



GUIDE TO GOING GLOBAL CORPORATE

Sweden



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INTRODUCTION

Welcome to the 2023 edition of DLA Piper's *Guide to Going Global – Corporate*.

GUIDE TO GOING GLOBAL SERIES

To compete and be successful today, companies need to develop and scale their businesses globally. Each country presents its own set of unique laws, rules and regulations and business practices that companies must understand to be successful. In order to help clients meet the opportunities and challenges of expanding internationally, we have created a handy set of global guides that cover the basics companies need to know when going into and doing business in new countries. The *Guide to Going Global* series reviews business-relevant corporate, employment, intellectual property and technology, executive compensation, and tax laws in key jurisdictions around the world.

CORPORATE

The *Guide to Going Global – Corporate* has been created based on our research, our experience and feedback we have received from clients in both established and emerging businesses that have expanded internationally. We hope it will be a helpful resource for you.

The *Guide to Going Global – Corporate* covers corporate basics in 54 key jurisdictions across the Americas, Asia Pacific, Europe and the Middle East. We touch on a wide range of corporate issues for companies expanding internationally, including establishing a corporate presence and choice of entity, liability considerations, tax presence and tax filings, capital requirements, the formation process, director, officer and shareholder requirements, registration processes, office lease processes and possible exit strategies.

With more than 600 lawyers, DLA Piper's global Corporate group is one of the largest in the world, with one of the widest geographical footprints of any global law firm and experience across the legal areas companies need as they expand internationally. With both global experience and local knowledge, we partner with our clients wherever they do business to find solutions and manage their risk in relation to their challenges and objectives.

While this guide provides high-level guidance, it is not a substitute for legal advice, and we encourage you to seek advice regarding the specific matters that concern you. If you wish to speak to any of our contributors, you may find their contact details at the end of the guide.

We hope you find this guide valuable, and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

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SWEDEN



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FORM OF ENTITY

Limited company (*aktiebolag* or AB)

A limited company (*Aktiebolag* or AB) is a separate and distinct legal entity. Managed by a board of directors, which is responsible for making major business decisions and overseeing general affairs of a company. Directors are elected by shareholders of an AB. The managing director (optional in private ABs and required in public ABs), who runs the day-to-day operations of an AB, is appointed by the board of directors. Other officers are appointed by the board of directors or by the managing director.

Trading partnership (*handelsbolag*, HB)

Under the Partnership and Non-registered Partnership Act (*Handelsbolagslagen*), a trading partnership (*Handelsbolag* or HB) is constituted by an agreement between 2 or more individuals and/or legal entities to conduct business in association. The HB's most frequently cited advantage is its flexibility. Partners are free to organize their relations as they see fit without the restraints of a corporate form. Within the framework of an HB, complex structures can be set up to allow for many different characteristics and circumstances. The partners in an HB are personally liable for the partnership's agreements and debts.

Limited partnership (*kommanditbolag* or KB)

A limited partnership (*Kommanditbolag* or KB) is a form of a trading partnership in which 1 or more partners has reserved the right not to be liable for the obligations of a KB in excess of the sum he they have contributed or undertaken to contribute to a KB. Such a partner is referred to as a limited partner (*Kommanditdelägare*).

Other partners in a KB are referred to as general partners (*Komplementär*). A KB must have 2 or more partners, at least 1 general partner and 1 limited partner.

The partnership's most frequently cited advantage is its flexibility. Partners are free to organize their relations as they see fit without the restraints of a corporate form. Within the framework of a partnership, complex structures can be set up to allow for many different characteristics and circumstances.

Branch office (*filial*, Branch)

A branch (*Filial*) is the branch office of a foreign company with a separate management in Sweden. A branch is not a separate legal entity. A foreign company may only have 1 branch in Sweden. A branch has no independent capital, and its assets and liabilities are a part of the total assets of the foreign company.

