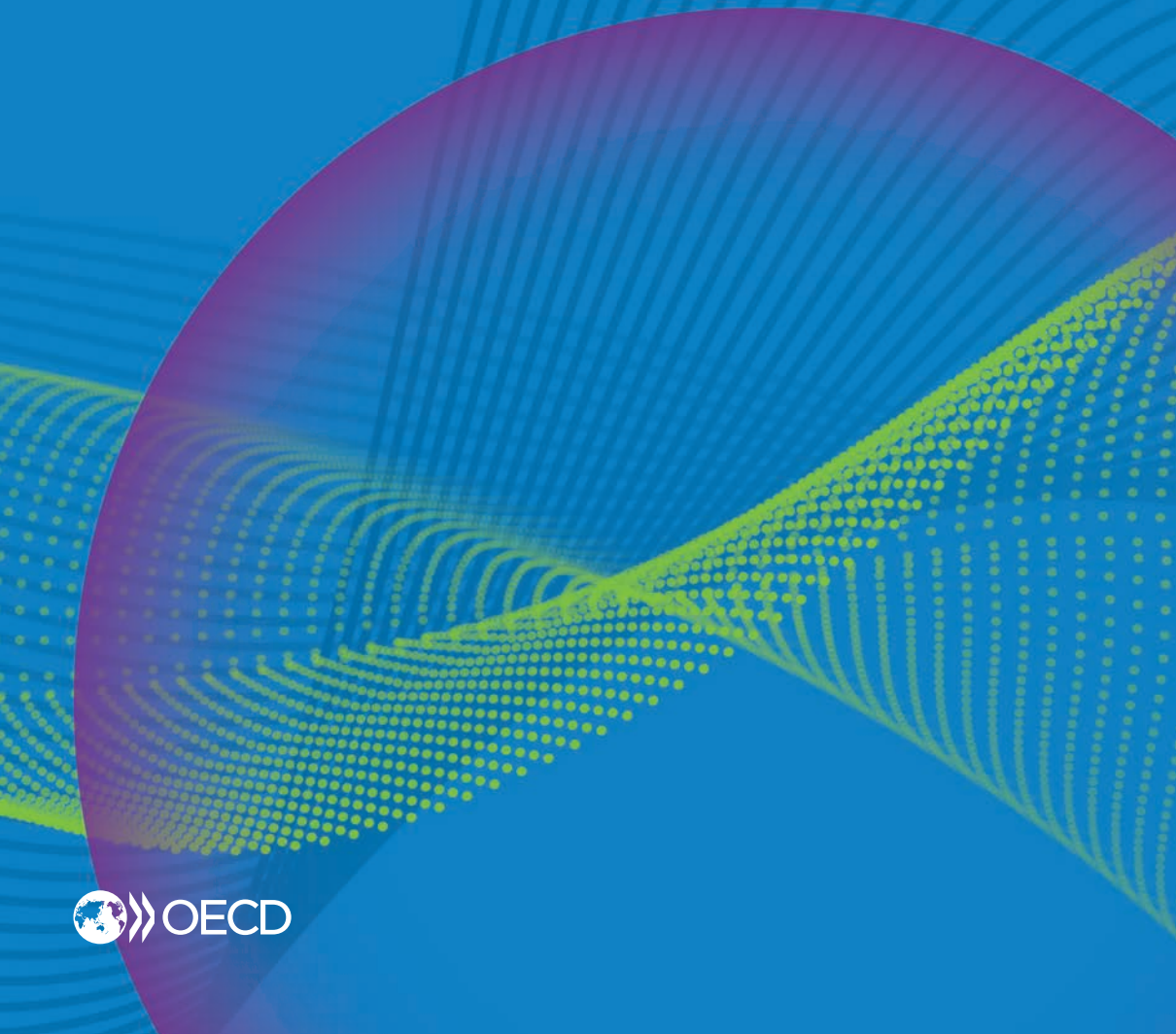
GLOBAL FORUM ON

TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

SWEDEN

2022 (Second Round, Phase 1)



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PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

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Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to www.oecd.org/tax/transparency and http://dx.doi.org/10.1787/2219469x.

Abbreviations and acronyms

2016 TOR	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
BO	Beneficial Owner
CAB	County Administrative Board
CDD	Customer Due Diligence
CLO	Central Liaison Office
CSD	Central Securities Depositories
DTC	Double Taxation Convention
EEA	European Economic Area
EOI	Exchange of Information
EOIR	Exchange of Information on Request
EU	European Union
FATF	Financial Action Task Force
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
SCRO	Swedish Companies Registration Office
SEK	Swedish Krona
SFSA	Swedish Financial Supervisory Authority
STA	Swedish Tax Agency
TIEA	Tax Information Exchange Agreement

Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information on request in Sweden on the second round of reviews conducted by the Global Forum. Due to the COVID-19 pandemic, the assessment team's on-site visit that was scheduled to take place had to be postponed on various occasions, with the last unsuccessful attempt being the week of 28 March 2022. The present review therefore assesses the legal and regulatory framework in force as of 1 April 2022 against the 2016 Terms of Reference (Phase 1 review). As the review was started with a view to conduct a combined review, some peer inputs have been received and used in this review to the extent possible. The assessment of the practical implementation of the legal framework of Sweden will take place separately at a later time (Phase 2 review).

2. This report concludes that overall Sweden has a legal and regulatory framework "in place" since it generally ensures the availability, access and exchange of all relevant information for tax purposes in accordance with the international standard. In 2013, the Global Forum evaluated Sweden in a combined review against the 2010 Terms of Reference for both the legal implementation of the Exchange of Information on Request (EOIR) standard as well as its operation in practice. That report of that evaluation (the 2013 Report) concluded that Sweden was rated Compliant overall (see Annex 3 for details).

Comparison of determinations and ratings for First Round Report and determinations for Second Round Phase 1 Report

	First Round Report (2013)		Second Round Report Phase 1 (2022)
Element	**Determinations**	**Ratings**	**Determinations**
A.1 Availability of ownership and identity information	In place	Compliant	In place
A.2 Availability of accounting information	In place	Compliant	In place
A.3 Availability of banking information	In place	Compliant	In place
B.1 Access to information	In place	Compliant	In place
B.2 Rights and Safeguards	In place	Compliant	In place
C.1 EOIR Mechanisms	In place	Compliant	In place
C.2 Network of EOIR Mechanisms	In place	Compliant	In place
C.3 Confidentiality	In place	Compliant	In place
C.4 Rights and safeguards	In place	Compliant	In place
C.5 Quality and timeliness of responses	Not applicable	Compliant	Not applicable
OVERALL RATING	COMPLIANT		Not applicable

Note: The three-scale determinations for the legal and regulatory framework are In place, needs improvement, and not in place. The four-scale ratings on compliance with the standard (capturing both the legal framework and practice) are Compliant, Largely Compliant, Partially Compliant, and Non-Compliant.

Progress made since previous review

3. The 2013 Report concluded that the legal and regulatory framework of Sweden was fully in place and implemented in a way that was compliant with the standard.

4. Since the 2013 Report, the most significant development is the introduction of the concept of beneficial owner, which mainly results from the Act on Registration of Beneficial Ownership as well as the Anti-Money Laundering/Countering the Financing of Terrorism Act. These two acts together provide that beneficial ownership information is available from a public registry, from the legal entities themselves as well as from financial institutions and AML-obliged persons.

Key recommendations

5. The legal and regulatory framework of Sweden is fully in place. Hence, no recommendations have been issued.

Exchange of information in practice

6. Sweden's treaty network for information exchange is extensive, covering 154 jurisdictions,[1] with exchange taking place primarily with other Nordic jurisdictions. Over the past three years, Sweden has received 352 requests and sent 1 021 requests for information. The comments received from peers for this review indicate overall satisfaction with Sweden's timeliness and the communication with the Competent Authority. The review of EOI in practice is not covered in this report and will be the subject of a future Phase 2 review, to be organised as soon as travel conditions allow the assessment team to conduct the on-site visit to Sweden.

Next steps

7. This review assesses only the legal and regulatory framework of Sweden for transparency and exchange of information. Sweden has achieved a determination of "in place" for all nine elements (A.1, A.2, A.3, B.1, B.2, C.1, C.2, C.3 and C.4). Hence, overall, Sweden has a legal and regulatory framework "in place" since it generally ensures the availability, access and exchange of all relevant information for tax purposes in accordance with the standard. The rating for each element and the Overall Rating will be issued once the Phase 2 review is completed.

8. This review was approved at the Peer Review Group of the Global Forum on 7 July 2022 and was adopted by the Global Forum on 5 August 2022. Unless the Phase 2 review is organised by then, a follow up report on the steps undertaken by Sweden to address the in-text recommendations made in this report should be provided to the Peer Review Group no later than 30 June 2023 and thereafter in accordance with the procedure set out in the Methodology for peer reviews and non-member reviews.

1. The EOI instrument is in force with 146 jurisdictions at the cut-off date.

Summary of determinations, ratings and recommendations

Determinations	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities *(ToR A.1)*		
The legal and regulatory framework is in place		
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements *(ToR A.2)*		
The legal and regulatory framework is in place.		
Banking information and beneficial ownership information should be available for all account-holders *(ToR A.3)*		
The legal and regulatory framework is in place.		
Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) *(ToR B.1)*		
The legal and regulatory framework is in place.		

Determinations	Factors underlying recommendations	Recommendations
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information *(ToR B.2)*		
The legal and regulatory framework is in place.		
Exchange of information mechanisms should provide for effective exchange of information *(ToR C.1)*		
The legal and regulatory framework is in place.		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners *(ToR C.2)*		
The legal and regulatory framework is in place.		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received *(ToR C.3)*		
The legal and regulatory framework is in place.		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties *(ToR C.4)*		
The legal and regulatory framework is in place.		
The jurisdiction should request and provide information under its network of agreements in an effective manner *(ToR C.5)*		
Legal and regulatory framework:	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	

Overview of Sweden

9. This overview provides some basic information about Sweden that serves as context for understanding the analysis in the main body of the report. It does not claim to be a complete picture of the legal and regulatory system of the jurisdiction.

Legal system

10. Sweden is a constitutional monarchy with a parliamentary democratic system of government. The executive branch of government is comprised of the King (the head of state), the Prime Minister (the head of the cabinet) and the cabinet of ministers (the Government). The legislative branch is the Parliament, called Riksdag.

11. The Swedish legal system is based on civil law with the influence of common law.[2] Sweden is also a member of the European Union (EU). Accordingly, European regulations are directly applicable in Sweden. EU directives, notably those relating to exchange of information and administrative co-operation on fiscal matters and for the prevention of money laundering, must be transposed into Sweden's law.

12. At the top of the legal hierarchy is the Swedish Constitution (Fundamental Laws) followed by laws and ordinances. Preparatory works (called *travaux préparatoires*) in relation to legislation have legal force in the Swedish hierarchy of norms. Sweden follows a dualistic approach, meaning that international legal norms are binding, however, they first need to be transformed into national law before they can be applied by domestic authorities or invoked in domestic courts. In case Swedish domestic law conflicts with international treaty obligations, the treaty prevails and the domestic law must be amended accordingly. In the realm of tax treaties, this means that tax treaties must be ratified into domestic law; i.e. declared to apply in their entirety as Swedish law and published accordingly. International treaties once brought into domestic law have the same status as other laws.

2. Most law is codified; however, to a certain extent common law is also recognised.

Tax system

13. Individuals and legal persons resident in Sweden are taxed on their worldwide income. The Income Tax Act regulates in which cases someone is subject to income tax and what is included in the tax base. The Tax Procedure Act includes the procedural rules. Other taxes include taxes on real estate, a value-added tax (VAT) of 25% (lower rates are applied to certain categories of goods and services), environmental taxes and excise duties on alcohol and tobacco.[3] Tax revenue and social security contributions, constituted 42.8% of the Gross Domestic Product (GDP) in 2020.

14. Individuals are considered as tax resident in Sweden, if they stay in Sweden continuously (for six months or more) or have previously been resident in, and still have close ties[4] to, Sweden. The tax rate is flat and adopted at the municipal level. The income of individuals, including sole proprietors, above a certain threshold, is also liable to a state income tax. In addition, social security contributions are levied on the income received by individuals. These contributions are paid by employers and could therefore be categorised as indirect taxes on labour.

15. An entity is tax resident in Sweden for income tax purposes if it registered in Sweden or has its formal management in Sweden. Entities formed/registered/incorporated outside of Sweden (foreign legal entities) are not considered resident in Sweden for income tax purposes, except if its *formal* management is in Sweden. In case a foreign legal entity is *effectively* managed in Sweden, this will trigger a permanent establishment in Sweden, but not tax residency. A European Company (which is established according to the EU Statute) registered in Sweden is also considered being resident in Sweden. Non-resident companies carrying on activity in Sweden and non-resident individuals working in Sweden are subject to tax on Swedish source income. Companies are only taxed at the state level at a flat rate of 21.4% (20.6% as from 1 January 2021).

3. The wealth tax was abolished in 2007 and the gift and inheritance tax in 2004.
4. When determining whether a person has close ties to Sweden, the STA mainly takes the following circumstances into account: whether the person is a Swedish citizen; whether the person is permanently residing abroad; whether the person is staying abroad to study or for health reasons; whether the person has a Swedish residence that is set up for all-year use; whether the person has family in Sweden; whether the person conducts business activities in Sweden; whether the person is financially committed to Sweden by holding assets that directly or indirectly have a significant influence on business activity in Sweden; whether the person owns real property in Sweden.

Financial services sector and non-financial professions

16. Sweden does not constitute a global financial centre. However, within the Nordic region, Stockholm is considered the most competitive financial centre according to the Global Financial Centres Index 2021. In 2019, the financial industry accounted for 3.8% of Sweden's GDP. Over 95 000 individuals work in the financial industry, representing about 2% of the total workforce in Sweden. Additionally, banks constitute important tax payers in Sweden, as the seven largest banks in Sweden accounted for 10.5 % of the total corporate tax in 2020.

17. There are about 2 400 financial institutions in Sweden that fall under the supervision of the Swedish Financial Supervisory Authority (SFSA). Most of them, but not all,[5] are considered AML-obliged persons under the Swedish Act on Measures against Money Laundering and Terrorist Financing (the AML/CFT Act) and are therefore supervised for AML/CFT purposes. Those that are subject to AML/CFT supervision by the SFSA can be placed in the following main categories (reporting entities as per 2020): 153 credit institutions, 217 alternative investment fund managers, 652 insurance mediators, 42 life insurance companies, 114 payment institutions (including registered payment service providers), 18 mortgage institutions, 122 securities companies, 55 fund management companies, 71 consumer credit institutions, 3 issuers of electronic money, 349 other financial institutions (e.g. bureau de change, virtual asset service providers).

Anti-money laundering framework

18. Sweden transposed the Fourth and Fifth EU Anti-Money Laundering Directives[6] into its national law, in particular in the Act on Measures against Money Laundering and Terrorist Financing (the AML/CFT Act) and the Act on Registration of Beneficial Ownership (the BO Act). The AML/CFT Act defines, among others, predetermined categories of institutions and professions with special AML/CFT obligations, the different supervisory and

5. Financial institutions, which are not considered AML-obliged persons pertain to occupational pension providers and account information service providers – the latter can show the client how much ones has on the count, but cannot initiate transactions.

6. Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

monitoring obligations as well as the co-ordination function of the Swedish Police Authority. The BO Act provides for the definition of beneficial owners and requires all Swedish legal persons and foreign legal persons operating in Sweden to keep as well as register beneficial ownership information.

19. In Sweden a broad range of non-financial professionals and companies are regarded as AML-obliged persons under the AML/CFT Act. AML-obliged persons include *inter alia* chartered accountants, lawyers or legal professionals, tax advisors and auditors. The different non-financial businesses and professions have different dedicated supervisory authorities. The supervisory bodies include the SFSA, the County Administrative Boards (CABs) of Skåne, Stockholm and Västra Götaland[7], the Estate Agents Inspectorate, the Gambling Authority, the Inspectorate of Auditors and the Bar Association.

20. Sweden was assessed by the FATF in 2017 with follow-up reports in 2018 and 2020.[8] Sweden is subject to the FATF's regular follow-up and has been assessed as fully or largely compliant with all but three of the FATF's recommendation. Recommendation 10 (Customer due diligence), 22 (Designated Non-Financial Businesses and Professions (DNFBPs): Customer due diligence), 24 (Transparency and beneficial ownership of legal persons) and 25 (Transparency and beneficial ownership of legal arrangements) were assessed as largely compliant. However, with regard to the effectiveness of Sweden's measures relating to the appropriate supervision, monitoring and regulation of financial institutions and other AML-obliged persons for compliance with AML/CFT requirements (Immediate Outcome 3), the level of effectiveness was rated as moderate, with major improvements needed. The same moderate level of effectiveness was determined regarding the prevention of misuse for money laundering or terrorist financing by legal persons and arrangements, and the availability of information on their beneficial ownership to competent authorities without impediments (Immediate Outcome 5).[9]

7. These three CABs are responsible for the AML/CFT supervision of the whole geography of Sweden, constituting so called "concentration counties", as they perform also tasks for other counties.
8. The latest follow-up report is available on www.fatf-gafi.org/publications/mutualevaluations/documents/fur-sweden-2020.html.
9. See Sweden's rating on IO3 and IO5, available on https://www.fatf-gafi.org/media/fatf/documents/4th-Round-Ratings.pdf.

Recent developments

21. Recent legislative developments concern: (i) Share capital requirements, (ii) the availability of information on the beneficial owners of companies, associations and legal entities and (iii) Central Securities Depositories (CSD):

1. Concerning the share capital requirement, in 2019, the Swedish Parliament decided to reduce the minimum permitted share capital in private limited companies to SEK 25 000 (around EUR 2 500), effective as of 1 January 2020. The minimum permitted share capital in private limited companies until 1 January 2020 was SEK 50 000 (around EUR 4 900). This is regulated by an amendment to the Companies Act as of 1 January 2020.

2. Concerning the beneficial ownership register, on 1 August 2017, to implement the Fourth Anti-Money Laundering Directive, the Act on the registration of beneficial owners began to apply in Sweden. The Swedish Companies Registration Office (SCRO) therefore began to register beneficial owners on 1 September 2017. The majority of Swedish companies, associations and legal entities must register beneficial ownership information with the SCRO. These rules have been incorporated under Swedish law by the Act on registration of beneficial owners and the Ordinance on registration of beneficial owners.

3. Concerning CSD, from 1 March 2016, a CSD company may choose any central securities depository within the European Economic Area (EEA) or in a third country (Chapter 5 Section 12 of the Companies Act) for registration in the CSD register. Keeping the share register is a voluntary task for CSD companies as it may choose to transfer the responsibility for the share register to a CSD (for more information on CSD, please refer to paragraphs 35-36).

Part A: Availability of information

22. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

A.1. Legal and beneficial ownership and identity information

> Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

23. The 2013 Report concluded that the legal and regulatory framework of Sweden to address Element A.1 was in place. The legal retention period of at least seven years and the penalty regime associated with the legal requirements in the case of non-compliance was also appropriate to ensure that information is available in practice. The practical implementation of these obligations and the supervisory measures complied with the standard. Finally, from the comments made by peers, it was clear that the Competent Authority in Sweden was able to provide information in respect of all relevant entities and arrangements.

24. The 2016 Terms of Reference strengthened the obligation of jurisdictions by requiring information to be adequate, accurate and up to date, kept for at least five years and made available in a timely manner. The main amendment consists in the requirement of the availability of beneficial ownership information.

25. In Sweden, the introduction of the concept of beneficial owner mainly derives from the Act on Registration of Beneficial Ownership as well as the AML/CFT Act. The two acts together provide that beneficial ownership information is available from a public registry, from the legal entities themselves as well as from financial institutions and other AML-obliged persons.

26. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Sweden in relation to the availability of ownership information.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

A.1.1. Availability of legal and beneficial ownership information for companies

27. Three types of stock company can be created in Sweden: the ***publikt aktiebolag*** or public limited liability company (Public LLC), the ***privat aktiebolag*** or private limited liability company (Private LLC) and, the **European Company** (SE), as mentioned in the 2013 Report.

