



Overview of the emergency actions presented by the Swedish government

18 March 2020

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Extension for payment of taxes and fees

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The proposal comprises a possibility for the Swedish Tax Agency to grant extension with payments of employer's tax withheld from employee salaries, employer's contributions and VAT applicable to accounting periods between January and September 2020. The postponement may be granted for a maximum of three accounting periods for tax withheld from employees salaries, employer's contributions and VAT respectively. For VAT that is reported quarterly, extension may be granted for a maximum of one accounting period.

- The extension can be granted for a maximum of one year.
- An extension fee, which is calculated as 0.3 percent on the granted extension amount, will be charged every calendar month. In addition, a non-deductible interest cost at a rate of 1.25 percent will be charged. Since the interest cost and deferral fee will be non-deductible for tax purposes, the total cost of the deferral (extension fee and interest) would be equal to a deductible cost of credit as high as 6.6 %.
- The extension fee must be paid no later than the date on which the deferred amount is to be paid.

An extension should, according to already applicable rules, be granted unless there are special reasons not to grant the it. The Swedish Tax

Agency must determine on a case by case basis whether the extension could be granted or not. For example, companies with non-negligible tax liabilities should not be able to be granted an extension.

The Government has proposed that the legislation enters into force as at 7 April 2020. From this date, the Swedish Tax Agency will be able to grant extensions covering accounting periods from January 2020.

The proposal does not affect the date of submission of the VAT return and PAYE return.



New rules on short-time work

The proposal for rules on short-time work with financial support from the state was presented together with the proposal on extension for payment of taxes and fees. The proposal comprises rules that allows for the employer's salary costs to be reduced by half, while the employee receives more than 90 percent of his or her salary. The new rules will enter into force on 7 April 2020 but will have retroactive effect starting from 16 March 2020.

Short-term work means that there is a temporary cut down on working hours and wages. A

prerequisite for short-term work is that salary and working time reductions are supported by (i) a collective bargaining agreement or (ii) a separate agreement (that at least 70 percent of the employees in that operating unit has signed) with the employee. The introduction of short-term work thus requires that employees and employers agree that the measure is appropriate to meet a temporary and serious financial difficulty.

In order for an employer to qualify for preliminary support, the employee's working hours must be reduced by 20, 40 or 60 percent of the regular working hours.

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