the articles of association or the Companies Act, decision at the general meeting require a simple majority. For certain decisions, a qualified majority is required, such as amendments to the articles of association.

7. Are there general requirements or restrictions relating to the appointment of (a) authorised representatives / directors or (b) shareholders, such as a requirement for a certain number, or local residency or nationality?

Only natural persons can be appointed as directors/representatives. There are furthermore requirements that they must be at least 18 years of age, not bankrupt, not have a trustee or be prohibited from trading.

The minimum number of required board members for public LLCs is three. If the company is listed, the rules set by the relevant marketplace may prescribe for additional representatives.

With regards to private LLCs, the minimum number of required board members is one.

For all LLCs, both public and private, there is a requirement that certain persons in the company must be residents within the European Economic Area (EEA). At least half of the board members needs to be residents in

the EEA. The same goes for the deputy board members and the CEO. Should the company fail to meet the residency requirement, it is possible to apply for an exemption with the SCRO. It shall furthermore be noted that if none of the representatives is resident in Sweden, a person authorized to receive service of process (Sw. *delgivningsbar person*) must be appointed.

8. Apart from the creation of an entity or establishment, what other possibilities are there for expanding business operations in your jurisdiction? Can one work with trade /commercial agents, resellers and are there any specific rules to be observed?

From a corporate law perspective, there are no specific restrictions in expanding business operations in Sweden. Subject to the wording of the articles of association the company may work with trade/commercial agents and resellers.

9. Are there any corporate governance codes or equivalent for privately owned companies or groups of companies? If so, please provide a summary of the main provisions and how they apply.

The Swedish Corporate Governance Board issues the recommendation on corporate governance for companies whose shares and depository receipts are traded on a regulated marketplace in Sweden. This is often referred to as the Code. The regulated markets at this time are Nasdaq Stockholm and Nordic Growth Market (NGM Exchange).

For more information about the Code, please refer to [The Swedish Corporate Governance Board \(bolagsstyrning.se\)](https://www.bolagsstyrning.se).

As regards private LLCs, there is no equivalent to the Code, but general provisions about the organization of companies can be found in the Companies Act. The Companies Act specifies, *inter alia*, which governance bodies are to exist in a company, the tasks of each body and the responsibilities of the people in each of these positions. The governance bodies required by law are the shareholders' meeting, the board of directors and the CEO (the decision-making bodies, here described in hierarchical relationship to one another), as well as a statutory auditor (the control body), which is appointed by the shareholders' meeting.

10. What are the options available when looking to provide the entity with working capital? i.e., capital injection, loans etc.

Loans, shareholder contributions and share issues (with or without share premium) are the most commonly used options.

Shareholder contributions can be made through cash contributions by the existing shareholders (no new shares are issued via shareholder contributions) or e.g. by waiving a claim on the company. The contributions can be either conditional (i.e. with conditions towards the shareholders, e.g. that the capital will be repaid in the future when there are sufficient profits in the company) or unconditional (i.e. without requirements that the capital must be repaid). Unconditional contributions become a permanent part of the company's equity. Neither conditional nor unconditional shareholder contributions require registration with the SCRO or other authorities.

Share issues imply that the share capital of the LLC is increased by issuing new shares. Once new shares have been subscribed and paid for, a notification to the SCRO is required. The decision to issue new shares can be taken in different ways, either during a general meeting or a board meeting. The board can only be authorised to resolve upon a board issue if the general meeting has given them their prior approval or subsequently approves of their decision. The shares in a new issue can be paid in cash, by offsetting claims on the LLC or through contribution in kind. It is furthermore possible to combine the different methods of payment.

11. What are the processes for returning proceeds from entities? i.e., dividends, returns of capital, loans etc.

The decision on profit distribution is made at a general meeting, provided that certain criteria is met. One condition for distributing profits is that there are sufficient funds (either money or other assets, such as shares in subsidiaries) available for distribution. Typically, it is the current year profits and accumulated earnings from previous years which are distributed, and it shall be noted that a repayment of a shareholder contribution (whether conditional or unconditional) is considered a profit distribution as well. Furthermore, according to the prudence rule (Sw. *försiktighetsregeln*), the profit distribution must appear reasonable considering i) the demands placed on the size of the equity taking into account the nature, scope and the risks of the business, and ii) the company's consolidation

needs, liquidity and overall position. It shall also be noted that the general meeting cannot resolve on a higher distribution than that which has been proposed by the board. Decisions to distribute profits which have been taken at annual meeting do not require registration with the SCRO.

