

2009:1

STARTING UP A BUSINESS

Information and guidance from
six government authorities
to help you save time when
starting up your own business.



Försäkringskassan



Skatteverket



Bolagsverket



Tullverket



Arbetsförmedlingen

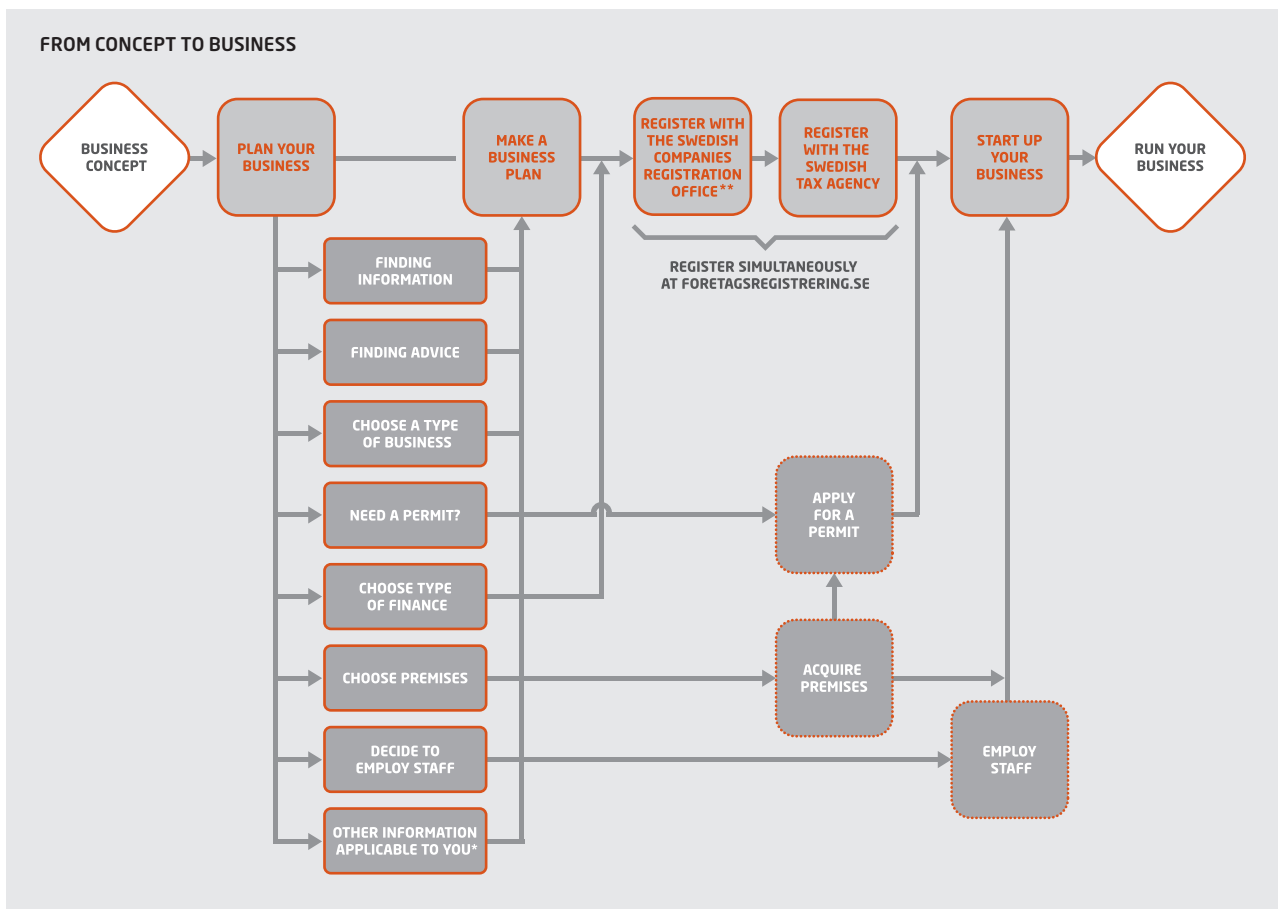
NUTEK

Verket för näringslivsutveckling

Starting up a business

Starting up your own business means turning an idea into reality. This brochure aims to show you how you can do this. Where to start? What to consider? What choices to make and how these choices will affect you and your business.

We would like to wish you the best of luck in your future business. Remember to make use of the resources that authorities such as ours make available to you. We are here for your benefit!



*) Such as specific conditions applicable to a particular industry.

**) Most sole traders may register but are not obliged to do so.

Contents

A Plan your business	4
Make a business plan	4
Consider how your idea can be applied in practice	4
Find out whether you need a permit or not	4
Decide how to finance your business start-up	4
Start-up assistance for the unemployed	5
Starting up a business – students	6
Starting up a business – people in employment	6
<hr/>	
B Choose type of business	7
Sole trader	8
Trading partnership	8
Limited partnership	9
Limited company	9
Economic association	10
<hr/>	
C Register your business	11
<hr/>	
D Run your business	12
Keeping accounts for the business	12
Making tax deductions	12
Declaring your income, payroll tax and VAT	13
How VAT works	13
Submitting your tax return and payments on time	13
Paying tax on the earnings of the business	14
Receiving remuneration or salary	14
Paying dividends and bonuses	15
Compiling annual accounts and declaring the income of your business	15
Compiling an annual report	15
Paying on time	16
Employing staff	16
Employing another trader	16
International trading	17
Trading with EU countries	17
Trading with countries outside the EU	17
Trading with EU countries outside the fiscal territory	18
Health and parental insurance	18
Sole trader in the start-up phase	18
Waiting days	19
Reporting sick and medical certificates	19
Sick pay from the business	19
<hr/>	
E If something happens	20
Business insurance	20
Unemployment insurance	20
Life and accident insurance	20
Pension insurance	20
Terminating business operations	20
<hr/>	
F More help available here	21
Information services and e-services	21
Authorities	22
Advice and networks	23



Plan your business

Make a business plan

You have an idea that you have faith in, and you want to start a business. Start off by asking yourself some questions. Why do you want to start a business, and what do you want to achieve? What are your strengths, and how can you compensate for your weaker points? How will your business affect your family?

Consider how your idea can be applied in practice:

- Who are your potential customers, and how many of them will buy from you?
- When customers buy your product or service, what benefit will it bring them? Why will it make them happy?
- What advantages do you offer over your competitors? Why should customers come to you and not them?
- What do you need to do to achieve this?

