

Sweden

Transfer Pricing Country Profile

December 2021

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic legislation or regulation make reference to the Arm's Length Principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Please see Section 14 para 19 of the Swedish Income Tax Act (1999:1229).
2	What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?	There is a reference to the OECD TPG in decisions by the Supreme Court (RÅ 1991 ref. 107 and HFD 2016 ref. 45). Also, in the preparatory work to the transfer pricing documentation legislation a reference is made to the transfer pricing methods described in the OECD TPG.	
3	Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the definition contained under your domestic law or regulation.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Parties shall be considered related if: A party, directly or indirectly, participate in the management or monitoring of another party's enterprise, or owns shares in that enterprise, or The same persons, directly or indirectly, participate in the management or monitoring of both enterprises, or own shares in those enterprises.	Please see Section 14 para 20 of the Swedish Income Tax Act (1999:1229).

Transfer Pricing Methods

4	<p>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">CUP</th> <th style="padding: 5px;">Resale Price</th> <th style="padding: 5px;">Cost Plus</th> <th style="padding: 5px;">TNMM</th> <th style="padding: 5px;">Profit Split</th> <th style="padding: 5px;">Other (<i>If so, please describe</i>)</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> </tr> </tbody> </table> <p>Sweden considers the TPG implemented by decisions by the Swedish Supreme Administrative Court. Therefore, the methods outlined above, including the use of other methods are used.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>With respect to decisions by the Swedish Supreme Administrative Court, please see cases RÅ 1991 ref. 107 and HFD 2016 ref. 45.</p>
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)										
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>										
5	<p>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>Sweden does follow the OECD TPG on the criteria for the application of the methods.</p>													
6	<p>If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.</p>	<p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>No specific guidance is applied.</p>													

Comparability Analysis

7	Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		Sweden does follow the guidance contained in the OECD TPG regarding comparability analysis.	
8	Is there a preference in your jurisdiction for domestic comparables over foreign comparables?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9	Does your tax administration use secret comparables for transfer pricing assessment purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
10	Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		It is not allowed explicitly, but the interpretation of the TPG indicates that arm's length range and/or statistical measures can be applied where appropriate.	
11	Are comparability adjustments required under your domestic legislation or regulations?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Intangible Property

12	Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		Sweden does follow the guidance contained in the OECD TPG for transactions involving intangibles.	
13		<input type="checkbox"/> Yes	HTVI Implementation Questionnaire

	Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard-to-value intangibles (HTVI)?	<input checked="" type="checkbox"/> No However, even though no specific legislation has been introduced to adopt the HTVI approach, it may nonetheless, in relevant parts, be considered as guidance for the application of the arm's length principle in Swedish domestic legislation. For further information, please refer to Sweden's HTVI Implementation Questionnaire.	
14	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Intra-Group Services			
15	Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Sweden does follow the guidance contained in the OECD TPG on intra-group services transactions.	
16	Do you have any simplified approach for low value-adding intra-group services?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Sweden follows the OECD TPG including the approach on LVAIGS.	
17	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Financial Transactions			
18	[NEW] Does your domestic legislation or regulations provide guidance specific to financial transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Sweden does follow the guidance contained in the OECD TPG on financial transactions.	

19	<p>[NEW] Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of financial transactions?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The Swedish Income Tax Act contains targeted rules limiting interest deduction in certain circumstances and general limitation on the deduction of financial expenses consistent with standards in BEPS Action 4.</p>	<p>Please see Section 24 para 16–29 and Section 24 a of the Swedish Income Tax Act (1999:1229).</p>
Cost Contribution Agreements			
20	<p>Does your jurisdiction have legislation or regulations on cost contribution agreements?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Sweden does follow the guidance contained in the OECD TPG on cost contribution agreements.</p>	
Transfer Pricing Documentation			
21	<p>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <p><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</p> <p><input type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</p> <p><input type="checkbox"/> Other (specify):</p> <p>Our legislation is applicable since 1st of April 2017 for fiscal years starting after the 31st of March 2017.</p>	<p>Please see Section 39 para 15–16 Skatteförordningen</p>
22	<p>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</p>	<p>The master file and the local file should be prepared by the taxpayer but must only be submitted to the tax authorities upon request. The local file shall be prepared, at the latest, by the date the company must file its income tax return to the tax authorities. The master file shall be prepared, at the latest, by the date when the</p>	<p>Please see the Skatteförordningen</p>

