



INCENTIVES GUIDE 2022

*For companies looking to
invest in Sweden*

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Ranging from incentives for businesses to lower climate emissions to tax deductions for employees, Sweden offers several incentives for companies looking to invest in Sweden, both on a nationwide and regional level. Companies that wish to start a business or expand in Sweden can apply for grants both for investments and employment.

SWEDEN DISTINGUISHES ITSELF FOR

- 1 being at the forefront by offering nationwide green incentives for sustainable establishments
- 2 being among the most R&D intensive nations globally, offering generous R&D grants
- 3 offering highly competitive tax conditions and tax relief schemes for international expertise.



SUSTAINABILITY INCENTIVES

GREEN INDUSTRY LEAP

Green Industry Leap (Industriklivet) is a programme to enable technology shifts and innovations in lowering emissions from industrial operations. The aim is to reduce emissions of greenhouse gases and strive for innovative solutions and advancement of new technologies. It applies both to projects within R&D (basic, applied and pilot & test) as well as evaluation studies and full-scale industrial projects – i.e., all types of projects that can contribute to reducing emissions related to industrial processes.

The Green Industry Leap programme has an annual budget of SEK 909 million in 2022. Since the start in 2018, the programme has given grants to over 80 projects to a sum of around SEK 1.5 billion. The grant levels range in size depending on the project type and can cover between 25–100 per cent of the cost for the investment. Grants can for example be given for:

- *applied R&D*
- *feasibility studies*
- *industrial projects*

To be eligible to apply, you need to show that there is a need for grants for the investment to take place. Green Industry Leap does not give financial support to investments that are required by law, nor to investments to produce renewable electricity.

Applications can be handed in through the [e-service of the Swedish Energy Agency](#) and should primarily be written in Swedish. To apply for grants for research projects, two announcements are made per year, one in the spring and one in the autumn. Open announcements and current dates for the application deadlines can be found on the website of the [Swedish Energy Agency](#). For feasibility studies, pilot demonstrations or investment projects, you can submit your application at any time during the year. Assessment and decisions are made on an on-going basis. We recommend you initiate a dialogue with the Swedish Energy Agency before you fill out the application form.

CLIMATE LEAP

The Climate Leap (Klimatklivet) is a programme which promotes energy cooperation and offers easy-access grants for companies to reduce their CO₂ footprint in Sweden. The programme aims to reduce the emissions of greenhouse gases emitted by private and public sectors and strives for the highest possible reductions per investment with a focus on advancement of new technology. Investments by the programme could for example be targeted towards the transport sector, agriculture, real estate, or infrastructure for the transition from fossil fuels.

The Climate Leap programme has an annual budget of around SEK 2.8 billion in 2022. Companies can obtain grants for up to 70 per cent of the investment cost, with an average approval rate between 30–65 per cent. Grants are not given for projects deemed as profitable, nor to those investments that are required by law or that are aimed at the production of renewable energy. A basic rule stated by the Swedish Environmental Protective Agency is that you should seek as much support as you need to be able to carry out your action.

The programme is administered by the County Administrative Board and the grants are approved by the [Swedish Environmental Protective Agency](#). Applications can be made within different time periods every year and are handed in through the e-service of the [Country Administrative Board](#). Up until the end of 2021, the Climate Leap programme has granted 4,190 applications. The measures that have so far been supported by the programme are expected to contribute to an annual reduction in greenhouse gas emissions of 1.8 million tonnes, during the time the measures are in operation (average 16 years).