ENTITY SET UP

Limited company (*aktiebolag* or AB)

- Minimum of 1 shareholder
- Generally no personal liability of shareholders
- An AB is taxed on its earnings at a corporate level, and shareholders are taxed on salary withdrawn and distributed profits from the AB. The AB is subject to a Swedish corporate income tax rate which currently amounts to 20.6 percent
- Typical charter documents include:
 - Articles of association
 - Minutes of shareholder meetings
 - Organizational board resolutions
 - Share certificates
 - Share ledger
- Board of directors has overall management responsibility; managing director and other officers have day-to-day responsibility
- Shareholders typically purchase shares in an AB. Separate classes of shares with different rights (eg, voting, dividends) are commonly used
- Annual report shall be filed annually with the Swedish Companies Registration Office (*Bolagsverket* or SCRO)
- There are 2 types of ABs: private and public

Trading partnership (*handelsbolag* or HB)

- 2 or more partners (natural persons or legal entities) are required
- No startup capital requirement

- HBs are tax transparent. Partners are taxed for their part of the HB's surplus (ie, income tax and social security contributions)
- Incorporated by registration with the Swedish Companies Registration Office (*Bolagsverket* or SCRO)
- Partners are personally responsible for the HB's debts, including debts that already exist when becoming a partner
- Business name must contain the word "*handelsbolag*"
- An authorized or approved auditor and filing of annual accounts are required where an HB meets certain criteria regarding the partners, number of employees, balance sheet total and net turnover

Limited partnership (*kommanditbolag*, KB)

- 2 or more partners (natural persons or legal entities) are required of which 1 shall be a general partner and 1 a limited partner
- General partners have unlimited personal responsibility (jointly and severally) for the agreements and debts of a KB. Limited partners are only responsible for the amount contributed. The responsibility includes debts that already exist when becoming a partner
- No startup capital requirement for general partners; capital requirement for each limited partner is at least SEK 1
- KB is tax transparent. Partners are taxed for their part of the KB's surplus (ie, income tax and social security contributions)
- Incorporated by registration with the Swedish Companies Registration Office (*Bolagsverket* or SCRO)
- Business name must contain the word "*kommanditbolag*"
- An authorized or approved auditor and filing of annual accounts are required if a KB meets certain criteria regarding partners, number of employees, balance sheet total and net turnover

Branch office (*filial*, Branch)

- A foreign-based company that engages in business activities in Sweden can register a branch office, with separate management in Sweden
- A branch is not a separate legal entity but is a part of a foreign-based company
- Does not have independent capital and assets, and liabilities are a part of total assets of a foreign-based company
- 1 managing director is appointed to run the business activities in Sweden. The managing director and any deputy managing directors are normally required to be resident within the EEA

- A branch is subject to a Swedish corporate tax rate which currently amounts to 20.6 percent Incorporated by registration with the Swedish Companies Registration Office (*Bolagsverket* or SCRO)
- A business name must contain the word "*filial*"
- A branch is to keep its own accounting records, and these are to be kept separate from the foreign-based company. Annual report of a branch office and a foreign company are normally required to be filed with the SCRO
- An authorized or approved auditor is required where the branch office meets certain criteria regarding the number of employees, balance sheet total and net turnover

MINIMUM CAPITAL REQUIREMENT

Limited company (*aktiebolag* or AB)

SEK25,000 for private AB and SEK500,000 for public AB

Trading partnership (*handelsbolag* or HB)

No minimum capital requirement.

Limited partnership (*kommanditbolag* or KB)

No minimum capital requirement.

Branch office (*filial*)

Not applicable for this jurisdiction.

LEGAL LIABILITY

Limited company (*aktiebolag* or AB)

Shareholders of an AB are generally not liable for the debts of an AB.

Trading partnership (*handelsbolag*, HB)

Partners are personally responsible for keeping the agreements of the HB and for paying its debts. Partners are jointly and separately responsible. This means that a creditor can claim payment of the entire amount of a debt from any of the partners. Partners are responsible for the debts of an HB up to the full amount of their assets.

Limited partnership (*kommanditbolag*, KB)

The general partner has the same rights and liabilities as a partner in a partnership, including unlimited liability for all debts and obligations of a KB. Liability of a limited partner is limited to its contribution to a KB. A limited company may be a general partner of a KB.

Branch office (*filial, Branch*)

A branch is subject to Swedish law and decisions of Swedish authorities regarding legal matters in connection with its business activities in Sweden.