Making a business plan does not have to be difficult – see the plan as something that will help you. Your business plan should include three budgets – a start-up budget, a profit budget and a cashflow budget. The business plan is produced mainly for your own benefit, but it will also be useful when you have to contact banks or other financiers.

MORE INFORMATION: Entrepreneur's Guide | Start-Up Line **CONTACT INFORMATION:** See section F

Find out whether you need a permit or not

A permit is required for some business operations, for instance if you want to serve alcohol or run a hotel. Find out early on which permits you need and what you have to do to obtain them. There is a search facility at the Entrepreneur's Guide where you can find information on the permits you need for your business.

MORE INFORMATION: Entrepreneur's Guide | Start-Up Line **CONTACT INFORMATION:** See section F

Decide how to finance your business start-up

You need money to start up a business. To find out just how much you will need, you can use the budgets you drew up in your business plan. You will probably have to buy a few things and maybe rent premises in order to get started. It is also essential that you have enough money to cover the initial expenses of your business.

For many businesses, bank loans are the most important form of finance. To approve loans, lenders prefer businesses to be making good sales and turning over a profit. New businesses are unable to do this. In this situation, the bank will usually want you to provide private security or name a guarantor for the loan. How much you can borrow will depend on the perceived risk involved in your business concept. This risk factor also determines the amount of security you have to provide in order to get your loan approved. Remember to include interest and loan repayments in your budget to give you a good overall view of the costs and expenditure of your business.

If you only need a small amount of money, banks offer an overdraft facility. This may be more expensive than a bank loan, but as a short-term loan it can work well.

You can also finance your business by renting, leasing or buying items on hire purchase instead of paying for everything at once. This might be more expensive than borrowing or spending your own money, but you will not need as much cash when you are starting up your business.

Start-up assistance for the unemployed

The Swedish Public Employment Service (Arbetsförmedlingen) offers assistance to jobseekers with a business concept, who want to start up their own business. To qualify, you have to be unemployed and registered with the Public Employment Service. The Public Employment Service can help you with a variety of services, such as assessment of your business concept or training to develop your concept.

In some cases, the Public Employment Service is also able to provide financial assistance via the labour market programme “Business Start-up Grants”. This programme gives you financial assistance for a maximum of six months while you get your business started.

The Public Employment Service decides whether to grant you financial assistance. An external consultant helps to assess your business concept. It has to be profitable and able to provide long-term financial support. The Public Employment Service will also consider your ability to run your own business. You may still be entitled to start-up grants even if you have begun starting up your business, as long as you have not had any income. For instance, you must not have raised a bank loan or sent any invoices to customers.

The level of the financial assistance is equivalent to your unemployment benefit. You may still receive this grant even if you are not entitled to unemployment benefit. This support is taxable and treated as income for pension calculations.

To be eligible, you must be 25 or over and be unemployed or at risk of becoming unemployed. You must also be registered with the Public Employment Service. In some locations, even people in employment may receive support to start their own business. It is sometimes possible for under 25s with disabilities to receive support as well.

This support can be combined with the “Special Business Start-up Grants”. This is aimed at people who want to start their own business but have disabilities resulting in reduced work capacity. This support is to be used for investments, etc. Information on the amount of assistance provided is available from the Public Employment Service.

MORE INFORMATION: Swedish Public Employment Service **CONTACT INFORMATION:** See section F

Starting up your
means turning
reality. This
show you how
Where to start? W
What choices to m
Starting up your own bus
these choices will a
means turning Startu
your business. We W
reality. This means aims
wish you the best of
show you how you can do
the business. Rem
Where to start show what to co
make use of the

B

Choose type of business

There are various types of businesses which all work in different ways, due to differences in legal structure. For instance, the type of business can affect the extent of your personal liability for your business and how many owners the business should have. You are regarded as being an employee with some types of business, but not with others. This affects how your income is taxed and also how your income is calculated for the purposes of sickness benefit. When you decide which type of business to choose, it is important to take into account all the characteristics of the various types of business and think about what would be best for you and your situation. A summary of the most common types of business is shown below.

	Sole trader	Trading partnership	Limited partnership	Limited company	Economic association
Legal entity	No	Yes	Yes	Yes	Yes
Owners liable for the debts of the business	Unlimited personal liability for owner	Unlimited joint and personal liability for owners	General partner: Unlimited joint and personal liability Limited partner: Own contribution	No personal liability. Only capital invested at risk	No personal liability. Only capital invested at risk.
Registration	Always with the Swedish Tax Agency. In some cases with 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	With the Swedish Companies Registration Office and the Swedish Tax Agency
Taxation	The owner is taxed on the surplus	The respective owner is taxed on his share of the surplus	The respective owner is taxed on his share of the surplus	The business is taxed on the profit. The owner is taxed on salary and any dividend received.	The association is taxed on the profit. The members are taxed on salary and any dividend received
Protection of name	Within the county if registered at Swedish Companies Registration Office	Within the county	Within the county	Throughout Sweden	Throughout Sweden
Number of owners	Always a natural person	At least two people, natural persons or legal entities	At least two people, natural persons or legal entities	One person or more, natural persons or legal entities	At least three members, natural persons or legal entities
Auditor required	No, not usually*	No, not usually*	No, not usually*	Yes, at least one authorised or approved public accountant	Yes, at least one. Authorised or approved public accountant for larger associations
Distribution of profit and loss	Normally only to the owner. Exception: husband, wife and cohabiting partner with mutual children.	By agreement if such exists. Otherwise equal shares.	By agreement if such exists. Otherwise equal shares.	The profit can be distributed to owners in the form of dividends	The profit can be distributed to the members in the form of bonuses
Capital requirement	No	No	General partner: No Limited partner: min. SEK 0.50	SEK 100,000 for a private limited company. SEK 500,000 for a public limited company.	Yes, in the form of a cash contribution or contribution in the form of labour
Who represents the business?	The trader (owner)	The partners, individually or jointly	The general partners	The board of directors, the Managing Director	The board of directors, the Managing Director
Can the business employ staff?	Yes	Yes	Yes	Yes	Yes
Normally terminated via liquidation	No	Yes	Yes	Yes	Yes
Income on which sickness benefit is based	Surplus	Surplus for the partners individually	Surplus for the partners individually	Salary taken out	Salary taken out
Choice of waiting period	3 or 30 days	3 or 30 days	3 or 30 days	No	No
Sick pay or sickness benefit over the first 14 days	Sickness benefit from the Swedish Social Insurance Agency	Sickness benefit from the Swedish Social Insurance Agency	Sickness benefit from the Swedish Social Insurance Agency	Sick pay from the company	Sick pay from the association

*) There are exceptions for major corporations, certain trading partnerships and limited partnerships owned by legal entities. May also apply to business with special business operations. Contact the relevant trade organisation for more information.