THE CLIMATE LEAP PROGRAMME

Grants to

4,190
APPLICATIONS

Annual budget of

1.8
BILLION SEK

THE GREEN INDUSTRY LEAP PROGRAMME

Grants to over

80
PROJECTS

To a sum of

1.5
BILLION SEK

INNOVATION INCENTIVES

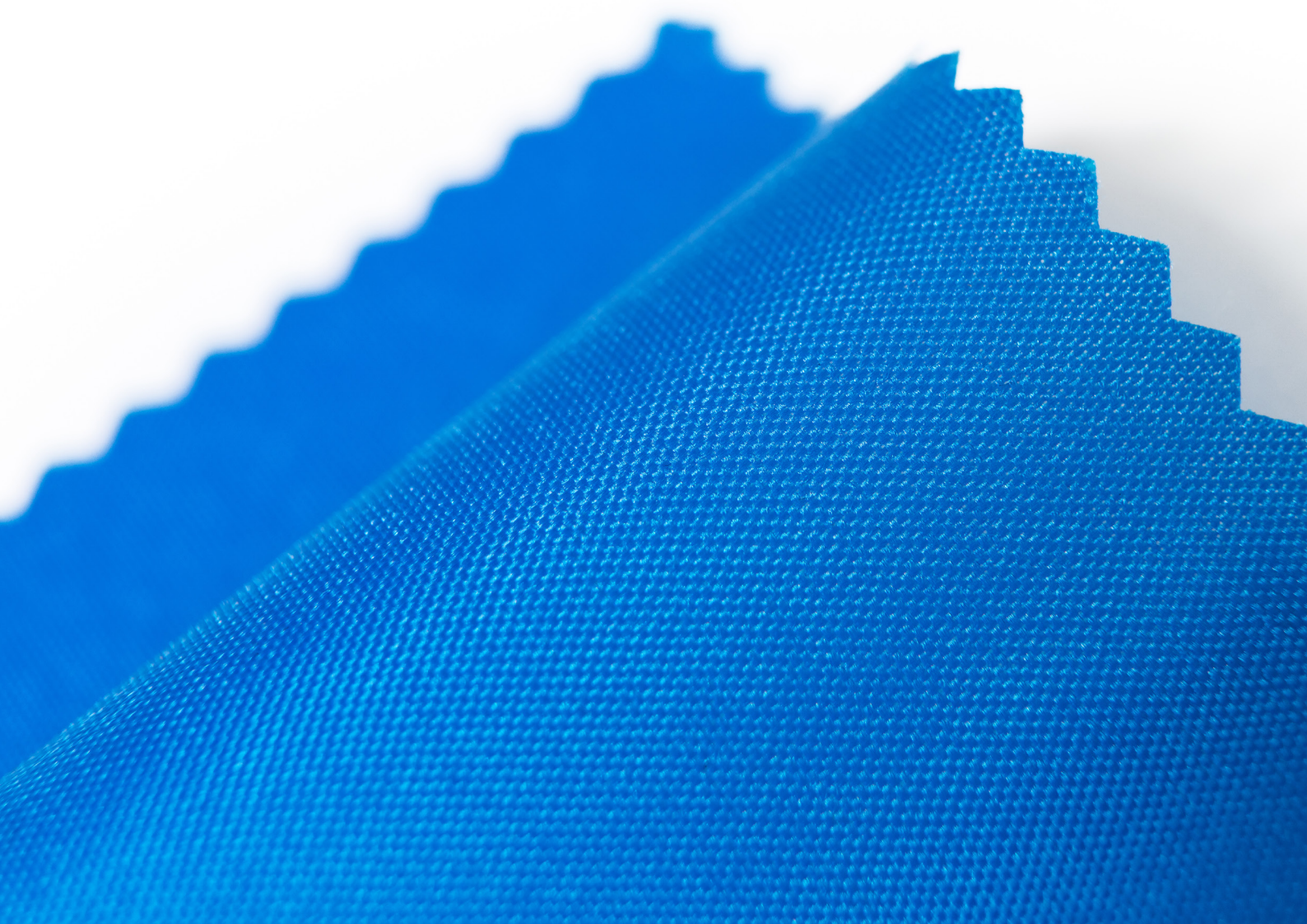
R&D GRANTS

Through various programmes targeted at different business fields, companies can receive grants for R&D focused activities from Vinnova, the Swedish Innovation Agency. Only R&D focused companies are eligible to apply, and the programmes are usually open for applications several times per year. Programmes can vary from being specifically targeted at a certain material or a certain industry such as projects within metal or the automotive industry, to those aimed at automation and digitalisation.