Resolutions on profit distributions can be made at the annual general meeting or at an extra general meeting (these distributions are referred to as *subsequent distributions*). In case a decision is made at an extra general meeting, the profit distributions shall be reported to the SCRO and it is important to note that the company may only distribute up to the remaining free equity according to the most recently adopted balance sheet. It is not permitted to distribute surplus that has been generated after the income statement and balance sheet for the previous financial year were adopted.

12. Are specific voting requirements / percentages required for specific decisions?

A simple majority is the main rule for making decisions at the general meeting unless otherwise stated in the Swedish Companies Act or the articles of association. For example, a resolution to amend the articles of association is only valid if it has been supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the general meeting.

Some resolutions can only be valid if they were supported by all the shareholders present at the general meeting and the participants do not represent less than nine-tenths of all shares in the company. An example of such a resolution is changes in the legal relationship between shares.

13. Are shareholders authorised to issue binding instructions to the management? Are these rules the same for all entities? What are the consequences and limitations?

It is possible for the general meeting to issue instructions to the board of directors according to the predetermined decision hierarchy (please see point 9 above for further details). The instructions can be general guidelines or more detailed instructions that are deemed necessary in order to implement the decisions taken at the meeting. It shall be noted, however, that the instructions must always comply with the Companies Act, the Annual Accounts Act and the company's articles of association.

In practice, it is uncommon for the general meeting to

choose this way of directing the company management. This is because they are likely to have chosen board member whom they trust and are subsequently considered free to manage the company in accordance with their abilities and judgement rather than in accordance with specific instructions.

The board of directors decides on rules of procedure for the management.

14. What are the core employment law protection rules in your country (e.g., discrimination, minimum wage, dismissal etc.)?

The most important employment protection regulations in Sweden are as follows:

- **Prohibition of Discrimination:** There is a prohibition against both direct and indirect discrimination related to gender, gender identity or expression, ethnic origin, disability, sexual orientation, and age. This provision applies not only to employees but also to job seekers, trainees, and hired labor. The prohibition is stated in the Discrimination Act (2008:567).
- **Grounds for Termination by the Employer:** Terminations by the employer must be based on objective reasons. These reasons may include redundancy or personal circumstances relating to the employee. The rule is stipulated in the Employment Protection Act (1982:80).
- **Obligation to consult with trade unions:** Employers are required to consult with relevant trade unions in various types of organisational changes, such as redundancies and business transfers. If the employer is bound by a collective agreement, the obligation to consult extends to significant changes in the business. These obligations are stated in the Co-Determination in the Workplace Act (1976:580).
- **Regulations on Working Hours:** To protect employees from unsustainable working hours, there are mandatory regulations regarding the length of working hours and rest periods such as breaks, pauses, daily and weekly rest. These rules are stated in the Working Hours Act (1982:673).
- **Priority right to reemployment:** An employee whose employment has been terminated due to redundancy has a priority right to reemployment in the same business where they were previously employed, upon notification. This right is stated in the Employment Protection Act (1982:80).
- **Transition from Fixed-term Employment to Permanent Employment:** A fixed-term employment contract transitions to a permanent employment contract when the employee has been employed by the employer for

a specified period as required by law. This right is regulated in the Employment Protection Act (1982:80).