Sole trader

Being a sole trader means that you run your business and are responsible for it as a private individual. Your business will be identified by your personal ID number. You are personally liable for compliance with contracts and payment of debts, but you must keep the finances of your business separate from your private finances. No starting capital is required for sole traders. In most cases, the business does not have to be audited, although taking expert financial advice may nevertheless be wise.

You can employ staff if you are a sole trader. However, you cannot employ your husband or wife. If you both work within the business, you have to share the profit between you instead. The same rules apply for cohabiting partners with mutual children.

You can register your business with the Swedish Companies Registration Office (Bolagsverket), but you do not normally need to do this. If you do register, your business name will be protected in the county where you are registered. As well as protecting your name, there may be other reasons why you might like to register your business with the Swedish Companies Registration Office. For instance, you may have to be registered if your business submits tenders in public procurement processes or if a licence or permit is required for certain activities.

REMEMBER: Sole traders do not receive a salary from their business. As a sole trader, you will pay income tax and national insurance contributions on the surplus from your business operations. The Swedish Social Insurance Agency (Försäkringskassan) will also use this surplus to calculate income on which your sickness benefit is based.

MORE INFORMATION: Swedish Companies Registration Office | Swedish Tax Agency | Swedish Social Insurance Agency | Entrepreneur's Guide **CONTACT INFORMATION:** See section F

Trading partnership

If you want to run your business with someone else, you can set up a trading partnership. The trading partnership has to have at least two owners, referred to as partners. You are not treated as employees, but trading partnerships may of course employ staff.

Trading partnerships must always be registered with the Swedish Companies Registration Office. The business will be given a registration number and a business name when you register it. The name of a trading partnership is protected in the county in which it is registered. The partners have to agree to operate a trading partnership before registering with the Swedish Companies Registration Office. We recommend that you do this in writing so that you can remember what you have decided on division of labour, how profits or losses are to be distributed and what would happen if a partner wished to leave the partnership, for instance. This type of agreement is known as a partnership agreement.

No starting capital is required for a trading partnership. The partners themselves decide how much they want to invest in the partnership. The starting capital does not have to be registered anywhere.

You represent the business as partners and have joint influence – neither may do anything against the wishes of the other, unless you have made a special agreement to that effect. As partners, you are personally and jointly liable for compliance with the partnership's contracts and for ensuring that its debts are paid. In other words, you can be forced to pay off the partnership's debts yourself from your own personal funds. You can then in turn make a claim against the partnership or the other partners for their share of the debt.

If either of the partners is a business, the partnership must have an approved or authorised public accountant. In most cases, other trading partnerships do not have to be audited, although having an expert financial advisor may be a wise move.

REMEMBER: When you run a trading partnership, you will not receive a salary from your business. Instead, the partners share the profit. Each partner then pays income tax and national insurance contributions on their share of the surplus from the business. This surplus is calculated on the basis of each partner's individual share of the profit. The Swedish Social Insurance Agency also calculates from each partner's surplus the income on which your sickness benefit is based.

MORE INFORMATION: Swedish Companies Registration Office | Swedish Tax Agency | Swedish Social Insurance Agency | Entrepreneur's Guide **CONTACT INFORMATION:** See section F

Limited partnership

The rules for a limited partnership are the same as for a trading partnership, with a few exceptions. The biggest difference is that a limited partnership has at least one partner, known as a general partner, who is liable for all the debts of the business. The partners who merely make capital contributions, known as limited partners, are liable only for the capital contribution which they have made to the business. Therefore, this contribution has to be registered with the Swedish Companies Registration Office.

MORE INFORMATION: Swedish Companies Registration Office | Swedish Tax Agency | Swedish Social Insurance Agency | Entrepreneur's Guide **CONTACT INFORMATION:** See section F

Limited company

At least 100,000 Swedish kronor (SEK) in share capital is required when you start a limited company. The share capital may consist of funds or property that the company has a use for, known as capital contributed in kind. When you own shares in a limited company, you have a financial liability corresponding to your portion of the share capital. However, most people who start a limited company are themselves members of the Board of the company and may be the managing director of the company, and thus they have a lot more financial liability if they fail to do their jobs correctly. Limited companies must have an approved or authorised public accountant. You must register your limited company with the Swedish Companies Registration Office. Before registration, you must "decide" to start the company in a special document, known as the memorandum of association. This document has to be sent to the Swedish Companies Registration Office together with your application and other documentation. When you register with the Swedish Companies Registration Office, your limited company will be given a registration number. Limited company names are protected throughout Sweden.

REMEMBER: As the working owner of a limited company, you are regarded as an employee and pay income tax on the salary you take out. As the owner, you can also receive funds from the limited company in the form of dividends. You then have to pay capital gains tax and sometimes income tax as well. The company has to pay payroll tax on your salary – both the salary and the payroll tax are deductible business expenses. The company also pays corporation tax on profits. The income on which your sickness benefit is calculated is based on the salary you receive from the company.

MORE INFORMATION: Swedish Companies Registration Office | Swedish Tax Agency | Swedish Social Insurance Agency | Entrepreneur's Guide **CONTACT INFORMATION:** See section F

Economic association

An economic association is created by at least three members. The association is created to enable members to benefit financially from the association's operations, which may – for example – involve producing or trading goods or services. Every member normally has a vote at the general meetings of the association. Associations are based on democracy, commitment and responsibility, so to speak.

Every member pays a contribution and usually an annual membership fee. There is no minimum contribution. Members are not personally liable for the association's debts and other liabilities in excess of their contribution. However, board members may be held personally liable if they neglect their duties.

Your economic association must be registered with the Swedish Companies Registration Office before you can start doing business. The members of the association start the association and write its regulations. The economic association will be given a registration number when it registers with the Swedish Companies Registration Office. Economic association names are protected throughout Sweden. Economic associations must be audited. With smaller economic associations, this auditor does not have to be an approved or authorised public accountant, as long as the auditor is qualified for the task.

REMEMBER: As a working member of an economic association, you are regarded as an employee and pay income tax on the salary you are paid. The association has to pay payroll tax on your salary – both the salary and the payroll tax are deductible business expenses. If the association pays a cash dividend, income tax is payable according to whether you receive the funds as a trader or as a private individual. The association also pays corporation tax on profits. The income on which your sickness benefit is calculated is based on the salary you receive from the association.