Vinnova together with the Swedish Energy Agency and Formas, fund 17 strategic innovation programmes for collaboration in research and innovation that contribute to sustainable

solutions to global challenges and increased international competitiveness. It is a government effort of a total of SEK eight billion on programmes that can receive funding for up to 12 years, where the business community and other actors contribute the same amount.

More information about current programmes and the grants offered can be found [here](#).



REGIONAL INCENTIVES

REGIONAL INVESTMENT GRANT

Companies wishing to set up new establishments in regional development areas can apply for grants to partly finance investments or labour costs. The grants can for example be used for investments in buildings and equipment, as well as for salary costs, education, and consultancy services as a result of the investment. To qualify for the grant, the investment must be growth-oriented and contribute to sustainable development for the company and region in question. Each application is individually assessed, where job creation, economic growth and importance to regional development etc. are taken into consideration.

To qualify, your company must be located within one of three development areas. The areas 1, 2 and 3 include municipalities in all parts of Sweden. A full list of municipalities located in each development area can be found on the website of the [Swedish Agency for Economic and Regional Growth](#).

The size of the support varies, and an individual assessment is made in all cases, considering the importance of the investment for society and growth. The type of investment, investment cost, and size of company and where in the country the company operates is also taken into account. Companies can receive a maximum of 40 per cent of the approved investment in support.

Your application can be written in English and should be sent before starting the investment by submitting it online [to the region](#) concerned. After application, the investment can be started at the company's own risk. Once approved, the investment should be completed within three years.

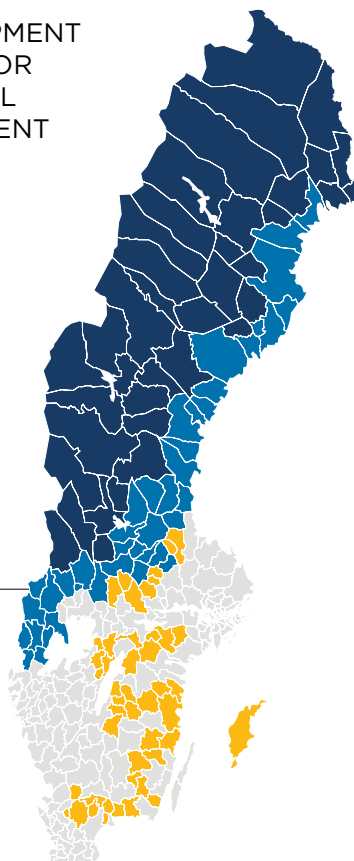
REGIONAL TRANSPORTATION GRANT

The regional transportation grant aims at providing compensation for the logistics cost disadvantages in conducting operations in Norrbotten, Västerbotten, Jämtland and Västernorrland counties. It is intended for manufacturing industry and goods that have undergone significant processing in the region. The distance travelled must exceed 401 km by rail or commercial traffic on road or sea. For international transport, the grant is only given for the Swedish share of the total transport distance.

The grant is available for both inbound and outbound traffic with a share that varies from 5–45 per cent of transportation costs and a maximum yearly grant of SEK 15 million (EUR-1,5 million). Please send your application to the [Swedish Agency for Economic and Regional Growth](#). The application is open twice a year.

DEVELOPMENT AREAS FOR REGIONAL INVESTMENT GRANT

- Area 1
- Area 2
- Area 3



	SMALL COMPANIES	MEDIUM SIZED COMPANIES	LARGE COMPANIES AND GROUPS
Area 1	40%	30%	20%
Area 2	35%	25%	15%
Area 3	30%	20%	10%

TAX INCENTIVES

R&D TAX DEDUCTION

Sweden has implemented an incentive to stimulate R&D activities, which directly lowers monthly labour costs and can accumulate to significant sums over time. The initiative providing R&D tax reduction is easily accessible and requires no prequalification. However, the R&D must have a commercial purpose with an emphasis on new knowledge creation i.e., development of new products or significant improvements of new products or processes.