- **Right to annual leave:** There are certain rules regarding the right to annual leave and when vacation can be taken and how vacation pay is calculated. For example, all employees have the right to 25 days of vacation per year and the right to paid vacation in case they have accrued enough vacation days. These rules are stated in the Annual Leave Act (1977:480).
- **Work environment responsibilities:** The employer, in practice the management, is responsible for the working environment at work. The employer must ensure that all employees have a good working environment and can do their job without the risk of accidents, health problems and illness. These rules are stated in the Work Environment Act (1977:1160).
- **Right to parental leave:** Parents have a right to time off from work to take care of small children. It is further forbidden to disadvantage parental leave, which acts as a protection against discrimination. These rules are stated in the Parental Leave Act (1995:584).
- **Regulation on salary:** There is no regulation minimum salaries or equivalent in Sweden, but this is generally regulated in the collective bargaining agreements on the Swedish labor market. In the absence of an applicable collective bargaining agreement, employers and employees may agree on salary and other work conditions.

This overview is not exhaustive, and there are more protective regulations within Swedish labor law.

15. On what basis can an employee be dismissed in your country, what process must be followed and what are the associated costs? Does this differ for collective dismissals and if so, how?

In Swedish labor law there are two kinds of dismissal—ordinary dismissal with due notice (Sw. *uppsägning*) and dismissal for serious cause without notice (Sw. *avskedande*). The two kinds of dismissal differ in required reasons/grounds for dismissal and dismissal protection.

The most commonly invoked circumstance upon which most ordinary dismissals are based is, however, shortage of work, also referred to as redundancy (Sw. *uppsägning på grund av arbetsbrist*). This type of circumstance falls outside the scope of circumstances linked to the employee personally and hence into the category of other circumstances. When an employer needs to dismiss employees by reason of redundancy, the employer is

required to follow the rule of "last in first out" (Sw. *sist in först ut*), meaning that the last employee hired should generally be the first one to leave. Even though the rule might seem easy enough to follow, it is actually part of a complicated structure involving collective bargaining agreements, exceptions and special regulations.

A dismissal for serious cause can be executed if the employee has grossly neglected his/her obligations towards the employer. Examples of such gross misconduct include violent acts or threat of violent acts at work or in connection to work, theft, and grave disloyalty towards the employer.

When it is likely that an intended restructure will result in a collective dismissal where at least five employees being made redundant, or if at least 20 employees are threatened to be redundant during a period of 90 days, the employer must give notice in writing hereof to the Public Employment Service in the county affected by the redundancy. Also, a copy of the notice needs to be submitted to the trade unions concerned. Further in Sweden, employers need to initiate consultations with the relevant trade unions prior to any decision regarding redundancies.

16. Does your jurisdiction have a system of employee representation / participation (e.g., works councils, co-determined supervisory boards, trade unions etc.)? Are there entities which are exempt from the corresponding regulations?

Employers have a legal obligation to consult with relevant trade unions before undertaking certain decisions (see question 14-15 and 32).

According to the Work Environment Act (1977:1160), there must be at least one safety representative at all workplaces with five or more employees. The safety representative is required to participate in the planning of all matters concerning the work environment. This may include discussions before a relocation, preparations for a reorganization or the introduction of new working methods. The safety representative can be appointed by a trade union organisation, if the employer is bound by a collective agreement.

Further, if an employee is covered by a collective agreement, a union representative may also be appointed by a labor organisation, as stipulated in the Act (1974:358) on the position of union representatives in the workplace. Union representatives are tasked with, inter

alia, conducting negotiations between local parties, preparing for such negotiations, and informing members about regulations or negotiation outcomes. They enjoy extended protection against, for example, terminations, deteriorating working conditions as a result of their union duties, and precedence in interpretation.

17. Is there a system governing anti-bribery or anti-corruption or similar? Does this system extend to nondomestic constellations, i.e., have extraterritorial reach?

In Sweden, there are two main laws that regulate combating money laundering, see responses to question 18 for more information. The law is based on EU directives (the fifth and latest is 2018/843/EU, often abbreviated to 5AMLD, 5th anti-money laundering directive).

On the 18th of January 2024 the European Council and Parliament came to a provisional agreement on parts of the anti-money laundering package that aims to protect EU citizens and the EU's financial system against money laundering and financing terrorists.

The provisional agreement on an anti-money laundering regulation will, for the first time, exhaustively harmonise rules throughout the EU, closing possible loopholes used by criminals to launder illicit proceeds or finance terrorist activities through the financial system.