MORE INFORMATION: Swedish Companies Registration Office | Swedish Tax Agency | Swedish Social Insurance Agency | Entrepreneur's Guide **CONTACT INFORMATION:** See section F

Register your business



NOTIFY THE SWEDISH TAX AGENCY AND THE SWEDISH COMPANIES REGISTRATION OFFICE - AT THE SAME TIME

You can register your business with the Swedish Companies Registration Office and register for tax with the Swedish Tax Agency (Skatteverket) at the same time on the website foretagsregistrering.se – quick and easy! You can use your e-identity (*e-legitimation*) at foretagsregistrering.se to deal with most matters, but some documents still have to be printed out, signed and submitted by post. An e-identity is easy to obtain via a bank or Telia, see www.e-legitimation.se

HOW TO REGISTER YOUR BUSINESS

All types of business except for sole traders have to be registered with the Swedish Companies Registration Office before starting to operate. As a sole trader, you can choose just to register for tax with the Swedish Tax Agency. However, if you want to protect your business name as a sole trader, you also need to register with the Swedish Companies Registration Office.

Regardless of the type of business you decide to register, you have to register for tax and contributions with the Swedish Tax Agency. This registration includes:

- an application for F tax or FA tax status
- registration of business subject to value-added tax (VAT)
- registration as an employer, if you are going to employ staff
- details for calculation of your preliminary tax.

Once these registrations have been completed, you will receive a registration certificate, an F or FA tax certificate and information on the preliminary tax you have to pay.

To make sure that you will receive your certificates on time before starting your business you should send in your information well in advance.

Having an F tax certificate means that you are responsible for paying taxes and contributions for your business. If you are running your new business as a sole trader and you will also receive income from employment, you should apply for an FA tax certificate instead. If you have both an F tax certificate and an A tax certificate (FA tax), you have to inform your employers in writing when you use the F tax certificate for a commission. If you do not do this, the A tax certificate is applicable. You can submit written notification in a tender document, invoice or similar.

All partners earning an income from a trading partnership or limited partnership must complete a preliminary tax return. The Swedish Tax Agency will then allocate the partners a preliminary A tax amount to be paid (special A tax).

REPORT ANY CHANGES

You can also make changes and wind up businesses at foretagsregistrering.se – the details you input can be saved by selecting a user ID and password. You can find more information on this on the website.

MORE INFORMATION AND FORMS: [Swedish Companies Registration Office | Swedish Tax Agency | foretagsregistrering.se](https://foretagsregistrering.se) **CONTACT INFORMATION:** See section F

D

Run your business

Keeping accounts for the business

You are responsible for keeping accounts of all financial transactions within the business. Transactions are – for instance – when you buy or sell something or raise a loan, that is to say when you do anything within the business. If you keep your accounts in order from the outset, you will save yourself time, money and unnecessary work.

Book-keeping is a useful tool in your business. Your accounts enable you to monitor operations and steer your business towards its targets. The answers to a lot of questions are in your accounts. How much money can you take for yourself? How is the business doing? Can you make the investments you were planning on? Can you afford to employ staff?

Accounting is also important when you need to show others how your business is doing. You may want to borrow money from the bank or obtain credit from a supplier. You can also obtain details from your accounts for your tax return.

Whether you do your accounts yourself or get someone else to do them for you depends on your knowledge, how interested you are in book-keeping and how much time you can devote to the accounts. A lot of people choose to employ outside assistance with their accounts. But even if someone else does your accounts, you still need to understand them. Responsibility always rests with you.

Sole traders and trading partnerships owned by natural persons and with a turnover of less than SEK three million are permitted to compile simplified annual accounts. Simplified annual accounts consist of an income statement and a balance sheet. Sole traders who opt for simplified annual accounts can choose to comply with the special rules in the brochure *Bokföring, bokslut och deklaration (SKV 282)* (Keeping accounts, closing accounts and declaring income). This brochure has been published by the Swedish Accounting Standards Board and the Swedish Tax Agency. The tax rules have been adapted to the new simpler accounting rules so as to simplify information provision in the tax return.

The publication *Att föra bok* (Keeping accounts) is available to download free of charge from the Swedish Accounting Standards Board website. This will give you an insight into how accounting works.

MORE INFORMATION: Swedish Accounting Standards Board, www.bfn.se | Swedish Tax Agency | Entrepreneur's Guide **CONTACT INFORMATION:** See section F

Making tax deductions

We know you must have a lot of questions about what tax deductions are possible if you are starting up a business for the first time. You may, for example, be considering having a company car, using an office at home or wonder about expenses you have before the business has started operating. The main rule is that you are allowed to make deductions for anything necessary to run your business.

MORE INFORMATION: Swedish Tax Agency **CONTACT INFORMATION:** See section F

Declaring your income, payroll tax and VAT

How to account for the results of your business operations:

- Sole traders report the results in a special supplement to their tax return.
- Trading partnerships have to submit a tax return. Every partner must report their share of the trading partnership's or limited partnership's results in a special supplement to their tax return.
- Limited companies and economic associations must submit tax return and report the profit of the business and the taxes of the business that the business itself has to pay. Shareholders or members of the economic association declare the salary earned and any dividends or bonuses in their tax returns.

You also have to declare the VAT paid and received by the business. This has to be done every three months, monthly or annually depending on the turnover of your business. You may report VAT once a year if your business operations as a sole trader, your limited business or your economic association produce a turnover of no more than SEK 1 million a year. The same applies if your trading partnership or limited partnership has a turnover of no more than SEK 200,000.

If you are an employer, you must submit a tax return once a month. Here, you report:

- how much you have paid in salaries
- the tax you have deducted from these salaries
- the payroll tax of your business.

Remember that you have to submit this tax return even if you have not paid any salaries over the month.

MORE INFORMATION: Swedish Tax Agency **CONTACT INFORMATION:** See section F

How VAT works

We all pay VAT (value-added tax) on the goods and services we use. Businesses pay VAT to the state. In most cases, VAT is not a cost for you because – with certain exceptions – you are entitled to deduct the VAT you pay on purchases for your business. You pay the state the difference between the VAT you receive on your sales (output VAT) and the VAT you pay on your purchases (input VAT). If this difference is negative (excess input VAT), you are entitled to a refund.

