

Swedish Holding Companies

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Swedish Holding Companies are important tools for international groups of companies to decrease their consolidated tax expenses. The tax exemption for capital gains and dividends on shares held for business purposes in combination with an extensive tax treaty network and the absence of thin capitalization rules, make Sweden an attractive location for international holding companies.

At a reasonable cost, Siguiente Capital AB (publ.) offers to manage your Swedish Holding Companies. We will supply you with a recently formed Swedish limited liability company as well as handle all administration in connection with its management.

A Swedish Holding Company is constituted as an "AB" (short for "Aktiebolag" which is the equivalent of a limited company). The minimum share capital for a Swedish Holding Company is SEK 50.000 which must be wholly paid up.

Taxation

A Swedish Holding Company is fully subject to tax on its worldwide income at a normal rate of 26.3%. By way of using the possibilities of postponing tax payments the effective tax rate is often lower.

Dividends Exemption

Dividends from shares held as so called "business related shares" are exempt from tax in Sweden. Shares are regarded as business related shares if one of the following criteria is met:

- The shares are not listed on any stock exchange (unquoted shares).
- Listed shares represent 10% or more of the voting power in the company.
- The business of the holding company or its subsidiaries is related to the business of the held company.

This means that shares held by a Swedish Holding Company would usually be regarded as business related shares.

There are exceptions for dividends from controlled foreign companies in certain tax haven countries (CFC rules). Profits in such companies shall according to Swedish tax law be taxed in Sweden when they arise, no matter whether profits are distributed as dividends or not. Therefore a Swedish Holding Company would normally be imposed with the ordinary corporate tax of 26.3 % on profits in a CFC company.

Capital Gains Exemption

Capital gains from the sale of business related shares are exempt from tax at the same conditions that apply to dividends for a Swedish Holding Company. This creates excellent flexibility for internal restructuring of businesses and for sales of companies.

There are a few exceptions: If the business related shares are quoted they must have been held for a year or more. Another exception regards sales of shares in so called “shell companies”. With some planning, the problems with shell companies can be avoided without great difficulties.

Other Advantages

Besides the common advantages of a holding company, a Swedish Holding Company may also benefit from the following advantages:

* Dividends distributed by a Swedish Holding Company are exempt from withholding tax if the three following conditions are met:

- The shares are held as business related shares.
- The recipient is subject to an income tax rate of at least 14.6%.
- The recipient owns at least 25% of the share capital of the Swedish Holding Company.

If the recipient is resident in a country listed in the “White List”, the withholding tax exempt conditions are always met.

* Interest paid by a Swedish Holding Company is exempt from withholding tax.

* No withholding tax is levied on payments of royalties made by a Swedish Holding Company to foreign companies.

* There are no thin capitalization rules. This means that shareholders domiciled outside of Sweden may choose to record a low share capital in the Swedish Holding Company and instead lend money to the company.

* Sweden is a member of the European Union (EU).

* Accounting kept in Euro is possible.

* Sweden has double tax treaties with more than 80 countries.

* Advisors' fees are low in Sweden.

Management

At an all-in price, Siguiente Capital AB will provide you with a variety of company management services for your Swedish Holding Company:

- Registered office facilities.
- Directors and accountant (companies with low billings or low value of assets may choose not to have an auditor).
- Bank account.
- Current recording of transactions, annual accounts, annual reports and tax returns.
- Correspondence with the Tax Agency and the Companies Registration Office.
- Documented board meetings and general meetings.
- Other corporate matters.

Accounting

As a supplement to our management services, Siguiente Capital AB also offers wide-ranging accounting services including:

- Opening up and administering of the company's bank account.
- Invoicing and payments.
- Current recording of transactions and financial administration.
- Current reports of profit/loss and balance.
- Annual reports, annual accounts and periodic reports.
- Tax returns (incl. Value Added Tax) and income-tax returns.
- Other accounting services.

About us

Siguiente Capital AB (publ.) was established in 1987 and the company has a registered share capital of SEK five million. The company focuses on offering services and guidance as well as financing to small and middle-sized businesses. The equity of Siguiente Capital AB amounts to about SEK 30 million.

Price list*

Formation of a Limited Liability Company: SEK 20.000

Includes Articles of Association (incl. business name), registration of board of directors and accountant(s) incl. registration office fees, entries in the share register, etc.

Registered office and Management services SEK 40.000

Includes a registered address in Vaxholm, one nominee board member and one nominee deputy director in addition to other management services specified under Management above.

Auditing, accounting and book-keeping SEK 20.000

Current recording of transactions and accounting as well as preparation of annual accounts will be invoiced by SEK 600 per hour. Completion of annual accounts, tax returns and annual reports will be invoiced by SEK 1.200 per hour, and the minimum annual charge will be SEK 20.000. There will be additional charges for actual costs in connection with auditing by an authorized public accountant; however companies with low billings or low value of assets may choose not to have an auditor.

Hourly charges

Administration services, drawing up of minutes from board meetings and general meetings, auditing, accounting and book-keeping of transactions in excess of a basic minimum as well as continuous legal and other guidance will be invoiced from actual hours of work according to hourly rates depending on type of services. The hourly charges will vary between SEK 600 and SEK 1.800 per hour.

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Value Added Tax is excluded in rates specified (2012 year's price list). 1 USD equals appr. SEK 6,75.

Information

Please contact Mr. Torbjörn Nordberg (LL.M.) or Mr. Emil Konturi for further information.