

Sweden Payroll & Tax Overview

A GUIDE TO DOING BUSINESS IN SWEDEN 2018



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1.0 Key Country Facts and Public Holidays

1.1 Official Language

Swedish

1.2 Currency

Swedish krona.

1.3 Country Dial code

The country dial code is +46

1.4 Country abbreviation

The country abbreviation is SE

1.5 Statutory Filing Payment Methods

Salaries can be paid electronically with the exact method depending on the client's bank. However, most banks use one central clearing company "giro central" similar to the BACSTEL-IP system in the UK.

1.6 National Minimum wage

None; set by annual collective bargaining contracts.

1.7 Filing Deadlines

Individual tax returns must be filed no later than 2 May of the year following the income year (calendar year).

1.8 Fiscal year

Calendar year.

1.9 Time Zone

Central European Time Zone (UTC+01:00)

2018	Holiday	Holiday Type
01 January	New Year's Day	National Holiday
6 January	Epiphany	National Holiday
30 March	Good Friday	National Holiday
2 April	Easter Monday	National Holiday
1 May	Labour Day	National Holiday
10 May	Ascension Day	National Holiday
27 May	Mother's Day	Not a Public Holiday
6 June	National Day	National Holiday
22 June	Midsummer Eve	National Holiday
23 June	Midsummer Day	National Holiday
3 November	All Saints Day	National Holiday
11 November	Father's Day	Not a Public Holiday
24 December	Christmas Eve	National Holiday
25 December	Christmas Day	National Holiday
26 December	Second Day of Christmas	National Holiday
31 December	New Year's Eve	National Holiday

Business and Culture in Sweden

2.1 Establishing as an Employer

There is no registration required with the Authorities, only the tax sheet from the employee detailing their tax liability. They will be responsible for their own statutory social contributions, and typically the Employer may pay the employees accordingly a higher base pay to assist with this.

2.2 Employment

Working hours are fixed by collective agreement, although the working week was limited by the Swedish Parliament to 40 hours. The law also guarantees 25 days of paid holiday per year plus 16 days of public holidays and 6 de facto holidays (usually an afternoon off). Additional holidays are agreed with your employer.

Overtime (*övertidstillägg*) is also regulated by collective agreement. It is usually paid at a rate of 50-100% more than the normal wage, but can also be exchanged for free time or additional holidays. It often depends on the time and day of the overtime (for example public holidays).

3.0 Visas and Work Permits

3.1 Visas

You must have been offered a job before you can obtain a work permit. You cannot enter Sweden until the permit has been granted. You cannot obtain a work permit to go to Sweden and look for a job.

To obtain a work permit you must

- have a valid passport
- have been offered terms of employment that are on par with those set by Swedish collective agreements or which are customary within the occupation or industry
- have been offered a salary that is on par with that set by Swedish collective agreements or which is customary within the occupation or industry
- have been offered a minimum salary of SEK 13,000 per month before taxes
- have an employer who intends to provide insurance covering health, life, employment and pension when you begins to work.

Certain occupations and citizens of certain countries are subject to special regulations for working in Sweden. They are subject to additional or different requirements.

In order to obtain a work permit, you must fulfil the requirements for a work permit for one job. The requirements cannot be fulfilled by having two or more jobs at once. You need a work permit to work in Sweden whether you are employed in Sweden or abroad, whether you are employed by an employment agency that provides personnel to a company in Sweden, or whether you have been transferred within an organization.

Employment for less than three months

For employment that lasts less than three months, citizens of certain countries must have both a work permit and a visa. Contact the Swedish embassy or consulate general for more information about visas.

Swedish population register

If your passport is about to expire, you should renew it as you cannot obtain a permit for longer than the validity of your passport. To be registered in the Swedish population register, you need to have the permit for at least one year and stay in Sweden for at least one year.