18. What, if any, are the laws relating to economic crime? If such laws exist, is there an obligation to report economic crimes to the relevant authorities?

In Sweden, there are two main laws that regulate combating money laundering.

The Money Laundering and Terrorist Financing (Prevention) Act (the Anti-Money Laundering Act) is the administrative framework applying to firms in certain sectors. The purpose of the regulations is to prevent firms from being used for money laundering and terrorist financing.

Firms that are subject to the Anti-Money Laundering Act are responsible for reporting, without delay, suspected money laundering or terrorist financing in their operations to the Financial Intelligence Unit within the Swedish Police. Reporting shall be done as instructed by the Financial Intelligence Unit.

The Act on Penalties for Money Laundering Offences is the criminal law framework covering money laundering and terrorist financing. Under the Act, laundering money is a criminal offence.

The Money Laundering Act is an administrative regulation that covers companies in certain sectors of the business community. The law is based on EU directives (the fifth and latest is 2018/843/EU, often abbreviated to 5AMLD, 5th anti-money laundering directive).

The rules mean that the businesses must take certain measures against money laundering, including risk assessment, administrative procedures, training, customer due diligence measures, etc. Companies that are covered by the regulations have a reporting obligation to the Financial Intelligence Unit (part of the Swedish Police Authority's National Operations Department) if they suspect money laundering or terrorist financing.

19. How is money laundering and terrorist financing regulated in your jurisdiction?

According to the Anti Money Laundering Act, companies must have a good knowledge of their customers, this is also referred to as a KYC, know your customer. What the company is expected to do in order to know its customers is determined by how great the risk for money laundering or terrorist financing is. The higher the risk, the more extensive the measures the company must take.

The Swedish Companies Registration Office maintains a register against money laundering. Companies and individuals engaged in certain types of activities are obliged to register in the register. The purpose of the register is to prevent companies from being used for money laundering and/or terrorist financing. Registration means that the businesses must develop procedures and take measures to prevent money laundering and terror financing.

20. Are there rules regulating compliance in the supply chain (for example comparable to the UK Modern Slavery Act, the Dutch wet kinderarbeid, the French loi de vigilance)?

In Sweden there are no legal requirements for businesses to report about their work in relation human rights/modern slavery. The compliance requirements to this date are limited to policies and not any legal requirements.

The European Parliament and the Council of the European

Union reached an agreement on December 14th, 2023, to require large companies operating in Europe to conduct human rights and environmental due diligence over harms in their value chains. This has however not been implemented into Swedish legislation at this point.

21. Please describe the requirements to prepare, audit, approve and disclose annual accounts / annual financial statements in your jurisdiction.

At the end of the financial year, a limited liability company (both public and private) must produce its annual report, send it for audit review (if the company has an elected auditor) and present it to the shareholders at the annual general meeting. Once adopted, the annual report, together with a confirmation that it has been adopted, must be submitted to the Swedish Companies Registration Office. The annual report needs to be submitted to the Swedish Companies Registration Office within seven months from the end of the financial year.

Small limited companies are exempted from the requirement of appointing an auditor. If a company has exceeded at least two of the following criteria (see below) during the last two financial years it must appoint an auditor. The company must have exceeded the same two criteria both financial years.

Criteria

- more than 3 employees (as an average)
- a balance sheet total of more than SEK 1,5 million
- a net turnover of more than SEK 3 million.

The annual report and the auditor's report will be public information after it has been registered by the Swedish Companies Registration Office.

22. Please detail any corporate / company secretarial annual compliance requirements?

The annual corporate compliance requirements for a limited liability company in Sweden, consist of the preparation, approval, and publication of the annual report. The annual report must be available at the Swedish Companies Registration Office no later than seven months after the end of the financial year. Failure to comply with this will result in penalties for the company.

23. Is there a requirement for annual meetings of

shareholders, or other stakeholders, to be held? If so, what matters need to be considered and approved at the annual shareholder meeting?

A limited liability company must hold an annual general meeting each year, where the annual report is presented to the shareholders. This meeting needs to be held no later than six months from the end of each financial year.

24. Are there any reporting / notification / disclosure requirements on beneficial ownership / ultimate beneficial owners (UBO) of entities? If yes, please briefly describe these requirements.

