

Sweden

# Sweden Presents Revised Bill on Pillar Two Implementation to Parliament

14 November 2023

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The government has presented a bill to implement the [Minimum Taxation Directive \(2022/2523\)](#) into Swedish law ensuring a global minimum tax level for large multinational and national groups. Companies within the group generating a revenue of EUR 750 million would face a 15% effective tax rate due to a top-up tax. This measure diminishes the advantages of transferring profits from high-tax jurisdictions to low-tax ones.

A draft bill, previously submitted for public consultation (for earlier reporting, see [Sweden Proposes Bill on Pillar Two Implementation \(7 September 2023\)](#)) received criticism from the Swedish Council on Legislation and remarks from other referral bodies. While compliant with the formal legislative provisions, it was criticized for being hastily prepared and falling short of the necessary standards in terms of simplicity, foreseeability and clarity required for a law.

The Legislative Council also emphasized the challenges in legislative work when drafting Swedish bills influenced by both OECD rules and an EU directive, especially in expedited procedures. If OECD guidelines differ from the law's wording, the courts cannot apply them until the law is amended. The Council cautioned that such discrepancies may require additional legislative adjustments, leading to further procedures.

As per the proposal, companies affected by the new law must submit an additional tax report to the Swedish Tax Agency. This report will serve as the foundation for the Tax Agency's evaluation of whether the group complies with the minimum taxation requirements.

The proposal includes the introduction of a new reporting fee that can be charged if the report is found to have significant deficiencies. Sanctions, such as late fees and tax surcharges, may also be imposed for rule violations.

According to estimates, the bill will impact approximately 13,000 Swedish companies within groups, with 124 of them having a parent company based in Sweden. The consultation bodies suggested allowing groups to voluntarily submit a country-by-country report making safe harbour rules to be applicable for that group. However, the proposal clarified that since this option was not part of the legislative procedure for the current proposal, no such changes could be incorporated within the scope of this bill. Accordingly, the proposal does not include permanent safe harbour rules, and their implementation will need to be addressed in subsequent stages.

The bill is proposed to enter into force on 1 January 2024.

The full text of the bill can be found [here](#) (in Swedish only).

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