28. Foreign companies can conduct business activities in Sweden through a branch office, a Swedish subsidiary or an agency. Any branch of a foreign company operating in Sweden needs to be registered by its managing director in the branch office register.

29. On 31 December 2020, the total number of legal entities registered in the Swedish Companies Registration Office (SCRO), was:

Type of company	Total number
Publikt aktiebolag or public limited liability (Public LLC)	1 874
Privat aktiebolag or private limited liability (Private LLC)	655 999
European Company (SE)	4
Branches of foreign companies	2 788
Total number	660 665

Legal ownership and identity information requirements

30. There are various sources of legal ownership information in Sweden. Firstly, legal ownership of companies is maintained by the companies themselves. The tax administration also maintains legal ownership information, both for domestic companies and branches of foreign entities. Additionally, in some instances a Central Securities Depository keeps such information. Additionally, domestic companies and branches of foreign entities need to register with the Companies Register before conducting business in Sweden, this registration does however not include ownership information. A complementary source of legal ownership and identity information are AML-obliged

persons, in particular banks. The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies.

Companies covered by legislation regulating legal ownership information[10]

Type	Company Law	Tax Law	AML Law
Public LLC	All	All	Some
Private LLC	All	All	Some
European Company	All	All	Some
Branch of foreign company	none	All	Some

Company Law requirements

31. All companies are required to register at the SCRO (*Bolagsverket*). The application for registration must contain the date of the formation of the company, the registered address of the company,[11] the share capital, the directors and deputy directors, and the persons who sign for the company. When applicable,[12] the name of the auditor and of the managing director (natural person[13]) must also be included (Chapter 2 Section 3 and Section 5 Companies Act in conjunction with Chapter 1 Section 3 Companies Ordinance). The articles of association must also be attached to the registration application and are public documents (Chapter 1 Section 6 of the Companies Ordinance) (see 2013 Report paragraphs 46 to 51 for details). All companies are allocated a unique organisation number used for identification of the company by the state authorities as well as banks and other institutions. This registration requirement, however, does not cover ownership information.

10. The table shows each type of entity and whether the various rules applicable require availability of information for "all" such entities, "some" or "none". "All" means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. "Some" means that an entity will be covered by these requirements if certain conditions are met.
11. There are no provisions in law that require the address to be in Sweden. However, in practice the Swedish Companies Registration Office requires the address to be in Sweden since 2020.
12. Only public companies are required to have a managing director. Others may choose not to have one.
13. Chapter 8 Section 10 of the Companies Act stipulates that a legal person cannot be a member of the board of directors. For managing directors and deputy directors, the requirement for being a natural person is not explicitly regulated in law but the Swedish authorities explain that this follows from basic principles of Swedish association law.

32. Each branch office of a non-resident company must also register with the SCRO's register of company branches (Chapter 15 Foreign Branch Offices Act). In the case business activities are conducted in Sweden by a foreign company domiciled outside of the European Economic Area (EEA),[14] this must be done through a branch with independent management (Chapter 2 Foreign Branch Offices Act) and the appointment of a representative resident in Sweden, who will be responsible for the operations conducted in Sweden. Additionally, the branch needs to appoint a managing director, who is required to officially enter the branch into the SCRO's register of company branches. The SCRO may, under penalty of a fine, prescribe the managing director to fulfil the obligation to enter the branch in the register. Similar to the registration of Swedish companies, no ownership information is required in this process of registration.

33. Under company law, the main obligation to hold ownership information rests on the company itself (Chapter 5 Section 1 of the Companies Act). The control of the content and availability of the share register held by the company is under the responsibility of the board of directors (Chapter 5 Section 7 of the Companies Act) and shareholders themselves. Exercise of shareholders' rights vis-à-vis the company are conditioned by information contained in the share register, i.e. shareholders cannot exercise their voting rights or receive dividends unless being recorded as owners in the share register. The purpose of the share register is also to provide the company, shareholders and others with information on the ownership structure of the company. Failure of a company to keep a proper share register is an offence and subject to a fine[15] or imprisonment up to one year (Chapter 30 Section 1 of the Companies Act in conjunction with Chapter 25 Section 1-2 of the Swedish Criminal Code). The share register must be maintained for such time as the company is in existence and for a period of not less than ten years after dissolution of the company (Chapter 5 Section 3 of the Companies Act).

14. The European Economic Area (EEA) consists of the Member States of the European Union (EU) and three countries of the European Free Trade Association (EFTA) (Iceland, Liechtenstein and Norway; excluding Switzerland). The Agreement on the EEA entered into force on 1 January 1994. It seeks to strengthen trade and economic relations between the contracting parties and is principally concerned with the four fundamental pillars of the internal market, namely: the free movement of goods, people, services and capital.

15. Fines are imposed in the form of day-fines. Day-fines are generally set in a number of at least 30 and at most 150 days. Each day-fine is set at a specific amount from SEK 50 to 1 000 (from EUR 5 to 100), according to what the court assesses as reasonable in view of the income, wealth, obligation to dependants and other financial circumstances of the accused. If there are special grounds, the amount of the day-fines may be adjusted. However, the minimum amount of the fines – taking special grounds into consideration – is SEK 750 (EUR 75).

34. There are two company dissolution processes in Sweden: liquidation under the Companies Act to winding up a company and insolvent liquidation in case of bankruptcy. In these cases, after the dissolution of the company, the company's liquidator must keep the share register. There are no legal requirements, which specify the residency of the liquidator. Hence, in the case a liquidator is a third country resident, the share register will potentially be held outside of Sweden. However, since shareholder information also needs to be filed with and kept by the tax authority, this should not pose a risk to the availability of ownership information (see paragraph 39).

35. An exception to the company's obligation to maintain the list of shareholders applies to companies which are listed or other public LLCs, which chose to maintain their share register at one of the Central Securities Depositories (CSD) (Chapter 5 Section 12 of the Companies Act). Should this be the case, the company needs to report to the SCRO, which CSD is responsible for its share register (Chapter 5 Section 12a of the Companies Act). In such case, the CSD must retain the information for a period of at least ten years. The SFSA monitors that the CSD retains the information for the statutory retention period. The SFSA can issue administrative sanctions in case of non-compliance.[16]

36. The CSD may be in Sweden, in the EEA or in a third country. If the CSD is in a third country, it must be recognised by Sweden.[17] In practice there is only one CSD with an authorisation to conduct business in Sweden, which is Euroclear Sweden AB. Euroclear Sweden handles all the companies' share registers of companies which chose to transfer the maintenance of the share register to a CSD. No Swedish company uses a CSD outside of the EEA at present. However, Article 25 of CSDR contains safeguards in case a third-country CSD provides services within Sweden. The SFSA has the right to take certain supervisory measures against a CSD outside the EEA (Chapter 9 Section 2 of the Central Securities Depositories and Financial Instruments (Accounts) Act). If the CSD is in breach of its obligations to maintain the share register, the Authority may issue an order for rectification, conditional fines, warnings and administrative fines.

37. The legal and regulatory framework under company law is in place to require all LLCs and European companies to keep adequate, accurate and up-to-date legal ownership information for a minimum of five years. The law also provides for dissuasive sanctions in case of non-compliance. With

16. This is stated in the preparatory works of the Companies Act (prop. 2004/05:85 p. 494).

17. Chapter 1 Section 10b of the Companies Act in conjunction with Article 25 I Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories (CSDR).

regard to foreign companies with sufficient nexus in Sweden (i.e. through a Swedish branch office), the scope of company law does not capture such entities regarding the keeping of legal ownership and identity information.

38. The supervisory measures and their adequacy in respect of all companies, including inactive companies, and implementation of these enforcement provisions will be examined in the Phase 2 review.

Tax law requirements

39. All domestic and foreign companies intending to conduct business activities in Sweden are obliged to register with the STA before starting or taking over any business activity (Chapter 7 Sections 1 and 2 Tax Procedure Act). Information provided to the SCRO upon registration of the company is automatically reported by the SCRO to the STA as well as any subsequent changes of this information. In addition, the identity of all the companies' owners (individuals and legal persons) must be specified in the F-tax registration form (Chapter 2 Section 1 Tax Procedure Ordinance). The registered companies (domestic and foreign) are required to report any subsequent changes in the provided information to the STA within two weeks from when the change was made (Chapter 7 Section 4 Tax Procedure Act). If the requested information is not provided, the STA can order the party concerned to supply this information under fine (Chapter 7 Section 5 and Chapter 44 Section 2 Tax Procedure Act). Companies (including foreign companies) that are liable for VAT must also register with STA for VAT purposes and provide information about their shareholders in the VAT registration form.

40. In Sweden, there is no general obligation for all companies to additionally include ownership and identity information in their annual tax return, unless it is necessary for determining certain tax positions in Sweden and for specific categories of taxpayers. In case of a private LLC falling under the category of a closely held undertaking, ownership and identity information must be included in the tax return. At least 90 % of private LLCs in Sweden fall under the definition of a closely held company. A close undertaking is defined under Chapter 56 of the Income Tax Act, as a private LLC, where four or less owners own shares corresponding to more than 50% of the votes for all shares in the undertaking, or the business is divided in activities which are independent from each other and where an individual, through shares, through agreement or in a similar manner, has the actual deciding influence over such activity and independently can dispose its income. It is also mandatory for subsidiaries of foreign companies to include ownership information in the tax return about the parent company and the entire group's parent company if the parent company in its turn is a subsidiary (Chapter 31 Section 11 of the Tax Procedure Act).

41. The STA can order legal persons that have not included ownership and identity information in their tax return to rectify the missing information (Chapter 49 Sections 2 and 6 of the Tax Procedure Act) if these persons have the obligation to provide this information. If a legal person, despite an injunction, fails to do so, the STA can decide on so-called discretionary taxation. It can also impose a tax surcharge and an association fine (Chapter 49 Sections 6 and 15 and Chapter 48 of the Tax Procedure Act).

42. The STA must generally keep all information and supporting documentation that has been provided under the Tax Procedure Act in relation to companies for eleven years after the end of the calendar year that the information and documentation concern (Chapter 20 Section 2 Tax Procedure Ordinance).

43. The legal and regulatory framework under tax law is in place to ensure that the tax administration has adequate, accurate and up-to-date legal ownership and identity information on all legal persons and foreign entities with sufficient nexus in Sweden. The law also provides for a dissuasive sanctions regime in case of non-compliance.

44. The supervisory measures and their adequacy in respect of all companies, including inactive companies, and implementation of these enforcement provisions will be examined in greater details in the Phase 2 review.

AML Law

45. Despite the absence of a legal obligation in Sweden to maintain a relationship with an AML-obliged person, in practice most – if not all – companies in Sweden have a bank account at a Swedish bank. AML/CFT obligations overlap largely with obligations under company and tax law, and are therefore only complementary in ensuring the availability of information on the ownership of companies. Customer due diligence obligations through AML Law have proven their relevance in establishing beneficial ownership as well as under A.3, as shown in the dedicated sections below. In particular, the simultaneous approach applied for the identification of the beneficial owner (see para. 52) requires at least a knowledge of the ownership structure of the entities.

Availability of beneficial ownership information

46. The standard was strengthened in 2016 to require that beneficial ownership information be available on companies. This element has not been specifically addressed in the 2013 Report.

47. In Sweden, this aspect of the standard is met through a multi (more specifically three) pronged approach:

1. Any legal person in Sweden, as well as any natural person managing a trust or a similar legal arrangement, has to maintain updated beneficial ownership information.[18]
2. Legal or natural persons in Sweden subject to the AML/CFT Act have to maintain updated beneficial ownership information about their customers.[19]
3. Any legal person in Sweden, as well as any natural person managing a trust or a similar legal arrangement, has to register their beneficial ownership information (or the beneficial ownership of the trust or similar legal arrangement) in the national public register of beneficial owners (BO register) held by the SCRO.

48. Accordingly, beneficial ownership information is available from the legal entities themselves, from the BO register, as well as from financial institutions and other AML-obliged persons. These requirements derive mainly from the BO Act as well as the AML/CFT Act.

Companies covered by legislation regulating beneficial ownership information

Type	Company Law	Tax Law	AML Law – Legal Entities	AML Law – Public Registry	AML Law – CDD[20]
Public LLC	None	None	All	All	Some
Private LLC	None	None	All	All	Some
European company	None	None	All	All	Some
Branch of foreign company[21]	None	None	All	All	All

18. Limited liability companies whose shares are traded at a regulated market within the EEA or at an equivalent market outside the EEA, or subsidiaries of such companies are excluded from the scope of the BO Act (Chapter 1 Section 2 BO Act). Since they are covered by extensive disclosure obligations due to their listing, this exclusion will not be further explored in the context of this report.
19. A corresponding exclusion for identifying the BO of listed companies is also included in the Chapter 3 Section 8 of the AML Act. Hence, the AML-obliged person does not have to identify the BO of the customer.
20. There is no obligation for companies to have a relationship with an AML-obliged person.
21. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9).

Beneficial Ownership definition

49. The BO Act and the AML/CFT Act provide for the same definition of beneficial owner(s).The definition of beneficial ownership is contained in Chapter 1 Section 3 of BO Act and Chapter 1 Section 8 Subsection 6 AML/CFT Act:

> **Section 3** A beneficial owner is defined as
>
> a natural person who, individually or together with another person, ultimately owns or exercises effective control of a legal person, or a natural person on whose behalf someone else is acting.

50. Section 3 constitutes the overarching definition, which is then followed by presumptions of control enumerated under Sections 4 and 5 of the BO Act:

> **Section 4** A natural person should be considered to exercise ultimate and effective control of a legal person, if he or she
>
> 1. by owning stock, other shares or through membership exercises control of more than 25% of the total number of votes in the legal person,
>
> 2. has the right to appoint or remove more than half of the members of the board or similar officers of the legal person, or
>
> 3. by agreement with owners, members or the legal person itself, provisions in the articles of association, partnership agreements or similar documents, is able to exercise such control as referred to in items 1 or 2.
>
> If a natural person is presumed to exercise ultimate control of one or several legal persons, which in turn exercise control of another legal person in such a way as referred to in the first sub-section, he or she should be considered to exercise ultimate control of the latter legal person as well.
>
> **Section 5** A natural person should be considered to exercise ultimate control of a legal person if he or she, together with one or several close relatives, is able to control a legal person pursuant to section 4.
>
> Close relatives refers to spouses, registered partners, cohabitants, children and their spouses, registered partners or cohabitants, and parents.

51. Sweden's definition of beneficial ownership includes direct and indirect control by natural persons and individual and joint control. The reference to "ultimately owns or exercises effective control" ensures that situations in which ownership/control is exercised through a chain of ownership or

by means of control other than direct control are covered by the definition. These aspects of Sweden's beneficial owner definition are in line with the standard.

52. With regard to legal persons, Sweden's legal framework does not follow the three-step cascading approach, but rather a simultaneous approach. Control through means other than ownership is covered in Section 3, which contains the overarching condition of ultimate effective control. The definition of control is further elaborated in the preparatory works to the relevant laws, which have legal force in Sweden.

53. The preparatory works firstly clarify, that each presumption should be looked at separately, resulting in multiple BOs being identified under different presumptions.[22] The preparatory works further elaborate why the presumption contained in Section 4(1) puts its main focus on the number of votes in establishing control through ownership. It stipulates that in the vast majority of cases, the number of votes will correspond to the ownership or membership share in the legal entity. However, if different classes of shares exist, of if by agreement shareholders have ceded their voting rights to a third shareholder, the shareholder who *de facto* controls the votes at the annual general meeting, should be captured, as he/she ultimately controls the legal person.

54. Accordingly, the presumption of control through ownership captures control through owning 25% or more of shares in the default scenario of "one share one vote". It further captures the *de facto* controlling ownership of a legal person, in case the configuration of shares results in different voting rights. However, the focus on votes should not limit the number of identified beneficial owners based on ownership. Natural persons owning more than 25% of the shares without any voting rights, should still be captured as beneficial owners to be in conformity with the standard, as such persons would still be relevant for tax purposes given they may derive financial benefits from the shares. Whether the focus on voting rights in the definition of beneficial owners leads to the identification of fewer beneficial owners will be further explored in the Phase 2 review (see Annex 1).

55. The default position of identifying a senior manager of the company when no natural person meets the definition of beneficial owner is not contained in the BO Act and is not part of the identification process to establish beneficial ownership by the legal person. However, as described in paragraph 31, the SCRO holds the information on the natural persons holding the position of managing director and deputy directors of each entity. In addition, it is covered in the AML/CFT Act, Chapter 3, Section 8, third sub-section (see AML section below).

22. Also the notice for registration refers to multiple BOs, as described in paragraph 60.

Public Registry/Legal entities

56. The main sources of beneficial ownership information in Sweden are the BO register at the SCRO, as well as the legal persons and arrangements themselves. These two sources were introduced by the BO Act, which also provides the definition of beneficial ownership for legal persons and arrangements. This BO Act came into force on 1 August 2017 and constitutes part of the Swedish implementation of the Fourth EU Anti-Money Laundering Directive. Since September 2017, all Swedish legal persons and foreign legal persons operating in Sweden are required to keep[23] as well as register[24] beneficial ownership information. Accordingly, foreign entities that have sufficient nexus with Sweden fall under the scope of this obligation.

57. Legal persons subject to the BO Act firstly have the obligation to keep reliable records of the beneficial owner and of the nature and scope of her/his/their interest in the legal person. In cases where there is no beneficial owner, or if there is no reliable record of who the beneficial owner is, the legal person should have information on the outcome of its analysis instead (Chapter 2, Section 1 BO Act). This information must be kept up to date and verified, and in case a beneficial owner changes, the documentation prior to the change should be kept for at least five years.

58. Additionally, legal persons subject to the BO Act are required to notify and transmit the beneficial ownership records electronically to the SCRO.

59. When a company is created, the members of the board of directors are responsible to comply with this registration obligation within four weeks after the legal person has been registered in the company register (Chapter 2, Section 3 BO Act). Existing companies were required to register within six months after the BO Act entered into force, i.e. by 1 February 2018.

60. This notification includes three possible status: 1) there are one or many beneficial owners; 2) there is no beneficial owner; 3) the legal person cannot determine if it has a beneficial owner.

61. An application for registration must further include various kinds of information,[25] including:

- full name, citizenship, country of residence, social security number[26] or, if missing, date of birth of the natural person or persons who are the beneficial owner(s)

23. Chapter 2, sections 1 and 7; Act on Registration of Beneficial Ownership (2017:631).
24. Chapter 2, sections 3 and 7; Act on Registration of Beneficial Ownership (2017:631).
25. The application also needs to include the company name and, where applicable, its organisation number.
26. A "co-ordination number" can replace the social security number for people who are not and have never been registered in the population register in Sweden,

- the nature and extent of the beneficial ownership interest in the legal person or the trust or similar legal arrangement.

62. When it comes to indirect ownership, the application must contain information on the business name or name of all intermediate legal persons, trusts or similar legal arrangement and, where applicable, their organisation number.

63. There are no procedures in the registration process for verifying the identification of the beneficial owners. However, the application for registering a beneficial owner must contain an affidavit that the information in the application is correct and that the person who has signed the application is authorised to do so.[27] Additionally, the natural persons, which will be registered in the BO registry as a BO, board member or equivalent executive or signatory, must be immediately notified by the SCRO after their registration (Chapter 5 Section 2 and Section 3 BO Regulation). This way, a person identified by mistake has an opportunity to notify the SCRO to correct the false registered information. However, such notification will only be send to BOs having a Swedish social security number, and will not be sent to BOs residing abroad.

64. All the information entered in the registry, including the explanation on the control structure, is publicly available. Certain information regarding who signed the registration is available to public authorities but is not published in the registry. Since there is no time limit to retain information in the registry in the BO Act, the information is kept indefinitely until a legal person ceases to exist or goes through a redomiciliation process, in which case the information is kept for five years after the dissolution of the legal person.

