

EXPATRIATES

Sweden

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE

A tax resident of Sweden will remain resident after departure from Sweden if he/she has maintained so called essential ties to Sweden. Examples of particularly strong essential ties to Sweden is if an individual has kept his/her residence in Sweden or has underage children in Sweden, but a full assessment of all ties to Sweden should be performed.

If there are no essential ties to Sweden after departing, an individual becomes non-resident the day after departure.

For individuals departing Sweden but remaining tax resident, it is possible to exempt employment income earned from work abroad if certain requirements are met. This possibility comes from the so called six months and one year rule in Swedish tax legislation. The basic requirement is to spend six months/one year abroad, the other requirements should be discussed with a tax professional to determine eligibility.

Employment income earned during work outside of Sweden could also be exempt from Swedish tax in accordance with a tax treaty but requires individual review of the circumstances.

BREAKING RESIDENCY - EXIT PROCEDURES

When leaving Sweden for a period expected to be less than one year, no de-registration should take place. If plans change and the stay outside Sweden is extended to exceed one year, de-registration should take place at that time. De-registration is done by filing a form with the Swedish Tax Agency.

Swedish citizens and foreigners who have lived in Sweden for at least ten year has the burden of proof for the first five years after departure to prove that they are non-resident, if claiming that in their tax returns. After five year, the burden of proof passes to the Swedish Tax Agency. In practice this will usually only have to be proven once, unless circumstances change.

INCOME TAX RATES AND SOCIAL SECURITY CONTRIBUTIONS

INCOME TAX RATES 2022

Taxable employment income	Tax rate
Up to SEK 554 900	28.98 - 35.15%
Income exceeding SEK 554 900	48.98 - 55.15%

SOCIAL SECURITY CONTRIBUTIONS

Swedish employers, and foreign employers with a permanent establishment in Sweden, are charged full social security contributions for employees covered by Swedish social security at a rate of 31.42%.

Foreign employers without a permanent establishment in Sweden are charged reduced social security contributions at a rate of 19.8%.

Employer rates may be affected by social security conventions between Sweden and other countries.

Employees do not pay any social security contributions in Sweden, except in very specific situations due to how the system is working with a capped amount due, which is wholly credited towards tax due. The only situation where employee social security is actually due is for very low income earners or for individuals arriving in Sweden late in the year or leaving early in the year, resulting in their income for that year being very low and therefore not enough tax due to credit the contributions towards. In practice this is rarely an issue.

For further information and to register for future updates contact expat@bdo.global

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