TAX PRESENCE

Limited company (*aktiebolag, AB*)

Profits of an AB are taxed at 2 levels (commonly referred to as double taxation). First, an AB pays a corporate tax on its corporate income; then, shareholders pay tax on profits distributed from an AB. An AB is subject to a Swedish corporate income tax rate which currently amounts to 20.6 percent.

Trading partnership (*handelsbolag, HB*)

Partners are taxed based on their part of the HB's surplus which includes income tax and social security contribution.

Limited partnership (*kommanditbolag, KB*)

Partners are taxed based on their part of the KB's surplus which includes income tax and social security contribution.

Branch office (*filial, Branch*)

A foreign company starting a branch in Sweden must pay income tax on its business operations. Branch accounts must be kept separate from those of a foreign company in order to calculate the accrued profit. Profit of a branch is then subject to Swedish corporate income tax rate which currently amounts to 20.6 percent.

INCORPORATION PROCESS

Limited company (*aktiebolag, AB*)

Subscription for shares and payment of share capital, signing of memorandum of association and registration of memorandum of association with the SCRO. An alternative to formation of a subsidiary would be to buy a so-called shelf company. Such company can be bought from a third-party provider.

Trading partnership (*handelsbolag, HB*)

Written or oral HB agreement to jointly carry on business activities and then incorporated by registration with the Swedish Companies Registration Office (*Bolagsverket* or SCRO).

Limited partnership (*kommanditbolag, KB*)

Written or oral partnership agreement to jointly carry on business activities and then incorporated by registration with the Swedish Companies Registration Office (*Bolagsverket* or SCRO).

Branch office (*filial, Branch*)

Resolution by the relevant corporate body of a foreign company to:

- Set up a branch
- Appoint a managing director and issue a special power of attorney and, if applicable,
- Appoint:
 - deputy managing director(s)
 - an auditor
 - a person resident in Sweden to receive service of process on behalf of a branch. When a branch has been registered with the Swedish Companies Registration Office (*Bolagsverket* or *SCRO*), it receives a Swedish registration number.

BUSINESS RECOGNITION

Limited company (*aktiebolag, AB*)

Well regarded and widely used.

Trading partnership (*handelsbolag, HB*)

Well recognized but not as widely used as limited companies (*Aktiebolag* or *AB*).

Limited partnership (*kommanditbolag, KB*)

Well recognized but not as widely used as limited companies (*Aktiebolag* or *AB*).

Branch office (*filial, Branch*)

Well regarded but not as widely used as a limited company (*Aktiebolag* or *AB*).

SHAREHOLDER MEETING REQUIREMENTS

Limited company (*aktiebolag, AB*)

Required to hold annual meeting of shareholders to vote on certain items, such as adoption of annual accounts, election of directors and resolution on discharge from liability for members of the board of directors and the managing director.

Trading partnership (*handelsbolag, HB*)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag, KB*)

Not applicable for this jurisdiction.

Branch office (*filial, Branch*)

Not applicable for this jurisdiction.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited company (*aktiebolag, AB*)

No statutory minimum number requirement. In practice, at least 1 inaugural meeting is held in connection with the annual meeting of shareholders.

Trading partnership (*handelsbolag, HB*)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag, KB*)

Not applicable for this jurisdiction.

Branch office (*filial, Branch*)

Not applicable for this jurisdiction.

ANNUAL COMPANY TAX RETURNS

Limited company (*aktiebolag, AB*)

Must file annual tax returns with the Swedish Tax Agency.

Trading partnership (*handelsbolag, HB*)

Both a registered entity and individual partners must file annual tax returns with the Swedish Tax Agency.

Limited partnership (*kommanditbolag, KB*)

Both a registered entity and individual partners must file annual tax returns with the Swedish Tax Agency.

Branch office (*filial, Branch*)

Must file annual tax returns with the Swedish Tax Agency.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited company (*aktiebolag, AB*)

Initial registration, annual filings of annual reports.

Trading partnership (*handelsbolag*, HB)

Initial registration. If an HB has a legal entity of a certain size as a co-owner, it must appoint an accountant and submit an annual report to the Swedish Companies Registration Office.

Limited partnership (*kommanditbolag*, KB)

Initial registration. If a KB has a legal entity of a certain size as a co-owner, a KB must appoint an accountant and submit an annual report to the Swedish Companies Registration Office.