65. When there are changes on the beneficial owner of a legal person, this change needs to be *promptly* notified to the SCRO, following the same application procedure as for registering first beneficial ownership information (Chapter 2 Section 3 BO Act). Sweden noted that the term *promptly* is defined in the Swedish legal context. For instance, the term has been specified in a Parliamentary Ombudsmen decision meaning on the same day; with a grace period of one or a few days delay. However, apart from the requirement of entities to keep their information up to date and to promptly update changes, there appears to be no guidance on a specific timeframe for entities to review

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e.g. asylum seekers whose application is pending or other temporary residents get this number instead of a permanent social security number.

27. The application needs to be signed by a natural person being a board member or, where applicable, by the managing director, if the application is made by a limited liability company. If the application is made by a company in liquidation, the liquidator needs to sign the application.

their existing BO information in order to ensure that it is up to date. The standard requires the beneficial ownership information to be up to date. The practical implementation of the procedures for updating of beneficial ownership information will be further explored in the Phase 2 review (see Annex 1).

Enforcement and oversight provisions

66. Sweden noted that the compliance rate for companies with regard to their obligation to file BO information is currently at approximately 91%.

67. If a legal person has not registered beneficial owners within the prescribed time, the SCRO may order the legal entity to submit an application within a specified time (Chapter 3, Section 3 BO Act). In case the information appears incomplete or incorrect, the SCRO can order the legal person to either correct the submitted information or submit additional information that supports the correctness of the registered information (Chapter 3, Section 2 and Section 4 BO Act). Sweden noted that one indication that the submitted information might be incorrect is when the SCRO receives a suspicion report from a bank or other trader (see below). Generally, in such a case the SCRO will check the latest minutes of the General Meeting or the annual report to see whether something in those documents shows that the information is incorrect or incomplete. If the SCRO does not find any ambiguity with the information contained in the BO registry, it will refrain from taking further actions. Otherwise, it will send an injunction to the respective entity. If a legal entity does not comply with the injunction, another official notice will be sent, accompanied with an administrative fine (Chapter 3, Section 6 BO Act). If the legal person continues refusing to provide the required documentation, additional fines can be imposed (Chapter 3, Section 8 BO Act).

68. The SCRO has just recently begun to apply the regulations on fines. Most legal persons, who receive the first official notice to provide or correct the information in the register, comply and rectify their shortcoming. In the last years, the SCRO has sent around 140 official notices with a conditional fine, with the standard amount being SEK 12 500 (EUR 1 219). The Office has so far decided to initiate a process on imposing a fine in six cases, but no actual fine has been imposed.

69. A further mechanism of oversight to improve the accuracy of the information contained in the BO register is the fact that AML-obliged persons and authorities using the register must notify the SCRO if there is reason to suspect that the information in the register is incorrect (Chapter 3, Section 5 BO Act). AML-obliged persons are required to use the register as a starting point in their customer due diligence on identifying the beneficial owner(s) of their clients and check that the information they collected corresponds to the one registered (see paragraph 72 and following). In the case where the customer is a legal person, trust or similar arrangement the obliged

entity needs to understand the customer's ownership and control structure. If the beneficial ownership information contained in the register appears incorrect, the AML-obliged persons are required to notify the SCRO of discrepancies identified.

70. The SCRO has the possibility to flag the registered information as presumed incorrect. This flagged information is connected to the legal entity and consists of a symbol (a warning triangle) with an explicatory text that the registration authority has reason to presume that the information is incorrect. This flag is shown to anyone searching information about the legal entity in the register and will be shown until correct information has been registered. The flag functions as a warning for AML-obliged persons or any other party dealing with the legal person, who is searching the register of beneficial ownership. It also constitutes an indication in a customer due diligence situation that caution is needed and that clarifications should be requested before initiating or continuing a business relationship.

71. Since the system with the flag was introduced to the register, in the fall of 2018, more than 100 flags have been registered. As of February 2020, 25 flags are still shown. The other flags have been removed due to changes made to the information. The Phase 2 review will further analyse the adequacy of verification measures and their scope in practice to ensure that adequate, accurate and up-to-date BO information is contained in the BO register.

Anti-money laundering framework

72. The AML framework in Sweden is legislated mainly in the Act on Measures against Money Laundering and Terrorist Financing (the AML/CFT Act). The AML/CFT Act defines, among others, predetermined categories of institutions and professions with special AML/CFT obligations. AML-obliged persons are broadly defined and include banks, life insurance businesses, various financial service providers, attorney/legal practitioners, auditors, accountants and professional tax advisors. AML-obliged persons also include professional corporate and trust service providers (Chapter 1 Section 2-4 AML/CFT Act). These AML-obliged persons are required to carry out customer due diligence prior to establishing customer relationships. As part of the CDD obligations, they are required to ascertain the beneficial owner(s) of their customers. As mentioned earlier, despite the absence of a legal obligation in Sweden to maintain a relationship with an AML obliged person, in practice Sweden noted that most companies have a bank account at a Swedish bank and thus their beneficial ownership information would be available with a bank. The AML/CFT Act follows the same definition of beneficial owner(s) as the BO Act (see paragraph 49).

73. Chapter 3 Section 8 of the AML/CFT Act stipulates that AML-obliged persons need to start their investigation on whether the customer[28] has a beneficial owner in the public register of beneficial owners. Next to checking the register, if the customer is a legal person, a trust or a similar legal arrangement, the investigation must include measures to understand the customer's ownership and control structure.

74. If the customer has a beneficial owner(s), the obliged person must take further actions to verify the identity of the beneficial owner(s) (Chapter 3 Section 8 of the AML/CFT Act). Additionally, if one or multiple beneficial owner(s) are identified, the identity needs to be verified by examining an identity document, register extract, certificates or other information from independent and reliable sources. The verification needs to be done before the establishment of the business relationship, which applies to all customers, i.e. whatever their level of AML-risk (Chapter 3 Section 9 of the AML/CFT Act).

75. Section 13 further stipulates that AML-obliged persons must continuously and when necessary follow up current business relationships in order to ensure that the knowledge on the customer is up-to-date. Guidance for the private sector specifies that the on-going follow-up should take place at certain intervals, depending on the customer's risk profile: every year for high-risk clients, every three years for normal risk clients and every five years for low-risk clients.

76. Additionally, as alluded to in paragraph 55, the default position of identifying a senior manager of the company when no natural person meets the definition of beneficial owner is covered in the AML/CFT Act, Chapter 3, Section 8, third sub-section. This provision requires AML-obliged persons to consider the person who is chair of the board, chief executive officer or similar to be considered the beneficial owner, if the company does not have a beneficial owner, who falls under the Swedish BO definition. The same applies if the bank has reason to assume that the person identified is not the beneficial owner – which will also result in the notification of such assumption to the registry (Chapter 3, Section 5 BO Act) (see paragraph 69).

77. The AML-obliged person must keep customer due diligence records for five years (Chapter 5 Section 3 of the AML/CFT Act).

78. The AML/CFT Act also includes provisions regarding introduced business. Chapter 3 Section 21 of the AML/CFT Act permits AML-obliged

28. This identification process does not apply if the customer is a limited company whose shares are admitted to trading on a regulated market in Sweden or within the EEA or in a corresponding market outside the EEA, or if it is a subsidiary to such company.

persons to rely on the customer due diligence conducted by third parties – while the responsibility for the sufficiency of the customer due diligence measures remains at the AML-obliged person. Additionally, reliance is only permitted if the AML-obliged person without delay receives the information, which resulted from the customer due diligence measures of the third party, including customer identification, beneficial owners and the purpose and nature of the business relationship. Furthermore, the AML-obliged person must have the right to request the documentation on which the performed customer due diligence is based. This is further qualified as the third party needs to be subject to equivalent regulation on customer due diligence, record-keeping and supervision as stipulated under the AML/CFT Act and cannot be resident in a country, which has been identified as a high-risk country by the European Commission (Chapter 3 Section 23 of the AML/CFT Act).

Enforcement and oversight provisions

79. The implementation of the AML/CFT Act by different AML-obliged persons is supervised by different authorities. The financial industry is supervised by the SFSA. Certain designated non-financial businesses and professions without a dedicated supervisory authority (including corporate and trust service providers) are supervised by the County Administrative Boards of Skåne (responsible for the county southernmost of Sweden), Stockholm (responsible for the Stockholm municipality in east central Sweden) and Västra Götaland (responsible for the county on the western coast of Sweden). Auditors are supervised by the Inspectorate of Auditors and lawyers and legal professionals by the Bar Association.

80. The competent supervisory authority can verify whether AML-obliged persons comply with the record keeping obligations and the customer due diligence measures stipulated under the AML/CFT Act. It can do so via both on off-site and on-site inspections (Chapter 7 Section 5 AML/CFT Act).

81. Failure to comply may result in a sanction from the relevant supervisory authority. The maximum fine for entities other than financial companies is twice the profit made from the transgression (if that can be ascertained) or EUR 1 million (Chapter 7 Section 14 AML/CFT Act). For financial companies, the maximum sanction should not exceed 10% of the previous year's turnover, two times the profit which the institution realised as a result of the transgression, or an amount corresponding to EUR 5 million, whichever maxima is the highest of these (Chapter 15 Section 8 of the Banking and Financing Business Act).

82. Supervisory authorities can also compel AML-obliged persons to terminate their activities. If the obliged entity is a legal person, the supervisory authority can also intervene against anyone who is part of the board of the

obliged entity, is its chief executive officer or represents the obliged entity in a corresponding way. Depending on the seriousness of the transgression and the intent of the person, the intervention can result in the person being barred to hold a similar position in an obliged person during a certain period of time, no less than three years and no more than ten years. It can also result in a fine (Chapter 7 Section 12 AML/CFT Act).

83. In practice, Swedish authorities conduct supervision in a holistic manner, meaning that when AML-obliged persons are inspected, they are inspected for compliance with the AML/CFT Act and other relevant acts across the board. Therefore, there are no inspections specifically and only to assess compliance with record keeping obligations and customer due diligence. However, these aspects constitute an important focus area, while conducting inspections.

84. Practical implementation of the enforcement provisions and availability of beneficial ownership information for companies in practice will be examined in the Phase 2 review.

Nominees

85. The 2013 Report determined that Sweden's legal and regulatory framework is adequate to ensure the availability of accurate ownership information, as nominees are AML-obliged persons.

86. Under Swedish law, nominee shareholding is only allowed in respect of companies that decided to maintain their share register at a Central Securities Depository (Chapter 5 Section 14 Companies Act). This is further restricted as (with the exception of public authorities such as the central banks and national debt offices) only clearing organisations can operate as a nominee in Sweden (Chapter 3 Section 7 Financial Instruments Accounts Act). There are about 40 entities operating as a nominee in Sweden, which generally are banks or brokers. If these nominees are entered into the share register of a company in lieu of the shareholder, the share register must include a note that the respective shares are held by a nominee. The nominee must also inform the CSD about its nominee status and provide the CSD with information – upon request – regarding the shareholders whose shares it is managing (Chapter 5 Section 14 Companies Act). This information must include the shareholders' names and personal identity numbers, corporate/organisation ID numbers or other identification numbers and postal addresses (Chapter 3 Section 12 first paragraph of the Financial Instruments (Accounts) Act). Additionally, as mentioned in the 2013 Report, paragraphs 79-81, the institutions acting as nominees (e.g. banks and brokers) are subject to AML/CFT obligations and hence need to perform customer due diligence measures prior to the establishment of a business relationship with a client/nominator.

87. Accordingly, the legal and regulatory framework should facilitate that ownership, identity, and beneficial ownership information is available in case of nominee shareholdings. The practical aspects of Sweden's regulatory framework as it relates to nominees will be further analysed in the Phase 2 review.

Availability of legal and beneficial ownership information in EOIR practice

88. In the peer inputs provided, Sweden's EOI partners were generally satisfied with the answer they received from Sweden regarding legal and beneficial ownership information for companies. Availability of legal and beneficial ownership for companies in EOIR practice will be examined in the Phase 2 review.

A.1.2. Bearer shares

89. Swedish law does not allow the issuance of bearer shares. It provides only for issuance of registered shares.

A.1.3. Partnerships

90. Jurisdictions should ensure that information is available to their competent authorities that identifies the partners in, and the beneficial owners of, any partnership that (i) has income, deductions or credits for tax purposes in the jurisdiction, (ii) carries on business in the jurisdiction or (iii) is a limited partnership formed under the laws of that jurisdiction.

91. The 2013 Report concluded that Sweden's legal and regulatory framework was in place to ensure that up-to-date identity information for Swedish partnerships is available.

92. Swedish law[29] recognises three types of partnerships which have legal personality:[30]

- **general partnership** ("*handelsbolag*"): A general partnership has two or more partners (natural or legal persons) undertaking business activities under a common business name. All partners are entitled

29. General and limited partnerships are regulated by the Partnership and Non-registered Partnership Act.

30. Swedish law also recognises non-registered partnerships. They will not be further analysed in this report, as they do not have any legal personality, cannot hold real estate or own assets, have no income or credits for tax purposes, do not carry on business and cannot be compared to a limited partnership (see paragraph 85 of the 2013 Report).

to act on behalf of the partnership and are jointly and severally liable for the debts/obligations of the partnership, not only during the existence of the partnership but also after its dissolution. There were 39 229 general partnerships in Sweden as of 31 December 2020.

- **limited partnership** ("*kommanditbolag*"): A limited partnership has one or more partners (natural or legal persons) with limited liability for the obligations of the company up to the amount of their contributions (limited partners) and one or more partners with full liability for the obligations of the partnership (general partners). Only general partners are permitted to actively manage the partnership. There were 14 984 limited partnerships in Sweden as of 31 December 2020.
- **European Economic Interest Grouping** (EEIG): The EEIG is a European form of partnership in which companies or partnerships from different European countries (the partners in the EEIG) can co-operate. They must be registered in the EU State in which they have their official address. There were 3 EEIGs in Sweden as of 31 December 2020. EEIGs follow obligations stipulated for general partnerships.

Partner information requirements

93. Swedish partnerships are required to maintain information about their partners under commercial as well as tax law. Firstly, a general or limited partnership acquires its legal personality upon registration in the Trade Register (Chapter 1 Section 1 Partnership and Non-registered Partnership Act). The Trade Register is administered by the SCRO (Chapter 1 Trade Register Act). The Trade Register must contain information about the partnership's activity as well as the identity of all its partners and whether they constitute general or limited partners. The identity information includes the names, social security numbers or equivalent, and addresses of the partners (Chapter 4 Trade Register Act). If the information contained in the register has changed, a report with updated information must be submitted to the SCRO without any delay (Chapter 13 Trade Register Act). A party who fails to register or update its information, or provides incorrect or misleading information in the application can be subject to monetary fines. The amount of the fine is subject to administrative decision of the respective officer and should be a sufficient deterrent to ensure provision of the requested information (Chapter 22 Trade Register Act). The SCRO retains the identity information indefinitely, if digitally stored. Hardcopies of documents which have been scanned might be deleted after ten years, while the digital version remains. In case a partnership ceases to exist, the information is kept for five years after the dissolution of the legal person.

94. Foreign partnerships conducting business in Sweden must register a branch at the SCRO's register of company branches (see para 32 for the

process), or incorporate and register another legal entity with the SCRO (see para 31 for the process) before commencing with any business in Sweden.

95. Additionally, all partnerships (Swedish as well as foreign) including the identity of the partners must also be registered with the STA, before conducting any business activity in Sweden (Chapter 7 Section 1 and 2 Tax Procedure Act). For income tax purposes, partnerships are treated as transparent. However, all partnerships – including foreign partnerships – engaged in trade of taxable goods or services in Sweden are liable to VAT and are required to complete a registration form for VAT on a special tax/PAYE application form, which, *inter alia*, contains information about the identity of the partners.

96. Swedish partnerships and foreign partnerships with a permanent establishment in Sweden must additionally provide special information on the identity of the partners in their tax return (Chapter 33, Section 6 of the Tax Procedure Act). If the special information is filed too late, a penalty for delay under Chapter 48 of the Tax Procedure Act can be charged. The enforcement provision for partnerships are the same as for companies (see paragraph 41). The STA must keep all information that has been provided under the Tax Procedure Act for seven years after the end of the calendar year that the information concerns (Chapter 9 Section 1 Tax Procedure Ordinance).

97. To the extent that a partnership engages the services of an AML-obliged person, the obliged person must conduct CDD and collect and maintain information on the partners of a partnership. The identification requirements on AML-obliged persons regarding a customer that is a legal entity, as set out in paragraphs 72 to 77, apply.

98. The legal and regulatory framework in Sweden continues to ensure that identity information on domestic partnerships is available and retained for a minimum of five years in conformity with the standard. Partner information on foreign partnerships with a sufficient nexus with Sweden is available based on company law and tax obligations triggered by having a permanent establishment or branch in Sweden, complemented by CDD information by AML-obliged persons – if one is engaged. These obligations should ensure the availability and retention of partner information of all foreign partnerships with sufficient nexus to Sweden according to the standard.

Beneficial ownership

99. As mentioned under A.1.1, the availability of beneficial ownership information in Sweden is met through a multi (more specifically three) pronged approach, with the sources for beneficial ownership information being the following:

- Any legal person in Sweden, which includes the three types of Swedish partnerships, has to maintain updated beneficial ownership information. This information must be kept up to date and verified, and in case a beneficial owner changes, the documentation prior to the change should be kept for at least five years. See the Act on Registration of Beneficial Ownership, Chapter 2, sections 1 and 7.
- Any legal or natural person in Sweden subject to the AML/CFT Act has to maintain updated beneficial ownership information about their customers. See AML/CFT Act, Chapter 3, Sections 8 and 13.
- Any legal person in Sweden has to register their beneficial ownership in the register of beneficial owners. See the Act on Registration of Beneficial Ownership, Chapter 2, sections 3 and 7. Since there is no time limit to retain information in the registry in the BO Act, the information is kept indefinitely. In case a partnership ceases to exist, the information is kept for five years after the dissolution of the legal person.

100. Since generally Swedish partnerships fall under the scope of legal persons, beneficial ownership information on partnerships is available from a public registry, from the legal entities themselves as well as from financial institutions and other AML-obliged persons, if a partnership engages in a business relation such as stipulated under A.1.1. The only difference is that the registration form – in case of a partnership – needs to be signed by:

- the general partner (*komplemenär*), if the application is made by a limited partnership
- the partner (*bolagsman*), if the application is made by a general partnership
- a business manager or all members, if the application is made by a European Economic Interest Grouping.

101. However, it is unclear how foreign partnerships without legal personality, with sufficient nexus to Sweden will be captured by the BO Act. Sweden noted that this would be decided on a case-by-case basis. Since, they are strictly speaking not foreign legal persons operating in Sweden and are also not similar legal arrangements to trusts, it is unclear whether foreign partnerships without legal personality will fall under the BO reporting obligations included in the BO Act. Even though the STA has the identity information of the partners of foreign partnerships who conduct business in Sweden (see para 94), in case the partners do not constitute the BOs of the partnership and the foreign partnership does not engage with an AML-obliged person, the BO information could potentially not be available. The significance of the potential gap will be further explored in the Phase 2 review (see Annex 1).

102. As with all legal entities, other than companies, the principle that should be applied to partnerships is that the determination of beneficial ownership should take into account the specificities of their different forms and structures.[31]

103. In respect of the structure of general partnerships, all partners are jointly and severally liable for all the obligations of the partnership (i.e. the control or liability of the general partners does not depend on their contribution to the partnership). This is a fundamental difference from companies, where members are liable up to the amount of their investment contribution. Additionally, in the case of partnerships, certain important decisions, such as a change in the partnership agreement, require the consent of all general partners, unless the agreement stipulates otherwise. Further, profit is distributed equally among general partners, unless the agreement provides otherwise.

104. In relation to limited partnerships, some differences apply in the level of control when compared to general partnerships. For example, the limited partners are only liable for the partnership's obligations up to the amount of their contributions. In other matters, the general and limited partners decide jointly by a majority of votes, unless the partnership agreement states otherwise. Profits are distributed among limited and general partners in the proportion established by the partnership agreement, and unless the agreement provides otherwise, the profits due to the general partners should be distributed in equal proportions, whereas the profit due to the limited partners is proportionate to their contributions.

