



MAGNUSSON

Scandinavian SWOT

Doing business in Denmark, Finland, Norway and Sweden

Presented by

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28 November, 2013



Berlin



Copenhagen



Gothenburg



Helsinki



Kaunas



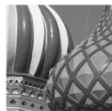
Kiev



Malmö



Minsk



Moscow



Oslo



Riga



Stockholm



Tallinn



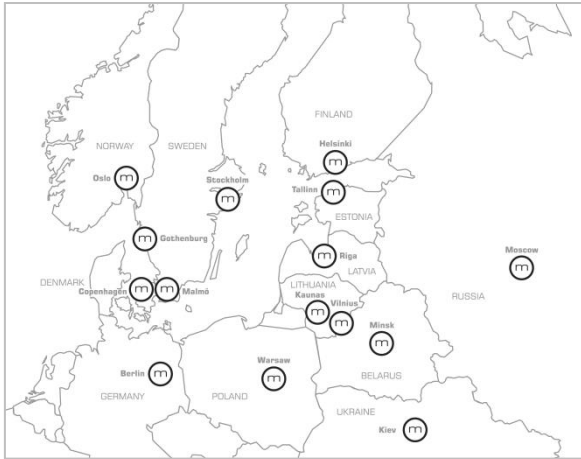
Vilnius



Warsaw



Magnusson Profile



- Full-service business law firm focusing on the Baltic Sea Region
- Only law firm in Poland with own offices in ALL countries around the Baltic Sea including all Scandinavian countries
- Strategic alliances with top firms outside the region, including UK, China and USA
- Integrated firm offering always the same high standards and quality, no matter how many countries are involved in a project





European Law
Firm of the Year
WINNER

- The British Legal Awards 2012
 - The European Law Firm of the Year: Winner



Årets
Advokatbyrå
2012 | Law Firm of the Year Sweden

- Årets Advokatbyrå Awards 2012
 - Law Firm of the Year Sweden



Law Firm of the Year: The Nordics

- The Lawyer European Awards 2011
 - Law Firm of the Year, The Nordics: Winner



Sources were complimentary about "a practice that is prepared to go that extra mile."

Chambers Europe about Magnusson

Satisfied clients spoke highly of the team's "fast and efficient work - the lawyers were flexible in assisting us and really made an effort to understand our business area and provide creative solutions."

Chambers Global about Magnusson

- The Warsaw office consists of a team of 30 lawyers
- Active in Poland since 1996
- The team has a strong track record in advising domestic and international clients on business projects across the country
- Our approach: responsiveness, solution-oriented attitude, personalized relationship, commercial sense
- Thanks to this approach, cooperation with most of our clients has developed into long-term relationships, including regular day-to-day assistance, as well as transactional work



Local Experience in whole Poland



- *One client reported: „I don't give praise lightly, but this has been a truly great service - great value and timely advice.” (...)
Chambers Europe*
- *This practice is „incredibly responsive, client-focused and proactive,” sources enthuse.
Chambers Europe*
- *Clients say the team has „good commercial acumen and calls back at all hours.”
Chambers Europe*



**Årets
Advokatbyrå**
2012 | Law Firm of the Year Sweden

- Offices in Stockholm, Gothenburg and Malmö
- 50 lawyers and 12 partners in Sweden
- Recommended by Chambers, Legal 500 EMEA and other benchmarking publications
- The British Legal Awards 2012
 - The European Law Firm of the Year: Winner
- Årets Advokatbyrå Awards 2012
 - Law Firm of the Year Sweden



- ***Chambers Europe, Chambers Global 2009-2013***
 - **Denmark:** Corporate and M&A, Employment
 - **Finland:** IP, TMT
 - **Latvia:** Banking & Finance, Competition/Antitrust, Tax
 - **Lithuania:** Dispute Resolution
 - **Poland:** Banking and Finance, Construction, Corporate and M&A, Real Estate
 - **Sweden:** Corporate and M&A, Employment, Life Sciences, TMT