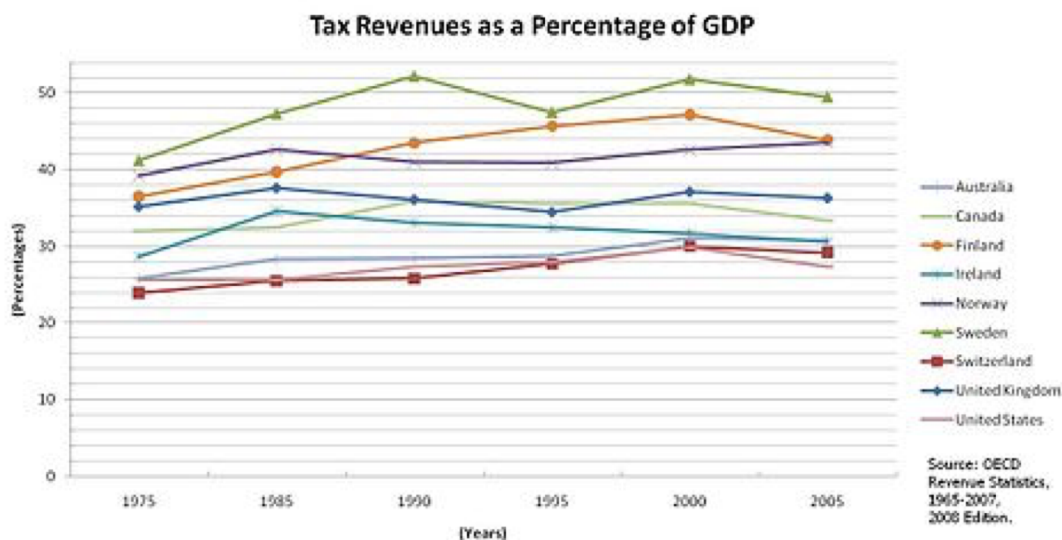
If you will be granted a work permit for a period of time less than one year, you will not be registered in the Swedish population register and will not have rights to social benefits. For this reason, it is important that you have insurance to cover any costs that may arise in the event of illness or an accident.

4.0 Tax and Social Security

4.1 Tax

Taxation in Sweden on salaries for an employee involves contributing to three different levels of government: the municipality, the county council, and the central government. Social security contributions are paid to finance the social security system. Income tax on salaries is deducted by the employer (a PAYE system) and paid directly by the employer to the Swedish Tax Agency (*Skatteverket*).

The effective taxation rate in Sweden is commonly cited as among the highest in the world, see List of countries by tax rates.



Total tax revenue as a percentage of GDP for Sweden over the past several decades compared to other first world nations. Sweden has a taxation system for income from work that combines an income tax (paid by the employee) with social security contributions (employer's contributions) that are paid by the employer. The total salary cost for the employer is thereby the gross salary plus the social security contributions. The employer makes monthly preliminary deductions (PAYE) for income tax and also pays the social security contributions to the Swedish Tax Agency.

Only the income tax deducted is visible on the salary slip. The income tax is contingent on the person being taxable in Sweden, and the social security contributions are contingent on the person being part of the Swedish social insurance plan. The income tax is finalized through a yearly tax assessment the year following the income year.

Taxable earned income

You can deduct a basic allowance of between SEK 13 400 and SEK 35 100 on taxable earned income (employment and business activity) if you have had unlimited tax liability for the whole year.

After the basic deduction you pay the following taxes on taxable earned income: municipal tax in your municipality of residence (approx. 29-34 per cent), church tax and burial charges (approx. 1-2 per cent), state progressive income tax. State income tax is 20 per cent of that part of your taxable earned income that exceeds SEK 468 700 (2014: SEK 433 900). If your taxable earned income exceeds SEK 675 700 (2014: SEK 615 700), you have to pay state income tax of a further 5 per cent on that part that exceeds SEK 675 700 SEK (2014: 615 700 SEK).

Income from capital

On income from capital you pay tax of 30 per cent.

If you have a deficit from capital because your deductions are larger than the income, your tax is automatically reduced in the form of a tax reduction when calculating your final tax. The tax reduction is 30 per cent of the deficit up to SEK 100 000. If the deficit is greater, you will receive a tax reduction of 21 per cent on that part of the deficit that exceeds SEK 100 000.

4.3 Social Security

Social security in Sweden is one of the parts of the Swedish welfare system and consists of various social insurances handled by the National Agency for Social Insurance (Swedish; Försäkringskassan), and also welfare given out on a need basis by local municipalities. They are the main conduits for redistribution of approximately 48% of the Swedish GDP in the form of taxed income.

5.0 Compliance

5.1 Employer Registration

Registering a business for tax purposes differs depending on if you are currently operating a business abroad that you want to establish in Sweden, or if you are starting a new business in Sweden.

If you are registered as an employer you must fill in an employer's contributions and PAYE tax return every month. The same applies if you are registered for VAT and do not report VAT in your income tax return.

If you are registered as an employer you will receive monthly PAYE forms to fill out and send to the Tax Agency, which must be sent in the month after the month in which the remuneration is paid.

5.2 Starters/Registration

Registration with the local authorities is required for all new starters before they commence work with the company.