We have three VAT rates in Sweden. Some operations are also exempt from VAT (such as certain care and nursing operations).

MORE INFORMATION: Swedish Tax Agency **CONTACT INFORMATION:** See section F

Submitting your tax return and payments on time

It is important for you to be familiar with the regulations on taxes and contributions. You will have to pay a penalty if you submit your return late. If you pay your tax late, you will have to pay interest; and there is a risk that your debt will be transferred to the Swedish Enforcement Authority (Kronofogdemyndigheten) for collection. This will lead to additional costs and to your business having a record of non-payment. Your F tax certificate may also be withdrawn.

The Swedish Tax Agency calculates your preliminary tax on the basis of what you state in the form Notification for tax and contributions (*Skatte- och avgiftsanmälan*) or a preliminary tax return. The tax charged is paid together with tax deducted for employees, payroll tax and VAT, and has to be present in the Swedish Tax Agency's account by the due date at the latest, normally the twelfth of every month. A couple of times a year you should check that you are paying the correct F tax. You should pay neither too much nor too little. If your F tax needs to be adjusted, you can submit a new preliminary tax return at any time to the Swedish Tax Agency.

MORE INFORMATION: Swedish Tax Agency **CONTACT INFORMATION:** See section F

Paying tax on the earnings of the business

The profit of the business is taxed in a variety of ways depending on the type of business.

Quite simply, the profit is the difference between income and expenses. Income consists mainly of the funds received by the business when it sells goods and services. Expenses are the expenditure required to obtain income for the business. Certain elements of expenditure must not be deducted in full immediately at the time of purchase but have to be depreciated over a number of years.

Sole traders, trading partnerships and limited partnerships do not pay tax on their profits. The profit instead provides a basis for taxation of the trader or owners. Find out more about how taxation on owners takes place in the section entitled Receiving remuneration or salary.

In the case of limited companies and economic associations, the business itself pays tax on profits. Corporation tax is paid on profits.

MORE INFORMATION: Swedish Tax Agency **CONTACT INFORMATION:** See section F

Receiving remuneration or salary

As a sole trader or in a trading partnership or a limited partnership, you do not receive a salary from your business. Profit is not affected if you deposit money into or withdraw money from the business, nor does it affect the amount of tax you have to pay.

As a sole trader, you make a standard deduction from the profit in order to calculate the surplus from business operations. The sole trader's income tax and national insurance contributions can be calculated on the basis of this surplus.

In a trading partnership or limited partnership, the partners share the profit. A standard deduction is applied to calculate the surplus on the basis of each partner's individual share of the profit. This surplus is then used when calculating the each partner's income tax and national insurance contributions.

State income tax is paid on incomes above certain amounts. Remember that state income tax is calculated on your total income from work (your employment) and business operations (your business).

In a limited company or economic association, owners or members are regarded as employees if they are active in the business, and therefore the remuneration they receive from the business is regarded as salary. This salary, together with the payroll tax, are deductible expenses for the business.

The fact that the owner or the member is regarded as an employee means that the business or association must be registered as an employer by the Swedish Tax Agency. The business or association is your employer and therefore has to pay payroll tax and preliminary income tax for you and other employees.

MORE INFORMATION: Swedish Tax Agency **CONTACT INFORMATION:** See section F

Paying dividends and bonuses

A limited company can pay all or parts of its profit to its shareholders. This payment is not regarded as a salary to the shareholder but is taxed as income from capital.

Special rules apply for what are known as close companies. Remember that dividends do not form a basis for calculation of your future pension or the income on which your sickness benefit is based.

If an economic association makes a profit, the association can refund money to its members. This bonus is not regarded as a salary. The rules relating to and taxation of dividends and bonuses may vary depending on their structure and who the recipient is. Consult the Swedish Tax Agency for more information on taxation of refunds.

MORE INFORMATION: Swedish Tax Agency **CONTACT INFORMATION:** See section F

Compiling annual accounts and declaring the income of your business

When the financial year is over, you have to sum up the year – that is, draw up the annual accounts. In other words, this means that you add up the income and expenses in an income statement and assets and liabilities in a balance sheet. The rules on closing of the accounts differ depending on the type of business you have and the size of your turnover. You then complete your tax return using the information in your annual accounts. You submit your return to the Swedish Tax Agency, who will then calculate your tax liability for the year and compare it with the preliminary tax you have paid during the year. If you have paid too little tax over the year, you have to pay more; but you will receive a refund if you have paid too much.

MORE INFORMATION: Swedish Tax Agency **CONTACT INFORMATION:** See section F

Compiling an annual report

In some cases, entrepreneurs have to compile an annual report which has to be submitted to the Swedish Companies Registration Office.

- Sole traders need only compile and submit annual reports if they run larger businesses.
- Trading partnerships and limited partnerships need only compile and submit annual reports if they run larger businesses or have legal entities as partners.
- Limited companies must always compile and submit annual reports.
- Economic associations must always compile annual reports, but these annual reports need only be submitted if the association is large.

MORE INFORMATION: Swedish Companies Registration Office **CONTACT INFORMATION:** See section F

Paying on time

You may end up with a record of non-payment if you fail to pay your bills on time. A record of non-payment may make it difficult to obtain loans, buy anything on hire purchase, get debit cards, etc. If you are a sole trader, your private finances will also be affected; making it potentially difficult to rent housing or apply for a telephone subscription, for example.

Credit rating businesses decide whether or not a record of non-payment is to be listed against you by assessing a large number of details from various quarters, including the Swedish Enforcement Authority. These details are used to provide information to individuals or businesses when you apply to them to borrow money, buy items on hire purchase or similar to enable them to make a decision on whether you should be allowed to go ahead.

MORE INFORMATION: Swedish Enforcement Authority **KONTAKTINFO:** See section F

Employing staff

Becoming an employer has several consequences. You have to be familiar with various rules and laws. You have to register as an employer with the Swedish Tax Agency. As an employer, you will pay payroll tax on your employees' salaries, deduct your employees' taxes and report it to the Tax Agency. After year-end, you also submit statements of earnings and tax deductions (*kontrolluppgifter*) for your employees. Remember that in some types of business the owners are considered as employers.

You are obliged to pay sick pay to employees who cannot work due to illness for the first 14 days of the sick pay period. Employees are entitled to sick pay from the first day of their employment if they have been employed in a permanent post, or if they have time-limited contracts of employment for a month or more. All employees have a waiting period of one day, after which their employer has to pay sick pay until the fourteenth day. You also have to notify the Swedish Social Insurance Agency if an employee is still ill after fourteen days. The employee may then receive sickness benefit from the Social Insurance Agency. The Social Insurance Agency can help you to clarify the situation with employees who are ill for longer periods.