- ***Legal 500 EMEA 2013***
 - **Denmark:** Employment, Energy, IT
 - **Finland:** Corporate and M&A, Dispute Resolution, IP, TMT
 - **Latvia:** Banking and Finance, Corporate and M&A, Dispute Resolution, EU and Competition, IP, IT and Telecoms, Real Estate and Construction, Shipping and Transport, Tax
 - **Lithuania:** Dispute Resolution
 - **Poland:** Banking and Finance, Corporate and M&A, Dispute Resolution, Employment, Energy and Natural Resources, Real Estate, Tax
 - **Russia:** Corporate and M&A Moscow
 - **Sweden:** Banking and Finance, Corporate and Commercial, Dispute Resolution, EC / Competition, Employment, Energy, Environment, Mergers & Acquisitions, Tax



Legal System in Sweden



- The Swedish legal system is based on statutory law supplemented by case law.
- Sweden has been a member of the European Union (“EU”), since 1 January 1995.
- Even though a member of the EU, Sweden is not a member of the European Monetary Union (EMU). Sweden maintains its own currency, the Swedish krona – SEK.
- The body of the European Union law is thus effective in Sweden, either directly or by incorporation.
- Sweden adheres to a number of international treaties and conventions, including the UN Convention on the International Sale of Goods (“CISG”). The international agreements that Sweden adheres to can be found in the Swedish Treaties Series (Sw. *Sveriges internationella överenskommelser (SÖ)*) on the Swedish Government’s website.



- Starting up a business in Sweden is a straightforward and relatively simple process.
- Procedures are simple and efficient, based on a transparent system. Ca 10 working days if the application is filed correctly 😊
- It is not necessary to have a Swedish partner to start up.
- No operating licenses are required to conduct business in Sweden, with a few exceptions for specific areas such as insurance, banking and financial services.
- Business culture - differences between Poland and Sweden.





- The different business entities in Sweden are:
 - limited liability company (Sw. **Aktiebolag** or AB)
 - branch of a foreign company (Sw. **Filial**) (pl. *oddział*)
 - trading partnership (Sw. **Handelsbolag**) (pl. *Sp. jawna*)
 - limited partnership (Sw. **Kommanditbolag**) (pl. *Sp. komandytowa*)
 - non-trading partnership (Sw. **Enkla bolag**) (pl. *Sp. cywilna*)
- All business entities are allowed for foreign investors.
- However, business activities conducted by foreign companies are usually carried out through a limited liability company or a branch.



Difference between business entities

	Sole trader	Trading partnership	Limited partnership	Limited company
Legal entity	No	Yes	Yes	Yes
Number of owners	Only 1 person	At least 2 people or enterprises	At least 2 people or enterprises	At least 1 person or enterprise
Owner liability	The business operator is personally liable for the agreements entered into and for the debts of the enterprise	The partnership can enter into agreements, but if it cannot pay its debts, the partners are liable	The partnership can enter into agreements, but if it cannot pay its debts, the general partner is liable	The company can enter into agreements and is liable for its debts
Capital requirement	No	No	General partner: no Limited partners: at least SEK 1	At least SEK 50,000.
Representatives	The sole trader	The partners	The general partner	The board of directors
Registration	With the Swedish Tax Agency and possibly the Swedish Companies Registration Office	With the Swedish Companies Registration Office and the Swedish Tax Agency	With the Swedish Companies Registration Office and the Swedish Tax Agency	With the Swedish Companies Registration Office and the Swedish Tax Agency
Name protection	In the county	In the county	In the county	Nationwide
Form of taxation	F or FA tax (FA tax for income from both the business and employment)	The partnership: F tax Partners: SA tax (special debited A tax)	The partnership: F tax Partners: SA tax (special debited A tax)	The company: F tax The owners: A tax (employees)
Taxation	The business operator is taxed for the surplus (income tax + social security contributions)	Partners are taxed for their part of the partnership's surplus (income tax + social security contributions)	Partners are taxed for their part of the partnership's surplus (income tax + social security contributions)	The company is taxed on its profit (corporation tax). The owners are taxed on salary withdrawn and possible dividends (income tax + possible gains tax)



Limited Liability Company – general information

- There are two categories of limited liability companies, private (Sw. **privat**) and public (Sw. **publikt**).
- The difference between the two categories is determined by the right to turn to the public for capital; only public companies can issue shares or other securities intended for trade on a stock exchange or other regulated market places.
- In general, **privat AB** corresponds to Polish **sp. z o.o.** and **publikt AB** corresponds to **S.A.**
- The business activities must be carried out in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen*) and the adopted articles of association (Sw. *Bolagsordning*).
- However, **shareholders agreements** are more common than in Poland as Swedish articles of association only contain general and publicly available information.
- To form a legal entity, the limited liability company must be registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*).
- The company's registered office must be specified in the articles of association.
- Different to Polish law **c/o** or box **address is sufficient**.