105. The definition and identification process of beneficial owners is described in paragraphs 49- 52 and applies equally to partnerships. The definition of beneficial ownership contained in Chapter 1 Section 3 of BO Act stipulates the following:

> **Section 3** A beneficial owner is defined as
>
> a natural person who, individually or together with another person, ultimately owns or exercises effective control of a legal person, or a natural person on whose behalf someone else is acting.

106. Section 3 constitutes the overarching definition, which is then followed by presumptions of control enumerated under Sections 4 and 5 of the BO Act:

> **Section 4** A natural person should be considered to exercise ultimate and effective control of a legal person, if he or she
>
> 1. by owning stock, other shares or through membership exercises control of more than 25% of the total number of votes in the legal person,

31. Refer to paragraphs 16 and 17 of the Interpretive Note to FATF Recommendation 24.

> 2. has the right to appoint or remove more than half of the members of the board or similar officers of the legal person, or
>
> 3. by agreement with owners, members or the legal person itself, provisions in the articles of association, partnership agreements or similar documents, is able to exercise such control as referred to in items 1 or 2.
>
> If a natural person is presumed to exercise ultimate control of one or several legal persons, which in turn exercise control of another legal person in such a way as referred to in the first sub-section, he or she should be considered to exercise ultimate control of the latter legal person as well.
>
> **Section 5** A natural person should be considered to exercise ultimate control of a legal person if he or she, together with one or several close relatives, is able to control a legal person pursuant to section 4.
>
> Close relatives refers to spouses, registered partners, cohabitants, children and their spouses, registered partners or cohabitants, and parents.

107. Chapter 1 Section 4 Subsection 3 of the BO Act makes an explicit reference to the partnership agreement in relation to establishing effective control (paragraph 49). Sweden's definition of beneficial ownership together with the presumptions of effective control (Section 3 in conjunction with Chapter 1 Section 4 Subsection 3 of the BO Act) are in principle sufficiently broad to take into account the specificities of the different control structure in partnerships. Additionally, Sweden's application of the "simultaneous approach" (instead of the three-step cascading approach) ensures that the presumption of effective control is never limited to the sole step of "control through ownership".

108. The AML framework described in A.1.1 also applies to partnerships.

Oversight and enforcement

109. The enforcement provisions of partnerships for beneficial ownership information are similar to those discussed under companies and are referred to in A.1.1.

Availability of partnership information in EOIR practice

110. The implementation in practice will be examined in detail in the Phase 2 of the review or after the on-site visit.

A.1.4. Trusts

111. Swedish law does not recognise the concept of a trust and Sweden is not a party to the Hague Convention on the Law Applicable to Trusts and on their Recognition. There are, however, no restrictions that prevent a Swedish resident from acting as a trustee, protector or administrator of a trust formed under foreign law. Sweden also recognises that foreign trustees (or similar) may carry out business in Sweden on behalf of a legal arrangement and does not prohibit such activities. Swedish law, in accordance with EU law, does allow for the recognition of trusts or similar legal arrangements created pursuant to foreign law for the purposes of anti-money laundering measures. It has a small industry comprising of 30 companies being trust service providers.

Requirements to maintain identity and beneficial ownership information in relation to trusts

112. The BO Act has a broad scope and applies to natural persons residing in Sweden who conduct business that pertains to the management of a trust, and natural persons residing in other countries who conduct business in Sweden that pertains to the management of a trust (Chapter 1, Section 1-2 BO Act).

113. Swedish residents, who constitute a trustee or equivalent function, as well as a foreign trustee or equivalent function, who conducts business in relation to the management of a trust in Sweden, need to keep as well as register the beneficial owners of the trust according to the same procedure as stipulated under A.1.1 (paragraphs 56-65). Trustees or equivalent functions in a trust which are legal persons are captured through Chapter 2 Section 7 BO Act subjecting them to the same obligations. The registration and update process is as stipulated in paragraphs 61 - 65. The only difference is that the registration form – in case of a trust:

- needs to be signed by the trustee or equivalent function, if the application relates to a trust, or
- if the trustee or equivalent function in a trust is a legal person, the application must be signed by the natural person, who is authorised to sign the registration form based on the instructions for the specific kind of legal person (e.g. board member or managing director if the legal person is a limited liability company (see paragraph 63); the complementary, if the legal person is a limited partnership 100).

114. The overarching definition of beneficial ownership as described in paragraph 49 applies equally to trusts. With regard to trusts, Chapter 1 Section 7 of the BO Act further stipulates:

Section 7 A natural person should be presumed to be the beneficial owner of a trust if he or she

1. is the settlor,

2. is the trustee, or in cases where the trustee is a legal person, a representative of the trustee,

3. is the protector,

4. is the beneficiary or belonging to a class of beneficiaries, or

5. in any other way exercises ultimate control of the trust.

115. Section 7 Subsection 2 of the BO Act qualifies that in case the trustee is a legal person, a representative (natural person) of the trustee should additionally be considered as one of the beneficial owners. The five presumptions in Section 7 relating to Sweden's beneficial ownership definition of trusts covers in general all natural person(s) being party to the trust, as required under the standard. It further includes in Section 7 Subsection 5 the presumption covering any other natural person who exercise ultimate control of the trust. The definition does not, strictly speaking, explicitly mention the application of a look-through approach in case a party to a trust is a legal entity or arrangement. However, Section 7 explicitly refers to a "natural person", for identifying the parties to a trust as beneficial owners. Additionally, the wording in the presumption contained in subsection 5 could be sufficiently broad to also cover the natural person, who controls a legal person or arrangement being party to a trust and hence ultimately controls the trust. However, whether in practice this wording facilitates the application of the look-through approach in case parties to the trust are legal persons or arrangements will be further explored during the Phase 2 review (see Annex 1).

116. Additionally, trust services providers must register with a County Administrative Board whereupon they become subject to the anti-money laundering regime. Accordingly, the AML framework described in A.1.1 applies. AML-obliged persons (including trust service providers, see Chapter 1 Section 4 AML/CFT Act) need to start their investigation on whether the customer has a beneficial owner in the public register of beneficial owners (Chapter 3 Section 8 of the AML/CFT Act). Next to checking the register, if the customer is a trust or a similar legal arrangement, the investigation must include measures to understand the customer's control structure, which presupposes the application of a look-through approach.

117. Furthermore, under Swedish tax law there are no provisions dealing specifically with trusts. However, depending on the circumstances, the trust itself, the trustee, beneficiaries or the settlor will be liable to tax in respect of trust activities or income derived from the trust, irrespective of whether the income is Swedish source or not. Accordingly, the general principles that

apply to Swedish taxpayers or residents of Sweden apply to trustees. If information on a trustee, settlor or beneficiary of a trust is considered relevant for tax assessment purposes, the potential taxpayer is required to disclose such information to the STA (Chapter 37 Section 6 Tax Procedure Act). For the purposes of tax assessment, the person concerned (i.e. trustee, a settlor, protector, enforcer or a beneficiary of a trust) will be required, by means of accounts, notes or other appropriate documentation to ensure that there are supporting documents to assess his/her potential tax liability. Documentation also includes identity information in relation to the trust. Failure to comply with these provisions is an offence and subject to a fine (Chapter 44 Section 2 Tax Procedure Act) (see paragraph 93-94 of the 2013 Report). In this regard, the STA has the authority to get BO information, by injunction, from a non-professional resident trustee either as an declarant for an income connected to the trust or in his/her capacity of a third party, if it can be assumed that it concerns a tax issue. This is possible even if the foreign trust solely holds assets with no income.

Oversight and enforcement

118. The enforcement provisions for beneficial ownership information of trusts are similar to those discussed under companies and are referred to in A.1.1.

Availability of trust information in EOIR practice

119. Implementation in practice to be examined in detail in the Phase 2 of the review.

A.1.5. Foundations

120. The 2013 Report found that the rules regarding the maintenance of identity information in respect of foundations in Sweden was in accordance with the standard and was effective in practice. Beneficial ownership should now also be available.

121. A variety of foundations exist in Sweden, including pension foundations, employee foundations, profit sharing foundations, family foundations and foundations established to advance particular purposes (ordinary foundations), some of which are subject to specific rules. As of 6 October 2021, there were 19 410 foundations registered in Sweden. The majority of these foundations (16 983) constitute so called ordinary foundations.

122. Foundations are primarily regulated by the Foundation Act. A foundation is formed when one or more founders (individuals and/or legal persons) declare property to be separated and permanently administered as independent

capital for a specific purpose. The foundation's property is deemed to be separate when it has been taken over by someone who has undertaken to manage it in accordance with the foundation instrument (Chapter 1 Section 2 Foundation Act). A foundation has a legal personality. Only the foundation's assets are liable for the obligations of a foundation (Chapter 1 Section 4 Foundation Act). The board of the foundation or its management is bound by the foundation instrument when managing the foundation's affairs (Chapter 2 Section 1 Foundation Act) (see paragraphs 99-100 of the 2013 Report).

Commercial and tax law requirements and oversight on identity information

123. The Swedish legal and regulatory framework ensures the availability of identity information mainly through registration requirements and tax law, which sufficiently ensure the availability of information on the foundation's founders, members of the board of directors and beneficiaries.

124. Information on founders and members of the board or managers of a foundation forms an obligatory part of the foundation instrument and must be filed with the registration authority. All foundations covered by the Foundation Act (i.e. all foundations with the exception of family foundations) must be registered at one of the seven County Administrative Boards (CABs), which also constitute the supervisory authorities for foundations. This registration needs to be done within six months after the establishment of the foundation. The notification for registration must include the following information according to Chapter 10 Section 2 of the Foundation Act:

- the foundation's postal address and telephone number
- the identity and contact details of board members
- the auditor's name, personal identification number and postal address.

125. A copy of the deed of foundation must be included with the notification with the exception for foundations established through some testamentary dispositions. The identity of the founder must not be reported or registered but the deed of foundation must be signed by hand by the founder and hence the information is available. If the founder is a company, the board of directors makes the decision to form a foundation. In the process of documenting this decision, the board of directors or the authorised signatory signs the deed in the name of the company. When registered, a foundation must immediately report changes in the information listed above to the register (Chapter 10 Section 3 Foundation Act).

126. The CABs are the supervisory authority for foundations. The supervision includes both the registration (Chapter 10 Section 11 Foundation Act) and the foundations management according to their deed and the Foundation

Act (Chapter 9 Section 3 Foundation Act). In the capacity of registration authority, the CAB can intervene, if it can be assumed that a foundation is not complying with the provisions of the Foundation Act or any other statutory provision relating to application for registration in the register of foundations.

127. The CABs can demand documents or information from the foundation and may order one or more members of the foundation's board or the administrator to submit the required documents or information to the registration authority or to make an application for registration in the register of foundations, which can be accompanied by a conditional financial penalty. The size of such penalty is not set and is decided on a case-by-case basis considering *inter alia* the addressees' economic situation.

128. The CABs store the information and records electronically and/or on paper. While newer documents are mostly digital, older documents are mostly on paper. These hardcopies have been scanned and are now also stored both electronically and on paper. In both cases, so far no information on foundations – including liquidated foundations – has been deleted. It is however envisaged for the near future to delete old outdated information after ten years. The plan is to update it every year in future.

129. Foundations which are subject to specific rules (i.e. pension foundations, employee foundations and profit sharing foundations) are covered by the same registration and supervisory rules stipulated in the Foundation Act (see 2013 Report paragraphs 110-111). The only exception is the family foundation, which is not covered by these rules. Chapter 1 Section 7 Foundation Act excludes family foundations from registering with a CAB.

130. Family foundations are foundations whose assets according to the foundation instrument may only be used for the benefit of specific natural persons. Information on the founder and group of beneficiaries is contained in the foundation instrument. Since Sweden no longer has any gift or inheritance tax, there is no real impetus to form family foundations. As of 2020, there are 688 family foundations in Sweden. Identity information of the founders and beneficiaries is available via tax law and AML law (see 2013 Report paragraphs 112-115), which are addressed in paragraph 131 and paragraph 141.

131. Foundations – including family foundations – intending to conduct business activities are obliged to apply to the STA for registration for income tax or VAT purposes (Chapter 7 Sections 1 and 2 of the Tax Procedure Act). The identity of founders and beneficiaries of the foundation must be specified in the registration form (Chapter 2 Section 1 of the Tax Procedure Ordinance). The registered foundation is required to report any subsequent changes in the information provided to the STA within two weeks from when the change was made (Chapter 7 Section 4 Tax Procedure Act). If the requested information is not provided, the STA can order the party concerned

to supply this information under a fine (Chapter 37 Section 2 in conjunction with Chapter 44 Section 2 Tax Procedure Act).

132. Further, foundations conducting business activity or foundations whose total taxable earnings during the fiscal year amount to at least SEK 200 (EUR 24) are required to submit income tax returns (Chapter 30 Section 4 of the Tax Procedure Act) and to register with the STA. This threshold of taxable earnings does not apply to family foundations, as they are obliged to file income tax returns, irrespective of reaching any threshold (Chapter 30 Section 4(1) Tax Procedure Act). This includes to keep accounts, notes or other appropriate supporting documentation considered relevant for tax assessment purposes for the STA (Chapter 39 Section 3 of the Tax Procedure Act). Foundations that are tax exempt must provide information about income and costs during the financial year, assets and liabilities at the beginning and end of the financial year, and about other circumstances that the STA needs to enable it to assess whether the party is exempt from the liability to pay taxes (Chapter 33 Section 3 of the Tax Procedure Act). Failure to comply with these provisions is an offence and subject to a fine (Chapter 44 Section 2 Tax Procedure Act).

Beneficial ownership

133. As mentioned under A.1.1, the availability of beneficial ownership information in Sweden is met through a multi (more specifically three) pronged approach, with the sources for beneficial ownership information being the following:

- Any legal person in Sweden, including foundation, has to maintain updated beneficial ownership information. See the Act on Registration of Beneficial Ownership, Chapter 2, Sections 1 and 7.
- Any legal or natural person in Sweden subject to the AML/CFT Act has to maintain updated beneficial ownership information about their customers. See AML/CFT Act, Chapter 3, Sections 8 and 13.
- Any foundation in Sweden has to register their beneficial ownership in the register of beneficial owners. See the Act on Registration of Beneficial Ownership, Chapter 2, Sections 3 and 7.

134. Since foundations fall under the scope of legal persons, beneficial ownership information on foundations is available from a public registry, from the foundations themselves as well as from financial institutions and other AML-obliged persons, if a foundation engages in a business relation with them.

135. Foundations need to keep as well as register their beneficial owners according to the same procedure as stipulated under A.1.1. The registration

and update process is as stipulated in paragraphs 61 - 65. The only difference is that the registration form – in case of a foundation – needs to be signed by the foundation trustee's deputy, if the application is made by a foundation with related administration (i.e. if the foundation does not have its own board of directors, but is administered by another legal person).

136. As with all legal entities, other than companies, the principle that should be applied to foundations is that the determination of beneficial ownership should take into account the specificities of their different forms and structures.[32]

137. The definition and identification process of beneficial owners is described in paragraphs 49-52 and applies equally to foundations. Chapter 1 Section 6 of the BO Act stipulates:

> **Section 6** A natural person should, in addition to what is stipulated in sections 4 and 5, be considered to exercise ultimate control of a foundation, if he or she
>
> 1. is a member of the board or holds a similar post, or
>
> 2. represents another legal person who manages the foundation.
>
> A natural person should be considered to be the beneficiary of a foundation, if he or she, according to the foundation charter, could receive a substantial share of its distributed funds.

138. The preparatory works further elaborate on the rationale of limiting the beneficiaries of a foundation in the context of BO registration to those that could receive *a substantial share* of the foundations *distributed funds*. The preparatory works acknowledge that foundations may have one or more beneficiaries who receive part of the foundation's distributed funds. These beneficiaries can be considered as persons for whose benefit the foundation acts, which means that they can be real principals (i.e. beneficial owners). However, it is further elaborated that

> it is not expedient for all beneficiaries of a foundation to be considered real principals. A first reason for this is that there are foundations that distribute, for example, scholarships to tens or hundreds of people every year. It would not be compatible with the purpose of the directive and the law to regard all these recipients as the real principals of the Foundation and to enter them in the register. It would also be unmanageable for operators to consider, for example, 200 recipients of funds from a foundation as real principals in the customer awareness process, especially if the foundation distributes funds to different people each year.

32. Refer to paragraphs 16 and 17 of the Interpretive Note to FATF Recommendation 24.

139. Based on these considerations, Sweden concluded that beneficiaries in a foundation are of interest for the purpose of BO registration only if they are part of a smaller circle that can regularly benefit from the foundation's activities. The latter kind of incidental beneficiaries do not seem relevant for the purpose of BO registration. These incidental beneficiaries can also be regarded as irrelevant in the context of identifying beneficial owners according to the standard.

140. Accordingly, the BO definition of foundations is sufficiently broad with their various presumptions to take into account the specificities of the different forms and structures of foundations, when identifying the relevant beneficial owners. It is hence in line with the standard.

141. Additionally, foundation services providers must register with a County Administrative Board whereupon they become subject to the anti-money laundering regulatory regime. Accordingly, the AML framework described in A.1.1 applies to these AML-obliged person (which would also cover professionals managing family foundations, see Chapter 1 Section 4 AML/CFT Act).

Oversight and enforcement

142. The enforcement provisions for beneficial ownership information on foundations are similar to those discussed under companies and are referred to in A.1.1.

Availability of foundation information in EOIR practice

143. Implementation in practice to be examined in detail in the Phase 2 of the review.

A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

144. The 2013 Report concluded that the legal and regulatory framework on the availability of accounting records and underlying documentation was in place in respect of all relevant legal entities and arrangements and Sweden was rated compliant with the standard. As noted in the 2013 Report, the requirements under the Accounting Act, supplemented by obligations imposed by the Income Tax Act, ensure availability of accounting records with underlying documentation by all relevant entities and arrangements. No change took place since then and the legal and regulatory framework remains in place.

145. Supervision of accounting record keeping obligations is mainly the responsibility of the Swedish Companies Registration Office (SCRO) together with the Swedish Tax Authority (STA).

146. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Sweden in relation to the availability of accounting information.

Practical Implementation of the Standard: The Global Forum is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

A.2.1. General requirements

147. In Sweden, the requirement to keep accounting records and their underlying documentation in line with the Standard for companies, partnerships, foundations and trusts is mainly covered by accounting law together with tax law. There have been no relevant changes to the legal framework since the 2013 Report (refer to paragraphs 136-161).

Accounting Law – Companies and Partnerships

148. Companies and partnerships are required to maintain accounts (Chapter 2 Section 1 and 2 Accounting Act). Branch offices of foreign companies must also maintain accounts separate from the accounts of the foreign company and the provisions applicable to a Swedish company of an equivalent type apply to the accounts and audits of the branch office of a foreign company (Chapter 14 Foreign Branch Offices Act).

149. According to the Accounting Act, all business transactions must be entered in the accounts in such a manner that they comply with generally accepted accounting principles (Chapter 5 Section 1 Accounting Act). This means that it is possible to verify the completeness of the accounting items and obtain an overview of the development of the operations, financial position and results of the business. Every business transaction must be verified by a voucher (Chapter 5 Section 6 Accounting Act).

150. The scope and publication requirement of the annual report may vary depending of the size and type of legal entity concerned. Companies must close the accounts, each financial year, with an annual report (Chapter 6 Section 1 Accounting Act). The annual report must give a true and fair view of the enterprise's assets, liabilities and equity, financial position and results

for the year (Chapter 2 Section 3 Annual Reports Act). It must be drawn up no later than five months after the end of the financial year and then be passed on to an external authorised auditor. In case of a private company, there are exceptions to the obligation of external audit, if the articles of association for a private company stipulate that the company will not have an auditor. This is however only possible if the company does not fulfil more than one of the following conditions:

- the average number of employees during each of the two most recent financial years has exceeded three
- the company's reported balance sheet total for each of the two most recent financial years has exceeded SEK 1.5 million (EUR 146 750)
- the company's reported net turnover for each of the two most recent financial years has exceeded SEK 3 million (EUR 293 498).

