



New rules for Swedish expert tax and business immigration

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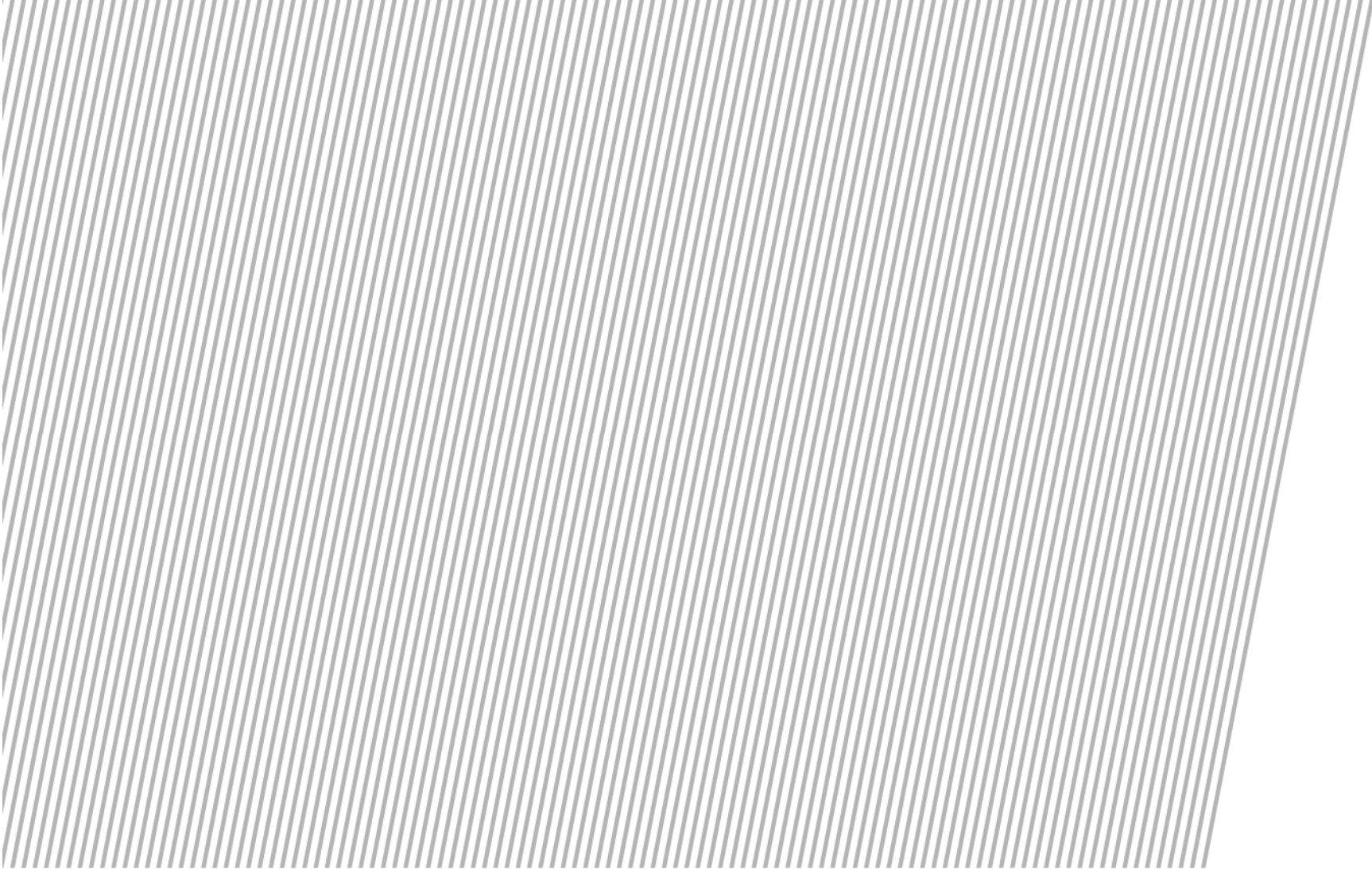
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Agenda

- ▶ Welcome
- ▶ New rules for business immigration
- ▶ New rules for expert tax

New rules for business immigration



Trends immigration Sweden

- ▶ Increasing number of work and residence permit
 - ▶ 93 134 applications granted during 2011
 - ▶ 62 463 applications granted during 2005
- ▶ Increasing number of applications for accompanying persons
- ▶ The most common professions IT-specialists, employees within household and restaurant business, cleaners, season workers
- ▶ Longer processing period at Migration board
 - ▶ 3 - 4 months to be expected

