

Establish a foreign business in Sweden

– as a self-employed person

This brochure is for you if you do not live in Sweden but want to run a business as a self-employed person here. You are regarded as living in Sweden if you are living and civilly registered here or if you have been here for at least six months. If you are living here, you should register in accordance with the information provided at the [verksam.se/en/web/international](https://www.verksam.se/en/web/international) website instead.

The purpose of this brochure is to offer a brief, straightforward introduction of the topics that a self-employed person should be familiar with in order to correctly report taxes and contributions in Sweden.

More detailed information is available at www.skatteverket.se/taxregistration

Tax application for foreign entrepreneurs

If you need to register for VAT or as an employer in Sweden because you have brought employees with you from abroad who do not have proof that they are to remain in the social insurance system of their own country, or if you have employed people in Sweden, notify the Tax Agency on the form Tax application for foreign entrepreneurs (SKV 4632). The form is available at www.skatteverket.se/4632english. Also use the form to apply for approval for Swedish F-tax. Read more about it later on in this brochure.

If you come from Albania, Austria, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, France, Faroe Islands, Germany, Greece, Greenland, Hungary, Iceland, Italy, Macedonia, Montenegro, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain or Turkey send your application to

Skatteverket
Utlandsskattekontoret
SE-205 31 Malmö
Sweden

Otherwise send your application to:

Skatteverket
Utlandsskattekontoret
SE-106 61 Stockholm
Sweden

Taxation

If you have, or plan to have, a permanent establishment in Sweden, you will also have to pay preliminary income tax. Fill out and return the form Preliminär inkomstdeklaration 1 (SKV 4314) to the Tax Agency. Hjälpblankett – Preliminär resultatberäkning (SKV 4315) will help you calculate how much money your business has made.

Permanently established

If you are a foreign self-employed person, your liability to pay income tax in Sweden is determined by whether or not you are permanently established here. If you are permanently established in Sweden, you will be taxed for business income.

The principal rule by which a permanent establishment is defined is that it must be a location at which the activities are to be conducted over the long term, either wholly or in part. Three conditions must be met:

- There is a particular location for conducting the business activities
- The location is used on a long-term basis
- Business activities are conducted, either wholly or in part, from the location

The core activities of the business must be conducted from the location. Core activities are those that represent a significant, integral part of that which a business does. Management, sales and production are typical core activities. A location may be considered a permanent establishment even if only some of the foreign enterprise's core activities are conducted in Sweden.

Building, construction and installation activities

Special rules apply to businesses that conduct building, construction and installation activities. In connection with such activities, international agreements for the avoidance of double taxation between countries normally set a minimum period for a project to continue in order for an enterprise to be regarded as being permanently established in Sweden. The minimum period is often 12 months.

The project is considered to have started when the construction firm physically operates at a building site in Sweden. The period of the project includes preparatory work. A project is considered to have been completed as soon as the construction firm leaves the building site. The period of the project also includes any adjustments, as well as a final inspection and associated follow-up measures. Warrantee efforts after the business has left the building site are not normally part of the project time period. Temporary disruptions due to weather, shortage of materials, labour issues, etc., are included in the period.

Foreign temporary agencies

The core activities of a temporary agency are to obtain and staff assignments, as well as recruit workers. Thus, a foreign enterprise that conducts staffing activities from a long-term location in Sweden is considered to be permanently established here, provided that the above conditions have been met.

Dependent agent

A foreign enterprise can be permanently established in Sweden even if it does not have a long-term location from which business activities are conducted, either wholly or in part. A business is also regarded as being permanently established if somebody works for a foreign enterprise in Sweden and has a power of attorney that (s)he uses on a regular basis to enter into agreements on behalf of the enterprise. Referred to as a dependent agent, such a person may be an employee, subcontractor, etc.

Read more about permanent places of business at www.skatteverket.se/permanentestablishment

Applying for F-tax

As a foreign entrepreneur working in Sweden, you can apply for approval for Swedish F-tax from the Swedish Tax Agency.

- Self-employed person with approval for F-tax: the person who pays you for doing a job is not to pay employer's contributions or withhold tax. You pay any social security contributions and preliminary tax yourself.
- Self-employed person without approval for F-tax: the person who pays you for doing a job pays employer's contributions and preliminary tax. The person is required to pay employer's contributions regardless of whether you are permanently established in Sweden or not. But the person is not required to withhold preliminary tax if you are not permanently established in Sweden.

You may apply for approval for Swedish F-tax even if you are in Sweden to work for a short period of time.

To obtain approval, you must be able to prove that you do not owe tax or social security contributions in your own country. The best way to do so is with a certificate from a proper authority in the country you have lived or stayed in for the past two years.

If the Tax Agency has sent a request for such a certificate to an individual domiciled in an EU/EEA country, it can issue a temporary decision that no tax is to be withheld while awaiting a determination about approval for F-tax.

Swedish VAT

The following conditions must be met for you to charge your customers Swedish VAT:

- You sell goods or services
- The sales are liable to VAT
- You sell in your capacity as a taxable person
- The goods or services are sold in Sweden
- You are liable to pay tax on the sales

VAT—Foreign taxable person

As a self-employed person who works but does not live in Sweden, you should be familiar with the term "foreign taxable person" since it frequently determines whether you are to charge a customer VAT. Somebody who is self-employed is regarded as a foreign taxable person if s(he) is an individual who independently conducts an economic activity but does not have a fixed establishment, live or reside on a long-term basis in Sweden.

An economic activity is one that is conducted by a producer, dealer or service provider, including mining and agriculture, as well as self-employment or the equivalent. The use of tangible or intangible assets for the purpose of regularly obtaining income is also regarded as an economic activity.

When, in the capacity of a foreign taxable person, you have sales of goods or services in Sweden that are liable to VAT and are made to purchasers who are not taxable persons (such as consumers in Sweden), you must report and pay VAT for the sales, i.e., you must be registered for VAT in Sweden.

In some cases, you must also pay VAT when importing goods or making acquisitions within the EU. Read more in The VAT Brochure (SKV 552B) under "When must I charge VAT?"

Reverse charge

In certain case, your customer or buyer is to report and pay VAT rather than you when you have sales of goods or services in Sweden that are liable to VAT. Referred to as reverse charge, this requires you to issue and send an invoice without VAT stating that the customer is to report VAT for the sale. Your customer in Sweden is to calculate output VAT based on the amount of the invoice and report it on his or her VAT return.

Voluntary registration for VAT

As a foreign taxable person with sales of certain goods and real property services to VAT-registered customers in Sweden, you can voluntarily request to be liable to pay tax on the sale instead of using reverse charge. Such a request then applies to all such sales in Sweden, i.e., you cannot select individual sales and are required to handle all sales of these goods and real property services to VAT-registered customers in Sweden the same way.

Registration

If you are liable to pay Swedish VAT, you must be registered for VAT in Sweden. There are also situations in which you must be registered for VAT in Sweden even though you are not to pay any Swedish VAT. You can find more information in The VAT Brochure (SKV 552B) and VAT on foreign trade (SKV 560B).

To register, use the form Tax application for foreign entrepreneurs (SKV 4632), which is available at www.skatteverket.se/4632english. This page also contains instructions for filling it out.

Additional information

Additional information about F-tax is available in the brochure F-tax for the self-employed (SKV 432).

There is more information about VAT in Sweden in The VAT Brochure (SKV 552 B) and VAT on foreign trade (SKV 560 B). You can use the search engine on our website by entering the number of the brochure or form you are looking for

Feel free to call the Tax Agency at 0771-567 567 from Sweden and +46 08 564 851 60 from abroad if there is anything else you want to know.