5.3 Leavers/De-registration

De-registration with the local authorities is required for all leavers.

6.0 Statutory Absence/Payments

6.1 Annual leave

Provisions concerning paid leave are also valid for you as a posted employee. There is one exception for posted employees and that is the case of an initial installation of a product with work that is carried out during fewer than eight days. If another employee has been posted for the same assignment earlier during the current year, then that time must be included in the time calculated for the posting.

This exception to the eight-day rule does not apply if the assignment involves construction work in which buildings are being constructed, put in order, maintained, rebuilt or demolished. In that case you are included by the provisions concerning paid leave from the first day of your posting.

6.2 Parental leave

In line with the Swedish state's strict policy of promoting sexual equality, mothers and fathers are expected to share the 480 days equally. It is possible for one parent to take up to 420 days of the total leave, but the remaining 60 days are then reserved for the other parent. According to the Social Insurance System (Försäkringskassan) fathers have as much right to their 240 days paternity leave ('pappaledighet') as mothers do to their 240 days maternity leave ('mammaledighet'). The state social insurance system pays 80% of the normal wage for the first 390 days, 90 days at a flat rate.

6.3 Benefits

Child allowance and parental benefit

The parents of children up to age of 18, receive a child allowance, "*barnbidrag*" of 1,050 kr per child, with an additional supplement, "*flerbarnstillägg*", for multiple children ranging from 150 kr for two children to 4,240 kr for six children. The parents also receive parental benefits, "*föräldrapenning*", to be able to be home from work to take care of their children for up to 480 days, and a temporary parental benefit to stay home and take care of a sick child. The levels depend on income. There is also a childcare allowance, "*vårdbidrag*" to enable parents to stay home and care for children with long-term illnesses

Housing allowance

Families with children, and people below 29 years of age may be eligible to receive a housing allowance, "*bostadsbidrag*". The amount depends on income, the size of the family, housing costs and house size. At most it is 1.300 SEK.

Benefits for ill and disabled

Working people are entitled to sick pay when ill. The first 14 days (except the first day off) are paid by the employer, the rest by Försäkringskassan. If an employee's ability to work is permanently reduced, disability payments may be made.

If you need time-consuming assistance in your everyday life to be able to work or study due to illness or disability you can obtain disability allowance, "*handikappersättning*". If you have a substantial and permanent disability where you need assistance with mealtimes, washing, clothing and communicating with others, you can receive an attendance allowance, "*assistentsättning*", to pay for an assistant. If you have great difficulties in getting about on your own, or in using public transport due to a permanent disability you can obtain an allowance to purchase a car, make alterations to a car, and to take a driving license.

Support for the elderly

If you have worked in Sweden and earned a taxable work income, you will be entitled to Swedish old age pension, at the earliest from the age of 61 years. The levels depend on your income and how long you have worked. There is also a guarantee pension which you are entitled to if you have lived for at least three years in Sweden if you have had no or low income. Elderly can also receive housing supplements or maintenance support. The levels of these depend on your needs.

Welfare

If you have no or low income you can apply for welfare from your local municipality. The municipality will look at your economic situation to determine if you should receive welfare or not. The welfare should be enough to cover things like housing, food, clothing and telephone.


Sickness

The employer pays 80% of the total loss of income for days 2-14. From day 15 onwards the social insurance system pays employees a sickness benefit of 77.6% of income. On the 7th day of sick leave the employee must get a doctor's certificate to prove that they are ill.

7.0 In-country Payroll Providers



Established for over 30 years, Cintra is an award winning provider of HR and payroll services. We provide a comprehensive mix of HR and payroll solutions to help you manage people from recruitment to retirement.


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Pay Data Flow started in Stockholm in 2013, and the company's mission is to offer solutions and improvements in payroll processes and internal communication to payroll outsourcing companies and payroll departments. Pay Data Flow also offer payroll advice for companies who would like to set up payroll service in Sweden. Pay Data Flow can help and advice when making a registration of the company and also offer education about Swedish payroll regulations and laws.

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8.0 About This Payroll and Tax Overview

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8.2 Disclaimer

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8.3 The Global Payroll Association

Global Payroll Association is the first international payroll association of its kind. We are a central hub for 'all-things payroll'. A one-stop-shop supplying comprehensive directories, interactive training and in-depth country resources. We are here to help you with your global payroll needs, no matter how complex, connecting you with the world's leading experts and offering a forum to network with other like-minded global professionals.

Global Payroll Association welcomes international payroll, HR and financial professionals of all levels.

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