Branch office (*filial*, Branch)

Initial registration, annual filing of the annual report of the foreign based company with the SCRO.

BUSINESS EXPANSION

Limited company (*aktiebolag*, AB)

No need to change as business expands. An AB can change category from private to public.

Trading partnership (*handelsbolag*, HB)

No need to change as business expands. Additional filing requirements increase if an HB has a legal entity of a certain size.

Limited partnership (*kommanditbolag*, KB)

No need to change as business expands. Additional filing requirements increase if a KB has a legal entity of a certain size.

Branch office (*filial*, Branch)

In general, no need to change as business expands.

EXIT STRATEGY

Limited company (*aktiebolag*, AB)

File dissolution documents with the SCRO.

Trading partnership (*handelsbolag*, HB)

File dissolution documents with the SCRO and the Swedish Tax Agency. Filing of dissolution documents must be conducted by all partners. In addition, all partners must agree to end an HB in order to effectuate the dissolution.

Limited partnership (*kommanditbolag, KB*)

File dissolution documents with the SCRO and the Swedish Tax Agency. Filing of dissolution documents must be conducted by all partners. In addition, all partners must agree to end a KB in order to effectuate the dissolution.

Branch office (*filial, Branch*)

A deregistration of a branch must be reported to the SCRO. A deregistration is free of charge and can be filed by the managing director or an authorized representative of a foreign company.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited company (*aktiebolag, AB*)

Annual shareholders' meeting which can be completed *per capuslam* (ie, by written consent by all shareholders and annual filings of annual reports).

Trading partnership (*handelsbolag, HB*)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag, KB*)

Not applicable for this jurisdiction.

Branch office (*filial, Branch*)

If a foreign company has a legal form comparable with a limited company and is incorporated within the European Economic Area (EEA), the accounting records of a branch are to be prepared by annual accounts (*årsbokslut*). Annual accounts must be prepared in accordance with the Swedish Book-keeping Act (*bokföringslagen*). Annual accounts are to be signed by a managing director of a branch. Annual accounts of a branch do not need to be filed with the SCRO.

If a foreign company:

- has a legal form which is not comparable with a limited company, or
- is incorporated outside of the EEA, accounting records of a branch are to be prepared by an annual report (*årsredovisning*). Annual report must be prepared in accordance with the Annual Reports Act (*årsredovisningslagen*). Annual report is to be signed by the managing director of a branch. Annual report of a branch is to be filed with the SCRO.

Furthermore, a certified copy of the foreign company's annual report and any auditor's report must always be filed with the SCRO.

DIRECTOR / OFFICER REQUIREMENTS

Limited company (*aktiebolag, AB*)

Director(s) and, where applicable, deputy director(s) and employee representatives. Managing director is required in public ABs and is optional in private ABs.

A legal person may not serve as a director. A director or officer must be over 18 years of age. They she must not be declared bankrupt, be prohibited to carry on business or have a guardian.

Trading partnership (*handelsbolag, HB*)

There is no requirement to appoint specific directors. Partners represent an HB individually unless otherwise agreed. One or more partners must always be authorized as a signatory or signatories.

A branch cannot be registered as a partner. Natural persons must not be declared bankrupt, have a guardian, or in any other way be prohibited to carry on business in order to be registered in a HB.

Limited partnership (*kommanditbolag, KB*)

There is no requirement to appoint specific directors. General partners represent a KB individually unless otherwise agreed. One or more partners must always be authorized as a signatory or signatories. However, limited partners cannot be authorized to represent or sign on behalf of a KB.

A branch cannot be registered as a partner. Natural persons must not be declared bankrupt, have a guardian, or in any other way be prohibited to carry on business in order to be registered in a KB.

Branch office (*filial, Branch*)

A branch must appoint a managing director but does not have a board of directors. A managing director is to have a special power of attorney which empowers them to sign and act on behalf of a foreign company in all matters relating to the company's business in Sweden. One or more deputy managing directors for the branch can be appointed, and these persons must also have their own powers of attorney. Managing director and any deputy managing directors of a branch should be resident within the EEA.

For more information on directors' duties, see our [Global Guide to Directors' Duties](#).

LOCAL CORPORATE SECRETARY REQUIREMENT

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited company (*aktiebolag, AB*)

None beyond the required directors and, where applicable, managing director.