151. When the auditor has examined the accounts, the annual general meeting of shareholders is convened (no later than six months after the end of the financial year). The annual report and the auditor's report must be filed with the SCRO no later than one month after being adopted at the shareholders' meeting. If the reports are not filed with the office within 7 months from the end of the financial year, a company must pay a late filing fine for up to SEK 10 000 (EUR 980) which will be repeated with a slight increase after two months (Chapter 8 Section 6 Annual Reports Act). If the reports are not filed with the office within 11 months from the end of the financial year, the office can start proceedings to wind up the company by compulsory liquidation (Chapter 25 Section 11 (2) Companies Act).

152. All registered partnerships (general, limited and EEIGs) are obliged to close the current accounting for each financial year with annual accounts (Chapter 6 Section 3 Accounting Act). Annual accounts must consist of a profit and loss account and a balance sheet and must be completed as soon as possible and not later than six months after expiry of the financial year (Chapter 6 Section 7 Accounting Act). Partnerships in which one or more legal persons are partners must, for each financial year, close the accounts with an annual report and publish it (Chapter 6 Section 1 Accounting Act).

153. Accounting information, including underlying documents, microfiche, and mechanically readable media used for preserving accounting information must be kept for seven years. Failure to keep accounting records is an offence under Chapter 11 Section 5 of the Penal Code, which can lead to imprisonment for at most two years, or, if the offence is minor, to a fine or to imprisonment for at most six months. The size of the fine is not set and is decided on a case-by-case basis depending *inter alia* on the addressee's economic situation.

154. Generally, all accounting information must be stored in Sweden, in an orderly, safe and comprehensible manner (Chapter 7 Section 2 of the Accounting Act). The storage location of the accounting information and each change of such location must be notified to the STA (or to the SFSA with respect to companies which are subject to its supervision).

155. Certain accounting information that relate to operations conducted by an undertaking through a branch office outside of Sweden are not required to be stored in Sweden, where the undertaking is obligated to maintain accounts in another country. Furthermore, where special cause exists and it is compatible with generally accepted accounting principles, a document containing a voucher may be stored abroad temporarily. This is the case, for example, if the original document must be presented in order to receive a tax return or if it must be presented in a court due to a legal process. In addition, accounting information may under certain conditions be stored electronically in another EU Member State or, provided that sufficient instruments for administrative co-operation in tax matters are in place, in a third country (Chapter 7 Section 3 Accounting Act). This is however only possible if the authorities are given immediate electronic access to the information on demand and that the company is able to immediately print the information in Sweden.

156. The STA can also, under certain conditions, allow for the information to be stored abroad when these criteria are not met (Chapter 7 Section 4 Accounting Act). Sweden noted that such permission can be granted if there are special reasons. A permit presupposes that the company has an organisational connection abroad, either because it is part of a cross-border group or because it constitutes a branch of a foreign company. Another condition is that this type of archiving of accounting records is an established business practice in the individual case, e.g. because an international group has organised its operations so that the accounts for companies in different countries are managed from a common location. Finally, it must be clear that no violations can be expected. The STA can decide on further conditions, for example by requiring that the accounting information can be produced on paper in Sweden.

157. Since the keeping of accounts abroad is subject to strict conditions, including the electronic access to the information, and exceptions are granted only on a case-by-case basis, storage abroad is unlikely to have an impact on the availability of accounting records in Sweden, considering the existing criteria.

Accounting law – Foundations

158. The majority of foundations, as legal persons, are obliged to maintain accounts in accordance with the general accounting principles for companies (Chapter 2 Section 1 Accounting Act) and similar filing and sanction rules apply as described above. However, some foundations are excluded from this rule based on the Accounting Act. These excluded foundations are the following:

- family foundations
- foundations where the value of their assets do not exceed SEK 1.5 million (EUR 146 750) and which are not conducting business operations, parent foundations, charitable foundations, collective agreement foundations, foundations formed by state, its subdivision or municipality, pension foundations and employee foundations.

159. The latter types of foundations (i.e. excluded foundations not being family foundations) still need to keep ongoing accounts of amounts received or paid by the foundation. There should be vouchers for cash receipts and payments. The accounts must be closed with a summary for each financial year. The summary should show the assets and liabilities at the start and end of the financial year together with income and expenses during the financial year and should state the value of the foundation's assets at the end of the financial year (Chapter 2 Section 2 Foundation Act).

160. Family foundations are not captured by these obligations (Chapter 1 Section 7 Foundation Act). They are however covered by tax law (see paragraph 162).

Accounting law – Trusts

161. All natural persons who conduct business operations, including trustee activities, are obligated to maintain accounts in respect of such business (Chapter 2 Section 6 Accounting Act). These accounts should record not only transactions involving the natural person but should also record transactions involving the managed assets of the foreign trust. Sweden's law does not make a distinction between business operations of a natural person and business operations of a foreign trust in which the natural person acts as a trustee. The same general accounting rules as for companies apply. Consequently, every transaction pertaining to the managed assets must be documented by underlying documentation including a voucher, contract etc. Trustees who do not act in a professional capacity or conduct business operations are still obliged to keep accounts and underlying documentation under the tax law (Chapter 39 Section 3 Tax Procedure Act).

Tax Law

162. Under Swedish tax law all legal and natural persons are required to keep accounts, notes or other appropriate documentation to ensure that there are supporting documents to assess their tax liability (Chapter 39 Section 3 Tax Procedure Act). Furthermore, all legal persons – including foreign entities with tax liabilities in Sweden and foundations, are obliged to file income tax returns, if their total taxable earning during the fiscal year amounts to at least SEK 200 (EUR 24). This threshold does not apply to family foundations, as they are obliged to file income tax returns, irrespective of reaching any threshold (Chapter 30 Section 4(1) Tax Procedure Act).

163. Under Chapter 9 Section 1 of the Tax Procedure Ordinance, accounts, notes or other appropriate documentation must be kept for seven years after the end of the calendar year to which they pertain.

164. Additionally, some accounting information[33] needs to be attached to the tax return to substantiate the tax position of the taxpayer. Penalties for delay are charged if a party providing a tax return has not done so on time (Chapter 48 Section 1 Tax Procedure Act). A sentence of imprisonment of up to two years or a fine will be imposed for a tax offence on any person who intentionally provides incorrect information to an authority or fails to provide the requested information (Section 10 Tax Offences Act).

Retention period and entities that ceased to exist

165. Companies are required to file their annual reports (and where applicable the auditor's report) with the SCRO (see paragraph 151). This implies that income statement, balance sheet, statement of cash flows and accompanying footnotes will remain at the SCRO indefinitely, if digitally stored. Hardcopies of documents, which have been scanned, might be deleted after ten years, while the digital version remains.

166. Additionally, the STA must keep all information and supporting documentation that has been provided under the Tax Procedure Act for seven years relating to foundations, trusts and partnerships after the end of the calendar year that the information and documentation concern (Chapter 9 Section 1 Tax Procedure Ordinance). Information and documentation related to a company must be kept by the STA for eleven years after the end of the calendar year that the information and documentation concerns (Chapter 20 Section 2 Tax Procedure Ordinance).

33. The term "some accounting information" means that companies must submit information that shows: income and expenses, year-end appropriations, taxes and tax allocations, assets and liabilities, provisions and untaxed reserves, and information on equity. (Chapter 6 section 9-10 Tax Procedure Ordinance).

167. The accounting record retention by the SCRO and the STA, complements the retention obligation of the relevant entities and arrangements (also seven years according to Chapter 7 Section 2 Accounting Act) under accounting and tax law. The document retention rules of companies imposed on the entity itself also apply to partnerships, trusts and foundations. Accordingly, the accounting and tax requirements imposed by Swedish laws ensure that the minimum 5 year retention period as required under the standard for accounting information is complied with.

168. Regarding the availability of accounting records and underlying documentation, in case an entity ceases to exist, the obligation to keep these records is diverse. If a company goes bankrupt, the liquidator is required to keep the accounting records from the bankruptcy estate. During the bankruptcy proceedings, the company remains responsible for retaining the records that predate the bankruptcy. If the company is liquidated by a liquidator (which is always the case for limited companies), the liquidator is responsible for retaining the accounting records. The same applies to partnerships, trusts or foundations, if a liquidator liquidates them. There are no legal requirements, which specify the residency of the liquidator. Hence, in the case a liquidator is a resident of a different jurisdiction, the accounting records will potentially be held outside of Sweden leading to a situation where nobody with possession or control over the underlying documentation will be in Sweden, which may lead to situations where the information cannot be timely provided. This aspect will be further assessed in the Phase 2 review (see Annex 1). Some undertakings (partnerships for instance) may be liquidated without a liquidator. In such cases the natural person that was responsible for the accounting records when the undertaking existed, retains that responsibility over the document retention period.

169. Sweden's legislation does not allow Swedish entities to redomicile to a foreign county, with the exception of European Companies (SEs). Sweden notes that information about former Swedish SEs will be kept in the register at the SCRO, after the SE relocates out of Sweden. Accordingly, all accounting information previously submitted to the SCRO follow the same retention rules as stipulated in paragraph 165. However, after the relocation out of Sweden, it is not clear whether the rules on companies that ceased to exist apply to Swedish SEs with regard to the retention of underlying documentation. This aspect will be further explored in the Phase 2 review (see Annex 1).

A.2.2. Underlying documentation

170. As described in paragraph 149 (for companies and partnerships), in paragraph 158 (for the majority of foundations, excluding family foundations) and in paragraph 161 (for trustees), all business transactions must be entered into accounts in such a manner that it is possible to verify the completeness of

the accounting items and obtain an overview of the development of the operations, financial position, and results of the business. Chapter 5 Section 6 of the Accounting Act explicitly requires that every business transaction should be evidenced by a voucher. The Act describes a "voucher" as the information which documents a business transaction or an adjustment made in the accounts (Chapter 1 Section 2 Accounting Act). The Swedish authorities indicate that such documentation involves keeping originals of documents underlying the transaction or event such as invoices, contracts, correspondence, brokers slips, pay slips, etc. Where applicable, the voucher should also contain information regarding documents or other information that constituted the basis for the transaction and the place at which such are available (Chapter 5 Section 7 Accounting Act).

171. A person (including a partnership, family foundation and trustee) should, to a reasonable extent, by means of accounts, notes or other appropriate documentation ensure that there are supporting documents to assess his/her tax liability (Chapter 39 Section 3 Tax Procedure Act). This requirement is sufficiently broad to cover all underlying documentation as required under the standard. Such information may include among other things information held on cash registers, staff registers, information on retail trade conducted at stalls and markets, transfer pricing information and all other information required for tax assessment (Chapter 39 Section 1 Tax Procedure Act). This documentation must be kept for seven years after the end of the calendar year to which the documentation pertains (Chapter 9 Section 1 Tax Procedure Ordinance).

172. Sweden is also part of the intracommunity EU VAT system, which requires Swedish undertakings to fulfil specific requirements regarding documentary evidence of transactions performed. Among other things, they must keep all documents from which intra-community flows of goods and services can be traced, and, more generally, all invoices.

Oversight and enforcement of requirements to maintain accounting records

173. Firstly, authorised auditors[34] are required to ensure that annual reports of legal persons are correct and reliable. Then, the SCRO checks that companies submit their annual report within the prescribed time and can

34. An authorised auditor must professionally perform auditing activities, be resident in Sweden or in another state within the EEA, neither be bankrupt, have a business ban, have a trustee or be prohibited from providing legal or financial assistance. Furthermore they must have the training and experience needed for auditing activities and have passed the auditing examination at the Swedish Auditing Inspectorate (Revisors-inspektionen). They must also be honest and otherwise suitable for carrying out auditing activities (Section 4 of the Auditor Act).

issue fines for late filing (Chapter 8 Section 6 Annual Accounts Act) or even start proceedings to wind up the company as mentioned in paragraph 151.

174. Next to the power to order a person to provide accounting records, the STA can issue fines as described in paragraph 164, if information is not provided or in case of late filing. STA checks that the information provided to the management for taxation is correct, especially in audits where the STA auditor may review all the company's accounts and thus assess the accounts in their entirety. At the STA audit, accounts can be examined to assess whether information provided in tax returns, etc. are correct. The STA, on the other hand, does not have the task of monitoring that companies comply with the accounting obligation, but indirectly the accounting is checked at the STA audit. According to tax legislation, companies are obliged to have accounts etc. available at the STA audits.

175. The obligations under the Accounting Act are further protected by criminal law. Preventive monitoring (through the police and prosecutors specialising in economic crimes and courts) monitors compliance with companies' obligations by investigating, prosecuting and sentencing companies or their representatives for accounting crimes, tax crimes, etc. The STA has a statutory obligation to make a report to a prosecutor as soon as there is reason to assume that someone has been guilty of e.g. accounting offenses or serious accounting offences.

176. Over the last few years, the SCRO has decided on penalties for late filing for limited companies that have not submitted a complete annual report, and, where applicable, an auditor´s report, in time. The SCRO has also decided on compulsory liquidation of limited liability companies that have not submitted their annual report, and where applicable the auditor's report, within eleven month from the end of the financial year.

Year	Number of liquidated limited companies (due to no annual report)	Number of penalties due to late filing
2018	1 605	32 733
2019	1 602	33 548
2020	1 750	34 159

Availability of accounting information in EOIR practice

177. Initial peer input indicated that accounting information was often requested from Sweden over the last few years and the peer input provided that Sweden's EOI partners were generally satisfied with the quality of the responses. Sweden noted that in approximately 5% of the requests, the requested information was not provided, primarily because of the bankruptcy of the entity (and not respecting the record-keeping obligations) (see

paragraph 286). Implementation of the accounting requirements in practice will be examined in detail in the Phase 2 review.

A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

178. The 2013 Report concluded that banks' record keeping requirements and their implementation in practice in Sweden were adequate and banking information in line with the standard would be available. Identity information on all account-holders and transaction records continue to be made available through AML/CFT obligations and accounting law.

179. Since the 2013 Report, the standard was strengthened in 2016 with an additional requirement of ensuring the availability of beneficial ownership information on all account holders. The AML/CFT Act requires banks to obtain and maintain beneficial ownership information on all account holders. Banks are required to conduct on-going monitoring on their business relationships and must retain these records for a period of at least five years.

180. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Sweden in relation to the availability of banking information.

Practical Implementation of the Standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

A.3.1. Record-keeping requirements

Availability of banking information

181. Swedish banks and Swedish branches of foreign banks are required by the Banking and Financing Business Act (Chapter 10 Section 1) to maintain accounts in accordance with the Accounting Act. Accordingly, the accounting rules described in paragraph 150 apply to banks. Hence, all business transactions must be entered in the accounts in such a manner that they comply with generally accepted accounting principles (Chapter 5 Section 1 Accounting Act). The aforesaid means that it must be possible to verify the completeness of the accounting items and obtain an overview of

the development of the operations, financial position, and results of the business. Every business transaction must be verified by a voucher (Chapter 5 Section 6 Accounting Act). Additionally, banks are subject to obligatory accounting audit (Chapter 10 Section 9 Banking and Financing Business Act). Further, the legislation requires banks to keep separate records in their accounts of transactions made for a client's account (Chapter 2 Section 3 Financial Supervisory Authority Regulation).

182. Banks have to preserve accounting information also in accordance with the Swedish Accounting Act. Chapter 7 Section 2 of the Act stipulates that accounting information must be preserved for seven years. Non-compliance can be sanctioned with fines of up to SEK 50 million (EUR 6 097 million) (Chapter 15 Section 8 Banking and Financing Business Act).

183. The SFSA can in some cases allow accounting information to be destroyed before the expiry of this statutory retention period. This follows from Chapter 7 Section 7 of the Accounting Act. However, accounting information, which fall under the scope of Swedish Act on Certain Financial Relations[35] can only be destroyed at the earliest five years after the end of the calendar year in which the fiscal year ended. The retention periods therefore meet the standard.

184. A bank's system for handling account information on depositors and their deposits must be such that the bank can compile a complete and reliable list of all the bank's depositors and their deposits (in accordance with Chapter 6 Section 3a of the Swedish Banking and Financing Business Act).

185. Banks are also required to maintain verified identity information of their customers as well as information of all records concerning transactional information, in order to comply with Chapter 5 Section 3 of the Swedish AML/CFT Act. The documents and the information must be preserved for five years, if the documents and data relate to measures taken for customer due diligence or transactions. The time must be counted from when the measures or transactions were carried out, or in the cases where a business relationship has been established, when the business relationship ended.

186. The record keeping requirements under the accounting and AML framework are supplemented by tax law requirements, which require banks to maintain both identity information of clients as well as accounting

35. Sections 4 and 5 of the Act on Certain Financial Relations state that certain companies have to make a separate statement regarding financial relations for each fiscal year. The statement has to include a description of the financial and organisational structure of various business activities, the costs and revenues associated with different activities and the methods by which cost and revenues are assigned or allocated to different activities.

information pertaining to payments, which can be relevant for tax purposes (for more details, see paragraphs 162-166 of the 2013 Report).

Beneficial ownership information on account holders

187. The standard was strengthened in 2016 to specifically require that beneficial ownership information be available in respect of all account holders who have accounts with banks in a jurisdiction.

188. As discussed under Section A.1, the AML/CFT Act requires all AML-obliged persons that beneficial ownership information is obtained, verified and maintained. Banks constitute AML-obliged persons (Chapter 1 Section 2 of the AML/CFT Act). Accordingly, they are required to maintain, verify and update beneficial ownership information on the accounts of their clients (Chapter 3 Section 8 of the AML/CFT Act).

189. As described in paragraphs 72-77, banks need to start their investigation on whether the customer[36] has a beneficial owner in the public register of beneficial owners. Next, if the customer is a legal person, a trust or a similar legal arrangement, the investigation must include measures to understand the customer's ownership and control structure. If the customer has a beneficial owner, the obliged person must take further actions to verify the identity of the beneficial owner. The verification needs to be done before the establishment of the business relationship, which applies whatever the AML-risk level of the customers (Chapter 3 Section 9 of the AML/CFT). Section 13 further stipulates that banks must *continuously* and when necessary follow up current business relationships in order to ensure that the knowledge on the customer is up to date. As described in paragraph 75 guidance for the private sector specifies that the on-going follow-up should take place at certain intervals, depending on the customer's risk profile: every year for high-risk clients, every three years for normal risk clients and every five years for low-risk clients. Accordingly, there are guidelines for AML-obliged persons in Sweden on the frequency level of reviewing existing information of beneficial owners in order to ensure that information is up to date. The guidelines further caution that the monitoring aimed at detecting deviating transactions and activities needs to take place continuously in order to be able to detect any deviations and warning signals which might lead to a change of the risk level.

190. If the client is a legal person and it is clear that the legal person does not have a beneficial owner, the person who is the chairman of the board, the

36. This identification process does not apply if the customer is a limited company whose shares are admitted to trading on a regulated market in Sweden or within the EEA or in a corresponding market outside the EEA, or if it is a subsidiary to such company.

managing director or equivalent must be regarded as the beneficial owner. The same applies if the bank has reason to assume that the person identified is not the beneficial owner – which will also result in the notification of such assumption to the registry (paragraph 69).

191. The banks must keep customer due diligence records for five years (Chapter 5 Section 3 of the AML/CFT Act).

192. Banks can also rely on the customer due diligence conducted by a third party, subject to the requirements as described under paragraph 78.

Oversight and enforcement

193. Banks are supervised by the SFSA, which can verify whether banks comply with the record keeping obligations and the customer due diligence measures stipulated under the AML/CFT Act. It can do so via both off-site and on-site inspections (Chapter 7 Section 5 AML/CFT Act).