Detailed information on your obligations as an employer can be found in the Entrepreneur's Guide. The Swedish Public Employment Service offers a free service when you have to recruit staff. In some cases, financial assistance is available with regard to hiring staff.

MORE INFORMATION: Swedish Public Employment Service | Swedish Tax Agency | Swedish Social Insurance Agency | Entrepreneur's Guide **CONTACT INFORMATION:** See section F

Employing another trader

If you purchase a service from somebody – employing a craftsman to fit out your office, for example – you have to check whether that person has an F or FA tax certificate. If that person only has an A tax certificate, you are generally regarded as the employer: see above.

If the person you engage has written on an invoice, tender or similar that they have an F tax certificate, this certificate will be applicable. Contact the Swedish Tax Agency if you want to check whether the person doing the work actually has an F tax certificate.

International trading

Perhaps you have a business concept that extends beyond Sweden's borders. The rules on international trade vary depending on whether you intend to trade with countries inside or outside the EU.

TRADING WITH EU COUNTRIES

The EU is a common market, so in principle goods and services are subject to free movement within the EU. This means that you do not have to make customs declarations for goods that you are selling to or buying from another EU Member State. On the other hand, businesses must ensure that VAT is paid on both goods and services.

When you sell goods to someone within the EU, you do not normally have to add VAT. Purchasers themselves pay VAT in their own countries. Two things are required to be able to sell without adding VAT:

- The goods you sell have to be physically transported from Sweden to another EU Member State.
- Purchasers have to be VAT registered in their own country, and you have to know the purchaser's VAT number.

Check with the Swedish Tax Agency that the purchaser's VAT number is correct – this is important. You have to include both your and the purchaser's VAT numbers on the invoice. Information on what an invoice should include according to the EU rules on value added tax can be found on website of the Swedish Tax Agency. Besides your regular tax return, you have to account for your VAT-free sales every quarter to the Swedish Tax Agency in a periodic report (EC sales list).

The reverse applies if you buy something from another EU Member State. In this case, you have to give your VAT number to the sellers, who on their part should not invoice VAT on your purchases. As the business in the other EU Member State has not added VAT, you have to add Swedish VAT yourself – normally 25 per cent of the amount (converted into Swedish kronor). You are entitled to deduction for that VAT in accordance with the same rules as for VAT in general. The rules for trading in services vary depending on what services you are buying or selling. Contact the Swedish Tax Agency if you plan on doing this.

MORE INFORMATION: Swedish Tax Agency | Enterprise Europe Network | Swedish Trade Council, www.swedishtrade.se **CONTACT INFORMATION:** See section F

TRADING WITH COUNTRIES OUTSIDE THE EU

When you trade with countries outside the EU, you have to make customs declarations for the goods you buy or sell. You can make these customs declarations electronically or in writing on the form Single Administrative Document (*Enbetsdokumentet*). An agent can assist you if you are unable to make customs declarations yourself. No general permit is required for starting international trade. On the other hand, you may need authorisation to import or export certain goods, such as weapons or endangered species of animals and plants. An import licence is required for certain goods, such as clothing from certain countries. In Sweden, these licences are issued by the National Board of Trade (Kommerskollegium).

Goods sold to customers outside the EU are known as exports. Before you dispatch your goods, you or your agent must submit an export declaration to Swedish Customs (Tullverket). No VAT is added to the invoice. When you report a sale as an export, it is important for you to be able to provide evidence of the export. You have to be able to document in your accounts that the item has left the EU fiscal (VAT) territory. You may hold an evidence of export from Swedish Customs, shipping documents, or import documents from the country of destination. Contact the Swedish Trade Council (Exportrådet) if you need information or assistance regarding the rules in the country of destination.

Goods purchased from sellers outside the EU are known as imports. This means that you or your agent must submit a customs declaration and pay duty and VAT to Swedish Customs for the goods before you can collect them. The customs charge is usually a percentage of the value of the goods, including shipping and insurance to the EU border. You can find out in advance how much duty you will have to pay on an item. The customs tariff is available on the website of Swedish Customs, but you can also call Customs. If you have an item which is difficult to classify, you can apply for Binding Tariff Information. As the customs duty is an additional cost, it is important to find out the size of it before importing an item so that you are aware of the actual cost of the item. Only then can you calculate the correct selling price if you intend to sell it on.

You do not have to submit a customs declaration for the import or export of services. However, you must report VAT. Find out about the rules on VAT for goods and services in the Swedish Tax Agency's brochure *Moms vid utrikeshandel* (SKV 560) (VAT on foreign trade). The earliest point at which you can deduct import VAT is also described here.

MORE INFORMATION: Swedish Customs | Swedish Tax Agency | Swedish Trade Council, www.swedishtrade.se
CONTACT INFORMATION: See section F

TRADING WITH EU COUNTRIES OUTSIDE THE FISCAL TERRITORY

Some areas which belong to the EU customs union are outside the EU fiscal territory, such as the Åland Islands, the Canary Islands and the British Channel Islands. Accordingly, this means that you have to submit a customs declaration to Swedish Customs if you trade with these areas. You will not pay duty on imports, but you will pay import VAT. Find out more about this on the web sites of the Swedish Tax Agency and Swedish Customs.

MORE INFORMATION: Swedish Customs | Swedish Tax Agency **CONTACT INFORMATION:** See section F

Health and parental insurance

As a trader, you may be covered by health and parental insurance. The benefit you receive will be based on the income from which your sickness benefit is calculated. The method of calculation differs slightly depending on the type of business you have.

As an employee of your limited company or economic association, the income on which your sickness benefit is based will be calculated according to the salary you take out. If you do not pay yourself a salary, you will receive no payment at all if you fall ill and only the minimum payment if you take parental leave. Note that dividends from a limited company and bonuses from a cooperative association are not regarded as income for the purposes of sickness benefit.

If you are a sole trader or have a trading partnership or limited partnership, the income on which your sickness benefit is based will be calculated according to your share of the estimated surplus from the business. However, your income may not be calculated as being higher than the amount an employee with similar duties would receive as a salary. This is referred to as the "comparison income" (*jämförelseinkomsten*).