Documents needed to work in Sweden

| | | |
|------------------------|--|---|
| <p>EU/EES-citizens</p> | <p>Non EU/EES-citizens <u>without visa</u> <u>requirement</u></p> <p>Ex citizens from the US and Australia</p> | <p>Non EU/EES-citizens <u>with visa</u> <u>requirements</u></p> <p>Ex citizens from India</p> |
|------------------------|--|---|

EU/EES-citizens

Right of residence

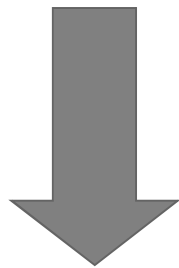
- ▶ Registration necessary if stay longer than 3 months
- ▶ File application
- ▶ Copy of passport
- ▶ Certificate of employment

Exceptions

- ▶ Nordic countries
- ▶ Those in search for a job
- ▶ EU/EES-citizens going back to home country at least once a week

Non EU/EES-citizens

Visa or
Residence Permit







Permit to *reside*
In Sweden

Work Permit



Permit to *work* in Sweden

Non EU/EES-citizens

| | | | |
|---|---|---|--|
| <p>With visa requirements shorter stay than 3 months:</p>  <ul style="list-style-type: none">▶ Visa▶ Work permit | <p>Without visa requirement shorter stay than 3 months:</p>  <ul style="list-style-type: none">▶ Work permit | <p>With/without visa requirement longer stay than 3 months:</p>  <ul style="list-style-type: none">▶ Residence permit▶ Work permit | <p>Long-term resident in EU-country stay longer than 3 months:</p>  <ul style="list-style-type: none">▶ Residence permit |
|---|---|---|--|

Application process work permit

- ▶ To be filed and granted before entering Sweden
- ▶ Maximum 2 years at a time
- ▶ Possible to apply for a permanent residence permit after 48 months
- ▶ Exceptions for certain professions and categories

Application process work permit

- ▶ Offer of employment
 - ▶ Terms of employment must be equal or better than those provided under a Swedish collective agreement or they are customary for the occupation or sector
 - ▶ The relevant labour union has been given the opportunity to express an opinion on the terms of employment
 - ▶ Minimum wage level SEK 13,000 gross per month

- ▶ Advertise the job in Sweden and the EU for ten days
 - ▶ New recruitments only

- ▶ Employee must hold valid passport

Sanctions

- ▶ If passport, visa or permit is missing the **employee** can be refused entry or deported from Sweden
- ▶ Fines for **employee** if he/she has worked in Sweden without work permit (intent/negligence)
- ▶ Fines or prison for **employers** who have employees without workpermit (intent/negligence)
- ▶ Special penalty ("Särskild avgift") irrespective of intent/negligence
 - ▶ Half basic amount work without permit < 3 mån
 - ▶ One basic amount work without permit 3 mån <

Ernst & Young certified company as of 21 October 2011

- ▶ The Migration board has launched a new system for companies hiring foreign labour
- ▶ The certified company handles all contacts with employee and union
- ▶ The certified company guarantees that filed applications are complete
- ▶ In return the applications for work and residency permits will be handled within 7 days instead of several months