Examples of eligible activities are

- improvement of existing manufacturing processes to increase production efficiency or reduce cost
- development of sustainable packaging material for the textile industry
- AI development of characters in computer games

There is no limitation in time, nor any restriction on industry, size of company or location. The R&D tax reduction applies both to directly employed and consultants and is calculated in two parts:

- 9.59 per cent of salary deducted from statutory employer contribution (max amount € 60,000 per month or € 720,000 p.a.).
- 10 per cent of salary deducted from payroll contribution (max amount € 62,566 per month or € 750,792 p.a.).

The employee must work ≥ 50 per cent and ≥ 15 hours per month with R&D to be qualified for the reduction. Eligible R&D labour costs are deducted directly in your company's tax reporting. The reduction is made in the monthly employer return and there are no application formalities or need for registration, making it an efficient and easy way to directly lower operational costs for your company.

EXAMPLE OF CALCULATION OF R&D TAX DEDUCTION (Yearly deduction and 5 years aggregated, EUR)

NUMBER OF R&D EMPLOYEES	1	10	100
Monthly gross salary	5,000	50,000	500,000
Gross labor cost (incl. 31.42% employer contrib.)	6,571	65,710	657,100
9.59% R&D deduction	480	4,800	45,000
10% R&D deduction	500	5,000	46,924
Net labour cost	5,591	55,910	565,176
1 year total deduction	11,760	117,600	1,103,088
5 years aggregated discount	58,800	588,000	5,515,440

Note: 1 EUR = 10 SEK.

EXPERT TAX RELIEF

Sweden has a tax relief scheme to help companies attract top international expertise. Foreign citizens with specific work assignments, education levels or salary levels can receive a tax relief for their Swedish income. The incentive work as a deduction in both the employee's personal income tax and in the employer's employer contributions. The following employees can qualify for the tax relief:

- Key foreign employees with vital positions in a company (i.e., executives, experts, or researchers). *

or

- Foreign employees with monthly earnings in Sweden exceeding two statutory basic amounts** in the calendar year during which the work began. Monthly earnings include benefits.

* For experts and researchers, it includes roles where it is difficult to find the competence required in Sweden.

** A statutory basic amount in 2022 is SEK 48,300.

The employee is taxed only 75 per cent of income in the first five years of employment in Sweden (remaining 25 per cent is tax free) and is applied to all salaries and benefits.

Employer contributions are based on 75 per cent of the salary in the same time period – directly lowering labour costs.

An application must be sent to the [Taxation of Research Workers Board](#) within three months after work has started in Sweden and can be submitted either by the employer or the employee by e-mail or ordinary mail. The application must be approved before the tax relief can be applied.

EXAMPLE CALCULATION

(Monthly relief and aggregated annual, EUR)

	EMPLOYER		EMPLOYEE
Salary***	5,000	Salary***	5,000
Salary subject to employer contributions	3,750	Salary subject to personal income tax	3,750
Reduced employer contribution	393	Estimated reduced personal income tax	375
1 year total relief	4,713	1 year total relief	4,500
3 years aggregated relief	14,139	3 years aggregated relief	13,500

***Assuming monthly salary of SEK 50,000 per employee and an exchange rate of 1 EUR=10 SEK.

The personal income tax level related to this salary level under the tax scheme is approximately 30 per cent.

FURTHER INCENTIVES

NEW START JOB PROGRAMME

The New Start Job Programme offers financial support to companies when hiring people that have been unemployed for a longer time or are newly arrived in Sweden. The grant constitutes at least the sum of the employer contribution and can vary depending on the age and how long the person has been unemployed.

