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CASH AND TREASURY MANAGEMENT COUNTRY REPORT

SWEDEN

Executive Summary

Banking

The Swedish central bank is the Sveriges Riksbank. Bank and other credit institution supervision is performed by the Swedish Financial Supervisory Authority (Finansinspektionen – FI).

The Riksbank has commissioned Statistics Sweden (SCB) to compile balance of payment statistics on its behalf since September 1, 2007. The SCB uses a survey-based system to collate balance of payments statistics. The SCB selects companies to complete forms to record their cross-border transactions. Cross-border current account transactions are recorded by the use of sample surveys. Financial account items are recorded by the use of both cut-off and sample surveys measuring, for example, direct investment level.

Resident entities are permitted to hold fully convertible foreign currency bank accounts domestically and outside Sweden. Residents are also permitted to hold fully-convertible domestic currency (SEK) bank accounts outside Sweden. Non-resident entities are permitted to hold fully convertible domestic and foreign currency bank accounts within Sweden.

Sweden has 89 registered banks. Of these, there are 40 limited liability banks, 47 savings banks and two co-operative banks. There is a significant foreign banking presence in Sweden – 38 foreign banks have a branch and 12 foreign banks have a representative office in Sweden. In addition, 538 foreign banks are authorized to offer cross-border banking services.

Payments

Sweden's three main payment clearing systems are RIX, Bankgiro and Data Clearing.

The most important cashless payment instruments in Sweden in terms of value are electronic credit transfers. In terms of volume, the use of cards, especially debit cards, has increased rapidly over recent years. There has also been a significant growth in the use of internet banking by both companies and among consumers and small businesses, all of whom can initiate credit transfers via the internet.

Liquidity Management

Swedish-based companies have access to a variety of short-term funding alternatives. There is also a range of short-term investment instruments available.

Cash concentration techniques are widely available and used by Swedish companies to manage company and group liquidity.

Notional pooling is available in Sweden. However, because banks are not permitted to offset credit and debit balances for regulatory reasons, notional pooling is relatively expensive to arrange. Most banks offer interest rate enhancement products as an alternative.

Trade Finance

Sweden is a member of the European Union (EU). All trade between other EU countries, as well as with European Free Trade Association (EFTA) countries (as part of the European Economic Area - EEA), is free from tariffs and other controls.

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PNC's International Services

PNC can bring together treasury management, foreign exchange, trade finance and credit capabilities to support your international needs in a coordinated and collaborative way.

International Funds Transfers

International Funds Transfers to over 130 countries in USD and foreign currency can be accessed through PINACLE®, PNC's top-rated, online corporate banking portal.

Multicurrency Accounts

Set up demand deposit accounts that hold foreign currency instead of U.S. dollars. These accounts offer a simple and integrated way to manage and move money denominated in more than 30 currencies, including offshore Chinese Renminbi. You can easily view deposit and withdrawal details through PINACLE.

PNC Bank Canada Branch ("PNC Canada")

PNC Bank, through its full service branch in Canada, can help you succeed in this important market. PNC Canada offers a full suite of products including payables, receivables, lending, and specialized financing to help streamline cross border operations.

Multibank Services

PNC's Multibank Services provide you with balances and activity for all your accounts held with PNC and other financial institutions around the world. PINACLE's Information Reporting module can give you a quick snapshot of your international cash position, including USD equivalent value, using indicative exchange rates for all your account balances. You can also initiate Multibank Transfer Requests (MT101s), and reduce the time and expense associated with subscribing to a number of balance reporting and transaction systems.

Establish accounts in foreign countries

Establishing good banking relationships in the countries where you do business can simplify your international transactions. PNC offers two service models to help you open and manage accounts at other banks in countries outside the United States.

- PNC Gateway Direct comprises an increasing number of banks located in many European countries and parts of Latin America. PNC's team will serve as a

point of contact for setting up the account helping with any language and time barriers and will continue to serve as an intermediary between you and the bank you select. You can access reporting and make transfers via PINACLE.

- PNC's Gateway Referral service can connect you to a correspondent banking network that comprises more than 1,200 relationships in 115 countries.

Foreign Exchange Risk Management

PNC's senior foreign exchange consultants can help you develop a risk management strategy to mitigate the risk of exchange rate swings so you can more effectively secure pricing and costs, potentially increasing profits and reducing expenses.

Trade Services

PNC's Import, Export, and Standby Letters of Credit can deliver security and convenience, along with the backing of an institution with unique strengths in the international banking arena. PNC also provides Documentary Collections services to both importers and exporters, helping to reduce payment risk and control the exchange of shipping documents. We assign an experienced international trade expert to each account, so you always know your contact at PNC and receive best-in-class service. And PNC delivers it all to your computer through advanced technology, resulting in fast and efficient transaction initiation and tracking.

Trade Finance

For more than 30 years, PNC has worked with the Export-Import Bank of the United States (Ex-Im Bank) and consistently ranks as a top originator of loans backed by the Ex-Im Bank both by dollar volume and number of transactions.¹

Economic Updates

Receive regular Economic Updates from our senior economist by going to pnc.com/economicreports.

(1) Information compiled from Freedom of Information Act resources.

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Financial Environment

Country Information

Geographical Information

Capital	Stockholm
Area	450,295 km ²
Population	10.04 million
Official language	Swedish
Political leaders	Head of state — King Carl Gustaf (since September 15, 1973) Head of government — Prime Minister Stefan Löfven (since October 3, 2014)

Business Information

Currency (+ SWIFT code)	Swedish krona (SEK)
Business/Banking hours	09:00-18:00 (Mon-Fri CET)
Bank holidays	2019 — April 19, 22, May 1, 30, June 6, 21, December 24-26, 31 2020 — January 1, 6, April 10, 13, May 1, 21, June 6, 19, December 24-26, 31 2021 — January 1, 6, April 2, 5, May 1, 13, June 6, 25, December 24-26, 31
International dialing code	+ 46

Source: www.goodbusinessday.com.

Country Credit Rating

Fitch Ratings last rated Sweden on July 27, 2018 for issuer default as:

Term	Issuer Default Rating
Short	F1 +
Long	AAA
Long-term rating outlook	Stable

Source: www.fitchratings.com, January 2019.