Limited Liability Company



- To form a limited liability company, certain requirements must be met. A **founder** must be:
 - a resident in the European Economic Area (EEA);
 - a Swedish legal entity; or
 - a legal entity established within the EEA.
- The easiest and most common way of setting up a limited liability company in Sweden is to purchase an already fully organized and registered **shelf company**.
- The cost associated with purchasing a preregistered limited liability company off-the-shelf is generally SEK ca. 15,000-25,000+, depending on the services provided, excluding the mandatory minimum share capital.



Shareholders and Share Capital in Swedish AB



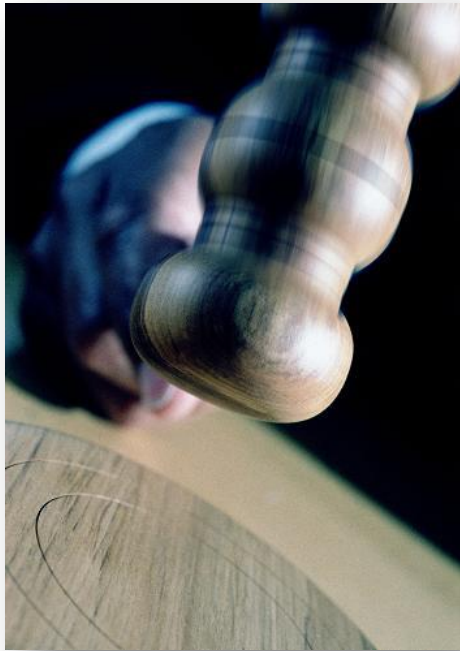
- There are no restrictions to the number or to the nationality of the shareholders. Shareholders may reside in any country.
- The **share capital** must be at least **SEK 50,000** in a private limited liability company and SEK 500,000 in a public limited liability company.
- All shares carry equal rights unless otherwise stated in the articles of association. The articles of association may prescribe different classes of shares (A- shares and B-shares), which results in different voting rights or different rights to the assets or profits in the company.
- The shareholders' rights are exercised at the Shareholders' general meeting (Sw. *Bolagsstämma*). Decisions are generally made by simple majority, although certain resolutions require qualified majority.



- In a limited liability company, the **shareholders are not personally liable** for the obligations of the company. Only capital invested at risk.
- A **parent company is generally not liable** for the debts and liabilities of its subsidiary.
- However, the Swedish Supreme Court has held the parent company liable in a few cases where the subsidiaries were dominated by the parent company to such an extent that they had totally lost their independence to the parent company.



Board of Directors (Sw. *Styrelse*)



- If none of the representatives of the company is a Swedish resident, the board of directors shall **appoint a resident in Sweden** authorized to accept service on behalf of the company. The person needs to reside in Sweden but does not need to be employed by the company.
- The board of directors is appointed by the Shareholders Meeting.
- The board's responsibilities include all such activities that do not require approval by the Shareholders' general meeting; both long-term decisions concerning policy, strategic planning and short-term decisions concerning the day to day management.
- The board of directors must consist of at least one director with one deputy director in private companies, or three directors in public companies.
- **There are statutory requirements on employee representation on the board.** The provisions apply to all companies with 25 or more employees in which a collective agreement with a trade union is in force. The employee side elects two members to the board (three in companies with more than 1,000 employees). However, this number must not exceed the number of other board members.



Managing Director (Sw. *Verkställande direktör*)

- Management Board - Difference between Swedish **Styrelse** and Polish **Zarząd**.
- A **Managing Director** (Sw. **VD**) must be appointed in public companies and may be appointed in private companies.
- Managing Director is appointed by the board of directors and shall comply with its instructions.
- Managing Director is responsible for the company's day to day business (Sw. *Löpande förvaltning*) (pl. *zwykły zarząd*).
- A majority of the board directors, as well as the Managing Director, must be residents in the EEA, though exceptions can be granted by the Companies Registration Office.

