

TAX TREATMENT OF STOCK OPTIONS

SWEDEN



	EMPLOYEE	EMPLOYER
GRANT DATE	No tax consequences.	No tax consequences.
VESTING DATE	No tax consequences.	No tax consequences.
EXERCISE DATE	Income tax arises on the spread at exercise.	No tax consequences.
WITHHOLDING & PAYMENT OF TAX	The employee's income tax liability on exercise is subject to withholding by the employer.	The employer has a withholding obligation for the employee's income tax due on exercise. This is payable to the tax authorities in the month following exercise.
SOCIAL SECURITY	No employee social security due.	The spread on exercise will be subject to employer social security (uncapped). This is payable to the tax authorities in the month following exercise.
REPORTING	<p>The employee must inform their employer of any exercises within one month of the option being exercised to allow the employer to comply with their reporting obligation.</p> <p>The option exercise should also be reported in the employee's annual personal income tax return.</p>	<p>Employers must report tax withholding and social security on option benefits on a monthly basis.</p> <p>Employers also have an annual reporting requirement which must be filed with the tax authorities (and an income statement provided to employees) by 31 January each year.</p>
SALE OF SHARES	<p>Any gains on sale will be subject to capital gains tax.</p> <p>The sale of shares is reported and capital gains tax paid through the individual's annual personal tax return.</p>	No tax consequences.
IS A CORPORATION TAX DEDUCTION AVAILABLE?	A corporation tax deduction should be available provided that a written recharge agreement is in place between the Swedish subsidiary and parent company.	

For further information and to register for future updates contact:

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Information contained herein is intended to reflect present law and provides only a general outline of the subjects covered. Material discussed herein is meant for general informational purposes only and should not be relied on as professional advice. As such you should consult your own tax advisor regarding your specific tax matters.

This summary has been prepared on the basis that employees are resident in Sweden throughout the period from grant of stock options until the shares are sold and that the employee is employed by a local employer in Sweden, which is a subsidiary of an overseas parent. The potential tax consequences may vary greatly depending on your company's equity plan's design, administration, as well as many other factors.

Should you have a need for a trusted advisor in this area, please contact BDO's Global Equity team.

This information is current as of August 2016.

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“QUALIFYING” PLANS AVAILABLE?	<p>There are currently no qualifying share plans available which receive tax beneficial treatment.</p> <p>However, the Swedish government has initiated a review consultation aimed at making the Swedish tax treatment of share options simpler and more competitive, globally. One of their proposals is to introduce a new tax advantaged qualifying stock option plan where, provided certain conditions are met, options will be taxable on sale (rather than exercise) and would be subject to tax at the lower capital gains tax rate, rather than the employee’s marginal income tax rate. This would also remove the employer’s payroll withholding obligation on exercise.</p> <p>Any proposals that are adopted are not expected to come into force under 1 January 2018 at the earliest.</p>	
INTERNATIONALLY MOBILE EMPLOYEES	<p>The above summary has been prepared on the basis that employees are resident in Sweden throughout the period from grant of the stock option until the shares are sold.</p> <p>The rules for internationally mobile employees are complex and there are specific rules applicable to individuals arriving in Sweden whilst holding stock options. Currently, Sweden broadly taxes 100% of the equity income if the individual is resident in Sweden at the time of vesting/exercise, regardless of whether the individual has been non-resident and earning outside of Sweden during the period from grant to vest/exercise but a Court ruling has recently recognised that this is contrary to EU legislation and the freedom of movement of workers.</p> <p>It is highly recommended that advice is sought on an individual case by case basis.</p>	
OTHER POINTS FOR CONSIDERATION	<p>This summary is provided by BDO for informational purposes only to provide an outline of the general tax and social security position based on current tax law.</p> <p>There are also a number of legal and regulatory issues to consider on the implementation of any employee equity plan including, but not limited to, employee entitlement claims, exchange controls, securities restrictions, prospectus requirements and data protection regulations. We recommend that legal advice is obtained prior to the implementation of any employee equity plan.</p>	
KEY ACTION POINTS	<ul style="list-style-type: none">✓ Employers are responsible for the withholding of tax on the exercise of employee stock options. Companies should review their systems to ensure that they are sufficiently robust to be able to capture, process and report stock option exercises through the payroll.✓ There are specific rules applicable for Internationally Mobile Employees holding equity in Sweden. We recommend that Companies review their systems to ensure that Internationally Mobile Employees moving in or out of Sweden whilst holding equity can be identified to ensure correct compliance and identify any potential trailing liabilities.	