194. The SFSA can issue an injunction or decide to give the bank an adverse remark. If the breach is serious, the bank's authorisation can be revoked (Chapter 15 Section 1 Banking and Financing Business Act). When an injunction is issued or an adverse remark is given to a bank for a transgression, this can (and usually is) combined with a sanction fine. The minimum size of a sanction is SEK 5 000 (EUR 490) and the maximum sanction should not exceed 10% of the previous year's turnover, two times the profit which the institution realised as a result of the transgression, or an amount corresponding to EUR 5 million, whichever amount is the highest of these options (Chapter 15 Section 8 of the Banking and Financing Business Act).

195. Practical implementation of the enforcement provisions and to enforce the availability of banking information including beneficial ownership information in practice will be examined further in the Phase 2 review.

Availability of banking information in EOIR practice

196. Initial peer input indicated that banking information was often requested from Sweden over the last few years and the peer input provided that Sweden's EOI partners were generally satisfied with the quality of the responses. Implementation in practice will be examined in detail in the Phase 2 review.

Part B: Access to information

197. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

B.1. Competent Authority's ability to obtain and provide information

Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

198. The 2013 Report concluded that the Swedish Tax Agency (STA) had wide access powers to obtain all types of relevant information including ownership, accounting and banking information from any person in order to comply with obligations under Sweden's EOI instruments. These access powers can be used regardless of domestic tax interest as well as in cases where information is requested for ongoing criminal tax investigations.

199. In case of failure on the part of the information holder to provide the requested information, the Competent Authority has adequate powers to compel the production of information. Finally, secrecy provisions contained in Swedish law are compatible with effective exchange of information.

200. The legal framework in respect of the access powers of the Competent Authority has changed since the 2013 Report, as Sweden introduced an additional access power (Chapter 37 Section 11 of the Tax Procedure Act) to supplement the existing ones.

201. The conclusions remain as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Sweden in relation to access powers of the Competent Authority.

Practical Implementation of the Standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

B.1.1. Ownership, identity and banking information

Accessing information generally

202. The Competent Authority for the purposes of exchange of information is the STA. It has broad access powers to obtain all types of relevant information, including ownership, accounting and banking information from a person within Sweden pursuant to a valid EOI request. The 2013 Report concluded that appropriate access powers are in place for EOI purposes.

203. Since the last report, Sweden introduced a new access power solely related to EOI requests, i.e. Chapter 37, Section 11 of the Tax Procedure Act:

> If the Swedish Tax Agency has received a request for information and the agency needs information to be able to fulfil its obligations under the Act (2012:843) on administrative co-operation within the European Union in the field of taxation or under an agreement which entails an obligation to exchange information in tax matters, the following apply:
>
> The Swedish Tax Agency may order
>
> 1. The person or persons with regard to which the requested information pertains to provide the information that the Agency needs, or
>
> 2. A person that is, or can be assumed to be, required to maintain accounting records under the Accounting Act (1999:1078) or that is a legal entity other than an estate of a deceased individual, to provide the information that the Agency needs regarding a transaction with someone else.
>
> If there are special reasons, also another person than referred to in item 2 of the first paragraph may be ordered to provide the information referred to in that item.

204. This provision was added in the context of the Swedish implementation of the EU Council directive 2011/16/EU on administrative cooperation in the field of taxation.[37] In the process of transposition, Chapter 37, Section 11 was drafted and added as a specific provision to the Tax Procedure Act for EOIR cases. It was however decided to not limit the scope of the provision to EOIR cases between Member States of the EU but to cover all EOIR cases.

205. The new Chapter 37 Section 11 provision does not replace the other access powers mentioned in the 2013 Report (paragraphs 185-189) and designed primarily for domestic purposes. Rather, now Chapter 37 Section 11 is applied as a *lex specialis* rule for all EOIR cases. Accordingly, as elaborated on in the 2013 Report, it remains that the STA's access powers for exchange of information purposes derive from the Tax Procedure Act. The STA's statutory powers apply irrespective from whom information is to be obtained or the nature of the information sought. It has broad powers to access all information necessary to respond to a valid EOI request.

206. Additionally, the STA has direct access to the tax administration database and other public sources, such as the company register, beneficial ownership register, as well as the population register (see 2013 Report paragraphs 182-184).

207. The most commonly used information-gathering powers for answering EOI requests are written orders to the information holder. These injunctions include a request to provide documents, or to produce copies of documents and transactional information (as provided under Chapter 37 Section 11 of the Tax Procedure Act). As Chapter 37 Section 11 is used only for EOIR cases, the information holder, who can be the person under tax audit in the requesting jurisdiction, is *de facto* informed of the existence of the EOI request at the origin of the injunction. In a few cases, there have also been on-site audits of the person(s) holding the requested information, in order to collect the necessary information and documentation (as provided under Chapter 41 the Tax Procedure Act). These on-site audits are usually conducted in more complex situations, in which an injunction is considered not apt for providing a full picture of the information requested.

Accessing beneficial ownership information

208. The STA's access powers are used for all types of information, including beneficial ownership information. Next to the fact that Sweden has a public beneficial ownership registry, the STA can request information on

37. EU directives do not have direct effect in the Member States. Instead, they need to be transposed in national legislation contrary to other EOIR instruments that are directly included in the Swedish hierarchy of laws.

the beneficial owners from the legal persons and arrangements themselves (Chapter 2 Section 2 BO Act). The STA can also request non-public information from any person, who carries on business activities in Sweden (including AML-obliged persons based on Chapter 4 Section 9(1) AML/CFT Act) and who is in possession of the relevant information on a taxpayer.

209. The practical implementation of the STA's access powers with regard to beneficial ownership information will be assessed during the Phase 2 review.

Accessing banking information

210. STA's access powers – including the newly introduced Chapter 37, Section 11 of the Tax Procedure Act – do not make a distinction between information held by a bank or by other persons. Hence, the same broad access powers apply. Requests for bank information are part of the routine work of the STA. The only different requirement, in comparison with a request sent to a person other than a bank, is that the order for information must be signed by a person in a management position at the STA. Accessing banking information can either be done by an injunction or by an on-site audit of the bank, depending on the circumstances.

211. Sweden indicated that although an EOI request can be handled more efficiently if full identification details are provided, the name of the taxpayer or of the bank is not mandatorily required. In the case where only a complete bank account number is provided, the Competent Authority will still be able to access and provide the requested information. Similarly, the STA can rely on the Account and Safe deposit box System[38] to receive the information on all the bank accounts held by a specific person in the five past years, as well as the bank accounts on which this person has power of attorney. Therefore, this System enables the STA to identify the relevant bank (if its name or a bank account number are not provided in the EOI request) to which to send an injunction to provide the requested banking information.

38. This is a centralised bank account register that implements Article 32a of EUs Anti-Money Laundering Directive (see Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU). EU Member States are required to put in place centralised automated mechanisms, which allow the identification, in a timely manner, of any natural or legal persons holding or controlling payment accounts and bank accounts identified by IBAN.

B.1.2. Accounting records

212. The STA can order a party that has or may be assumed to have a requirement to maintain accounting records under the Accounting Act, other legal entity or if special grounds[39] exist any other person to supply information about a legal transaction with another party (Chapter 37 Section 9, 10 and 11 of the Swedish Tax Procedure Act).

213. Additionally, the STA has direct access to the tax database, which includes inter alia all tax returns for taxable periods for the last seven years, information on employment income, pensions, interest paid, interest on bank accounts, and capital gains. Accordingly, if a requesting party asks for limited information such as annual tax returns or elements of income, the Competent Authority can directly use the information it already has to provide an answer quickly.

214. The Accounting Act stipulates that accounting information is required to be easily accessible (Chapter 7 Section 2 of the Accounting Act).

215. As described under A.2.1, the general rule is that the accounting information must be stored in Sweden. The accounting information may however be stored abroad temporarily under certain strict conditions as described in paragraphs 154-157. The company, at the request of the STA is required to grant immediate electronic access to the accounting information.

B.1.3. Use of information gathering measures absent domestic tax interest

216. The concept of "domestic tax interest" describes a situation where a contracting party can only provide information to another contracting party if it has an interest in the requested information for its own tax purposes. Section 11 Chapter 37 of the Tax Procedure Act explicitly states that the access powers are linked to the fulfilment of treaty obligations, hence they apply in the absence of a domestic tax interest. The STA's other access powers may also be used for EOI purposes regardless of domestic tax interest as obligations under international treaties represent one of the purposes for which access powers are granted under the Tax Procedure Act of Sweden.

217. Sweden has informed that a majority of incoming EOI requests seek information in which Sweden has no domestic tax interest. There has been no case where the domestic tax interest prevented accessing and providing the requested information. This was also confirmed by peers.

39. Sweden indicated that a special ground could for instance be the case in which the STA, in order to establish if VAT has been reported and paid correctly, wants to follow taxable revenue in a chain of transactions.

B.1.4. Effective enforcement provisions to compel the production of information

218. Sweden has in place effective enforcement provisions to compel the production of information (see 2013 Report paragraphs 194-199). These enforcement powers also apply in case of a failure to comply with a notice sent on the basis of Chapter 37 Section 11 of the Tax Procedure Act. The failure to provide information or answers can be sanctioned administratively, while providing incorrect information can also constitute a crime subject to a fine or imprisonment for up to 6 years depending on the intention of the person and amount of tax concerned (Section 4,5 Tax Offences Act).

219. The STA may issue an order subject to a default fine if there is a reason to assume that the order would otherwise not be complied with (Chapter 44 Section 2 Tax Procedure Act). If the information sought is not provided by the requested person upon notice or tax audit the STA can use the special coercive means, seizure of evidence, as provided for in Chapter 45 of the Tax Procedure Act. Seizure of evidence must be ordered by the Administrative Court (*Förvaltningsrätten*) at the request of the STA. The seizure of evidence must be performed by an appointed and specially trained auditor, Examination Leader (*Granskningsledare*).

220. Penalties for delay are charged if a party who is obliged to provide the requested information fails to do so within the legal time limits. There is no fixed or minimum or maximum amount stipulated in the law. The fine shall be set to achieve the desired effect customised to the issue and who it concerns (e.g. a sole trader will be subject to a different fine than a multinational company).

221. The effectiveness of these enforcement mechanisms will be considered in the Phase 2 review of Sweden covering also the practical aspects of the implementation of its legal framework.

B.1.5. Secrecy provisions

Bank secrecy

222. According to Chapter 1, Section 10 of the Banking and Financing Business Act (2004:297), an individual's relations with a credit institution may not be disclosed, in the absence of authorisation. Since an order for information to a bank by the STA under Chapter 37 Tax Procedure Act constitutes such authorisation, there is no exemption from the obligation to provide information for tax purposes in respect of banks. Bank secrecy has never been an obstacle to EOIR in practice, as confirmed by peers.

Professional secrecy

223. The 2013 Report determined that the secrecy provisions contained in Chapter 47 of the Tax Procedure Act, which contain exemptions to disclosing certain information and documents for tax purposes, were in line with the standard. These provisions have not been changed.

224. Chapter 47 exempts *inter alia* advocates and their counsel to testify concerning matters entrusted to, or found out by, them in their professional capacity unless the examination is authorised by law or is consented to by the person for whose benefit the duty of secrecy is imposed. Information of significant protective interest outweighing interest of tax assessment is also exempt (see 2013 Report paragraphs 201-205).

225. The official interpretation of the scope of legal privilege is contained in the government's explanatory note (proposal 1993:94:151), which specifies that the exemption covers trade or business secrets of a technical nature and information held by categories of legal professionals enumerated above and other professionals acting in their capacity of admitted legal representatives, such as accountants, auditors and tax advisors. Further explanations clarify that the above exemptions should be interpreted as covering only legal advice by a qualified legal advisor but not factual information relevant for the tax assessment in the individual case.

226. Additionally, a document that has the potential of being covered by professional secrecy is always subject to a formal request being submitted by the concerned person to the Administrative Court. The Administrative Court needs to make decision on exempting a document from checks by the STA (Chapter 47 Section 4 of the Tax Procedure Act) before being covered by professional secrecy provisions.

227. The scope of professional privilege allows for effective exchange of information in theory. In practice, the STA has never been confronted with a request, in which these rules were tested.

228. The issue of practical implementation will be further analysed in Phase 2 of the review.

B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

229. There are no issues regarding prior notification requirements or appeal rights in Sweden. The 2013 Report found that the legal and regulatory framework was in place and this remains the case.

230. The conclusions are as follows:

Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Sweden are compatible with effective exchange of information.

Practical Implementation of the Standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

B.2.1. Rights and safeguards should not unduly prevent or delay effective exchange of information

231. The rights and safeguards contained in Sweden's law remain compatible with effective exchange of information. The law does not require notification of the taxpayer subject of the request prior to exchanging the information.

The possibility of notification after the exchange of information

232. Post-exchange notification requirements exist, subject to exceptions if there is a risk that it will undermine the implementation of the foreign authority's investigation or decision in a tax matter or if the notification is unnecessary (for instance because the person is already aware of the investigation). According to Section 9 of the Act concerning Mutual Administrative Assistance in Tax Matters, the STA can notify the person concerned after sending a reply on a request for information from another jurisdiction. In such a case, the party, to whom the information request relates, receives shortly after the exchange takes place a letter that advises him/her/it of the exchanged information, the foreign authority to which the information has been forwarded, the tax period covered, as well as a brief description of the information provided. No notification is sent if the Swedish Competent Authority considers that it is obviously unnecessary or if there is a risk that

it will undermine the implementation of the foreign authority's investigation or decision in a tax matter. In case of doubt, the STA asks the competent authority in requesting jurisdiction for advice.

233. In practice, Sweden noted that post-exchange notifications are rarely sent and none was sent over the last few years.

234. In principle, the purpose of the post-exchange notification is to give the person, who the information concerns, knowledge of what information has been sent to a foreign authority and thereby to give this person the possibility to contradict the information or to request that the Swedish authority corrects the information.

235. When the STA uses its access power under Chapter 37 Section 11 to obtain the relevant information through an injunction, the information holder, who can be the person under tax audit in the requesting jurisdiction, is *de facto* informed of the existence of the foreign EOI request, including the name of the requesting jurisdiction, unless otherwise advised by the requesting competent authority (see paragraph 277). The information holder could also inform the person concerned of the existence of this request. That could be considered as an indirect and informal notification of the taxpayer subject to the enquiry. The probability and the impact in practice of such a notification by the information holder will be analysed during the Phase 2 review (see Annex 1).

Appeal rights

236. Exchange of information as such cannot be appealed. Therefore, the person who is the subject of the exchange of information cannot appeal. On the other hand, the information holder may appeal the injunction. However, such appeal does not have a suspensive effect on the EOIR process and information must be provided irrespectively. In addition, the STA's decision on coercive measures can be appealed to an administrative court within two months from the date on which the person to whom the decision applies received it (Chapter 67, Sections 2 and 12 of the Tax Procedure Act). There are further appeal procedures up until the Supreme Administrative Court (Chapter 67, Section 28 of the Tax Procedure Act).

237. In practice, in only one case the information holder appealed an injunction on the ground that the foreseeable relevance obligation was not met, meaning that the requesting jurisdiction had not exhausted its possible means to obtain the information within their own territory. The court concluded that STA had correctly assessed the foreseeable relevance provisions and that the information holder should submit the requested information.

238. The practical application of the appeal rights will be further considered during the course of the Phase 2 review.

Part C: Exchange of information

239. Sections C.1 to C.5 evaluate the effectiveness of Sweden's network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Sweden's relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Sweden's network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Sweden can provide the information requested in an effective manner.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

240. The 2013 Report concluded that Sweden's network of EOI relationships was in line with the standard and provided for effective exchange of information by ensuring that all requests which meet the foreseeable relevance can be responded to, irrespective of the tax residency of the taxpayer, in both civil and criminal tax matters. The report only pointed out limitations with some EOI agreements and advised that Sweden update its Double Tax Conventions (DTCs) with Botswana, Kenya, Malaysia, Singapore and Trinidad and Tobago to remove restrictions and incorporate wording in line with Articles 26(1), 26(4) and 26(5) of the OECD Model Tax Convention.

241. In the 2013 Report, Sweden already had a considerable network of agreements in place that provided for exchange of information in tax matters. This network covered 126 jurisdictions through 76 DTCs as well as 38 tax information exchange agreements (TIEAs), the Convention on Mutual Administrative Assistance on Tax Matters (the Multilateral Convention) and two regional instruments: the Nordic Administrative Assistance Convention[40] (the Nordic Convention) and the EU Directive 2011/16/EU on Mutual Assistance (the EU Directive). All but 2 DTCs, and 21 out of 38 TIEAs were in force.

40. Next to Sweden, Denmark, Faroe Islands, Finland, Greenland, Iceland and Norway are parties to the Nordic Convention.

242. Since then, Sweden has expanded its EOI relationships as its EOI network now includes 154 jurisdictions. It has 78 DTCs[41] as well as 42 TIEAS, the Multilateral Convention, the Nordic Convention and the EU Directive in place. All DTCs are in force except one protocol to the DTC with Brazil, which was ratified by Sweden. Additionally, 40 out of 42 TIEAs are in force.[42]

243. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms of Sweden.

Practical Implementation of the Standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

Other forms of exchange of information

244. Apart from EOIR, Sweden engages in spontaneous and automatic exchange of information with all EU Member States and with other jurisdictions. Sweden has automatically exchanged financial account information since 2017 with all of the Global Forum members that have signed the Common Reporting Standard (CRS) Multilateral Competent Authority Agreement (MCAA), where they have brought the CRS into force in their domestic legislation. Sweden also has AEOI with the United States under the Sweden/United States FATCA Inter Governmental Agreement since 2015. Sweden also exchanges Country-by-Country Reports in line with BEPS Action 13 and spontaneously exchanges information on rulings in accordance with the BEPS Action 5 Report.

C.1.1. Standard of foreseeable relevance

245. The 2013 Report found that Sweden's DTCs usually use the term "as necessary" or "as relevant" as an alternative term to foreseeable relevance, but that Sweden and its partners interpret the terms as fully equivalent to "foreseeably relevant". The position remains the same. In addition, all of Sweden's TIEAs follow the 2002 Model Agreement on Exchange of

41. The DTCs with Portugal and Greece are included in this number. However, both have been terminated, effective as of 1 January 2022.
42. The TIEAs with Guatemala and Niue are not in force, but have been ratified by Sweden. However, both jurisdictions are party to the Multilateral Convention.

Information on Tax Matters and are hence compliant with the foreseeably relevant standard. The 2013 Report concluded that the text of Article 4 of the Nordic Convention diverts from the foreseeable relevant term, but in practice, the Convention allows for exchange of foreseeably relevant information.

246. Since 2013, a number of Sweden's bilateral partners have become party to the Multilateral Convention and Sweden has signed and/or ratified new DTCs or protocols with Armenia, Azerbaijan, Barbados, Botswana, Brazil, Georgia, Jamaica, Japan, Mauritius, Nigeria, Portugal,[43] the Russian federation, Saudi Arabia and the United Kingdom that provide for EOI in line with the foreseeable relevance standard. Sweden has also signed and/or ratified TIEAs with 20 more jurisdictions[44] since 2013, which provide for EOI in line with the foreseeable relevance standard with these jurisdictions.

247. All the EOI relationships of Sweden allow for exchange of information for the application of the domestic laws on relevant taxes.[45]

Clarification and foreseeable relevance

248. When a jurisdiction requests information from Sweden, the basic premise is that the STA assumes that the foreseeable relevance requirement has been fulfilled. The STA only refuses to provide information if it believes it is obvious that the requested information is entirely irrelevant to the other country's taxation. In such a case, the STA requests supplementary information from the requesting jurisdiction before declining answering the request.

249. Sweden indicated that it had denied 3 requests after having sought clarifications from the requesting jurisdiction in 17 cases over the last few years on the basis of not meeting the standard of foreseeable relevance. Practical application of the standard of foreseeable relevance in Sweden's exchange of information practice will be considered in the Phase 2 review.