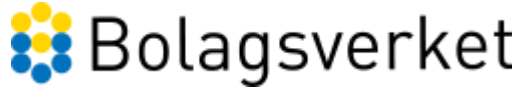




- The branch is not considered to be a legal entity of its own but instead a divisional office of the foreign-based company.
- Every foreign company is only allowed to have one branch in Sweden.
- The branch must have a separate trading name with the word “filial” included.
- The branch has to keep its own accounting records separate from the foreign-based company even though the assets and liabilities of the branch are a part of the foreign-based company’s total assets.
- The branch is subject to Swedish law and it has to follow the decisions of the Swedish Authorities.
- The branch must be placed under the direction of a managing director, whom must be a resident in the EEA.
- The managing director of the branch needs an authorization from the foreign-based company to act on behalf of the foreign-based company in all matters in Sweden concerning the branch. The authorization also has to include the right to accept service of process and the managing director will be the company’s legally responsible representative in Sweden.



Useful Links



- **Swedish Companies Registration Office (Bolagsverket):**

SE-851 81 Sundsvall +46 60 18 40 00

www.bolagsverket.se



- <http://www.allabolag.se>



- <http://www.proff.se/>

**Aktiebolaget Volvo**

ORG.NR: 556012-5790 BOLAGSFORM: Aktiefbolag

VD [Persson, Olof Erland](#)

Registreringsår: 1915

F-Skatt: Registrerad [läs mer](#)

Telefon: 031-660000

BESÖKSADRESS

AMAZONVÄGEN 8

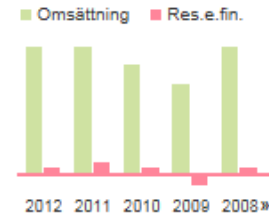
418 78 Göteborg

Västra Götalands län

[Visa på karta](#)**UTDELNINGSadRESS**

405 08 Göteborg

Västra Götalands län

**PLATS FÖR BOLAGETS PRESENTATION**[Presentera Aktiefbolaget Volvo...](#)

Steg-för-steg-guide

Kreditupplysning

Årsredovisning

KONCERNBOKSLUT & NYCKELTAL

	2012-12	2011-12	2010-12
Antal anställda	102 082	102 248	94 250
Omsättning (TKR)	304 243 000	310 387 000	284 749 000
Res. e. finansnetto (TKR)	15 355 000	24 929 000	15 514 000
Årets resultat (TKR)	11 258 000	18 115 000	11 212 000
Summa tillgångar (TKR)	338 742 000	353 244 000	318 007 000

Vinstmarginal	5,97 %	8,96 %	7,05 %
Kassalikviditet	85,69 %	89,13 %	86,49 %
Soliditet	25,28 %	27,43 %	22,99 %

Fler bokslut- och nyckeltal



Obligation to pay taxes in Sweden may arise in particular in the following cases:

- conducting business in Sweden via Swedish AB;
- conducting business in Sweden directly by Polish company/partnership/sole entrepreneur through so called ``**permanent establishment**`` in Sweden;
- Article 5 of the Poland - Sweden Double Tax Treaty as a permanent establishment is considered a fixed place of business through which the business of enterprise is wholly or partially carried on including:
 - place of management;
 - a branch;
 - an office;
 - a factory;
 - a workshop;
 - a mine, an oil and gas well, a quarry or any other place of extraction of natural resources;
 - a building site or a construction, assembly or installation project or supervisory activities in connection therewith provided that such activities continue for more than 12 months.
- Different interpretation of the term permanent establishment in Poland and Sweden – **risk of a double taxation.**



- Swedish **corporate income tax** is charged at a rate of **22%**;
- the tax losses may be carried indefinitely;
- mechanism allowing to tax only 75% of the annual income through so called tax allocation reserve. The reserve has to be reversed into the taxable income within 6 years from the allocation;
- no thin capitalization regulations;
- no corporate income tax on capital gains of the Swedish AB;
- no corporate income tax on dividends received by the Swedish AB;