Trading partnership (*handelsbolag*, HB)

One or more partners must always be authorized as a signatory or signatories.

Limited partnership (*kommanditbolag*, KB)

One or more partners must always be authorized as a signatory or signatories.

Branch office (*filial*, Branch)

None beyond the required managing director and, where applicable, person to receive process.

LOCAL OFFICE LEASE REQUIREMENT

None required for incorporation.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited company (*aktiebolag*, AB)

In the event an AB has no authorized representative (ie, board member, managing director or special company signatory) who is resident in Sweden, the board of directors shall authorize a person who is resident in Sweden to act as the person authorized to receive service of process on behalf of a company.

Trading partnership (*handelsbolag*, HB)

An HB must have its registered address in Sweden.

Limited partnership (*kommanditbolag*, KB)

A KB must have its registered address in Sweden.

Branch office (*filial*, Branch)

If a managing director of a branch is not resident within the EEA, a foreign company must appoint a person resident in Sweden to receive service of process on behalf of a branch.

SUFFICIENCY OF VIRTUAL OFFICE

Sufficient for incorporation.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Allowed for incorporation.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Local directors for an AB can be provided by a third-party service provider.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited company (*aktiebolag*, AB)

- Founder (unless granted an exemption by the SCRO):
 - A natural person domiciled within the European Economic Area
 - A Swedish legal entity or
 - A legal entity which has been formed pursuant to the laws of a state within the European Economic Area and which has its registered office, its head office or its principal place of business within the Area.
- Shareholders:
 - None,
- Directors (unless granted an exemption by the SCRO):
 - Not less than 1/2 of directors and, where applicable, deputy directors, respectively, must be resident within the European Economic Area.
- Managing director (unless granted an exemption by the SCRO):
 - Required to be resident within the European Economic Area.

Trading partnership (*handelsbolag*, HB)

There are no nationality or residency requirements in relation to partners.

However, a partner who is not registered in the Swedish population register must submit a certified copy of their passport or other official identity document with the application.

If the partner is a foreign legal entity, a certified copy of a certificate of registration must be submitted with the application.

Limited partnership (*kommanditbolag*, KB)

- There are no nationality or residency requirements in relation to partners.

- However, a partner who is not registered in Swedish population register must submit a certified copy of their passport or other official identity document with the application.
- If the partner is a foreign legal entity, a certified copy of a certificate of registration must be submitted with the application.

Branch office (*filial, Branch*)

- A managing director and, if applicable, any deputy managing directors must be resident within the EEA unless granted an exemption by the SCRO.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Not applicable for this jurisdiction.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited company (*aktiebolag, AB*)

Directors of the board are elected by shareholders, are the highest authority in management of an AB and govern the organization by establishing broad policies and objectives. A managing director is appointed by directors to manage the day-to-day operations of an AB. Board of directors shall issue instructions regarding allocation of work between the board of directors and a managing director. A managing director is always authorized to represent the company and sign on its behalf in matters related to the day-to day management of a company.

Trading partnership (*handelsbolag, HB*)

In general, the management of the HB is less regulated than a limited company. The authority and limitations of partners authority is instead decided in accordance with the partnership agreement.

Limited partnership (*kommanditbolag, KB*)

In general, management of a KB is less regulated than a limited company. Authority and limitations of partners authority is instead decided in accordance with the partnership agreement.

Branch office (*filial, Branch*)

A managing director is appointed by a foreign company to manage all business operations of a branch. The managing director is always authorized to represent the branch and sign on its behalf in all matters.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited company (*aktiebolag, AB*)

The identity of directors and managing director is publicly disclosed; the identity of shareholders of private, non-listed companies is not publicly registered. ABs that are not CSD-registered are, however, required to disclose the share ledger (which contains identity of shareholders) to anyone upon request. In addition, beneficial owner information must be registered with the SCRO and be disclosed in a public register. Beneficial owners are individuals who ultimately own or control a company. An individual can control a company in various ways, such as by holding more than 25 percent of the votes through shares in a company.

