



ATLAS

BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

The bank
for a changing
world

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Sweden is one of the wealthiest economies in Europe, with a GDP per capita in purchasing power parity around 20% above the EU average. The consensus-approach to labour market relations is the main pillar of the country's economic model. This is characterised by centralised wage negotiations, high taxes and an advanced welfare system. In this regard, the main challenge for policymakers in the coming years will be to support employment of the low-skilled and migrants.

Manufacturing, which accounts for around 15% of gross value added, is a key sector in Sweden's export-based economy – exports are equivalent to more than 45% of GDP. The country has a competitive advantage in green technologies. Indeed, Sweden, like other Nordic countries, has long been committed to sustainable development and is now one of the OECD countries with the lowest greenhouse gas emissions per capita. Environmental objectives are increasingly integral to every policy area.

While Sweden is part of the EU, it has not adopted the euro so the country has an independent monetary policy.

Summary

BNP Paribas presence

BNP Paribas established its business in Sweden in 2006, with a business centre located in Stockholm. While Sweden is well-served by local banks, many multinational corporations are seeking an international banking partner that can provide pan-European services. BNP Paribas is one of the few non-Nordic banks with direct access to the local clearing house in Sweden, enabling the bank to deliver a cohesive domestic and international cash management and trade finance offering.

BNP Paribas is also one of the only non-Nordic banks to provide direct local clearing system access across Norway, Sweden and Denmark, providing a pan-regional capability. BNP Paribas' trade centre for the Nordics provides a single entry point to its extensive network of branches and local trade finance expertise in more than 60 countries around the world. BNP Paribas is recognized by corporate clients as the top-international bank in the Nordics (ahead of several local & regional banks): First International Cash Management Bank in the Nordics – Kantar Prospera 2021.

Currency

Currency

- Sweden uses the Swedish krona (SEK).

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: SEK per USD	8.5620	8.549	8.693	9.458	9.21

Source: IMF, International Financial Statistics, July 2021.

Central Bank

- [SWESTR | Sveriges Riksbank](#)
- The Swedish central bank is the Sveriges Riksbank (SRB - www.riksbank.se).
- The SRB is a member of the European System of Central Banks (ESCB).

Bank supervision

- Swedish banks are licensed and supervised by the Swedish Financial Supervisory Authority (Finansinspektionen – www.fi.se).

Bank accounts

Resident / non-resident status

- *A company is resident in Sweden (i) if it is incorporated in Sweden and registered in the Companies Register as having a Swedish place of business or (ii) for foreign companies if they are having their actual place of management in Sweden.*

Bank accounts for resident entities

	Within SWEDEN	Outside SWEDEN
Local Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.
Foreign Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.

Bank accounts for non-resident entities

	Within SWEDEN	Outside SWEDEN
Local Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.
Foreign Currency	Permitted without restriction, fully convertible.	Not applicable.



Lifting fees

- Item-based fees are applied on payments between resident and non-resident bank accounts.











BNP Paribas Cash Management Capabilities

Collections




Cash collections	✓
Cheque collections	●
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	●

Virtual accounts	
International incoming transfers	
Card acquiring	

Payments

Cash withdrawals	
Cheque payments	
Direct debit payments	
Domestic outgoing transfers	
Commercial cards	
Virtual cards	
International outgoing transfers	
SWIFT gpi	
Real-time international payments through BNP Paribas' network	
Card issuing	

Channels

Local e-Banking	
Global e-Banking - Connexis	
SWIFT/ host to host	

Market overview

Cash use is in terminal decline. According to the Sveriges Riksbank, in 2020, only 9% of all payments in shops were made in cash; many Swedish merchants have stopped accepting cash.

Electronic credit transfers are the most widely used instrument by companies for supplier, payroll and tax payments. Debit card payments are favoured by consumers and represent the most used payment instrument by value. Contactless payments either via card or mobile payment apps such as Swish are widely used. In May 2021, the Riksbank launched a new phase in its e-krona project. The central bank published its “e-krona pilot phase 1” report in April 2021; it is currently on hold in anticipation of the eventual implementation of an E-Euro.