Economic Statistics

Economics Table		2012	2013	2014	2015	2016
GDP per capita	(USD)	57,011	60,160	58,876	50,413	52,033
GDP	(SEK billion)	3,685	3,770	3,918	4,159	4,379
GDP	(USD billion)	544	579	571	493	512
GDP volume growth*	(%)	- 0.3	+ 1.2	+ 2.6	+ 4.1	+ 3.3
BoP (goods, services & income) as % GDP		+ 7.7	+ 7.7	+ 7.0	+ 7.4	+ 6.0
Consumer inflation*	(%)	+ 0.9	∅	- 0.2	∅	+ 1.0
Population	(million)	9.54	9.62	9.70	9.78	9.84
Unemployment	(%)	8.0	8.0	7.9	7.4	7.0
Interest rate (MMR)[†]	(%)	1.66	1.07	0.52	- 0.25	- 0.54
Exchange rate[‡]	(SEK per USD)[†]	6.7750	6.5140	6.8608	8.4348	8.5620

		2017		2018		
		Q4	Year	Q1	Q2	Q3
GDP per capita	(USD)	-	54,296	-	-	-
GDP	(SEK billion)	-	4,600	-	-	-
GDP	(USD billion)	-	538	-	-	-
GDP volume growth*	(%)	+ 2.7	+ 2.4	+ 3.3	+ 2.6	+ 1.7
BoP (goods, services & income) as % GDP		-	+ 4.8	-	-	-
Consumer inflation*	(%)	+ 1.8	+ 1.8	+ 1.7	+ 1.9	+ 2.1
Population	(million)	-	9.91	-	-	-
Unemployment	(%)	6.0	6.7	6.6	6.8	NA
Interest rate (MMR)[†]	(%)	NA	- 0.54	NA	NA	NA
Exchange rate[‡]	(SEK per USD)[†]	8.321	8.549	8.112	8.669	8.947

*Year on year. †Period average. ‡Market rate.

Source: *International Financial Statistics*, IMF, January 2019 and 2018 Yearbook.

Sectoral Contribution as a % of GDP

Agriculture - 1.6%

Industry - 33%

Services - 65.4% (2017 estimate)

Major Export Markets

Germany (11%), Norway (10.2%), Finland (6.9%), USA (6.9%), Denmark (6.9%), Netherlands (5.5%), China (4.5%), Belgium (4.4%), France (4.2%)

Major Import Sources

Germany (18.7%), Netherlands (8.9%), Norway (7.7%), Denmark (7.2%), China (5.5%), UK (5.1%), Finland (4.7%), Belgium (4.7%)

Political and Economic Background

Economics

Interest Rate Management Policy

Sweden's interest rate (the repo rate) is set by the Executive Board of the Riksbank. Under the terms of the Sveriges Riksbank Act, the main objective of monetary policy is to maintain price stability. This is defined as keeping inflation close to the target rate of 2%. (It is permitted to vary by 1% above or below this target.) In September 2017, the Riksbank switched its inflation target from the Consumer Price Index (CPI) to the Consumer Price Index with a Fixed Interest Rate (CPIF), which, unlike the CPI, is not directly affected by changes in mortgage rates.

Foreign Exchange Rate Management Policy

Sweden has operated a floating exchange rate regime since November 1992. The Riksbank is permitted to intervene in the foreign exchange market, using foreign currency reserves.

Major Economic Issues

As a result of Social Democrat control of parliament for much of the 20th century, Sweden's economy developed into one with a relatively high tax base with tax receipts at around 48% of GDP. Sweden joined the European Union (EU) in 1995, but rejected the euro in a 2003 referendum.

The Swedish economic model incorporates a strong welfare state, including a central wage bargaining culture supported by the relatively highly unionized labor force. This welfare state includes strong support for the Swedish public school system, which has allowed the Swedish labor force to develop a high skill base. As a result, Swedish companies are strong international competitors in areas such as IT and telecommunications. These companies have continued Sweden's strong export-oriented growth, replacing revenues from more traditional resource-based industries such as timber and steel.

However, despite these successes, there is concern over the level of unemployment within the Swedish economy. In common with other western European countries, Sweden also has an ageing population, which continues to put pressure on the government finances.

The Swedish economy has enjoyed steady growth from 2013, reaching growth of 3.3% in 2016 and 2.4% in 2017, as a result of combination of rising investment and domestic consumption, fueled by expansionary fiscal and monetary policy. However, according to the Riksbank, economic activity has now entered a more mature phase and, in the years ahead, growth is expected to slowdown to 2.2% in 2018 and to an average of 1.8% between 2019 and 2021.

In July 2015, the Riksbank decided to make monetary policy even more expansionary by cutting interest rates deeper into negative territory, from minus 0.25% to minus 0.35%, a record low, in an attempt to fight the threat posed by a strengthening SEK to falling consumer prices. In

February 2016, the Riksbank decided to cut the rate even deeper to minus 0.5%. In December 2017, the Riksbank ended its bond purchase program after almost three years. However, the bank will maintain a presence in the bond markets for the next few years, by reinvesting redemptions and coupon payments in the government bond portfolio, in a move aimed at ensuring a smooth retreat from stimulus. In December 2018, the Riksbank raised interest rates from minus 0.5% to minus 0.25%, the first increase in seven years. The strong economic situation in Sweden has contributed to inflation rising gradually from 0.4% in December 2014 to 2.2% in December 2018.

After a period of economic instability resulted in the government budget going into deficit, the budget returned to a surplus of SEK 85.3 billion in 2016, helped by a strong economy and increased tax revenue. In April 2018, the government presented an expansionary Spring budget bill ahead of the September 2018 general election, focusing on a few specific areas, such as integration and health care, as well as law and order. The budget surplus is expected to remain at a level corresponding to 1% of GDP in 2018 as well as 2019.

Politics

Government Structure

Sweden is a constitutional monarchy.

Executive

Executive power is held by the prime minister and other cabinet members. The prime minister is appointed by the speaker of the parliament (Riksdag), but must have parliament's support. The prime minister then appoints the other cabinet ministers.

The current prime minister is Stefan Löfven. His Social Democratic Party heads a minority center-left coalition with the Green Party that cooperates on the budget and the direction of policy in several areas with the Center Party and the Liberal Party.

Legislature

Sweden's unicameral parliament is the Riksdag.

The 349-member Riksdag is elected for a four-year term by proportional representation. Of the elected members, 310 are elected proportionately to represent one of 29 national electoral districts. The remaining 39 seats are allocated nationally to ensure representation within the Riksdag reflects the proportion of votes cast nationally. To win a seat, a party must win either 4% of the national vote or 12% in one of the 29 electoral districts.

The next Riksdag elections are due to be held in 2022.

International memberships

Sweden is a member of the EU. It is also a member of the Council of Europe, the Organization for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS) and the World Trade Organization (WTO).

Major Political Issues

Stefan Löfven, leader of the Social Democratic Party, was elected prime minister after his party won the most votes in the September 2014 general election, beating the center-right governing Alliance bloc. In October 2014, Mr. Löfven was confirmed as prime minister and presented his new minority center-left coalition government including his Social Democrats and the Green Party. Mr. Löfven promised to seek wide support for his plans to boost welfare and schools and tackle unemployment. Immigration policy was also a hot topic in the election campaign.