Trading partnership (*handelsbolag*, HB)

Identity of partners is publicly disclosed. In addition, all HBs must register information regarding the beneficial owner with the SCRO. Information about the beneficial owner is also publicly disclosed. Beneficial owners are individuals who ultimately own or control an entity. An individual can control an entity in various ways, such as holding more than 25 percent of votes through shares, voting rights or ownership interest.

Limited partnership (*kommanditbolag*, KB)

Identity of partners is publicly disclosed. In addition, all KBs must register information regarding beneficial owner with the SCRO. Information about beneficial owner is also publicly disclosed. Beneficial owners are individuals who ultimately own or control an entity. An individual can control an entity in various ways, such as holding more than 25 percent of votes through shares, voting rights or ownership interest.

Branch office (*filial*, Branch)

Identity of a managing director is publicly disclosed. Since a branch is not a legal entity it is not required to register beneficial ownership information with the SCRO. However, a foreign-based company which owns the branch may need to register beneficial ownership information if it can be classified as a foreign legal entity with activities in Sweden, but foreign-based companies domiciled within the EEA do not need to register such information under certain conditions.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited company (*aktiebolag*, AB)

There must be a minimum of 1 shareholder. Minimum director requirements private AB:

- 1 director and 1 deputy director

Minimum director requirements public AB:

- 3 directors and
- Managing director (may, but is not required to, be a director of the board of directors).

Where the board consists of 1 or 2 directors, at least 1 deputy director shall be appointed. There is no maximum number of directors on the board of directors.

Trading partnership (*handelsbolag*, HB)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag*, KB)

Not applicable for this jurisdiction.

Branch office (*filial*, Branch)

Not applicable for this jurisdiction.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited company (*aktiebolag*, AB)

One shareholder is sufficient.

Trading partnership (*handelsbolag*, HB)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag*, KB)

Not applicable for this jurisdiction.

Branch office (*filial*, Branch)

Not applicable for this jurisdiction.

REMOVAL OF DIRECTORS OR OFFICERS

Limited company (*aktiebolag*, AB)

The shareholders' meeting resolves upon removal of directors. Removal of managing director requires a board resolution. Directors and managing director may furthermore resign by notifying the SCRO.

Trading partnership (*handelsbolag*, HB)

In accordance with the partnership agreement or otherwise agreed upon among the partners.

The SCRO has to be notified of the change.

Limited partnership (*kommanditbolag*, KB)

In accordance with the partnership agreement or otherwise agreed upon among the partners.

The SCRO has to be notified of the change.

Branch office (*filial*, Branch)

A foreign company resolves upon removal of a managing director by notifying the SCRO. A document verifying the authorization to sign the power of attorney for the managing director and the deputy managing directors of the branch (eg, a registration certificate or certification from the notary public). The document must include information on the registered board of directors of the foreign-based company and their signatory power. A managing director may furthermore resign by notifying the SCRO.

REQUIRED AND OPTIONAL OFFICERS

Limited company (*aktiebolag*, AB)

Where the board consists of 2 or more directors, a chairman shall be appointed by the board.

A managing director is required in public ABs and is optional in private ABs.

A person authorized to receive service of process shall be appointed by the board of directors, where none of the AB's authorized representatives is a resident in Sweden. Such person is not granted any other authority or decision-making powers.

The board of directors may appoint 1 or more special company signatories with authority to represent and sign on behalf of the company (no decision-making powers).

Trading partnership (*handelsbolag*, HB)

HB must have 2 or more partners.

Partners may appoint 1 or more special company signatories with authority to represent and sign on behalf of a company (no decision-making powers). In addition, a power of procuracy (*Prokura*) can be issued to give a natural or legal person a right to represent a HB in all matters related to the business activities and before authorities and courts.

Limited partnership (*kommanditbolag*, KB)

A KB must have 2 or more partners.

Partners may appoint 1 or more special company signatories with authority to represent and sign on behalf of a company (no decision-making powers). In addition, a power of procuracy (*Prokura*) may be issued to give a natural or legal person the right to represent a KB in all matters related to the business activities and before authorities and courts.

Branch office (*filial*, Branch)

A foreign company may choose to appoint deputy managing director(s).

BOARD MEETING REQUIREMENTS

Limited company (*aktiebolag*, AB)

No statutory minimum number requirement. In practice, at least 1 inaugural meeting in connection with the annual meeting of shareholders. Can be held by telephone or completed via written consent by all directors.