MORE INFORMATION: Swedish Social Insurance Agency **CONTACT INFORMATION:** See section F

SOLE TRADER IN THE START-UP PHASE

If you are in process of starting up your business as a sole trader, trading partnership or a limited partnership, the income on which your sickness benefit is based can be calculated at a higher amount than your share of the surplus. For a time, therefore, the level of your sickness benefit can be based on a fictitious income.

The Swedish Social Insurance Agency always makes individual assessments of whether businesses can be considered to be in a starting-up phase. Different types of businesses have different requirements, thus the starting-up phases may vary in length. Essentially, individuals must not end up in a poorer insurance situation initially than if the business had been fully expanded and producing a normal surplus.

MORE INFORMATION: Swedish Social Insurance Agency **CONTACT INFORMATION:** See section F

WAITING DAYS

If you are a sole trader or a partner in a trading partnership or limited partnership, you may choose the number of waiting days for health insurance. However, the general waiting period of one day is also applicable to you.

You can choose a waiting period of 3 or 30 days. No sickness benefit will be received for the waiting days. On the other hand, your health insurance contribution will be lower if you choose a longer waiting period. Even if you do not select a waiting period, you will still have to complete a compulsory waiting period of one day if you fall ill.

The number of waiting days you select does not affect either temporary parental benefit (care of sick children) or the standard parental benefit.

Contact the Social Insurance Agency if you would like to change the number of waiting days. After the age of 55, you cannot change back to a shorter waiting period.

MORE INFORMATION: Swedish Social Insurance Agency **CONTACT INFORMATION:** See section F

REPORTING SICK AND MEDICAL CERTIFICATES

If you are ill and unable to work as a sole trader or in a trading partnership or limited partnership, you must report sick to the Swedish Social Insurance Agency on the first day of your illness. With limited companies and economic associations, you report to the business instead.

Anyone who is ill for more than seven days must submit a medical certificate to their employer. The certificate does not need to include diagnosis details.

The Social Insurance Agency may decide – at the employer’s request – that the employee must show a medical certificate earlier than from the eighth day of illness, if there are special reasons for doing so. The Social Insurance Agency can also make its own decision to this effect.

MORE INFORMATION: Swedish Social Insurance Agency **CONTACT INFORMATION:** See section F

SICK PAY FROM THE BUSINESS

When you employ yourself in a limited company or economic association, the company or association must pay you sick pay if you fall ill. The same rules apply to you as to all other employees. The sick pay period is calculated as the first 14 calendar days in which you or an employee cannot work – either wholly or partly – due to illness. However, the first day is a waiting day and you do not have to pay any sick pay then. The Social Insurance Agency can pay sickness benefit following the end of the sick pay period. This is why you have to notify the Social Insurance Agency if you or the employee are still ill after 14 days.

MORE INFORMATION: Swedish Social Insurance Agency **CONTACT INFORMATION:** See section F

E

If something happens

Business insurance

You should consider what insurance protection you and your business need. Your private home insurance will not cover your business. You may need to include insurance of your premises and equipment, insurance against loss of profits and liability insurance.

Insurance companies often offer insurance packages with the most common types of insurances. Costs and terms differ between insurance companies, and the need for insurance may vary depending on your industry and business operations.

MORE INFORMATION: An insurance company

Unemployment insurance

If you become unemployed while you are running a business and apply for unemployment benefit, you will be considered as unemployed only when the business is terminated for good. However, there is one exception from this rule; you may be granted benefit in connection with a temporary break in your business operations, unless the break is seasonal. In this instance no business activity whatsoever may take place. Benefit in connection with a temporary break in business operations may be claimed only once per business.

You must be a member or associate of an unemployment fund in order to claim income-related benefit when you become unemployed.

MORE INFORMATION: Swedish Unemployment Insurance Board (Inspektionen för arbetslöshetsförsäkringen, IAF) - www.iaf.se

Life and accident insurance

You should consider obtaining life and accident insurance. An insurance of this kind will provide you with compensation if you are injured or disabled at work. If you cannot work due to injury, you may claim a disability pension and a certain supplementary pension, and there is survivor cover if you die. Labour market insurance is mandatory if you employ staff and are bound to a collective agreement or a so called “local collective agreement” with a trade union organisation.

MER INFO: An insurance company

Pension insurance

Your surplus, or the salary you receive, will affect your future pension. If you do not earn much money from the business, it may be wise to supplement your national pension with pension insurance.

MORE INFORMATION: An insurance company

Terminating business operations

There are many reasons why you may eventually want to stop running a business. You maybe want to sell the business and start something new, or transfer the business to your children; or maybe things have not gone well so you feel it is not worth continuing. If you decide to stop running your business, you can find out about applicable rules at the Swedish Companies Registration Office and the Swedish Tax Agency. The rules differ for the various types of business.

MORE INFORMATION: Swedish Companies Registration Office | Swedish Tax Agency

CONTACT INFORMATION: See section F

More help available here



There is a lot to think about when starting a business. However, help is at hand. Below is a list of some of the authorities, organisations and services that you can contact for information, advice and views.

A number of authorities and organisations arrange various courses which you may benefit from. For instance, “Starting up a business” days (*Starta företag-dagar*) are arranged at various locations in Sweden. Find out more about these on the back of this brochure. New enterprise organisations offer training, and sometimes municipal adult education centres (Komvux) or adult educational associations will have what you are looking for. Consider what training you need, and find out what is available where you live.

More and more public libraries provide special service to businesses. This service can include books, periodicals, access, to various databases and individual guidance from librarians.

Information services and e-services

THE ENTREPRENEUR’S GUIDE (Företagarguiden.) – is Nutek’s web service where you will find the most important things you will need to know in order to start, run and develop your business. The Entrepreneur’s Guide can help you locate information from 70 or so authorities and other public bodies.

INTERNET: www.nutek.se/foretagarguiden

BUSINESS REGISTRATION (Företagsregistrering) – is the joint web service of the Swedish Companies Registration Office and the Swedish Tax Agency. There you can register and submit reports electronically to both the Swedish Companies Registration Office and the Swedish Tax Agency.

INTERNET: www.foretagsregistrering.se

THE START-UP LINE (Startlinjen) – is a telephone service for anyone who intends to start or has recently started a business. You can call The Start-Up Line and get information and advice free of charge. Nutek operates The Start-Up Line.

TELEPHONE: +46 (0) 20 35 10 10

THE SWEDISH TRADE AND INDUSTRY REGISTER and **EUROPEAN BUSINESS REGISTER** are services where you can find information on businesses.