On January 18, 2019, Mr. Löfven was voted back in as prime minister, leading a Social Democrat - Green Party coalition, following four months of political deadlock after no party managed to secure a majority in the September 2018 elections. The Social Democrats were backed by the Green Party, while three smaller parties, including the anti-immigration Sweden Democrats, who came third in the election, voted against the proposal. The Social Democrat - Green Party coalition has the parliamentary backing of the Center and Liberal parties, former members of the opposition center-right Alliance bloc. The Social Democrats remain the largest party, although they lost seats in the elections, as they struggled to respond to the far-right's tough rhetoric on crime and immigration.

Historically, Swedish politics has been dominated by the Social Democrats. Since 1932, the Social Democrats (and their allies) have only lost five general elections. The Social Democrats' strength was built on their support for the relatively generous welfare state. This included national health and education provision as well as support for income redistribution through relatively high personal taxation levels. Sweden also employed a centralized system of wage bargaining, led by strong trade unions.

However, since the early 1990s, there has been pressure on this Swedish model, as a result of the impact of changes in the Swedish economy, notably the decline of the shipbuilding industry. The economic policy switched to focus more on counter-inflation measures as a result of damage caused by currency speculation in the late 1980s and early 1990s. Governments of both the center-right and center-left followed a policy of reducing the size of the welfare state, through a combination of encouraging the growth of private sector provision of some services and a limited program of privatization. Despite these changes, welfare provision remains high, especially in areas such as maternity and paternity leave, and support for child care, although unemployment benefits have been reduced to try to encourage more people into employment.

Sweden, along with Germany, has been a prime destination for refugees and other migrants entering the EU. The country received more than 160,000 asylum applications in 2015 alone. However, following the introduction of border controls (the Swedish government has introduced temporary identity checks for travelers from Denmark), an agreement between the EU and Turkey, and tougher legislation, the number of migrants arriving in the country has fallen significantly, standing at about 30,000 in 2016 and at about 25,000 in 2017. Since the Stockholm terror attack in April 2017, which has challenged the country's liberal values, Sweden has faced a new reality of enhanced security and vigilance.

Taxation

Resident/Non-resident

A company is resident for tax purposes in Sweden if it is incorporated in accordance with the Companies Act.

Tax Authority

Swedish Tax Agency.

Tax Year/Filing

Companies use a financial year, normally consisting of a 12-month period ending on December 31, April 30, June 30 or August 31, unless another date (ending on the last day of any month) is permitted by the Tax Agency. A group company must apply the same financial year as the entire group.

There are four different dates for filing the annual corporate income tax return:

- For companies with a financial year ending between January 31 and April 30, the return is due on November 1 (paper returns) or December 1 (electronic returns) of the calendar year in which the financial year ended.
- For companies with a financial year ending between May 31 and June 30, the return is due December 15 (paper returns) of the calendar year in which the financial year ended or by January 15 (electronic returns) of the calendar year after the calendar year in which the financial year ended.
- For companies with a financial year ending between July 31 and August 31, the return is due by March 1 (paper returns) or April 1 (electronic returns) of the calendar year after the calendar year in which the financial year ended.
- For companies with a financial year ending between September 30 and December 31, the return is due by July 1 (paper returns) or August 1 (electronic returns) of the calendar year after the calendar year in which the financial year ended.

A preliminary return must be filed no later than one month before the start of the tax year and monthly estimated tax payments must be made during the year based on the preliminary return. A final assessment is made within six months from the end of the tax year and either a refund will be issued or a final balance must be paid.

Consolidated tax returns are not allowed, but contributions between Swedish group companies are allowed under certain circumstances as a way to equalise profits and losses.

Corporate Taxation

Resident companies are subject to tax on their worldwide income. Non-resident companies are subject to tax on Swedish-sourced income derived from a permanent establishment (PE) or

real estate in Sweden, dividend income from shares in Swedish companies and other economic associations.

Royalty payments made from Sweden to a foreign-based company are treated as income from a PE in Sweden and are subject to ordinary corporate income tax, unless the income is exempt from tax under an income tax treaty.

The Swedish corporate tax rate is a flat rate of 21.4% (reduced from 22%) for financial years starting after December 31, 2018 but before January 1, 2021. There is no alternative minimum tax or surtax.

Losses may be carried forward indefinitely. However, restrictions apply after direct and indirect change of ownership situations. The carryback of losses is not permitted, although the application of the tax allocation reserve may be viewed as a type of loss carryback.

Advance Tax Ruling Availability

Advance rulings may be issued by the Council for Advance Tax Rulings to a resident or non-resident company on corporate income tax, VAT, real estate tax and the general anti-avoidance rule.

Withholding Tax (Subject to Tax Treaties)

Payments to:	Interest	Dividends	Royalties	Other income	Branch remittances
Resident companies	None	None	None	None	NA
Non-resident companies	None	0% / 30%	None*	None	None

* Royalty payments made from Sweden to a foreign company are treated as income from a PE (in Sweden) and are subject to ordinary corporate income tax, unless the income is exempt from tax under an income tax treaty.

No withholding tax is levied on dividends, interest or royalties paid to resident companies, or on interest or royalties paid to non-residents.

A withholding tax of 30% is levied on dividends paid to non-residents, unless the rate is reduced or an exemption applies under a tax treaty, Swedish domestic legislation or the EU parent-subsidiary directive. A specific anti-avoidance rules applies for withholding tax purposes.

Tax Treaties / Tax Information Exchange Agreements (TIEAs)

Sweden has exchange of information relationships with 127 jurisdictions through 82 double tax treaties, and 47 TIEAs (www.eoi-tax.org, January 2019).

On January 27, 2016, Sweden, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, signed a multilateral cooperation agreement with 30 other countries (“the MCAA”). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).

With Country-by-Country reporting, tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA started in 2017-2018 on 2016 information.

As of December 2017, there are 68 signatory countries, including:-

- Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Costa Rica, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, India, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Malaysia, Mexico, Netherlands, Nigeria, Norway, Poland, Portugal, Russia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland and United Kingdom.

Transfer Pricing

Sweden adheres to the OECD transfer pricing guidelines and allows the following transfer pricing methods: comparable uncontrolled price, resale price, cost plus, profit split and transactional net margin method. Documentation requirements apply.

Sweden allows bilateral and multilateral advance pricing agreements.

