

Changes to Swedish payroll in 2016

The Swedish payroll arena is always progressing and is impacted by new rules, regulations and laws imposed by the government. Here are some important changes taking place this year

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Employers' contributions

During 2015, the changes in employers' contributions were a hot topic for payroll. The PAYE-formula was changed three times, which means following up on the costs has been a challenge for companies.

Change came into force on 1 January when special payroll tax was added to remunerations for employees aged over 64.

Employer contributions of 16.36 per cent are payable for people born between 1938 and 1950. If the employee is born in 1937 or earlier the payment will be 6.15 per cent.

There is also a new change for the younger employees. Any discount on their costs will be phased out by 31 May. So if an employee is born in 1991 or later, the percentage for the first few months of 2016 will be 25.46 per cent and then it will rise to 31.42 per cent from 1 June until 31 December.

New regulations in social working environment

In Sweden there has been a long-running focus on labour costs and unemployment caused by ill health - one of the big challenges to the Swedish welfare system. As an employer, one has obligations to improve the working environment and, by the 31 March, new provisions about organisational and social work environment (AFS 2015:4) will come into effect.

In brief, the employers should:

- Prevent an 'unhealthy' workload
- Be realistic when planning working hours
- Be clear that 'victimisation' is not acceptable.

An employer has to make sure that their resources are adapted to whatever demands are imposed in the workplace and he/she must also conduct a dialogue with the employees to prevent ill health arising.

If the demands are greater than the resources, action should be taken. For example, reducing the amount of work, changing the order of priority, providing ►

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opportunities for rest and recovery and increasing staffing. The employee is also obliged to alert the employer if the circumstances are unsustainable.

No time limit for sickness benefit

When an employee is unwell Sweden, the two first weeks are financed by the employer. After that there is a sickness benefit financed by taxes. This sickness benefit is administrated by the Swedish Social Insurance Agency and is a limit of 914 days of cover for each individual. This time limit will be abolished by 2015 and the employee will have received full, on-going cover.

Important amounts in payroll calculation

Swedish payroll involves a lot of base calculations. The price base, increased price base and income base are all used for calculations. Remuneration from social welfare and pensions (are)is also a base for various increments.

The amounts are recalculated on an annual basis. For 2016 the price base amount will be decreased, to 44,300 SEK as well as an increased price base of 45,200 SEK. The income base amount is 59,300 SEK. The remunerations for meal expenses, car compensation and subsistence allowance will remain at the same level as 2015, with the exception of international subsistence allowance, which will be adjusted for each country.

Attendance reporting on building sites

The Swedish Tax Agency has implemented attendance reporting in certain lines of business to prevent illegal employment. Prior reporting enables the government to monitor attendance reporting, competition and legal employment.

In the construction industry digital attendance reporting will be compulsory from 2016.

ROT and RUT deductions

In 2007, the tax reform RUT (cleaning, maintenance and laundry) was introduced in Sweden, an addition to ROT, which was established in 1993 as a tax deduction for repairs, conversion and extensions in the home.

The aim was to reform and encourage legally and tax based work instead of illegal contracting. The deduction can be used as a fringe benefit. From 2016, the deduction will be decreased to 30 per cent for ROT and it remains at 50 per of the labour cost, but the maximum deduction has a limit onf 25,000 SEK.

More to come

In Sweden, the majority of employees are also affected by the collective tie agreement. 2016 will be a year of change, when more than 470 collective tie agreements will be renegotiated. The outcome will be clarified from April 2016. ■

SWEDISH PAYROLL

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Zennie Sjölund is divisional director payroll, *Srf konsulterna*, Sweden's association for accounting and payroll consultants formed in 1936. Srf konsulterna run projects to ensure quality payroll by promoting change for effective and modern payroll processes, developing professional skills in the payroll area, certification for professionals and a code of conduct for payroll processes (SALK).