43. The DTC with Portugal has been terminated effective as of January 2022. Accordingly, the new Protocol with Portugal will not be ratified.
44. Antigua and Barbuda, Bahrain, Belize, Brunei, Cook Islands, Costa Rica, Dominica, Grenada, Hong Kong (China), Macao (China), Marshall Islands, Montserrat, Niue, Panama, Qatar, Seychelles, Saint Lucia, United Arab Emirates, Uruguay, Vanuatu.
45. While the DTC with Germany restricts exchange to information relevant to the application of the DTC, the EOI relationship meets the standard as EOI is possible also under the Multilateral Convention and the EU Mutual Assistance Directive that meet the standard.

Group requests

250. None of Sweden's EOI instruments impedes making or receiving group requests. The basic process and procedures for responding to group requests follows those applicable to ordinary, non-group requests. Hence, there seems to be no specific guidance in respect of how officials are to handle group requests and how foreseeable relevance in respect of such requests is to be examined. Sweden noted that there are instructions and templates available, which were not provided and hence not subject to this review. However, the STA has received two group requests and the Competent Authority did not encounter any difficulties to order the information holder to submit the requested information. The procedures Sweden follows in practice in respect of a group request will be examined further during the Phase 2 review (see Annex 1).

C.1.2. Provide for exchange of information in respect of all persons

251. All of Sweden's EOI relationships allow for EOI with respect to all persons. The Swedish authorities indicate that they would answer EOI requests even where they do not relate to a resident of Sweden or the requesting party, as long as they are satisfied with the foreseeable relevance of the information. They could not remember a specific case that would have happened in recent years.

C.1.3. Obligation to exchange all types of information

252. The 2013 Report did not identify any issues with Sweden's network of agreements in terms of ensuring that all types of information could be exchanged.

253. The Report, however, noted that some of Sweden's treaty partners such as Botswana and Malaysia may have had some restrictions to access bank information at that time. The treaty with Kenya included restrictive wording to limit information to such information, "which such authorities have at their disposal". Consequently, Sweden was encouraged to renegotiate its old DTCs to incorporate the wording in line with Article 26 (1) and (5) of the OECD Model Tax Convention, especially the treaties with Botswana, Kenya and Malaysia. This recommendation has been partially addressed, as Botswana, Kenya and Malaysia, as many treaty partners, became party to the Multilateral Convention. However, 11 old treaties exist,[46] which are

46. Bangladesh, Belarus, Egypt, Gambia, Chinese Taipei, Tanzania, Trinidad and Tobago, Venezuela, Viet Nam, Zambia, Zimbabwe. Sweden noted that no negotiations are planned in relation to these treaties.

not supplemented by a multilateral or regional mechanism in line with the standard. Therefore, the recommendation continues to apply (see Annex 1).

C.1.4. Absence of domestic tax interest

254. The 2013 Report invited Sweden to update its treaties which did not contain Article 26(4) of the OECD Model Tax Convention, in particular the treaties with Singapore and Trinidad and Tobago due to the domestic restrictions in these jurisdictions at that time, to ensure that their EOI relationship was in line with the standard. This recommendation has been partially addressed, as Singapore became party to the Multilateral Convention and many treaty partners became party to the Multilateral Convention. There has been no changes to the DTC with Trinidad and Tobago and the other old treaties as mentioned in para 253, which are not supplemented by a multilateral or regional mechanism in line with the standard. Therefore, the recommendation to update these old treaties continues to apply (see Annex 1).

C.1.5. and C.1.6 Civil and criminal tax matters

255. Sweden's network of agreements provide for exchange in both civil and criminal matters (with no dual criminality restriction). A similar EOI procedure is applied regardless of whether the information is requested for civil or criminal tax purposes.

C.1.7. Provide information in specific form requested

256. There are no restrictions in Sweden's EOI instruments that would prevent Sweden from providing information in a specific form, as long as this is consistent with Sweden's domestic law and its administrative practices, which excludes, for instance, the gathering of information by holding an interview with the taxpayer. Sweden indicates that it has not received a request to provide information in any particular form over the last few years.

C.1.8 and C.1.9 Signed agreements should be in force and be given effect through domestic law

257. The 2013 Report noted that all agreements signed by Sweden were in force with the exception of two DTCs,[47] two Protocols to DTCs[48] and 17 TIEAs.[49]All these instruments but one TIEA[50] are in force now.

258. Sweden has brought all its EOI agreements into force expeditiously. The Swedish authorities have indicated that the ratification of treaties in Sweden usually takes less than 12 months. The average time between signature and entry into force is under 18 months.

EOI mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	154
In force	146
In line with the standard	135
Not in line with the standard	11*
Signed but not in force	8**
In line with the standard	8
Not in line with the standard	0
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	11
In force	11
In line with the standard	0
Not in line with the standard	11 (Bangladesh, Belarus, Egypt, Gambia, Chinese Taipei, Tanzania, Trinidad and Tobago, Venezuela, Viet Nam, Zambia, Zimbabwe)
Signed but not in force	0

* Bangladesh, Belarus, Egypt, Gambia, Chinese Taipei, Tanzania, Trinidad and Tobago, Venezuela, Viet Nam, Zambia, Zimbabwe.

** Multilateral Convention: Benin; Burkina Faso; Gabon; Mauritania; Papua New Guinea; Philippines; Rwanda; Togo.

47. DTC with Mauritius and Nigeria.
48. Protocol with Barbados and Jamaica.
49. TIEAs with Antigua and Barbuda; Bahrain; Belize; Brunei; Cook Islands; Costa Rica; Dominica; Grenada; Guatemala; Macao (China); Marshall Islands; Montserrat; Panama; Seychelles; Saint Lucia; Uruguay; Vanuatu.
50. TIEA with Guatemala, which was ratified by Sweden.

259. Sweden has entered into 34 bilateral agreements since the 2013 Report and 31 of these agreements have entered into force. Only the protocol with Brazil and the TIEA with Niue, both ratified by Sweden, have not entered into force yet and the protocol with Portugal will not be ratified as the DTC has been terminated from 1 January 2022 (refer to Annex 2).

260. For information exchange to be effective, the parties to an EOI arrangement must enact any legislation necessary to comply with the terms of the arrangement. Sweden has in place the legal and regulatory framework to give effect to its EOI mechanisms. All signed EOI agreements must be approved by the Riksdag, notified by the Government ordinance and incorporated into domestic law to be given force. There has been no change to the domestic ratification process.

C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

261. The 2013 Report found that Element C.2 was in place and rated as Compliant. Sweden was recommended to continue to develop its EOI network with all relevant partners, and has implemented the recommendation.

262. Since the 2013 Report, Sweden has signed and ratified 14 new DTCs or protocols and 20 TIEAs (see paragraphs 246). All these 34 bilateral agreements are ratified by Sweden and only two are not in force yet (see paragraphs 247).

263. No Global Forum members indicated, in the preparation of this report, that Sweden refused to negotiate or sign an EOI instrument with it. As the standard ultimately requires that jurisdictions establish an EOI relationship up to the standard with all partners who are interested in entering into such a relationship Sweden should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

264. The conclusions are as follows:

Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Sweden covers all relevant partners.

Practical Implementation of the Standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

265. The 2013 Report concluded that the applicable treaty provisions and statutory rules that apply to officials with access to treaty information and the practice in Sweden regarding confidentiality were in accordance with the standard.

266. All the new EOI mechanisms entered into by Sweden subsequent to the 2013 Report are also in line with the international standard on confidentiality.

267. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of Sweden concerning confidentiality.

Practical Implementation of the Standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.3.1. Information received: disclosure, use and safeguards

268. The 2013 Report concluded that adequate provisions in Sweden's exchange of information mechanisms ensure confidentiality of the information received (see paragraphs 257-262 of the 2013 Report). Furthermore, all of Sweden's EOI instruments include a provision substantially similar to Article 26(2) of the OECD Model Tax Convention or Article 8 of the OECD Model TIEA. This provision requires Sweden to keep all information exchanged confidential and limits the disclosure and use of information received.

269. The provisions in the international agreements are complemented by domestic legislation, which provides for all information related to taxation to be kept secret (Chapter 27 of the Act on Public Access to Information and Secrecy). In the public interest, exceptions to secrecy can be made and information may be transmitted to other authorities. However, these exceptions cannot be applied if they would be in breach of an international agreement. This is stipulated in Section 24 of the Act concerning Mutual Assistance in Tax Matters, which precludes information from being used for other purposes than the ones laid down by the international agreement. Accordingly, Sweden's multilateral and bilateral agreements as well as its domestic laws,

sufficiently safeguard the secrecy of information received from another jurisdiction and limits the disclosure of such information by officials.

270. The Terms of Reference as amended in 2016 clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides for the authority supplying the information to authorise the use of information for purposes other than tax purposes and where tax information may be used for other purposes in accordance with their respective laws. In line with the standard, Sweden will use the information only for tax purposes, unless otherwise agreed between Sweden and its EOI partner.

271. Under its domestic law, Sweden can apply sanctions and penalties to officials that are involved in cases of unauthorised disclosure of or unauthorised access to confidential information. The STA has important measures and procedures in place to identify and mitigate risks for disclosure of confidential information and also ensures these procedures are equally extended to information exchanged with its international partners. While STA cannot itself impose criminal penalties, operating within the STA a Disciplinary Offences Board has the authority to review misconducts and neglect of duty, including breach of confidentiality. The Board is obliged to either report to the police suspicions for prosecution or in certain cases take disciplinary actions within their competence. Applicable disciplinary actions are written warning or deduction from pay. Ultimately, employment may be terminated as a result of misconducts.

272. As to actual criminal proceedings, the STA is obliged to report real or suspected unauthorised access to or unauthorised disclosure of confidential information to the police. Sanctions under Swedish criminal law in case of breach of tax confidentiality can be found in Chapter 20 Section 3 of the Swedish Penal Code. It is criminalised to disclose confidential information or unlawfully use such information. For breach of professional confidentiality a fine or imprisonment for up to one year may be applied. Both government employees and contractors could be prosecuted under this section.

273. Sweden's internal policies and standard operating procedures are laid down the STA's Integrated Security Management System (STA ISMS). It includes clear regulations on all areas of security (including access controls, system security, data security (including the protection of paper documents), human resource and operational security) and ensures that all systems and humans interacting with confidential information have adequate security measures in place. The STA ISMS also includes procedures to guide officers to ensure confidentiality in handling EOI matters. All treaty-exchanged information received from foreign Competent Authorities is kept separate from other tax files, and access is restricted to authorised officials only. A "treaty stamp" is put on all documents sent to investigators.

274. The STA has a routine to have all employees and contractors sign an oath of secrecy, which includes a reminder of the (legal) obligation of professional secrecy. Former employees of the STA remain bound by the professional secrecy obligations regarding the information they accessed during their position at the STA. This obligation derives from the *travaux préparatoires*, which states that a person who in his/her activities with an authority has been given access to classified information has a duty of confidentiality even after he/she has left his/her position or assignment. The *travaux préparatoires* informs and needs to be read in conjunction with the relevant confidentiality provisions.

275. The STA has also established regular training courses for both employees and contractors. The courses on information security (one online course and one "face-to-face" course) are targeted to new employees/contractors but may be followed by more experienced staff also. These courses include guidance on the use/confidentiality of information exchanged on the basis of an EOI instrument. In addition, the STA provides on-the-job training by an experienced employee to mentor new employees or contractors on Information Security requirements. It is the responsibility of the manager to ensure that employees and contractors follow appropriate training.

276. The STA has established policies to ensure proper actions are taken when an employee separates from service to ensure security is maintained. All authorisations, both for access to systems as well as for access to premises, are revoked when employment or a commission is terminated.

C.3.2. Confidentiality of other information

277. Sweden has stated that for gathering information from information holders, the notices that are sent out carry general information, such as the legal ground for the order to the information holder, including that the request is initiated by a foreign jurisdiction's request for information. In cases where the requesting jurisdiction has not advised otherwise, the name of the requesting jurisdiction is included by default. However, disclosing to the third party information holder the foreign tax authority which has made the relevant information request, may not always be necessary for gathering the requested information under domestic law. Although Sweden provides the requesting jurisdiction with the option to not be mentioned in the notice, the burden of ensuring confidentiality should not be placed on the requesting jurisdiction. As Sweden should generally not disclose to third parties information that is not needed to obtain the information requested under its domestic law, the Phase 2 review will analyse this practice in light of the rights and safeguards generally secured to persons by the laws or administrative practices in Sweden while ensuring that the information holders are not unnecessarily supplied with confidential information (see Annex 1).

C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

278. The 2013 Report concluded that Sweden's legal framework and practices concerning rights and safeguards of taxpayers and third parties are in line with the standard. There has been no change in this area reported since then.

279. All of Sweden's EOI relations allow for an exception to the obligation to provide the requested information similar to the exemption in Article 26(3) of the OECD Model Tax Convention. As discussed in section B.1.5, the scope of protection of information covered by this exception in Sweden's domestic law is consistent with the standard. Sweden's EOI instruments are fully in line with Article 26 of the model convention and Article 7 of the model TIEA. Additionally, Section 6 of the Act concerning Mutual Assistance in Tax Matters reproduces the language of Article 26(3) of the OECD Model Tax Convention and Article 7(3) of the Model Agreement thus incorporating such rights and safeguards into domestic law. This provision will therefore always apply unless otherwise provided in the respective treaty. Accordingly, these exchange of information mechanisms ensure that no information is exchanged that is to be protected as a trade, industrial, or commercial secret or which is subject to attorney client privilege or which would be contrary to public policy.

280. From the initial input provided by peers, there do not seem to have been any instances where the rights and safeguards of the taxpayers were not preserved by Sweden.

281. The conclusion remains as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the information exchange mechanisms of Sweden in respect of the rights and safeguards of taxpayers and third parties.

Practical Implementation of the Standard: The assessment team is not in a position to evaluate whether this element is in place, as it involves issues of practice that are dealt with in the Phase 2 review.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

282. The 2013 Report concluded that Sweden has appropriate organisational processes and resources in place to ensure quality of requests. However, although Sweden was in the position to answer incoming requests within 90 days in 80% of cases, when this deadline cannot be met, the Swedish Competent Authority did not send a status update to the requesting jurisdiction. Accordingly, Sweden received the recommendation to ensure that the requesting authority is updated on the status of the request in these few cases.

283. The implementation of this aspect of the standard is primarily based on practice and will be assessed in the Phase 2 of the review with a new review period.

Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

Practical Implementation of the Standard: The assessment team is not in a position to evaluate whether this element is in place, as it involves issues of practice that are dealt with in the Phase 2 review.

The Phase 2 recommendations issued in the 2013 Report are reproduced below for the reader's information.

Deficiencies identified/ Underlying factor	Recommendations
Although Sweden is in position to answer incoming requests within 90 days in 80% of the cases, when this deadline cannot be met, the Swedish Competent Authority does not send a status update to the requesting jurisdiction.	Sweden should ensure that the requesting authority is updated on the status of the request in the few cases where it is not in position to meet the 90 day deadline.

C.5.1. Timeliness of responses to requests for information

284. The procedure for exchange of information set forth in Swedish laws and regulations permit the competent authority to gather and exchange information in a proper timeframe. In particular, no provision would prevent

the Swedish authorities from responding to EOI requests within 90 days of receipt of the request, or at least providing a progress report to the requesting jurisdiction.

285. In the years 2018-20, Sweden received 352 requests for information mostly involving ownership, accounting and banking information in relation to individuals and various types of entities. Its main partners were other Nordic countries.

286. Sweden has indicated that it was able to provide the requested information within 180 days in about 85% of the requests. Requests were answered within one year in about 95% of cases. In approximately 5% of the requests, the requested information was not provided, primarily because of the bankruptcy of the entity (and not respecting the record-keeping obligations). A superficial comparison with the 2013 Review shows a decline in timeliness of providing answers. Sweden noted that globally the EOI requests gained in complexity over time, with less cases of a "simpler" nature, where the requested information was for instance income information, taxes paid, address request. These latter questions could be answered directly by the competent authority through already available information in the tax systems.

287. Requests that are not fulfilled within 180 days usually represent more complex requests and require a detailed investigation which needs to be carried out by local offices of the tax administration or which need collecting information from multiple information holders or for a long period. Sweden also indicated that it had faced difficulties in providing information when requests concerned companies in bankruptcy or liquidation.

288. The initial peer input for Sweden is overall satisfied with Sweden's timeliness and communication with the Competent Authority.

289. An analysis of the practice of Sweden in terms of responding to information requests in a timely manner, including when information relates to companies in bankruptcy or liquidation, will be carried out during the Phase 2 review.

Status updates and communication with partners

290. Based on initial information of the last few years, status updates were sent irregularly in cases where the reply was not provided within 90 days. The Swedish Competent Authority sent a status update to the requesting jurisdiction in 60% of these cases. This irregularity in the sending of status updates was also confirmed by some of Sweden's counterparts in their initial peer input. However, previously in the 2013 Report, status updates were not sent in the majority of cases. Hence, there has been an improvement in the practice of Sweden. Additionally, in the recent years, the STA has taken measures and introduced the routine to automatically send out status updates

every 6 weeks to improve the provision of status updates within 90 days. The practical application of these new measures of automatically sending out status updates to ensure that the communication with the partners are carried out as required under the standard will be further explored during Phase 2 (see Annex 1).

C.5.2. Organisational processes and resources

Organisation of the Competent Authority

291. The STA is the competent authority of Sweden. The STA has two designated functions to exchange information: a central liaison office (CLO), at the Large and International Business Department in the Unit for International Co-operation and two designated liaison departments for direct taxes and VAT (one in Malmö and one in Stockholm). The two liaison departments are led by two heads of section and the overall strategic work is led by the Head of CLO and the Deputy.

292. The whole competent authority (i.e. CLO and the designated EOI teams) have access to all existing information in the tax administration system (the taxation database). If the information needed is not in the database the request is sent to an appointed contact person in the department where the taxpayer is registered. There are a number of contact persons in each of the departments. These contact persons either deal with the request themselves or forward it to a local officer in order to obtain the information from the taxpayer or from third parties in possession of the information.

293. The officers in the EOI teams are all assigned as Competent Authority with competence to exchange information with all relevant partners under all exchange mechanisms. Their name and contact details are published on the secure site of Global Forum competent authorities. For some jurisdictions, which requires more experience, senior officers are responsible for update/support of other colleagues on complicated issues/news.

294. The EOI team consists of 28 officials, all with higher education and foreign language skills for professional purposes. The team is divided into 6 people responsible for VAT matters, 2 people for Multilateral Co-operation, 16 people for direct tax matters and 4 Heads (consisting of 2 head of sections and the Head of CLO together with the Deputy). The team increased gradually during the last seven years, due to the increase in use of EOI relationships and the growing awareness of the usefulness of EOI. The current financial and personal resources cover the need to deal with the normal operational expenses incurred and the execution of exchange of information processes. However, it is expected that in the near future these resources will increase further.

295. Every incoming case is recorded in the STA register (DiaRätt, from 1 January 2019 called Diana), where a reference number is obtained and the case is categorised. Any action taken in the case is noted in DiaRätt/Diana e.g. when a request is sent to a region, answer is received from the region and answer sent to the requesting country including any correspondence or notes relevant for the case. When a final reply to a request for information is sent or received, the case is closed in DiaRätt/Diana. The access to information related to EOIR in DiaRätt/Diana is restricted to CA officers only.

296. To enable enhanced searches for information, a more detailed electronic case management database provides more specific information for the exchange of information – formally known as the CLO Support database – which in January 2018 was replaced with intranet based collaborative platform, Sharepoint (now called DLO platform), with limited access only for the EOI team. DLO platform is used to produce statistics, monitor ongoing cases and to develop risk analysis. It contains for instance:

- legal ground for the exchange of information
- status of the case – ongoing/closed
- responsible persons in the STA/Contact person in the other jurisdiction
- information regarding the case, such as concerned jurisdiction including their reference number
- numbers and types of taxpayers concerned
- type of information requested and outcome
- if clarifications were required
- if a request was denied including reasons
- if additional information was requested
- if request to use information for other purposes was received/sent
- outcome of the case, if applicable
- timetables – when requests/replies/confirmations/clarifications/status updates and feedback are received/sent to jurisdictions/STA contact persons

297. Staff education is primarily based on "on-the-job" training adapted to the specific needs of the person concerned. New employees are selected on the basis of their knowledge and their language skills. Each new employee is given a mentor to assist him/her with his/her professional development. The employees who work in the Competent Authority have normally previously held other positions within the STA. The EOI teams also hold regular meetings between their staff to exchange work experiences. There are also internal Checklists and supporting documents, which ensure that legal and

procedural obligations are clear and known. Four officers of the STA have also conducted the PRG assessor training.