Controlled Foreign Companies

A Swedish resident company (or individual) or a non-resident with a PE in Sweden that holds an interest in certain foreign legal entities is subject to immediate taxation on its proportionate share of the foreign legal entity's profits if the foreign entity is not taxed or if it is subject to taxation at a rate lower than 11.77% (i.e. 55% of the Swedish tax rate of 21.4%). The CFC regime stipulates a participating interest threshold, and a "white list" applies. A Swedish shareholder of a foreign legal person within the European Economic Area that is treated as a CFC is exempt from CFC taxation on income derived from the CFC if the shareholder (taxpayer) can demonstrate that the foreign legal person actually is established in its home state and carries on genuine economic activities.

Other Anti-Avoidance Rules

Under the General Tax Avoidance Act, a transaction may be disregarded if it produces a substantial tax benefit, the tax benefit can be viewed as the predominant reason for the transaction and an assessment based on the transaction would be contrary to the purpose of the legislation.

Thin Capitalization

There are no formal thin capitalization rules for tax purposes, although substantial interest deduction restrictions apply on loans from affiliated persons. New interest deduction limitation rules

entered into force on January 1, 2019 and apply to fiscal years commencing after December 31, 2018. The rules introduce new targeted and general restrictions on deductions for interest expense and include provisions for hybrid arrangements.

According to the amended targeted rules, interest expense on intragroup loans will be allowed where i) the beneficial owner of the interest is located within a European Economic Area or treaty country, or ii) the interest is subject to tax at a rate of at least 10%. Even if these conditions are satisfied, interest will not be deductible if the purpose of the intragroup loan is deemed to be exclusively or almost exclusively (90-95%) for the group to achieve a substantial tax benefit. The burden of proof is with the taxpayer. In addition, where the purpose of the loan is to finance an intragroup acquisition of shares, the acquisition must be substantially motivated by sound business reasons to obtain an interest deduction.

The new general interest deduction limitation rule restricts the deductibility of both related and third-party interest expense. The general rule applies to negative net interest expense and limits the deduction of net interest expense to 30% of a tax-adjusted EBITDA.

Stamp Duty

Stamp duty is levied on the transfer of real estate and is payable by the purchaser.

The standard rate for real estate is 4.25% on the higher of the acquisition value and the tax assessed value if the transferee is a legal entity. For mortgage loans, the rate is between 0.4% and 2%.

Cash Pooling

There are no specific tax rules in Sweden that apply to cash pooling arrangements. However, from a civil law perspective there is a general loan prohibition that should be considered in connection with cash pooling. Swedish companies are not allowed to provide loans to their direct or indirect owner or any party related to such owner. However, extensive exceptions apply, and formalities due to Swedish company law requirements must be considered.

Real Estate Tax

Real property tax is levied annually at rates ranging between 0.2% and 2.2% on the tax assessed value (as determined by the tax authorities) on all types of real estate. The tax is deductible in computing the corporate tax liability.

No property tax or property fee is levied on certain types of real property.

Sales Taxes/VAT (including Financial Services)

VAT is normally levied at all levels on the supply of taxable goods and services at a standard rate of 25%. It is also levied on the acquisition of services from a foreign company and any importation of goods into Sweden.

A reduced rate of 12% applies for certain items including foodstuffs and certain tourism services.

A reduced rate of 6% applies for certain periodicals, modes of popular entertainment and cultural services.

A number of financial services (e.g. insurance, reinsurance and certain bank services) are VAT-exempt.

Goods and services imports are subject to VAT and exports are zero rated.

A company that is liable to VAT in Sweden must register for VAT purposes.

Non-residents can generally obtain a refund of VAT levied on goods and services purchased, provided that certain conditions are met.

Capital Gains Tax

Capital gains are derived from the sale of shares in a resident company are normally tax-exempt provided the shareholding is business-related. Shares in EU resident companies (including shares held as inventory) also are considered business related if the holding represents at least 10% of the capital.

Shares in companies that are resident outside of the EU may be considered business-related, provided the features of the foreign entity are similar to those of a Swedish limited liability company or a Swedish economic association.

Taxable capital gains are regarded as other business income and taxed at a rate of 21.4%.

Financial Transactions / Banking Services Tax

There are no specific financial transactions or services taxes in Sweden that apply to services, loans, money transfers, letters of credit and/or foreign exchange etc.

Payroll and Social Security Taxes

There is no payroll tax payable by employers.

The general aggregate social security contribution made by an employer on behalf of an employee is 31.42% of gross salary, including the value of fringe benefits. Employers contribute for: retirement pension insurance (10.21%); health insurance (5.02%); unemployment and other labor market measures (2.91%); survivor's pension insurance (1.17%); parenthood insurance (2.6%); occupational accident insurance (0.3%); and a general salary tax (9.21%).

Social security contributions are paid for employees born in 1937 or earlier; the rate is 6.15%. For employees born from 1938 to 1952, the rate is 16.36%.

Additional contributions are also payable by employers (in accordance with collective agreements).

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2019 (www.deloitte.com).

Cash Management

Banking System

Banking Regulation

Banking Supervision

Central bank

The Swedish central bank is the Sveriges Riksbank. It was established in 1668 and is based in Stockholm. Its authority derives from the 1998 Sveriges Riksbank Act, which granted the Riksbank legal independence from the Swedish government from January 1, 1999.

Within Sweden, it is the banker to the federal government and to other banks. It issues currency, manages Sweden's monetary and foreign currency reserves and oversees the operation of the country's payment systems. Its main responsibility is to maintain price stability through the operation of monetary policy, mainly by setting the country's repurchase agreement (repo) rate. Price stability is defined as keeping the consumer price index (CPIF - Consumer Price Index with a Fixed Interest Rate) close to 2%.

Other banking supervision bodies

Bank and other credit institution supervision is performed by the Swedish Financial Supervisory Authority (Finansinspektionen – FI). It is accountable to the Ministry of Finance and is responsible for issuing banking licenses and all financial sector regulations.

Central Bank Reporting

General

Swedish central bank reporting requirements are established by Article 9 of the Sveriges Riksbank Act and the Riksbank Statute Book. Sveriges Riksbank (SRB) has commissioned Statistics Sweden (SCB) to compile balance of payment statistics on its behalf since September 1, 2007.

What transactions - listed

The SCB uses a survey-based system to collate balance of payments statistics. The SCB selects companies to complete forms to record their cross-border transactions. Cross-border current account transactions are recorded by the use of sample surveys. Financial account items are recorded by the use of both cut-off and sample surveys measuring, for example, direct investment levels.

Whom responsible

Any resident entity issued with a survey form is required to complete and return it to Statistics Sweden within 15 days of the end of the reference period.

Additional reporting for liquidity management schemes

There are no additional reporting requirements for liquidity management schemes.

Exchange Controls

Exchange structure

Sweden's official currency is the Swedish krona (SEK).

Classification

The currency is freely floating.

Exchange tax

There is no exchange tax.

Exchange subsidy

There is no exchange subsidy.

Forward foreign exchange market

There are no restrictions on forward foreign exchange markets.