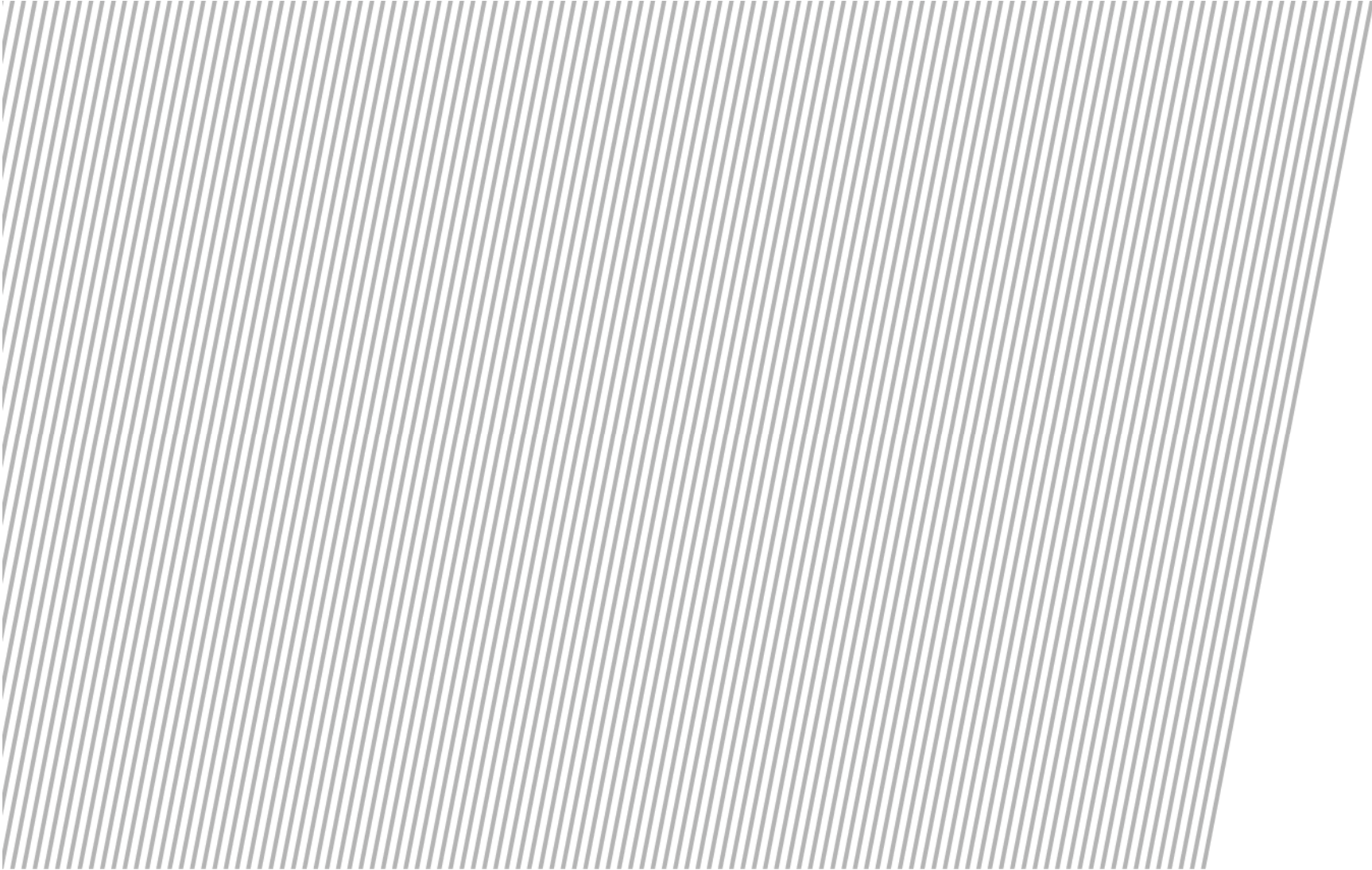
Please note!

- ▶ Currently the certification includes first-time applications only
- ▶ Ernst & Young may only submit applications where the labour union have made the assessment that the terms of the employment are in line with a Swedish collective agreement or with what is customary for the occupation or sector

The EY Immigration network

- ▶ EY can provide immigration services in approx. 120 countries
- ▶ EY network share information between EY offices and clients regarding trends and new regulations
- ▶ Business Immigration Tracker

New rules for expert tax concession



New rules on expert tax concession

- ▶ Rules on expert tax concession were introduced in 2001

- ▶ Applies to
 - ▶ Executives
 - ▶ Scientists
 - ▶ Researchers
 - ▶ Technicians
 - ▶ Specialists
 - ▶ Other key personnel

Formal criteria for expert tax concession

- ▶ The individual must not be a Swedish citizen
- ▶ An individual who has been a resident in Sweden during any of the five years prior to the start of the assignment in Sweden cannot qualify for tax relief status
- ▶ The assignment to Sweden should be limited to five years at the most
 - ▶ The intention can change during this period
- ▶ The application must be filed within three months of the individual's arrival to Sweden!

Qualifications under the old rules

- ▶ Key personnel
 - ▶ CEO – easy to receive expert tax
 - ▶ CFO, HR Director, CIO – difficult

- ▶ Experts
 - ▶ Show that the employee's skills or talents are impossible or extremely difficult to recruit in Sweden

- ▶ Applications under the old rules made it difficult to foresee if the application would be approved
 - ▶ Possibility to receive expert tax was often part of the salary negotiations

New rules

- ▶ Employees with a monthly salary incl. benefits which exceed two basic amounts (SEK 88,000 per month year 2012) are eligible for expert tax
- ▶ Employees with a monthly less than SEK 88,000 can apply for expert tax under the old rules