Most companies must report beneficial ownership to the Swedish Companies Registration Office. A beneficial owner is the person or persons who ultimately own or control, for example, a company or an association. A beneficial owner can also be the person or persons who benefit from someone else acting on their behalf.

25. What main taxes are businesses subject to in your jurisdiction, and on what are they levied (usually profits), and at what rate?

Corporations resident in Sweden are liable to tax on their worldwide income. Nonresident corporations are subject to corporate income tax on income derived in Sweden through a permanent establishment (PE), from real estate in Sweden or from the disposal of a Swedish housing association, and on dividend income from shares in Swedish economic associations.

The main tax levied towards businesses is the corporate income tax rate (20.6 %). The corporate income tax is imposed on a company's profit. There is no surtax or alternative minimum tax. A royalty payment made to a foreign recipient is deemed to constitute a PE for the foreign recipient and is taxed accordingly. Branches, if deemed to have established a PE, are taxed according to the same principles as apply to subsidiaries.

26. Are there any particular incentive regimes that make your jurisdiction attractive to businesses from a tax perspective (e.g. tax holidays, incentive regimes, employee schemes, or other?)

There are no specific tax incentive regimes with regards to Corporate Income Tax.

The tax incentive regimes available are mainly directed towards reducing payroll costs and employee taxes.

There is a special R&D tax regime available that reduces the employer social security contributions (typically 31.42 % of the employee's salary) for employees that are working in the fields of research and development ("R&D", or Sw. "FoU"), provided certain quantitative and highly set qualitative conditions are met. If meeting the requirements, a reduction of the social security contributions of up to 20 % of the employee's salary can be allowed.

There is also an expert tax relief for individuals who (either based on being assessed as an expert in his/her field / key personnel or has a salary above a certain threshold), are granted an expert tax relief decision from the Taxation of Research Workers Board (Swe: Forskarskattenämnden). Once obtaining such a decision, 25 % of the employee's total monthly gross compensation is exempt from Swedish taxes and from basis for employer social security charges.

There is also an incentive regime for qualified stock options for (primarily) start-ups. Provided certain conditions are met, the employee will not be subject to taxation for the stock option benefit on exercise. Consequently, this also means that the employer is not obliged to pay any social security contributions.

27. Are there any impediments / tax charges that typically apply to the inflow or outflow of capital to and from your jurisdiction (e.g., withholding taxes, exchange controls, capital controls, etc.)?

Foreign companies and nonresident individuals generally are liable to 30 % Swedish withholding tax on dividend distributions from Swedish companies. There are, however, certain exceptions to this rule and the rate may be reduced under an applicable tax treaty, Swedish domestic legislation, or the EU-parent-subsidiary directive. Swedish domestic legislation includes an anti-avoidance provision that, if applied, means withholding tax at 30 % may be imposed on dividends to both residents and nonresidents.

Sweden does not impose withholding tax on interest, royalties, fees for technical services and branch remittances. However, a foreign recipient of Swedish-source royalties is deemed to have a Swedish PE and is subject to Swedish income tax on the royalties received.

Furthermore, a withholding tax at 30% is generally imposed on payments made to nonresidents for work

performed in Sweden unless the recipient of the payment is registered and approved for F-tax (the entity is broadly responsible for paying their own preliminary tax and self-employed contributions on income) or has obtained confirmation of an exemption from withholding tax from the Swedish Tax Agency. This tax is a preliminary tax and refunded in case the payee is not taxable in Sweden.

28. Are there any significant transfer taxes, stamp duties, etc. to be taken into consideration?

Real property tax is imposed generally on companies on all types of real property at rates currently ranging between 0.2 % and 1 % on the tax assessment value (which is determined by the Swedish Tax Agency based on information provided by the property owner in the property tax return). The tax may be imposed at the national and/or municipal level and is deductible in computing the corporate tax liability.

Sweden does not impose transfer tax. However, stamp duty is payable by the purchaser on the transfer of real estate. The standard rate is 4.25 % on the higher of the acquisition value and the tax assessment value if the transferee is a legal entity and 1.5 % of the market/transfer value of the property if the purchaser is an individual. Stamp duty is also imposed on mortgage loans at rates between 0.4 % and 2 %.