Capital flows

There are minimal restrictions on capital transactions. Some inward investment in air transport, fishing and insurance is subject to controls.

Loans, interest and repayments

There are no controls on the provision of loans by commercial banks or on the payment of interest.

Royalties and other fees

There are no restrictions.

Profit remittance

There are no restrictions on the remittance of profits into or out of Sweden.

Bank Account Rules

Resident entities are permitted to hold fully convertible foreign currency bank accounts domestically and outside Sweden. Residents are also permitted to hold fully-convertible domestic currency (SEK) bank accounts outside Sweden.

Non-resident entities are permitted to hold fully convertible domestic and foreign currency bank accounts within Sweden.

When opening a bank account, all the appropriate account opening documentation can be submitted in Swedish or English.

Anti-money Laundering and Counter-terrorist Financing

- Sweden has enacted anti-money laundering legislation, including legislation implementing the first four EU anti-money laundering directives and counter-terrorist financing legislation (the Act on Measures against Money Laundering and Terrorist Financing 2017:630 (the new Money Laundering Act) and the Act on Penalties for Money Laundering Offences 2014:307, as amended. The Swedish Financial Supervisory Authority has also issued related Regulations and Guidelines). The fourth EU Anti-Money Laundering Directive (AMLD) was transposed into national law in June 2017 and new regulations following the structure of the new Money Laundering Act came into force in August 2017.
- The 5th EU Anti-Money Laundering Directive (Directive (EU) 2018/843) entered into force on July 9, 2018, amending the 4th EU Anti-Money Laundering Directive, and member states must transpose this Directive into national law by January 10, 2020.
- A Financial Action Task Force (FATF) member, Sweden observes most of the FATF+49 standards.
- Sweden has established a financial intelligence unit (FIU), Finanspolisen Rikspolisstyrelsen (FIPO), which is a member of the Egmont Group.
- Account opening procedures require formal identification of the account holder, unless the client is a bank situated within the EU or a FATF member.
- Beneficial owners must be identified.
- Verification of identity of legal entities is on the basis of a registration certificate or other authorising document. Legal representatives who have power of attorney are identified as for individuals.
- All banks, credit and financial institutions have to identify clients for single transactions or a series of aggregated transactions exceeding EUR 15,000. Different banks can have individual thresholds at a lower level.
- Relationships with shell banks are prohibited.
- Financial institutions in the broadest sense are required to record and report suspicious transactions to FIPO.
- All records on identity must be kept for at least five years after the end of the business relationship, while records relating to transactions must be kept for five years from the end of the year following the transaction.

Data as at January 2019.

Banking Sector Structure

Major Domestic Banks

Bank	Total assets (USD million) December 31, 2017
Nordea Bank AB	697,795
Svenska Handelsbanken AB	337,296
Skandinaviska Enskilda Banken AB (SEB)	312,016
Swedbank AB	269,722

Source: www.accuity.com.

Overall Trend

Sweden has 89 banks, including 40 limited liability banks, 47 savings banks and two co-operative banks. There is also a significant foreign banking presence in Sweden – 38 foreign banks have a branch and 12 foreign banks have a representative office in Sweden. In addition, 538 foreign banks are authorized to offer cross-border banking services.

There are four main domestic banks providing the full range of banking services to corporate clients – Nordea, SEB, Svenska Handelsbanken, and Swedbank. Together, they account for 79% of the sector's total assets. In addition, although some of the main international cash management banks have a presence in Sweden, a number prefer to service their clients through alliances with one of the Scandinavian banks. No international (non-Scandinavian) cash management bank has either developed or acquired a nationwide branch network in Sweden.

All the larger domestic Swedish banks have sought to expand their presence outside the country in recent years. Historically, SEB and Svenska Handelsbanken were Sweden's two largest banks; both banks have established branches in the other Nordic and Baltic countries, with SEB establishing a significant branch presence in Germany too. Swedbank has a significant network in the Baltic countries through its wholly-owned subsidiary Hansapank. (In March 2009, Hansapank changed its name to Swedbank.)

Nordea is a pan-region banking group formed by the merger of four domestic banks – Merita Bank (Finland), Nordbanken (Sweden), Christiania Bank (Norway), and Unidanmark (Denmark). In October 2018, Nordea moved its headquarters to Finland to cut costs of complying with Swedish regulations and to fall under the supervision of the European Central Bank (ECB). Despite the move, Nordea continues to be active in Sweden, through a branch (Nordea bank Abp) and four subsidiaries. The move means that there are now two leading banks operating through major bank branches in Sweden: Nordea and Danske Bank.

Payment Systems

Overview

Sweden's three main payment clearing systems are RIX, Bankgiro and Data Clearing.

RIX is the country's real-time gross settlement system, used for high-value and urgent electronic payments in SEK.

The Bankgiro system and Data Clearing system are Sweden's main retail payment systems for low-value, non-urgent electronic items and paper-based instruments. Bankgiro and Data Clearing, which is owned by the Swedish Bankers' Association, process payments denominated in SEK. Both are operated by the Bankgirot (formerly Bankgirocentralen BGC). Bankgirot has outsourced the processing of Bankgirot direct debit transactions to VocaLink. The full migration of Bg Autogiro (Direct Debit) to VocaLink was completed in May 2012. Bankgirot has also outsourced its IT operations to Nordic software house Evry. Under the terms of the agreement, as of December 2018, Evry will take responsibility for Bankgirot's platform operations with the aim of improving the efficiency of its payment infrastructure.

In December 2012, Bankgirot launched Real-time Payments (Betalingar i Realtid - BiR), a new platform for real-time payments. BiR is able to process payments in real-time 24 hours a day, seven days a week. All banks and payment providers are able to access the new system, to which new services can be added. Twelve banks currently participate in BiR. A mobile payment service called Swish is the first service connected to the new platform. It enables real-time credit transfers initiated via mobile phones. Swish is owned by six commercial banks: Handelsbanken, SEB, Nordea, Swedbank, Länsförsäkringar and Danske Bank. Eleven banks, including its owners, currently participate in the service.

PlusGiro is an internal payment system for low-value postal giro payments in SEK and EUR between giro accounts held at Nordea Bank. Bankgirot payments can be paid to PlusGiro accounts. All Posten branches are able to access PlusGiro.

Manual payments can be made over the counter at banks or using paper forms sent in via the banks' payment services. These payments are processed by Privatgirot, a subsidiary of BancTec AB. The services available for manual payments are Bankgiro Direct, Tax Giro and Paper-based Payments.

In 2018, the four largest Swedish banks SEB, Swedbank, Nordea and Handelsbanken, in partnership with Danske Bank, DNB and OP Financial Group, announced plans to develop a Nordic payment infrastructure across Sweden, Denmark, Finland and Norway. The P27 project, so-called after the 27 million people who live in the Nordic region, aims at creating the world's first payment area for multi-currency national and cross border payments.