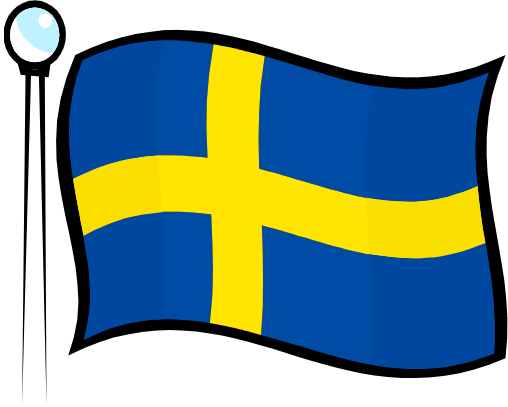




- **Dividend from Swedish AB paid to Polish company is subject to 5% withholding tax in Sweden**, unless dividend is exempt from withholding tax in Sweden on the basis of Parent-Subsidiary Directive (2011/96/UE).
- Dividend from Swedish AB to individual being Polish tax resident is subject to 5% withholding tax in Sweden. The withholding tax paid on received dividend by the Polish tax resident in Sweden may be deducted from the income tax paid in Poland.
- Pursuant to Article 11 of the Poland – Sweden Double Tax Treaty the withholding tax is not imposed on interest paid by Swedish tax resident to the Polish tax resident.
- Pursuant to Article 12 of the Poland – Sweden Double Tax Treaty the withholding tax on royalty payments may be imposed by Sweden at a rate of 5%. In case the recipient of the royalty payments is the Polish company, the obligation to pay withholding tax on the royalty payments may be excluded on the basis of the Interest & Royalty Directive (2003/49/EC).



Polish company with permanent establishment in Sweden



- Pursuant to Article 6 of the **Poland – Sweden Double Tax Treaty**, Swedish income tax will be charged on the income attributable to the permanent establishment of Polish company.
- Polish company with permanent establishment in Sweden will be subject to income tax pursuant to the same rules as Swedish AB.
- Pursuant to Article 22 section 1 a) of the Poland – Sweden Double Tax Treaty, the income of the Polish company which may be attributed to the permanent establishment of the Polish company in Sweden, is exempt from the income tax in Poland.



- An individual may be subject to tax in Sweden provided that:
 - an individual is a tax resident in Sweden (unlimited tax liability); or
 - an individual obtains income from source in Sweden (limited tax liability).
- An individual will be considered as tax resident in Sweden if an individual has in Sweden a permanent home available to him. If an individual has a permanent home available to him in Poland and Sweden, such individual will be deemed as a resident of Sweden provided that he has closer personal and economic relations (so called „centre of vital interest”).
- Centre of vital interest of an individual is determined based on the several factors such as: where individual has his family, house, car, bank account etc.
- The limited tax liability may occur in particular if an individual conducts business activity through permanent establishment in Sweden or works in Sweden.
- The income of an individual (not Swedish tax resident) from the employment in Sweden will not be subject to income tax in Sweden provided that:
 - an individual stays in Sweden for the period not exceeding 183 days in any twelve month period commencing or ending in a given tax year; and
 - the salary is paid by, or on behalf of, an employer who is not a Swedish tax resident of Sweden; and
 - the salary is not borne by a permanent establishment or a fixed base which the employer has in Sweden.



- The personal income tax is levied at the level of state and municipality.
- The state personal income tax is charged at the level of:

Taxable Income	Tax rate
Up to SEK 413,200	0%
SEK 413.201 – SEK 591.600	20%
Over SEK 591.600	25%

- The rates of the municipality income tax vary depending on the municipality, however, the average municipality income tax rate amounts to approx. 31%.
- The state and municipality personal income tax rates are applicable both to the income from employment and from business activity.



- Swedish VAT law is based on the VAT Directive and provided for a similar rules of registration, VAT deductions, refunds etc. as Polish VAT law.
- The standard VAT rate is 25%. The reduced VAT rates are 12% (mainly food, hotel accommodation) and 6% (newspapers books, public transport).



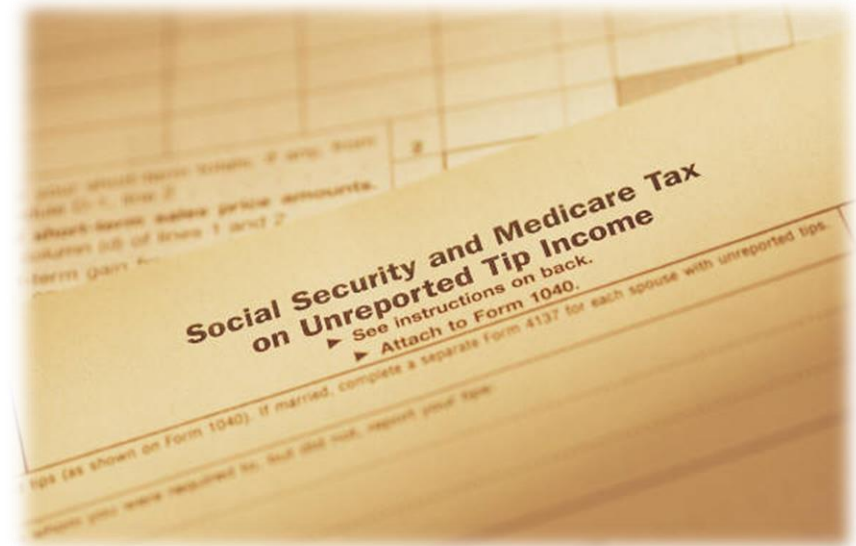
General comments on the social security contributions