Trading partnership (*handelsbolag*, HB)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag*, KB)

Not applicable for this jurisdiction.

Branch office (*filial*, *Branch*)

Not applicable for this jurisdiction.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited company (*aktiebolag*, AB)

No specific quorum requirements apply for a shareholders' meeting. Resolutions are passed with the simple majority of the votes cast, except for important decisions (eg, change of articles – 2/3 of the votes cast is required). Shareholders' meetings may be held by written consent by all shareholders. For directors, typically a majority of directors must be participating during a board meeting; alternatively, all of directors must execute written resolutions.

Trading partnership (*handelsbolag*, HB)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag*, KB)

Not applicable for this jurisdiction.

Branch office (*filial*, *Branch*)

Not applicable for this jurisdiction.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited company (*aktiebolag*, AB)

Where the share capital shall be paid in cash, opening a bank account with a bank within the EEA is required.

Trading partnership (*handelsbolag*, HB)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag*, KB)

Not applicable for this jurisdiction.

Branch office (*filial*, *Branch*)

Not applicable for this jurisdiction.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited company (*aktiebolag*, AB)

An AB must have at least 1 auditor where the company fulfills more than 1 of the following conditions:

- The average number of employees during each of the 2 most recent financial years has exceeded 3
- The company's reported balance sheet total for each of the 2 most recent financial years has exceeded SEK1.5 million
- The company's reported net turnover for each of the 2 most recent financial years has exceeded SEK3 million

Only an authorized public accountant or approved public accountant. Such person must be a resident of Sweden, the EEA or Switzerland. Furthermore, a registered accounting firm may serve as auditor.

Generally, corporate books, such as the minute book, should be kept with the company; however, the corporate books could also be kept with a third-party service provider upon instructions by the company.

The SCRO must appoint a minority shareholders' auditor if owners of at least one-tenth of all shares in a company make such an application. Such an audit is permitted in order to prevent fraud on the minority.

Trading partnership (*handelsbolag*, HB)

A HB must have an authorized or approved auditor if at least 1 of the partners is a legal entity. The auditor must be reported for registration with the SCRO.

If such an HB does not meet at least two of the following criteria during each of the two most recent financial years, it may choose not to have an auditor:

- more than 3 employees (as an average)
- a balance sheet total of more than SEK1.5 million or
- a net turnover of more than SEK3 million

In a HB with only natural persons as co-owners, an auditor is required if the HB is considered as a major HB.

Only an authorized public accountant or approved public accountant. Such person must be a resident of Sweden, the EEA or Switzerland. Furthermore, a registered accounting firm may serve as auditor.

Generally, corporate books, such as the minute book, should be kept with the HB; however, the corporate books could also be kept with a third-party service provider upon instructions by the HB.

Limited partnership (*kommanditbolag*, KB)

A KB must have an authorized or approved auditor if at least 1 of the partners is a legal entity. The auditor must be reported for registration with the SCRO.

However, if such a KB does not meet at least 2 of the following criteria during each of the 2 most recent financial years, it may choose not to have an auditor:

- More than 3 employees (as an average)
- A balance sheet total of more than SEK1.5 million or
- A net turnover of more than SEK3 million

In a KB with only natural persons as co-owners, an auditor is required if the KB is considered as a major KB.

Only an authorized public accountant or approved public accountant. Such person must be a resident of Sweden, the EEA or Switzerland. Furthermore, a registered accounting firm may serve as auditor.

Generally, corporate books, such as the minute book, should be kept with the KB; however, the corporate books could also be kept with a third-party service provider upon instructions by the KB.

Branch office (*filial*, Branch)

If a branch has met at least 2 of the following criteria in the last 2 financial years, it must appoint an auditor:

- More than 3 employees (as an average)
- A balance sheet total of more than SEK1.5 million or
- A net turnover of more than SEK3 million

If the operations of a branch are subject to special banking or financial regulation, an auditor must be appointed to examine annual accounts and the managing director's administration regardless of the criteria above. In such cases, the auditor must meet the qualifications as required by law, which apply to a Swedish company of the same description.

REQUIREMENT REGARDING PAR VALUE OF STOCK

None.