High-value

Name of system	RIX
Settlement type	Real-time gross settlement
Settlement cycle	Payments are settled individually on a same-day basis with immediate finality.
Links to other systems	NA (RIX was linked to TARGET, but is not connected to TARGET2.)
Payments processed	High-value and urgent electronic payments, both domestic and cross-border. It processes credit transfers in SEK only and accepts both interbank (MT202) as well as customer (MT103 and MT103+) payments.
Currency of payments processed	SEK
Value and other limits to processing	There are no value limits or thresholds. However, under an agreement between participants, payments under SEK 500,000 should be aggregated.
Operating hours	06:30-17:00 CET
System holidays	The system is closed on all official bank holidays.
Cut-off times	17:00 CET
Participants	34 direct participants, including the Sveriges Risksbank
Access to system	Via SWIFT FINCopy or RIX Online
Future developments	RIX's operating system upgrade and related adjustments of supporting software, originally planned for implementation in the second half of 2016, was completed in October 2018.

Low-value

Name of system	Bankgiro
Settlement type	Bilateral gross settlement
Settlement cycle	Payments are settled on a same-day or next-day basis, depending on the instrument being processed. Final settlement is effected via RIX.
Links to other systems	NA
Payments processed	<p>Low-value and non-urgent giro payments. This includes credit and debit transfers.</p> <p>Giro payment use Bankgiro account numbers rather than the bank account numbers. This allows customers to transfer payments between accounts without revealing their bank details to third parties or altering the payment instructions.</p> <p>The migration of Bg Autogiro (direct debits) to the UK payment transaction company VocaLink platform was completed by May 2012. No further products will be migrated to VocaLink.</p>
Currencies of payments processed	SEK
Value and other limits to processing	There is a limit of SEK 9.999 billion on individual transactions.
Operating hours	The system operates 24 hours a day.
System holidays	The system is closed on all official bank holidays.
Cut-off times	Cut-off times for next-day settlement range from 17:00 CET to 23:00 CET depending on the payment instrument. For same-day settlement, the cut-off time for outgoing credit transfers is 11:30 CET and for account deposits it is 14:00 CET.
Participants	There are 25 direct participants.
Access to system	Participants can access Bankgirot online via the SWIFT File Act system.
Future developments	<p>As of October 31, 2016, Bankgiro no longer processes EUR payments. Instead, EUR payments can be processed by local banks through payment solutions that comply with SEPA regulation.</p> <p>Bankgirot has outsourced its IT operations to Evry. Under the terms of the agreement, as of December 2018, Evry will provide the operation and management of Bankgirot's payment platforms.</p>

Name of system	Data Clearing
Settlement type	Bilateral net settlement
Settlement cycle	Payments are settled on a same-day or next-day basis. Final settlement for SEK-denominated payments is effected via RIX at 15:30 CET.
Links to other systems	NA
Payments processed	Low-value and non-urgent credit and debit transfers payments (using only standard bank account numbers) and all check payments. Paper-based payments are truncated into electronic items before processing.
Currency of payments processed	SEK
Value and other limits to processing	There is a limit of SEK 9.999 billion on individual transactions.
Operating hours	24 hours
System holidays	The system is closed on all official bank holidays.
Cut-off times	Cut-off times for next-day settlement range from 17:00 CET to 23:00 CET depending on the payment instrument. For same-day settlement, the cut-off time for outgoing credit transfers is 11:30 CET and for account deposits it is 14:00 CET.
Participants	There are 32 participants.
Access to system	Participants can access Data Clearing online via the SWIFT File Act system.
Future developments	NA

Payment and Collection Instruments

Overview and Trends

The use of cash in Sweden has been declining for some time and is expected to decline further as the use of electronic payments continue to increase. According to the Sveriges Risksbank, in 2018, only 13% of all payments in shops were made in cash, compared with 39% in 2010 and well below the global average of 75%.

The most important cashless payment instruments in Sweden in terms of value are electronic credit transfers. In terms of volume, the use of cards, especially debit cards, has increased rapidly over recent years. There has been a significant growth in the use of internet banking by both companies and among consumers, all of whom can initiate credit transfers via the internet.

Since January 1, 2008, all debit cards issued by banks in Sweden have been Single Euro Payments Area (SEPA)-compliant. Pan-European SEPA credit transfers for EUR-denominated payments have been available since January 28, 2008. Swedish banks have been required to accept Core (customer) SEPA Direct Debits since November 2014. SEPA migration within the eurozone was finalized on August 1, 2014, for SCTs and SDDs. The deadline for completion of SEPA migration of EUR-denominated payments in non-Euro countries was October 31, 2016.

In January 2016, a Revised Directive on Payment Services (PSD2) entered into force. The overall objective of the PSD2 is to increase the competition on the EU payment market, facilitate innovative payment services, ensure that payment services are safe, and offer complete consumer protection. The directive had to be incorporated into the EU members' national laws and regulations by January 13, 2018. However, as of May 2018, only 23 (including Sweden) of 28 EU members had fully transposed the directive into their national laws.

Statistics of Instrument Usage and Value

	Transactions (million)		% change	Traffic (value) (EUR billion)		% change
	2016	2017	2017/2016	2016	2017	2017/2016
Checks	0.1	0.1	0.0	0.4	0.1	- 75.0
Credit transfers	1,303.0	1,317.0	1.1	1,617.9	1,938.9	19.8
Direct debits	301.0	334.0	11.0	56.5	60.6	7.2
Debit card payments	2,665.0	2,845.0	6.8	85.8	89.9	4.7
Credit card payments	501.0	507.0	1.2	25.6	25.3	- 1.0
Total	4,770.1	5,003.1	4.9	1,786.2	2,114.8	18.4

Source: ECB payment statistics, October 2018.

Paper-based

Checks

Checks are now primarily used to make small retail payments, as they are only guaranteed up to a maximum of SEK 2,000. A transaction charge of SEK 15 applies to every check payment. Checks are truncated into electronic items and cleared by the Bankgirot's Dataclearing system.

Electronic

Credit Transfers

Credit transfers are the main form of payment instrument used by large companies to pay suppliers and salary payments. Domestic and cross-border electronic credit transfers in EUR can now be made using the Europe-wide SEPA credit transfer format.

High-value

High-value and urgent credit transfers in SEK are processed through RIX. Customer payments for processing through RIX must be submitted by 17:00 CET to be settled on a same-day basis.

All payments are settled individually with immediate finality.

Domestic electronic payments denominated in EUR can be processed through the Finnish or German element of the TARGET2 system. Other cross-border electronic payments can be processed via the EBA's EURO1 system.