29. Are there any public takeover rules?

The Swedish Securities Market Act (2007:528) states that a stock exchange is to have rules regarding takeover bids relating to shares admitted to trading on a regulated market. The rules are to comply with the requirements set out in the EU Takeovers Directive (2004/25/EC).

Nasdaq Stockholm and Nordic Growth Market NGM have issued rules for their respective regulated markets and delegated to the Swedish Securities Council the task of interpreting and examining issues concerning exemption from the rules.

The Swedish Corporate Governance Board has issued Takeover Rules for the Nasdaq First North, Nordic MTF and Spotlight Stock Market trading platforms.

30. Is there a merger control regime and is it mandatory / how does it broadly work?

The provisions governing the merger control in Sweden are included in the Swedish Competition Act (2008:579) and is mandatory. Acquisitions and mergers must be

reported to the Swedish Competition Authority if the annual turnover of the companies concerned exceeds certain thresholds in the Competition Act.

A merger or acquisition may be prohibited if it could lead to significantly harmful effects on competition in the whole country or a substantial part of the country.

31. Is there an obligation to negotiate in good faith?

However hard to evidence, it is argued that a negotiation in bad faith may lead to damages.

32. What protections do employees benefit from when their employer is being acquired, for example, are there employee and / or employee representatives' information and consultation or co-determination obligations, and what process must be followed? Do these obligations differ depending on whether an asset or share deal is undertaken?

Transfer of assets is often considered a transfer of undertakings under EU Directive 2001/23/EC. All employees in the relevant business lines will transfer with the assets, without the need for consent. The transferee company inherits the rights and obligations under the relevant employment agreements from the transferor company. If the transferor company is bound by a collective bargaining agreement, it will transfer to the transferee company, meaning the transferee company will be bound by the same CBA as the transferor company.

According to the Co-Determination in the Workplace Act, both the transferee and transferor companies have an obligation to consult with any represented trade unions. Consultations with the trade unions must be conducted and concluded before a decision to perform a transfer can be made.

From a Swedish employment law perspective, a change of shareholder generally does not entail any implications. However, both the transferor and transferee companies may have an obligation to consult with represented trade unions if the change of shareholder or share contribution is considered an important change of the business according to the Co-Determination in the Workplace Act. It should be further analysed whether the change of shareholder constitutes such an important change. Additionally, both companies have a general obligation to

inform the represented trade unions about business developments, including finances.

33. Please detail any foreign direct investment restrictions, controls or requirements? For example, please detail any limitations, notifications and / or approvals required for corporate acquisitions.

Since December 2023, the law on foreign direct investments requires that direct and indirect investment (a term that is broadly defined) in entities operating in certain specified sectors of the economy are notified to the Swedish Inspectorate of Strategic Products (ISP). ISP will review the filing and within 25 business days decide if they are to initiate an in-depth screening. If no in-depth screening is initiated the investments is considered as approved.

It should be noted that the filing requirements apply equally for domestic and foreign investors, and that there is no exemption in the law for intra-group transactions.

Should the investment be made by a foreign investor, being a citizen of a non-European Union-country, a legal person that has its registered office in a country outside the European Union and/or a legal person owned or controlled, directly or indirectly, by a state outside the European Union, the investment can be forbidden or approved subject to certain conditions.

An investment carried out by an investor for the benefit of a person or company which might be considered to be covered by the law may also be considered as a foreign investment.

34. Does your jurisdiction have any exchange control requirements?

No, Sweden does not have any exchange control requirements.

35. What are the most common ways to wind up / liquidate / dissolve an entity in your jurisdiction? Please provide a brief explanation of the process.

A liquidation can either be voluntary or compulsory. A limited liability company may be dissolved and liquidated by resolution of the general meeting of the company, this is called a voluntary liquidation.

A limited liability company can be forced to enter into

liquidation if it does not meet the requirements for limited liability companies. It is the Swedish Companies

Registration Office or a general court that decides on a compulsory liquidation.

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