INCREASING OF CAPITALIZATION IF NEEDED

Limited company (*aktiebolag*, AB)

Generally, through issuance of new shares, warrants or convertibles or bonus issue with or without issuance of new shares, which requires a shareholders' resolution and registration with the SCRO. A board of directors may also resolve to issue new shares with the authorization granted by a shareholders' meeting,

Trading partnership (*handelsbolag*, HB)

A partner is not obliged to increase their contribution to the HB unless otherwise agreed upon in the partnership agreement.

Limited partnership (*kommanditbolag*, KB)

A partner is not obliged to increase their contribution to the KB unless otherwise agreed upon in the partnership agreement.

Branch office (*filial*, Branch)

Not applicable for this jurisdiction.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited company (*aktiebolag*, AB)

Funds can be repatriated abroad from Sweden via dividends or redemption.

Trading partnership (*handelsbolag*, HB)

During the year, partners can withdraw funds out of the business as own drawings. Such funds can be repatriated abroad from Sweden.

Limited partnership (*kommanditbolag*, KB)

During the year, partners can withdraw funds out of the business as own drawings. Such funds can be repatriated abroad from Sweden.

Branch office (*filial*, Branch)

Not applicable for this jurisdiction.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited company (*aktiebolag*, AB)

The general rule under Swedish law is that shares may be freely transferred and acquired. Transferability may in general be restricted by provisions in the articles of association such as pre-emption clause, consent clause or right of first refusal clause, or by provisions in a shareholders' agreement.

Trading partnership (*handelsbolag*, HB)

Not applicable for this jurisdiction.

Limited partnership (*kommanditbolag*, KB)

Not applicable for this jurisdiction.

Branch office (*filial*, Branch)

Not applicable for this jurisdiction.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited company (*aktiebolag*, AB)

Company name is indicated in the articles of association. The SCRO decides whether the name can be registered. The company name must include the word "aktiebolag" or "AB." Public AB's company name must be followed by the wording "(publ)" in the articles of association, unless it is already clear from the company name that the AB is public. It is optional if the public AB also registers "(publ)" in the company name itself. A private AB may not have the word "publikt" in the company name.

Trading partnership (*handelsbolag*, HB)

Name of a HB is registered with the SCRO. The SCRO decides whether the name can be registered. The name must include the word "Handelsbolag" and may not contain the abbreviation "HB". Protection for the name is granted within the county (*Län*) where the HB has its registered address.

Limited partnership (*kommanditbolag*, KB)

Name of a KB is registered with the SCRO. The SCRO decides whether the name can be registered. The name must include the word "Kommanditbolag" and may not contain the abbreviation "KB". Protection for the name is granted within the county (*Län*) where the KB has its registered address.

Branch office (*filial*, Branch)

A branch name must be approved by the SCRO. The SCRO assesses the suggested branch name and investigates if there are any registered trademarks which may prevent registration of a branch name. The business name of a branch must contain the word "*filial*." If the foreign-based company is a bank, the branch's name must contain the word "bank".

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

In case the client plans to make transactions, investments or similar, certain KYC requirements apply.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited company (*aktiebolag*, AB)

Typically, a majority of 2/3 of the votes cast as well as represented at the shareholders' meeting must formally approve any amendment of the articles of association. Some amendments require approval by all shareholders present at the general meeting where they together represent not less than 9/10 of all shares in the company.

Trading partnership (*handelsbolag*, HB)

Typically, all partners must agree to change the written agreement.

Limited partnership (*kommanditbolag*, KB)

Typically, all partners must agree to change the written agreement.

Branch office (*filial*, Branch)

Not applicable for this jurisdiction.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Typically none. Specific licenses may be required for certain types of business.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited company (*aktiebolag*, AB)

Shelf companies can be purchased from third-party service providers and are ready to be operated the same day as the purchase is finalized.

Trading partnership (*handelsbolag*, HB)

Pre-registered HBs can be purchased from third-party service providers and are ready to be operated the same day as the purchase is finalized.

Limited partnership (*kommanditbolag*, KB)

Pre-registered KBs can be purchased from third-party service providers and are ready to be operated the same day as the purchase is finalized.

Branch office (*filial*, Branch)

Not applicable for this jurisdiction.

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