Low-value

Non-urgent and low-value credit transfers are processed through Bankgirot, Data Clearing and Nordea's internal PlusGiro system. Payments are usually settled on a next-day basis. Bankgirot's new platform Real-time Payments (Betalingar i Realtid - BiR) is able to process payments in real-time 24 hours a day, seven days a week. Bankgirot and PlusGiro process payments denominated in both SEK and EUR. As of October 31, 2016, Bankgirot no longer processes EUR payments. Instead, EUR payments can be processed by local banks through payment solutions that comply with SEPA regulation. Data Clearing only processes payments denominated in SEK.

Low-value cross-border transfers can be processed through banks' traditional correspondent banking relationships or networks.

Non-urgent and low-value cross-border electronic payments denominated in EUR can also be processed via the EBA's STEP1 or STEP2 system.

According to Regulation (EC) No 924/2009 on cross-border payments in the European Community, cross-border transfers (and other electronic payments) below the equivalent of EUR 50,000 in euro or another EU currency cannot be subject to higher charges than domestic credit transfers (and other electronic payments) within the EU.

Direct Debits

Bankgirot launched a new paperless direct debit product called Bg Autogiro (the product was launched under the name of Nya Direct Debit or New Direct Debit) in November 2011. This new fully electronic product combines Autogiro Private and Autogiro Företag (Autogiro Company) into a single product to be used for regular, low-value payments, such as insurance premiums or utility bills. In order to use the Bg Direct Debit, payees need to either update their existing ERP systems with the new file layouts of Bg Autogiro or supplement their systems with a new web service called Autogiro Online. Following an initial transitional period, Autogiro Private and Autogiro Företag were discontinued in May 2012. Bankgirot has outsourced the processing of Bg Autogiro to VocaLink. The full migration of Bg Autogiro to VocaLink was completed in May 2012.

Payment Cards

The use of credit and, in particular, debit cards continues to increase in Sweden among retail consumers, so much so that debit cards are now the most popular payment instrument in Sweden by volume. Most card payments are affiliated with Visa or MasterCard and processed through their respective international card networks before being sent to the Bankgirot. Final settlement takes place in RIX.

iZettle is a payment service launched in Sweden in September 2011. It allows businesses and individuals to accept card payments using an EMV-based device that enables smartphones and tablets to be used as POS terminals. The service currently accepts MasterCard, Visa, American Express and Diners Club cards.

Contactless card technology is available in Sweden.

By the end of 2017, there were approximately 10.7 million cards with a debit and/or delayed debit function and 8.8 million credit cards in circulation in Sweden.

As of January 1, 2008, only SEPA-compliant EMV chip payment cards can be issued by banks.

ATM/POS

At the end of 2017, there were 2,655 ATMs and 219,158 POS terminals in Sweden. Most POS transactions are currently processed by Nets, Swedbank Babs or Evry (formerly EDB Card Services and CEKAB, a body owned by a consortium of banks) and cleared through Bankgirot before final settlement in RIX. Bankomat AB, a company founded in 2010 and owned by Sweden's five largest banks, has taken over the operation of most ATMs in the country. Kontanten AB, an independent company that is not associated with banks, operates a network of over 600 ATMs in Sweden.

Electronic Wallet

Stored value MasterCard cards are issued by the Swedish National Debt Office in partnership with a local commercial bank. These cards are prepaid and can be reloaded. The scheme was launched in 2010 and is used by the government to give people without bank accounts cashless the means to pay for goods and services and to access cash from ATMs.

Retailer cards are also available in Sweden.

Mobile payment schemes such as Apple Pay and Samsung Pay are also available.

Liquidity Management

Short-term Borrowing

Foreign owned companies have equal access with domestic companies to all forms of funding. Companies agree a total borrowing limit with their banks when arranging credit facilities.

Overdrafts

Overdraft facilities in SEK are arranged yearly and are receivable.

Compensating balances may be requested by some banks, but this is not normal practice.

Bank Lines of Credit / Loans

Banks make advances to their customers of one to six months' maturity.

Less well known or small and medium-sized companies (SMEs) may have to provide security – real estate, receivables and financial assets.

Trade Bills – Discounted

Discounting trade bills is very rare in Sweden.

Factoring

Factoring is widely available on both a disclosed and undisclosed basis and with and without recourse. Factoring companies provide a full range of services including bad debt recovery.

Commercial Paper

The Swedish commercial paper (CP) market is restricted to well-known companies (Swedish or foreign) or those with a high credit rating.

Most CP issued is for one to six months.

Companies often leave part of their agreed credit ceiling unused to act as liquidity back-up lines for their CP issues.

Listing on the Stockholm Stock Exchange is normal.

Bankers' Acceptances

These are not commonly available in Sweden.

Supplier Credit

Where suppliers offer credit to their customers, it is usually for a month.

Suppliers may legally charge their customers for late or slow payment. Interest and penalty charges may both be levied.

Intercompany Borrowing, including Lagging Payments

Legal intercompany loans are rare in Sweden, except between some SMEs. However, there has been a growth in the availability of cash pooling for group liquidity purposes. This has led to an increase in intragroup loans.

Short-term Investments

Interest Payable on Bank Account Surplus Balances

Interest-bearing current, or checking, accounts are available to both resident and non-resident entities.

Demand Deposits

Interest-bearing demand, or sight, deposit accounts are available to both resident and non-resident entities.

Time Deposits

Banks and financing associations offer time deposits for terms ranging up to two years in either SEK or foreign currencies. The most popular terms are between three and 12 months.

Certificates of Deposit

Certificates of deposit (CDs) are not widely issued in Sweden. Banks determine their own minimum investment amount when issuing a CD.

Treasury (Government) Bills

Treasury bills are issued by the National Debt Office (Riksgäldkontoret), on behalf of the Swedish government. They are issued with maturities of one, three, six and 12 months and with a minimum investment amount of SEK 5,000.

Commercial Paper

Swedish companies and public authorities issue commercial paper for terms of up to one year. The Swedish domestic commercial paper market is generally relatively liquid.

Larger Swedish companies can invest in euro commercial paper (ECP). Issuers usually have a published credit rating and issue ECP for maturities under a year in a variety of currencies (typically EUR or USD).

Money Market Funds

Swedish companies are permitted to invest in money market funds, both within Sweden and domiciled abroad.

Repurchase Agreements

Repurchase agreements (repos) are actively traded in the Swedish interbank market. They usually have maturities from one to seven days.

Bankers' Acceptances

Bankers' acceptances are not used as short-term investment instruments with companies in Sweden.

Liquidity Management Techniques

Cash Concentration

Cash concentration techniques are widely available and used by Swedish companies to manage company and group liquidity. The most common form of domestic cash concentration is balance netting, known locally as *KoncernKonto* or single legal account cash pooling.

