

GMS Flash Alert

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Sweden - Proposal Revising Expert Tax Relief Rules

The Swedish Ministry of Finance has proposed changes to the tax relief for foreign experts, scientists, and other key personnel staying temporarily in Sweden (“expert tax relief”).¹

The proposed amendment, which would apply tax relief for a maximum of five years instead of the current three years, would be scheduled to come into force on 1 January 2021. The suggested extension would apply to stays in Sweden that started after 31 May 2020.

WHY THIS MATTERS

Eligible foreign national taxpayers and their employers stand to benefit from the extra time the relief scheme would allow, creating a longer period to which potentially reduced taxation would apply.

The expansion of the period for the expert tax relief is good news also in the world of sports, where international players are often recruited to play on national teams. It means an incentive for athletes to remain in Sweden for longer.²

Context

An important purpose for Sweden’s rules on expert tax relief is to help strengthen Sweden’s position in the global market for highly-skilled labour by attracting foreign experts, scientists, and other key personnel to Sweden. Several European countries, such as Finland and Denmark, have similar rules, but with a longer time limit.

More Details

An application for expert tax relief must normally be submitted within three months of the work commencing in

Sweden.³ A proposed temporary measure means that employees commencing their stay in Sweden between 1 June and 31 December 2020, would have until 31 March 2021 to file the application.

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If the proposed changes are passed, the following would apply:

1. **Stays in Sweden commencing on or before 31 May 2020:** Tax relief for a maximum of three years with no possibility of extension.
2. **Stays in Sweden commencing after 31 May 2020, where an application of expert tax relief has already been filed and granted:** The extension from three to five years will apply if a renewed application is submitted.
3. **Stays in Sweden commencing after 31 May 2020, where no application of expert tax relief has been submitted:** Application must be submitted on 31 March 2021 at the latest.
4. **Stays in Sweden commencing on 1 January 2021 or later:** Tax relief for a maximum of five years with no possibility of extension.

KPMG NOTE

The KPMG International member firm in Sweden will be monitoring the legislative process. Until this proposal on a temporary possibility to apply for expert tax relief up until 31 March 2021 has been passed, matters related to the expert tax relief scheme should be handled carefully. For example, if an employee commences work in Sweden on 1 August 2020, and waits until 2 December 2020 to submit his or her application, then the normal three-month deadline will have passed. If the proposed changes are not enacted, the possibility to be granted expert tax relief would be permanently lost.

We still recommend that an application for expert tax relief be submitted as soon as possible while waiting for the amended rules. Once the change has been implemented, a new application for tax relief can be submitted to benefit from the extended time period of five years.

FOOTNOTES:

- 1 For more information (in Swedish), see this proposal document from Sweden's *Finansdepartementet* (Ministry of Finance) at: <https://www.regeringen.se/49e6df/contentassets/f33191dfa022439296834ac10b3bbf3b/utvidgad-tidsgrans-for-expertskatt.pdf>.
- 2 Johan Sander, tax partner with the KPMG International member firm in Sweden, has commented (in Swedish) in an article for the football site [Fotbollskanalen](#). (Note that this is a 3rd party (non-governmental, non-KPMG) website. Providing this link does not represent an endorsement of this website by KPMG.)
- 3 For more details in English about the scheme, see the webpage of *Forskarskattenamnden* at: <https://forskarskattenamnden.se/andrasprak/taxationofresearchworkersboard/abouttaxrelief.4.14dfc9b0163796ee3e7743e4.html>.

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RELATED RESOURCE:

This article is excerpted, with permission, from "[New expert tax relief rules coming up in Sweden?](#)" (26 August 2020), a publication of the KPMG International member firm in Sweden.

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