To qualify, the employee needs to be registered with the Swedish Public Employment Service and meet one of the following criteria:

- Age between 20–25 and unemployed full time during at least six of the nine past months.
- Older than 25 years and unemployed more than 12 of the past 15 months.
- Newly arrived in Sweden (maximum of three years) and granted residence permit (more rules apply).

The employment types eligible are those employed for an indefinite period (tillsvidareanställning), those employed for a limited period (tidsbegränsad anställning) and those with part time employment (deltidsanställning).

Employers need to be registered in the Swedish Tax Agency's employer database and declare tax and employer contributions and cannot have any significant payment remarks or tax debts. Salary payments also need to be conducted electronically during the support period.

Support is granted for a maximum of four years but can vary depending on age. The Swedish Public Employment Service grants support for one year at a time and the application for grant needs to be approved before the employment starts. More information on how the New Start Job Programme works can be found on the website of [the Swedish Public Employment Service](#).

EXPORT FINANCE

Companies that have registered an entity in Sweden have access to the generous government-backed Swedish export credit system. The system facilitates the financing of transactions with Swedish exporting companies and has strong benefits for all parties involved.

[EKN](#), The Swedish Export Credit Agency, offers AAA-rated guarantees for payments and financing in export transactions. By offering guarantees, international buyers are provided attractive financing terms, while the risk for banks and exporting companies in Sweden is reduced.

[SEK](#), The Swedish Export Credit Corporation, can provide long-term funding for transactions that are related to Swedish exports. Companies in Sweden, their subsidiaries and international buyers of Swedish products and services with a turnover of more than SEK 500 million are all eligible for financing. Being a state-owned organisation, SEK can be regarded as a stable and long-term partner with a high credit rating.

VENTURE CAPITAL & OTHER FUNDING

If you have a startup company in Sweden, there are several ways to receive funding for your business, for example through venture capital. The following state-owned organisations can provide various grants for your startup through venture capital and other types of funding:

- **Almi** offers loans to companies with growth potential and assists in their business development. Both companies in the startup phase as well as established companies can seek help through Almi. [Almi Invest](#) specifically provides venture capital for companies with high growth potential and a scalable business concept. Note that Almi only commits to companies already registered in Sweden.
- **Industrifonden** is a venture capital fund that invests in up-and-coming companies, mainly within the technology and life science sectors.
- **Vinnova** is the Swedish innovation agency and provides funding to companies within different types of industries.
- **Tillväxtverket** is the Swedish Agency for Economic and Regional Growth and offers grants with a focus on promoting growth in regional development areas.

USEFUL CONTACTS

SWEDISH ENERGY AGENCY

(Energimyndigheten)
Box 310, SE-631 04 Eskilstuna
+46 16 544 20 00
www.energimyndigheten.se

TAXATION OF RESEARCH WORKERS BOARD

(Forskarskattenämnden)
Box 24144, SE-104 51 Stockholm
+46 10 574 79 57
forskarskattenamnden.se

SWEDISH ENVIRONMENTAL PROTECTION AGENCY

(Naturvårdsverket)
Virkesvägen 2, SE-120 30 Stockholm
+46 10 698 10 00
www.naturvardsverket.se

SWEDISH AGENCY FOR ECONOMIC AND REGIONAL GROWTH

(Tillväxtverket)
Box 4044, SE-102 61 Stockholm
+46 8 681 91 00
tillvaxtverket.se

VINNOVA

Mäster Samuelsgatan 56, SE-101 58 Stockholm
+46 8 473 30 00
www.vinnova.se

ALMI

Local Almi offices to be found on the website
+46 771 55 85 00
www.almi.se

EKN

(The Swedish Export Credit Agency)
Box 3064 SE-103 61 Stockholm
+46 8 788 00 00
www.ekn.se

SEK

(Swedish Export Credit Association)
Box 194, SE-101 23 Stockholm
+46 8 613 83 00
www.sek.se





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