Separate legal entities can participate in a cash concentration structure located in Sweden. Both resident and non-resident bank accounts can participate, although Riksbank approval is required. If an intercompany loan is created, it must be reported to the Swedish tax office.

Cross-border structures vary by bank, but they are commonly available. Cross-currency cash concentration is also available. Accounts based outside Sweden can participate in these structures; however there are restrictions on participation from countries outside the EEA because of restrictions on intercompany lending to non-EEA parent companies.

Notional Pooling

Notional pooling is available in Sweden. However, because banks are not permitted to offset credit and debit balances for regulatory reasons, notional pooling is relatively expensive to arrange.

Most banks offer interest rate enhancement products as an alternative. These are available on a domestic and cross-border basis. Resident and non-resident accounts can participate in the same structure and cross-currency interest rate enhancement is available, especially on a pan-Nordic basis.

Trade Finance

General Rules for Importing/Exporting

Sweden is a member of the EU. All trade between other EU countries, as well as with EFTA countries (as part of the European Economic Area - EEA), is free from tariffs and other controls.

The EU has also agreed trade agreements with a number of countries as well as with other regional trade blocs.

Imports

Documentation Required

Imports originating outside the EU will normally need to be accompanied by a commercial invoice, a customs declaration, a bill of lading and a packing list. A certificate of origin may also be required.

Imports originating inside the EU do not require formal supporting documentation, although a commercial invoice should normally be supplied.

Import Licenses

Most iron and steel imports from outside the EU require licenses. The import of armaments, some foods, live animals, narcotics and radioactive material is subject to additional controls.

Licenses with quotas in line with general EU rules apply to fish and agricultural goods and clothing imports from some countries.

Import Taxes/Tariffs

As a member of the EU, Sweden applies the common customs code to all imports originating from outside the EU. In general terms, the customs code applies higher levels of tariffs on agricultural imports.

Financing Requirements

There are no particular financing requirements for imports.

Risk Mitigation

Sweden does not operate a national risk mitigation program for importers.

Prohibited Imports

Sweden prohibits imports in line with EU regulations and UN Security Council resolutions. Imports are also prohibited to protect national security and the Swedish environment and for safety and moral reasons.

Exports

Documentation Required

Exports to countries outside the EU will normally need to be accompanied by a commercial invoice, a customs declaration, a bill of lading and a packing list. A certificate of origin may also be required.

Exports to countries within the EU do not require formal supporting documentation, although a commercial invoice should normally be supplied.

Proceeds

There are no restrictions on the use of export proceeds.

Financing Requirements

There are no particular financing requirements for exports.

Export Licenses

Any items subject to international controls require export licenses.

Export Taxes/Tariffs

Sweden does not levy taxes or tariffs on exports.

Risk Mitigation

State-supported export financing is provided by the Swedish Export Credit Corporation (SEK). Export financing is also provided by Sweden's commercial banks as well as from the Nordic Investment Bank, especially for exports to the Baltic countries and Russia.

The Export Credits Guarantee Board (EKN) provided state-supported credit insurance for exports. It offers a range of long-term (defined as over two years) export credit risk mitigation products for exporters and entities investing abroad. It offers insurance up to 95% of value in the event of both commercial and political risk. It is also able to offer insurance of up to 100% in the event of political risk and up to 90% in the event of commercial risk. Private export credit insurance is also an option.

Prohibited Exports

Sweden prohibits various exports in line with EU regulations and UN Security Council resolutions.

Information Technology

Electronic Banking

Almost all Swedish companies have access to electronic banking services. Users have access to a wide range of banking services including payment initiation and transaction and balance reporting, as well as some multi-bank transactions.

There is no electronic banking standard. However the bankers' associations of Denmark, Finland, Norway and Sweden have developed XML-based MIGs (Message Implementation Guidelines) for customer credit transfers (based on the SWIFT C2B payment initiation message), payment cancellation requests and payment status reports.

The EDIFACT format is used today to a limited extent and is no longer maintained by the Swedish Bankers' Association.

The international payment messaging standard ISO 20022 is the principal standard in the Swedish instant payment market.

Most banks offer internet banking. In most cases, internet banking provides a similar range of banking services to those available through a physical electronic banking workstation. Credit transfers for processing through Bankgirot can be initiated online. Electronic bill presentment and payment is also widely available via two local schemes – e-faktura and e-giro. Mobile banking services are also offered by banks in Sweden.

External Financing

Long-term Funding

Bank Lines of Credit / Loans

SEK secured and unsecured term loans are available to large companies.

Interest charged is at a margin over the Riksbank repo rate or the Stockholm interbank offered rate (Stibor).

Foreign currency denominated loans are often syndicated and at a margin over the London interbank offered rate (Libor).

Commercial mortgages are available at fixed or floating interest rates.

Leasing

With banks preferring to hold charges over assets when making loans, there has been an increase in the use of leasing (and factoring for working capital / liquidity management).

All forms of assets - vehicles, plant and machinery, IT equipment - are leased.

Interest charges are based on Stibor.

Bonds

Both domestic and foreign companies access the SEK bond market. Issues are listed on the Stockholm Stock Exchange.

Conventional (fixed interest rate) bonds as well as convertibles are available.

Swedish companies also issue bonds in overseas markets.

Private Placement

The private placement of securities is rare in Sweden. Commercial banks are not permitted to arrange them.

Asset Securitization / Structured Finance

Many mortgage providers securitize their mortgages, with the issues being sold outside Sweden.

Government (Agency) Investment Incentive Schemes / Special Programs or Structures

The public sector has traditionally financed infrastructure in Sweden. However, changes in government and state finances mean that private finance initiatives may be encouraged to help improve the country's infrastructure.

Useful Contacts

National Investment Promotion Agency

Invest in Sweden Agency — www.investsweden.se

Central Bank

Sveriges Riksbank — www.riksbank.com

Supervisory Authority

Swedish Financial Supervisory Authority — www.fi.se

Payment System Operators

Bank Giro Center/Bankgirocentralen — www.bgc.se

PlusGiro — www.plusgirot.se

Banks

Nordea — www.nordea.com

Skandinaviska Enskilda Banken — www.sebank.se

Svenska Handelsbanken — www.handelsbanken.se

Swedbank — www.swedbank.se

Stock Exchange

NASDAQ OMX Nordic Exchange — www.nasdaqomxnordic.com

Government Offices

Swedish Government Offices — www.regeringen.se

Ministry of Finance

Ministry of Finance — www.regeringen.se

Chamber of Commerce

Stockholm Chamber of Commerce — www.chamber.se

Bankers' Association

Swedish Bankers' Association — www.swedishbankers.se