Electronic banking services are available from all banks. The Nordic Payments Council (NPC) has developed XML-based message implementation guidelines for customer credit transfers, payment cancellation requests and payment status reports. So far, this is only used in the customer-to-bank space as the payment infrastructure is still based on old stands, but a common bank modernisation project has been initiated with the aim of moving to end-to-end XML processes by the end of 2026. The international payment messaging standard ISO 20022 is the main standard in the Swedish instant payment flow. Multinational companies also use the SWIFT for corporate messaging standards. Transaction and balance reporting and transaction initiation services are available on a domestic and cross-border basis.

Online banking is available from most Swedish banks. Online electronic invoice and bill presentment schemes are available from the larger Swedish banks. Over 80% of Swedish residents use online banking for bill payments. Mobile banking services are provided by almost all of the country's banks.

Payment Systems

RIX	Type	<ul style="list-style-type: none">• Real time gross settlement.
	Participants	<ul style="list-style-type: none">• 38 direct.
	Transaction types processed	<ul style="list-style-type: none">• High-value and urgent SEK-denominated domestic and cross-border credit transfers denominated in SEK.
	Operating hours	<ul style="list-style-type: none">• 06:30–18:00 CET, Monday to Friday.

	Clearing cycle details (eg cut off-times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time.
	System holidays	<ul style="list-style-type: none"> • RIX is closed at weekends and on all Swedish bank holidays.
BANKGIROT	Type	<ul style="list-style-type: none"> • Bilateral gross settlement.
	Participants	<ul style="list-style-type: none"> • 24 direct.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value and non-urgent SEK-denominated domestic payments.
	Operating hours	<ul style="list-style-type: none"> • 24 hours a day, Monday to Friday.
	System holidays	<ul style="list-style-type: none"> • Bankgirot is closed at weekends and on all Swedish bank holidays.
DATA CLEARING	Type	<ul style="list-style-type: none"> • Bilateral gross settlement.
	Participants	<ul style="list-style-type: none"> • 33 direct.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value and non-urgent domestic credit and debit payments. • Paper-based payments (cheques) which must be truncated into electronic items before processing.
	Operating hours	<ul style="list-style-type: none"> • 24 hours a day, Monday to Friday.
	System holidays	<ul style="list-style-type: none"> • Data Clearing is closed at weekends and on all Swedish bank holidays.

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- High-value and urgent domestic credit transfers can be settled in real time via RIX.
- High-value and urgent domestic and cross-border EUR-denominated transfers can be settled in real time via TARGET2, or by the Euro Banking Association's EURO1 system.

- High-value cross-border credit transfers in domestic and foreign currency can also be processed via SWIFT and settled through correspondent banking and bank branch networks.
- Low-value and non-urgent SEK -denominated credit transfers can be settled via Bankgirot or the Data Clearing System.
- EUR-denominated payments can be processed via STEP1 or SEPA-compliant solutions developed by local banks.
- Low-value and non-urgent credit transfers can also be settled on an intra-bank basis via Nordea's PlusGiro system.
- SEPA credit transfers can be settled via STEP2 or via correspondent banking networks.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.
- In April 2020, the Swedish Riksbank reached an agreement with the Eurosystem and the ECB to make the SEK available for settlement in the TIPS system, enabling it to provide financial institutions with access to an instant payment system 24/7 every day of the year. The service was launched with banks the first half of 2023 and now all instant mobile payment in Sweden are being cleared and settled via TIPS non-EUR.

Direct debits

- Direct debits (*Bg Autogiro*) are used for regular payments, such as utility bills.
- Direct debits are processed via the bankgiro.
- SEPA direct debits are available in Sweden and can be settled on a same-day basis via STEP2.

Cheques

N/A

Card payments

- Card payments, particularly debit cards, are increasingly popular, especially for retail transactions.
- In 2019, the volume and value of debit card transactions totalled 3,131 million, with a value of EUR 86.8 billion, an increase of 3.4% and 1.8% respectively. Credit card payments rose 10% and 13.7% respectively to 571.9 million, with a value of EUR 25.8 billion.
- There were 11.4 million debit cards and 7.4 million credit cards in circulation at the end of 2019.

