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Factsheet for case **SE-2020-1/561**

Tax cuts and deferrals for companies

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Country	Sweden, applies nationwide
Time period	Open ended, started on 01 January 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Deferral of payments
Case created	13 April 2020 (updated 29 April 2020)

Background information

Many businesses are expected to struggle financially due to the current COVID-19 outbreak. To alleviate some of the pressure on companies, the government has temporarily changed the rules for tax allocation reserves, so that sole proprietors severely affected by the outbreak will receive tax cuts.

In addition, all companies will also be able to defer tax payments.

These measures are applicable retroactively from January 1 2020, and are regulated in the Tax Procedure Act (2011:1244) (Skatteförfarandelag (2011:1244)).

Content of measure

The new rules on tax allocation reserves mean that 100 percent of the taxable profits for 2019, up to SEK 1 million, can be set aside in the tax allocation reserve, which can then be set off against possible future losses. This means that many people can get back the preliminary tax they paid in 2019. This proposal concerns sole traders and natural persons who are partners in Swedish partnerships.

Additionally, all companies are now able to defer payments of employer contributions, preliminary tax on salary and value added tax, reported monthly or quarterly. The companies' deferral includes three months' tax payments and may be submitted for a maximum of 12 months.

The new rules are proposed to take effect on 7 April 2020 but can be applied retroactively from 1 January

2020, meaning that companies that have paid tax into their tax account in February and March can get the tax refunded from the Swedish Tax Agency.

Postponement will not be granted to companies that mismanage their finances or are otherwise dishonest. Deferral may not be granted to enterprises that have greater tax liabilities.

Use of measure

The Swedish Tax Agency reports it has already received many deferral requests, but there are as of yet no official readily available data on uptake.

Actors, target groups and funding

Actors	Target groups	Funding
National government	All companies One person or microenterprises	National funds

Social partners

Role of social partners	Informed
Form of involvement	Unknown

N/A

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 16 March 2020: Ministry of Finance (2020) Economic measures in response to COVID-19 (www.government.se)
- 16 March 2020: Likviditetsförstärkning via skattekotot (www.regeringen.se)