INTERNET: www.bolagsverket.se/snr, www.bolagsverket.se/ebr

Authorities

THE SWEDISH PUBLIC EMPLOYMENT SERVICE (Arbetsförmedlingen) can help you with staff recruitment. You can publish job advertisements and search for staff in databases via the website. You can also call our customer service team (*Kundtjänst*) or contact your nearest Employment Office to discuss recruitment. You have to visit your local Employment Office and register as a jobseeker to find out more about the service that the Public Employment Service can offer to anyone wishing to start their own business.

INTERNET: www.arbetsformedlingen.se **TELEPHONE:** Customer Service +46 (0) 771 416 416

THE SWEDISH COMPANIES REGISTRATION OFFICE (Bolagsverket) is, in most cases, where you should begin the process of registering a new business. Forms and information are available from the Swedish Companies Registration Office website. You can also find out whether a business you are looking for actually exists: call the Swedish Companies Registration Office, or view into the public trade and industry register of the Swedish Companies Registration Office (see previous page).

INTERNET: www.bolagsverket.se **TELEPHONE:** +46 (0) 60 18 40 00

THE SWEDISH SOCIAL INSURANCE AGENCY (Försäkringskassan) provides you with more information on sick pay, sickness benefit, parental benefit, etc. on their website. There are also pages especially for employers here. You can also call the customer centre for partners (Kundcenter för partners) or the Swedish Social Insurance Agency self-service telephone to report illness, report the care of sick children, order forms and certificates, etc.

INTERNET: www.forsakringskassan.se **TELEPHONE:** Customer centre for partners +46 (0) 771 17 90 00 **TELEPHONE:** Self-service telephone +46 (0) 20 524 524

MUNICIPALITIES AND COUNTY ADMINISTRATIVE BOARDS have business sector advisors who work to promote business in their area. They provide assistance and grants and can help you to find suitable premises or make new business contacts.

INTERNET: www.skf.se **INTERNET:** www.lansstyrelsen.se

THE SWEDISH ENFORCEMENT AUTHORITY (Kronofogden) deals with cases relating to unpaid debts, etc. General information is available on their website, but you can also call customer services (*Kundcenter*) for a personal service on general issues.

INTERNET: www.kronofogden.se **TELEPHONE:** Customer services +46 (0) 771 73 73 00

THE SWEDISH PATENT AND REGISTRATION OFFICE - PRV - (Patent- och registreringsverket) provides protection and sole rights through registering of patents (technical ideas), trademarks and designs. The information on the PRV register will help you to analyse what is happening in your industry. PRV offers commissioned services in all its areas.

INTERNET: www.prv.se **TELEPHONE:** +46 (0) 8 782 25 00

THE SWEDISH TAX AGENCY (Skatteverket) arranges regular information meetings for both prospective and new entrepreneurs. Register your interest on their website. The Swedish Tax Agency's tax information service can also answer queries about tax returns, how to register for VAT, how to register as an employer and how to apply for an F tax certificate. You can order forms and brochures both on the website and by calling the Swedish Tax Agency's service line.

INTERNET: www.skatteverket.se **TELEPHONE:** Tax information service +46 (0) 771 567 567
TELEPHONE: Service line +46 (0) 20 567 000

SWEDISH CUSTOMS (Tullverket) can help you if you are intending to export or import goods from countries outside the EU. Customs will assist you with information on the rules that apply. You may need authorisation to import certain goods. Swedish Customs arranges courses and information meetings.

INTERNET: www.tullverket.se **TELEPHONE:** +46 (0) 771 520 520

Advice and networks

ALMI FÖRETAGSPARTNER has offices in every county and can assist you if you are planning to start a business or have recently done so. Assistance is available within business development and finance when you decide to develop your business concept. Contact ALMI in your county.

INTERNET: www.almi.se

ENTERPRISE EUROPE NETWORK provides information and assistance on matters concerning the EU and the European market: you can find answers to questions or get help with business contacts.

INTERNET: www.enterpriseurope.se

IFS (Insamlingsstiftelsen IFS rådgivningscentrum) provides special assistance when starting businesses to people not born in Sweden. Advice such as business plan assistance is available free of charge in various languages. IFS also arranges information meetings. There are several advice centres around Sweden.

INTERNET: www.ifs.a.se **TELEPHONE:** +46 (0) 20-52 90 10

THE ENTERPRISE AGENCY (Jobs and society NyföretagarCentrum) has a presence at some 100 locations in Sweden where you can get free advice and help with assessing your business concept. The Enterprise Agency is supported by a broad local contact network of individuals and businesses who can assist with expert advice before you start up your business.

INTERNET: www.nyforetagarcentrum.se

COOMPANION - KOOPERATIV UTVECKLING has a presence in every county and provides individuals who wish to start a business together free advice. This advice may cover everything: from assessing business concepts, choosing a type of business and organisational and management issues to advice on how small businesses can benefit from working together.

INTERNET: www.coompanion.se

THE RESOURCE CENTRE FOR WOMEN (Resurscentrum för kvinnor) helps women to start and run businesses. Regional resource centres may, for instance, assist with training, network building and mentorship. The resource centre for women has a presence in all counties and several municipalities.

INTERNET: www.nutek.se/rc **INTERNET:** www.nrckvinnor.org

OTHER CONTACTS that may be useful to you are your bank or other advisors such as accountants, auditors or lawyers. Other valuable contacts are the people around you who have experience of running a business or a knowledge of the industry in which you intend to operate.

Want to start a business?

Six authorities have summarised the most important things you ought to know and do. This brochure contains plenty of facts and gives you an overview of the path towards running your own business.

Collect information and make plans before you start. Use the information services of the authorities - this brochure tells you where to find them.

"Starting up a business" has been produced by the Swedish Public Employment Service, the Swedish Companies Registration Office, the Swedish Social Insurance Agency, Nutek, the Swedish Tax Agency and Swedish Customs.

We also produce and arrange:

"Starting up a business" days

"Starting up a business" days are aimed at people who want to start a business. Lecturers from six authorities take a look at what you need to know and do to start up your own business. Register for one of these days on the Swedish Tax Agency website. There you find a list of where and when "Starting up a business" days will be taking place throughout Sweden.

INTERNET: www.skatteverket.se/infotraffar

Checklist

An interactive internet service where you can obtain a checklist on starting up a business, customised for your own particular situation.

INTERNET: www.nutek.se/checklistan

"Starting up a business" brochure in PDF format

This brochure can be downloaded in PDF format from our authority's websites.