Incoming requests

298. The Competent Authority receives requests for information in various ways, e.g. via the secure dedicated EU channel of communication (EU CCN mail), encrypted email to generic email address, regular post or courier service. To secure safe receipt, two officers within the team are responsible for checking the different sources on a daily basis. The officer makes sure that it is possible to open the documents if encrypted, that all required attachments are enclosed, and whether the matter is urgent. The officer also allocates a specific case number to the request. The request is then forwarded to the DLO platform as a new case.

299. The request is allocated to one responsible EOI officer who does a foreseeable relevance check, verifies that the person sending the request is authorised (through the GF Competent Authority Website), that the EOI mechanism used is relevant and that the requested information is covered. They also check that the information provided from the sending jurisdiction is sufficient to identify the information holder and that requested information is relevant and understandable. An overall assessment whether the request meets the provisions of not being speculative and/or disproportionate is conducted. This first check should be done within three days and an acknowledgment is sent to the requesting jurisdiction.

300. In situations where the information submitted is insufficient or if the foreseeable relevance requirements are not met, a request for clarification is sent to the requesting jurisdiction, specifying further information needed for proceeding with the case.

Verification of the information gathered

301. The responsible EOI officer checks that all information requested is included and compiles the response, including attachments when appropriate. In cases where attached documents are in Swedish, key words are translated for an effective exchange. The information is then sent to the requesting jurisdiction.

302. In cases where not all information has been obtainable at the same time or if the information from the information holder is incomplete/incorrect, a partial reply is often sent, with a description of the status of the case and an estimated time frame. The missing information is then obtained from the information holder and a final reply is distributed.

Outgoing requests

303. Sweden sent 1 021 EOI requests over 2018-20 and received 27 requests for clarification. Peers in initial peer input have not raised any concerns on the quality of Sweden's requests.

304. The Swedish Competent Authority has collected and organised useful information regarding international standards for exchange of information in an Intranet collaborative platform, accessible for all STA tax officers. Among other information, the platform includes a form/checklist and a manual explaining the requirements that need to be included in a request for information.

305. A network of appointed contact persons with experience from cross-border investigations are listed in the platform. A tax officer who wishes to send a request for information should contact a contact person to discuss the case, who does a first quality check, before sending it to the Competent Authority's EOI platform.

306. The Competent Authority checks that the form/checklist includes all relevant information and then drafts a request compliant with international standard requirements in the appropriate form/template/document (depends on bilateral agreed working method with receiving jurisdiction). If relevant, the contact person/tax officer are requested to clarify, complete or adjust the draft request.

307. After validation the request is transmitted by the Competent Authority to the requested jurisdiction according to the agreed working method. In complicated cases or if it is considered useful, the STA competent authority contacts the receiving jurisdiction before sending a formal request, in some cases a draft request is sent and discussed before the formal request. This is considered an effective and helpful work tool to ensure the best possible outcome of the exchange of information.

308. Various means of transmission are used depending on the receiving jurisdiction's requirements. The most common means are CCN-mail (within EU), encrypted email, regular post and in a few cases courier post. If needed to clarify or discuss requests telephone conferences are used.

309. An analysis of the organisational process and resources implemented by Sweden in practice will be carried out during the Phase 2 review.

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI

310. There are no factors or issues identified under this element that could unreasonably, disproportionately or unduly restrict effective EOI in Sweden.

Annex 1: List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Elements C.1.3 and C.1.4**: Sweden should update its old treaties,[51] which do not contain paragraph 4 and paragraph 5 of article 26 of the OECD Model Tax Convention, in particular the treaty with Trinidad and Tobago (Paragraphs 253 and 254).
- **Element C.2**: Sweden should continue to conclude EOI agreements with any new relevant partner who would so require (Paragraph 263).

Moreover, the Global Forum may identify some aspects of the legal and regulatory framework to follow-up in the Phase 2 review. A non-exhaustive list of such aspects is reproduced below for convenience:

- **Element A.1.1**: Whether the focus on voting rights in the definition of beneficial ownership leads to the identification of fewer beneficial owners (Paragraph 54).
- **Element A.1.1**: The practical implementation of the procedures for updating of beneficial ownership information (Paragraph 65).
- **Element A.1.3**: it is unclear, whether foreign partnerships without legal personality will fall under the BO reporting obligations included in the BO Act. Hence, their beneficial ownership information could potentially be only available if they engage with an AML-obliged person. The significance of the potential gap will be further explored (Paragraph 101).

51. Bangladesh, Belarus, Egypt, Gambia, Chinese Taipei, Tanzania, Trinidad and Tobago, Venezuela, Viet Nam, Zambia, Zimbabwe.

- **Element A.1.4**: The wording in the legislation for identifying the parties to a trust as beneficial owners could be sufficiently broad to also cover the natural person, who controls a legal person or arrangement being party to a trust and hence ultimately controls the trust. However, whether in practice this wording facilitates the application of the look-through approach in case parties to the trust are legal persons or arrangements will be further explored during the Phase 2 review (Paragraph 115).
- **Element A.2.1**: In the case a liquidator is a resident of a different jurisdiction, the accounting records will potentially be held outside of Sweden leading to a situation where nobody with possession or control over the underlying documentation will be in Sweden, which may lead to situations where the information cannot be timely provided. This aspect will be further assessed in the Phase 2 review (Paragraph 168).
- **Element A.2.1**: After the relocation out of Sweden, it is not clear whether the rules on companies that ceased to exist apply to Swedish SEs with regard to the retention of underlying documentation (Paragraph 169).
- **Element B.2**: The probability and the impact in practice of an indirect and informal notification of the taxpayer subject to the enquiry by the information holder about the existence of a foreign EOI request (Paragraph 235).
- **Element C.1.1**: The procedures that Sweden follows in practice in respect of a group request (Paragraph 250).
- **Element C.3.2**: In cases where the requesting jurisdiction has not advised otherwise, the name of the requesting jurisdiction is included by default in the information notice. As Sweden should generally not disclose to third parties information that is not needed to obtain the information requested under its domestic law, the Phase 2 review will analyse this practice in light of the rights and safeguards generally secured to persons by the laws or administrative practices in Sweden while ensuring that the information holders are not unnecessarily supplied with confidential information (Paragraph 277).
- **Element C.5.1**: The practical application of the new measures of automatically sending out status updates to ensure that the communication with the partners are carried out as required under the standard (Paragraph 290).

Annex 2: List of Sweden's EOI mechanisms

Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1	Albania	DTC	26.03.1998	09.02.1999
2	Andorra	TIEA	24.02.2010	01.04.2011
3	Anguilla	TIEA	14.12.2009	01.06.2011
4	Antigua and Barbuda	TIEA	19.05.2010	01.06.2013
5	Argentina	DTC	31.05.1995	05.06.1997
6	Armenia	DTC	09.02.2015	29.01.2017
7	Aruba	TIEA	10.09.2009	01.07.2011
8	Australia	DTC	14.01.1981	04.09.1981
9	Austria	DTC	14.10.1959	29.12.1959
		Protocol	17.12.2009	16.06.2010
10	Azerbaijan	DTC	10.02.2016	22.12.2016
11	Bahamas	TIEA	10.03.2010	31.12.2010
12	Bahrain	TIEA	14.10.2011	01.05.2014
13	Bangladesh	DTC	03.05.1982	19.08.1983
14	Barbados	DTC	01.07.1991	29.12.1991
		Protocol	03.11.2011	31.12.2012
15	Belarus	DTC	10.03.1994	28.12.1994
16	Belgium	DTC	05.02.1991	24.02.1993
17	Belize	TIEA	15.09.2010	01.12.2014
18	Bermuda	TIEA	16.04.2009	31.12.2009
19	Bosnia and Herzegovina	DTC	18.06.1980	01.01.1982
20	Botswana	DTC	19.10.1982	18.12.1992
		Protocol	20.02.2013	01.12.2015

	EOI partner	Type of agreement	Signature	Entry into force
21	Brazil	DTC	25.04.1975	29.12.1975
		Protocol	19.03.2019	Not in force/ ratified by Sweden
22	British Virgin Islands	TIEA	18.05.2009	31.05.2010
23	Brunei Darussalam	TIEA	06.07.2012	01.01.2017
24	Bulgaria	DTC	21.06.1988	28.12.1988
25	Canada	DTC	27.08.1996	23.12.1997
26	Cayman Islands	TIEA	01.04.2009	31.12.2009
27	Chile	DTC	04.06.2004	30.12.2005
28	China (People's Republic of)	DTC	16.05.1986	03.01.1987
29	Cook Islands	TIEA	16.12.2009	01.11.2011
30	Costa Rica	TIEA	29.06.2011	31.12.2015
31	Croatia	DTC	18.06.1980	16.12.1981
32	Curacao	TIEA	10.09.2009	01.01.2012
33	Cyprus[52]	DTC	25.10.1988	13.11.1989
34	Czech Republic	DTC	16.02.1979	08.10.1980
35	Dominica	TIEA	19.05.2010	01.08.2017
36	Egypt	DTC	26.12.1994	16.03.1996
37	Estonia	DTC	05.04.1993	30.12.1993
38	France	DTC	27.11.1990	01.04.1992
39	Gambia	DTC	08.12.1993	30.11.1994
40	Georgia	DTC	06.11.2013	26.07.2014
41	Germany	DTC	14.07.1992	30.10.1994

52. Note by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

	EOI partner	Type of agreement	Signature	Entry into force
42	Gibraltar	TIEA	16.12.2009	01.08.2010
43	Greece	DTC	06.10.1961	20.08.1963 but terminated as of 01.01.2022
44	Grenada	TIEA	19.05.2010	31.12.2015
45	Guatemala	TIEA	27.06.2012	Not in force/ ratified by Sweden
46	Guernsey	TIEA	28.10.2008	23.12.2009
47	Hong Kong (China)	TIEA	22.08.2014	01.04.2016
48	Hungary	DTC	12.10.1981	15.08.1982
49	India	DTC	24.06.1997	25.12.1997
50	Indonesia	DTC	28.02.1989	27.09.1989
51	Ireland	DTC	08.10.1986	05.04.1988
52	Isle of Man	TIEA	30.10.2007	27.12.2008
53	Israel	DTC	22.12.1959	03.06.1960
54	Italy	DTC	06.03.1980	05.07.1983
55	Jamaica	DTC	13.03.1985	07.04.1986
		Protocol	04.12.2012	01.12.2013
56	Japan	DTC	21.01.1983	18.09.1983
		Protocol	05.12.2013	12.10.2014
57	Jersey	TIEA	28.10.2008	23.12.2009
58	Kazakhstan	DTC	19.03.1997	02.10.1998
59	Kenya	DTC	28.06.1973	28.12.1973
60	Korea	DTC	27.05.1981	09.09.1982
61	Latvia	DTC	05.04.1993	30.12.1993
62	Liberia	TIEA	11.10.2010	04.05.2012
63	Liechtenstein	TIEA	17.12.2010	01.05.2012
64	Lithuania	DTC	27.09.1993	31.12.1993
65	Luxembourg	DTC	14.10.1996	15.03.1998
66	Macao (China)	TIEA	29.04.2011	31.12.2015
67	Malaysia	DTC	12.03.2002	29.01.2005
68	Malta	DTC	09.10.1995	09.02.1995
69	Marshall Islands	TIEA	20.09.2010	01.08.2015
70	Mauritius	DTC	01.12.2011	31.12.2012

	EOI partner	Type of agreement	Signature	Entry into force
71	Mexico	DTC	21.09.1992	18.12.1992
72	Monaco	TIEA	23.06.2010	01.01.2011
73	Montenegro	DTC	18.06.1980	16.12.1981
74	Montserrat	TIEA	22.11.2010	31.12.2015
75	Namibia	DTC	16.07.1993	26.6.1995
76	Netherlands	DTC	18.06.1991	12.8.1992
77	New Zealand	DTC	21.02.1979	14.11.1980
78	Nigeria	DTC	18.11.2004	31.12.2014
79	Niue	TIEA	16.10.2013	not in force/ ratified by Sweden
80	North Macedonia	DTC	17.02.1998	18.05.1998
81	Pakistan	DTC	22.12.1985	30.06.1986
82	Panama	TIEA	12.11.2012	01.01.2014
83	Philippines	DTC	24.06.1998	01.11.2003
84	Poland	DTC	19.11.2004	15.10.2005
85	Portugal	DTC	29.08.2002	19.12.2003 but terminated as of 01.01.2022
		Protocol	16.05.2019	Not in force/ ratified by Sweden
86	Qatar	TIEA	06.09.2013	01.05.2015
87	Romania	DTC	22.12.1976	08.12.1978
88	Russia	DTC	14.06.1993	03.08.1995
		Protocol	24.05.2018	01.07.2019
89	Saint Kitts and Nevis	TIEA	24.03.2010	01.01.2011
90	Saint Lucia	TIEA	19.05.2010	01.08.2013
91	Saint Vincent and the Grenadines	TIEA	24.03.2010	01.01.2011
92	Samoa	TIEA	16.12.2009	01.12.2012
93	San Marino	TIEA	12.01.2010	01.08.2010
94	Saudi Arabia	DTC	19.10.2015	31.08.2016
95	Serbia	DTC	18.06.1980	16.12.1981
96	Seychelles	TIEA	30.03.2011	01.11.2013

	EOI partner	Type of agreement	Signature	Entry into force
97	Singapore	DTC	17.06.1968	21.03.1968
98	Sint Maarten	TIEA	10.09.2009	01.02.2012
99	Slovak Republic	DTC	16.02.1979	08.10.1980
100	Slovenia	DTC	12.05 2021	31.12.2021
101	South Africa	DTC	24.05.1995	25.12.1995
102	Spain	DTC	16.06.1975	21.12.1976
103	Switzerland	DTC	07.05.1965	06.06.1966
		Protocol	28.02.2011	05.08.2012
104	Chinese Taipei	DTC	08.06.2001	24.11.2004
105	Tanzania	DTC	02.05.1976	31.12.1976
106	Thailand	DTC	19.10.1988	26.09.1989
107	Trinidad and Tobago	DTC	17.02.1984	12.12.1984
108	Tunisia	DTC	07.05.1981	19.04.1983
109	Türkiye	DTC	21.01.1988	18.11.1990
110	Turks and Caicos Islands	TIEA	16.12.2009	01.05.2011
111	Ukraine	DTC	14.08.1995	04.06.1996
112	United Arab Emirates	TIEA	05.11.2015	01.04.2017
113	United Kingdom	DTC	26.03.2015	31.12.2015
114	United States	DTC	01.09.1994	26.10.1995
		Protocol	30.09.2005	31.08.2006
115	Uruguay	TIEA	14.12.2011	01.05.2015
116	Vanuatu	TIEA	13.10.2010	01.04.2017
117	Venezuela	DTC	08.09.1993	03.12.1998
118	Vietnam	DTC	24.03.1994	09.08.1994
119	Zambia	DTC	18.03.1974	07.11.1975
120	Zimbabwe	DTC	10.03.1989	05.12.1990

Convention on Mutual Administrative Assistance in Tax Matters (as amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).[53] The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The Multilateral Convention (Original Convention) was signed by Sweden on 20 April 1989 and entered into force on 1 April 1995 in Sweden. Additionally, Sweden signed the Protocol on the amended Convention on 27 May 2010, which entered into force on 1 September 2011. Accordingly, Sweden can exchange information with all other Parties to the Multilateral Convention.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United

53. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Maldives, Malta, Marshall Islands, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay and Vanuatu.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Benin, Burkina Faso, Gabon, Mauritania (will enter into force 1 August 2022), Papua New Guinea, Philippines, Rwanda, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

EU Directive on Mutual Administrative Assistance in Tax Matters

Sweden can exchange information relevant for direct taxes upon request with EU member states under the EU Council Directive 2011/16/EU of 15 February 2011 on administrative co-operation in the field of taxation (as amended). The Directive came into force on 1 January 2013. All EU members were required to transpose it into their domestic legislation by 1 January 2013, i.e. Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, the Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom.[54]

54. The United Kingdom left the EU on 31 January 2020 and hence this directive is no longer binding on the United Kingdom.

Annex 3: Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in 2020 and 2021, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as of 1 April 2022, Sweden's responses to the EOIR questionnaire, and to some extent inputs from partner jurisdictions.

List of laws, regulations and other materials received

Commercial law and accounting law

Annual Reports Act (1995:1554)

Accounting Act 1999:1078)

Auditing Act (1999:1079)

Companies Act (2005:551)

Foreign Branch Offices Act, 1992:160

Taxation law

Tax Act (1999:1229)

Tax Procedure Act (2011:1244)

Tax Procedure Ordinance (2011:1261)

Act on administrative co-operation within the European Union in the field of taxation (2012:843)

Tax Offences Act (1971:69)

Act concerning Mutual Assistance in Tax Matters (1990:314)

Foundation law

Foundation Act (1994:1220)

Foundation Ordinance (1995:1280)

Anti-money laundering financial regulation laws

Act on Measures against Money Laundering and the Financing of Terrorism (2017:630)

Act on the Registration of Beneficial Owners (2017:631)

Finansinspektionen´s Regulatory Code (FFFS 2014:1)

Finansinspektionen´s Regulatory Code (FFFS 2017:11)

Banking and Financing Business Act (2004:297)

Other relevant laws

Act on Public Access to Information and Secrecy (2009:400)

Swedish Penal Code (1962:700)

Central Securities Depositories and Financial Instruments (Accounts) Act (SFS 1998:1479)

Current and previous review

This report analyses Sweden's legal and regulatory framework in relation to the international standard of transparency and EOIR, in the second round of reviews conducted by the Global Forum. Sweden previously underwent a combined review (Phase 1 and Phase 2) of is legal and regulatory framework and the implementation of the framework in practice in 2013. The 2013 Review was conducted according to the terms of reference approved by the Global Forum in February 2010 and the Methodology used in the first round of reviews.

Information on each of Sweden's reviews is listed in the table below.

Summary of reviews

Review	Assessment team	Period under review	Legal framework as of	Date of adoption by Global Forum
Round 1 Combined review	Ms Carine Kokar, France; Mr Frederick Strauss, United States; Mr Radovan Zidek and Mr Rémi Verneau from the Global Forum Secretariat	1 January 2009 to 31 December 2011	December 2012	November 2013
Round 2 Phase 1	Ms Ksenija Svalina, Croatia; Ms Nancy Tremblay, Canada; Ms Sathi Meyer-Nandi and Ms Carine Kokar from the Global Forum Secretariat	Not applicable	1 April 2022	5 August 2022

Annex 4: Sweden's response to the review report[55]

Exchange of information for tax purposes has always been a high priority for Sweden. We consider transparency and effective exchange of information on request an essential part in the fight against international tax fraud and tax evasion. Without access to information from other partner jurisdictions, it would be much more difficult for us to apply national measures against these types of practices.

Sweden is highly appreciative of the hard work undertaken by the members of the assessment team and the Global Forum Secretariat. We would therefore like to thank them for their constructive cooperation during the peer review process. We accept the findings in this report and will continue working actively with the members of the assessment team and the Global Forum Secretariat to complete the Phase 2 review.

Sweden confirms it will remain committed to the international standards for transparency and exchange of information on request as well as to the work undertaken by the Global Forum in this area.

55. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request SWEDEN 2022 (Second Round, Phase 1)

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This publication contains the 2022 Second Round Peer Review Report on the Exchange of Information on Request for Sweden. It refers to Phase 1 only (Legal and Regulatory Framework).

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