		<p>parent company must file its income tax return. The documentation shall be prepared in Swedish, Norwegian, Danish or English.</p> <p>The country-by-country report should be filed no later than 12 months after the last day of the reporting fiscal year of the MNE group.</p>	
23	<p>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>There are no specific penalties for not preparing transfer pricing documentation per se. However, should the company's transfer pricing be subject to an audit by the Swedish Tax Agency, penalties may apply. Should the assessment by the result in additional tax, penalties of 40% of the additional tax imposed generally apply if insufficient/incorrect information has been provided in the company's tax return.</p>	
24	<p>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</p>	<p>Transactions that are unimportant do not have to be documented in the local file.</p> <p>Transactions a Swedish company has with a related foreign company is always considered unimportant if the total value of the transactions under the fiscal year concerned is below SEK 5 000 000. This exception does not apply when the transaction concerns intangible property, unless the intangible property concerned is unimportant to the business of the company.</p> <p>Micro, small and medium-sized companies (according to the definition in the Commission recommendation of 6 May 2003 (2003/361/EC) concerning the definition of micro, small and medium-sized enterprises) are not obligated to prepare transfer pricing documentation.</p>	<p>Please see Section 39 para 15–16 Skatteförändelagen</p>
Administrative Approaches to Avoiding and Resolving Disputes			
25	<p>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</p>	<p>Please check those that apply:</p> <p><input type="checkbox"/> Rulings</p> <p><input type="checkbox"/> Enhanced engagement programs</p> <p><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)</p> <p style="padding-left: 20px;"><input type="checkbox"/> Unilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Bilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Multilateral APAs</p> <p><input checked="" type="checkbox"/> Mutual Agreement Procedures</p>	<p>Please see Lagen (2009:1289) om prissättningsbesked vid internationella transaktioner.</p> <p>The Swedish tax treaties</p> <p>Sweden's MAP Profile</p>

		<input type="checkbox"/> Other (<i>please specify</i>):	
		For further information, please see Sweden's MAP profile.	
Safe Harbours and Other Simplification Measures			
26	Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
27	Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Other Legislative Aspects or Administrative Procedures			
28	Does your jurisdiction allow/require taxpayers to make year-end adjustments?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		Sweden does follow the TPG. Where it is necessary for reaching an arm's length result, year-end adjustments are allowed and expected. Moreover, if the result of a business indicate that its transfer prices have not been at arm's length, and this is confirmed in an audit, then the Swedish Tax Agency may adjust the price.	
29	Does your jurisdiction make secondary adjustments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Attribution of Profits to Permanent Establishments

30	<p>[NEW] Does your jurisdiction follow the Authorised OECD Approaches for the attribution of profits to PEs (AOA)?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p>In general, the Swedish tax treaties follow the OECD MTC.</p> <p>Sweden only has a few tax treaties based on the new version of Article 7 (OECD MTC 2010 and later). In these cases, Sweden follows the principles of the AOA.</p> <p>Where the old tax treaties do not contain the new version of Article 7 (OECD MTC 2010 and later), Sweden still follows the AOA for attribution of profits to PEs. In these cases, Sweden seeks relevant guidance in the Report on the Attribution of Profits to Permanent Establishments from the 17 June 2008.</p> <p>It can also be noted that Sweden has made an observation on the Commentary to Article 7 of the OECD MTC with respect to the different approaches for attributing “free” capital.</p>	<p>The Swedish tax treaties</p>
31	<p>[NEW] Does your jurisdiction follow also another approach?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	
Other Relevant Information			
32	<p>Other legislative aspects or administrative procedures regarding transfer pricing</p>	<p>N/A</p>	
33	<p>Other relevant information (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire</i>)</p>	<p>N/A</p>	

For more information, please visit: <https://oe.cd/transfer-pricing-country-profiles>