Application for expert tax concession

- ▶ The application must be made within **three months** of the employee's arrival to Sweden
- ▶ Written application filed with Forskarskattenämnden
- ▶ Two different applications forms
 - ▶ Old rules based on qualifications
 - ▶ New rules based on compensation

Application under the new rules

The employee

| | | |
|---|--------------------------|--|
| Name | | Personal Identity Number (Swedish if there is one) |
| <input type="text"/> | | <input type="text"/> |
| Citizenship | Day of arrival in Sweden | Estimated duration of stay in Sweden (must not be intended to exceed five years) |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Have been a permanent or habitual resident (normally for six months) in Sweden at some time during the five years preceding the year in which the work commenced? | | Date of commencement of work in Sweden |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | | <input type="text"/> |

The employer (Must be registered in Sweden or be a foreign company with a permanent establishment here and also be the one who pays the salary)

| | |
|---|--|
| Company | Corporate Identity Number |
| <input type="text"/> | <input type="text"/> |
| Postal address | |
| <input type="text"/> | |
| Contact person | Authorized representative as per power of attorney |
| <input type="text"/> | <input type="text"/> |
| Contact person's/representative's postal address, telephone number and E-mail address | |
| <input type="text"/> | |

Application under the new rules

Salary and other remuneration for work

Tax relief is granted if the salary and other remuneration for work in Sweden per month exceeds two base amounts for the calendar year in which the work is commenced. The total of contractually stipulated remuneration together with the benefits that are paid out or provided by the employer on a monthly basis may also be included.

State the contractually stipulated gross remuneration per month in SEK. The amount must be made evident in the employment contract or similar document (to be attached). If the value of benefits is included in the amount an itemized statement must be submitted that shows the type of benefits and how the value has been calculated (in the square below or in a separate attachment)

Contractually stipulated gross remuneration per month

of which salary

Type of benefits and calculation of value:

Attachments included

Attachments will be sent later

Computation of monthly salary

- ▶ The application must show a breakdown of the monthly salary

- ▶ Monthly salary
 - ▶ Cash compensation
 - ▶ Housing benefit
 - ▶ Car benefit
 - ▶ Other monthly reimbursements or benefits

What applies for compensation which is paid out annually?

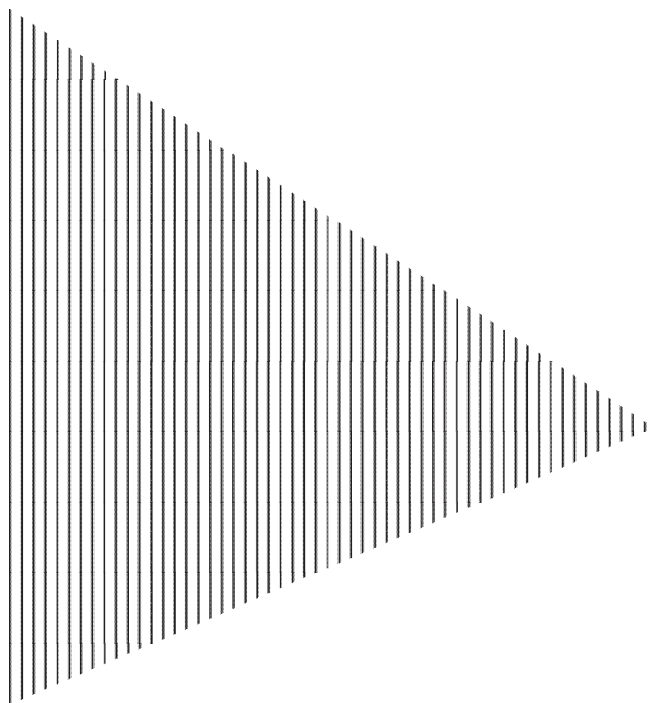
- ▶ Annual or quarterly benefits?
 - ▶ Bonus
 - ▶ Incentives
 - ▶ School costs
 - ▶ Other variable payments

Payments from Sweden and/or the home country

- ▶ Payments made from the Swedish company are covered by the expert tax decision
- ▶ Payments made from the home country may not be subject to expert tax
 - ▶ Two court rulings with different outcome
 - ▶ Practice from the Tax Agency is not consistent

Consequences if expert tax is approved

- ▶ 25% of the compensation is exempt from taxation and social security charges in Sweden during the first three years of the assignment period
- ▶ Certain compensation is exempt at 100%
 - ▶ School costs for children (grundskola and gymnasium)
 - ▶ Moving costs
 - ▶ Two home trips per year for the employee and the family members



Thank you

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