- Visa and MasterCard-branded payment cards are the most widely issued.
- American Express and Diners Club credit cards are also available.
- Card payments are processed by the international card providers. Final settlement takes place via RIX.
- Contactless card technology is available in Sweden. Nearly two-thirds of all in-store payments are contactless payments.
- All cards issued are SEPA-compliant with EMV chips.

ATM/POS

- There were 2,508 ATMs in Sweden at the end of 2019.
- There were 251,975 EFTPOS terminals in Sweden at the end of 2019.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- There are various electronic wallet schemes in Sweden, with an estimated 46,000 cards with an e-money function in circulation in 2019.
- Mobile payment schemes such as Apple Pay, Google Pay and Samsung Pay are available.
- The Swish mobile payment service has eight million users and is the leading mobile payment scheme in Sweden with nearly 300,000 companies offering Swish payments. Swish enables users to make business-to-consumer, consumer-to-consumer, and repetitive instant bank transfers with the use of mobilephone numbers and alias Swish numbers.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted for residents and non-residents.

Demand deposits

- Demand deposits are available for residents and non-residents.

Time deposits

- Time deposits are available in SEK and or major foreign currency for terms up to two years. One-year terms are the most common.

Certificates of deposit

- Domestic banks do not commonly issue certificates of deposit.
- Certificates of deposit are available in SEK, EUR and USD.
- Maturities of three and six months are most common.

Treasury (government) bills

- The National Debt Office (*Riksgäldkontoret*) issues Treasury bills with maturities of three, six and 12 months. The minimum investment is SEK 5,000.
- A six-month bill is issued every third month. A three-month bill is issued in other months.

Commercial paper

- Domestic commercial paper is issued by companies and public authorities. Terms from overnight to 12 months are permitted.

Money market funds

- Domestic money market funds are available.



Repurchase agreements

- Repurchase agreements with maturities ranging from overnight to one week are available.



Banker's acceptances

- Banker's acceptances are not used in Sweden.




Trade payments

Documentary credits	
Documentary collections	

Guarantees

Bank guarantees	
Standby letters of credit	

Supply chain management

Receivables	
Payables	
Inventory	

Trade channels

Connexis Trade	
Connexis Supply Chain	
SWIFTNet Trade for Corporates	
Connexis Connect	
Connexis Guarantee	
SWIFTnet Supply Chain	

- BNP Paribas provides a comprehensive range of trade finance and supply chain management solutions to the key exporting companies in the Nordics, enabling them to mitigate their payment risk, secure commercial contracts and enhance their working capital needs. Through the bank's trade centre for the Nordics, BNP Paribas provides a single entry point for its customers to manage all their trade finance needs including advice on local guarantee wording.

International trade

General trade rules

- As a member of the European Union (EU), Sweden follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA. The EU and the UK are discussing their future trading relationship, following the UK's departure from the EU.

Imports / exports

Imports	Cars and vehicle parts	Crude petroleum	Refined petroleum	Broadcasting equipment	Computers		
Primary Import sources	Germany (18.0%)	Netherlands (9.0%)	Norway (7.0%)	Denmark (7.0%)	China (6.0 %)	Finland (5.0%)	Belgium (5.0%)
Exports	Packaged medicines	Motor vehicles	Refined petroleum	Lumber	Broadcasting equipment		

Export markets	Germany (10%)	Norway (9.0%)	USA (8.0%)	Finland (6.0%)	UK (5.0%)	Netherlands (5.0%)	China (5.0%)
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Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	151,982	165,178	180,750	176,288	170,189
	- services USD m	72,751	74,540	73,453	78,242	69,889
Imports	- goods USD m	140,395	153,917	169,595	158,109	149,075
	- services USD m	61,751	70,171	71,656	74,704	68,605
Current account as % GDP		3.8	3.1	2.5	5.9	6.2

Sources: IMF, International Financial Statistics, July 2021.

Trade finance - Imports

Documentation

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.
- The following documentation is typically required in order to import goods into Sweden from outside the EU:
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases)
 - packing list.

Import licences

- Import licences are required for items with quantitative restrictions from outside the EU and for items from within the EU that are deemed to be of national interest or of a strategic nature.

Import taxes and tariffs

- Tariffs are set according to the EU customs code for all imports from outside the EU, with higher tariffs for agricultural imports.