- The issue where the social security contributions should be paid is governed by the provisions of the Regulation No 883/2004 on the coordination of social security systems.
- Pursuant to the general rules stipulated in Article 11 of the Regulation No 883/2004:
 - an individual should be subject to legislation of a single member state only;
 - a person pursuing an activity as an employed or self-employed person in a member state shall be subject to legislation of that member state.
- Pursuant to Article 12 of the Regulation No 883/2004, an employee who normally carries its activities in one member state and is temporarily posted to other member state is subject to legislation of the first member state, provided that the anticipated duration of such work does not exceed twenty-four months and that he is not sent to replace another person. Pursuant to Article 13 of the Regulation No 883/2004, if an employee normally works in two or more member states, the social security contributions should be paid in:
 - the state of residence provided that an employee pursues substantial part of his activity in that state; or
 - the state in which the employer has its registered office provided that an employee does not pursue substantial part of his activity in the state of his residence.
- **Similar rules apply to self-employed persons.**



Rates of social security contributions

- The employers pay social security contributions at the rate of 31,42 % in total.
- The employee contributes 7% as a pension contribution (maximum annual payment amounts to SEK 32.000).



- The Swedish labour market is regulated by both legislation and through **collective bargaining agreements** (Sw. *kollektivavtal*).
- **Trade unions** traditionally and historically hold a **powerful** position in Sweden. Big role of collective agreements.
- Generally, employees receive a greater protection in Sweden than in Poland.
- In addition to the basic terms for employment as set out in the Swedish Employment Protection Act (Sw. *Lagen om anställningsskydd* or “LAS”) and collective agreements, every employer must provide their employees with an individual employment agreement containing the key terms of employment.
- Employees with executive positions are not covered by the mandatory rules in the Employment Protection Act or the terms set out in the collective agreement. Their employment is thus entirely regulated in the individual employment agreement.





Working Hours and Holiday Entitlement



- Ordinary working hours for full time employees are usually 40 hours per week, excluding lunch.
- There are, however, a number of collective agreements which specify a shorter normal working week for particular types of work, such as continuous shiftwork in the engineering industry.
- Collective agreements also specify minimal wages.
- All employees are entitled to a minimum of 25 days paid annual vacation in addition to public holidays.
- Employees with executive positions and employees that do not get paid for overtime are usually granted 5 additional vacation days per year.
- Do not all Sweden in July -Holidays are usually used in July.



- According to the Swedish Employment Protection Act, termination of employment must be based on **objective grounds** (Sw. *skälig grund*).
- Objective grounds must be based on either economic, technical or organizational reasons, i.e. redundancy, or personal reasons, for example serious misconduct or disloyalty.
- Most commonly, an employer will state that he has objective grounds due to shortage of work (redundancy). If disputed, it is up to the employer to show that such shortage actually exists.
- In a redundancy situation the principle of **last-in-first-out** generally applies. This principle may however, be subject to certain exceptions such as exceptions for employees in managerial positions and employees in a company with less than 10 employees.
- If the employee is a member of a trade union, or if the employer is bound by a collective agreement, the employer must initiate negotiations with the union before any action to dismiss the employee can be taken.
- The period of notice normally varies between **one and six months**, depending on the duration of the employment. This period can be prolonged due to collective bargaining and normally when an employee has reached a certain age and/or been employed for a certain number of years.



Re-employment after redundancy

- The right to re-employment after redundancy applies for a period of nine months from termination of employment to employees with a length of service of more than twelve months during the preceding three years.
- The employee must declare an interest to the right to re-employment and must have adequate skills for the available position.





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