Financing requirements

- None

Risk mitigation

- None

Prohibited imports

- Sweden prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Trade finance - Exports

Documentation

- Documentation is not required for exports from within the EU, although a commercial invoice should be supplied.

- The following documentation is required in order to export goods from Sweden outside the EU:
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Export licences

- Licences are required when exporting goods that are subject to international controls.

Export taxes and tariffs

- None

Financing requirements

- None

Risk mitigation

- Sweden has implemented the EU directive on export credit insurance.
- The Exports Credit Guarantee Board (EKN), Sweden's national export credit agency, provides state-supported export credit insurance.
- Export credit insurance is also available from private insurance companies.
- State-supported supplier credit, export buyer credit, credit for pre-export financing and outward investment finance is also available from the Swedish Export Credit Corporation (SEK).
- Export credit is available from the Nordic Investment Bank.
- Export financing is available privately from commercial banks.

Prohibited exports

- Sweden prohibits the export of certain items in line with EU regulations and UN Security Council resolutions.

Regulatory requirements

Reporting regulations

- Data is collected by Statistics Sweden (SCB) on behalf of the SRB, Sweden's central bank.
- Companies are selected by the SCB to report all cross-border transactions.

Reporting method

- Reports must be submitted electronically to the SCB by the 15th day of the end of the reporting period.

Exchange controls

- Sweden does not apply [exchange controls](#).
- Restrictions apply to foreign investment in specific industries (Swedish airlines, fishing and insurance).

Taxation

Resident / non-resident

- A company is considered resident for tax purposes if it is incorporated in accordance with the Companies Act.

Financial instruments

- N/A

Interest and financing costs

- Interest deduction limitations generally prohibit a deduction for interest on intra-group loans if the loans were raised for an intra-group acquisition of shares. There is, however, an exemption for

interest on loans that have been raised for intra-group acquisition of shares if either:

- The recipient of the interest is taxed at a rate of at least 10% on the interest income, provided that the recipient is not allowed to claim a deduction for dividends paid to its parent company (the 10% taxation rule); or
- The company can show that it had sound business reasons for both the acquisition of the shares and the debt.

Foreign exchange

- Exchange rate fluctuations are normally taxed on an accrual basis. Exchange gains/losses are taxable/deductible.

Advance tax ruling availability

- Advance rulings may be issued by the Council for Advance Tax Rulings to a resident or non-resident company on corporate income tax, VAT, real estate tax and the general anti-avoidance rule.

Capital gains tax

- Capital gains derived from the sale of shares in a resident company are normally tax-exempt provided the shareholding is business related. The sale of shares held in a non-resident company also can qualify as tax-exempt if the features of the foreign company are similar to those of a Swedish limited liability company or a Swedish economic association and the shareholding is business-related. Taxable capital gains are regarded as other business income and taxed at the corporate tax rate applicable for the financial year.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	None	None	None	None
Non-resident entities	None	0% / 30%	None*	None

- No withholding tax is levied on dividends, interest or royalties paid to resident companies, or on interest or royalties paid to non-residents.

- A withholding tax of 30% is levied on dividends paid to non-residents, unless the rate is reduced or an exemption applies under a tax treaty, Swedish domestic legislation or the EU parent-subsidiary directive. A specific anti-avoidance rules applies for withholding tax purposes.
- Royalty payments made from Sweden to a foreign company are treated as income from a PE (in Sweden) and are subject to ordinary corporate income tax, unless the income is exempt from tax under an income tax treaty.

Tax treaties / tax information exchange agreements (TIEAs)

- Sweden has exchange of information relationships with 127 jurisdictions through 82 double tax treaties and 47 TIEAs.
- Sweden, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, has signed a multilateral co-operation agreement with 30 other countries ('the MCAA'). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).
- With country-by-country reporting, tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA started in 2017/18 on 2016 information. There are currently 102 signatory countries.

Thin capitalisation

- There are no formal thin capitalisation rules for tax purposes, although substantial interest deduction restrictions apply on loans from affiliated persons. New interest deduction limitation rules entered in to force on 1 January 2019 and apply to fiscal years commencing after 31 December 2018. The rules introduce new targeted and general restrictions for interest expense and include provisions for hybrid arrangements.
- Under the target restrictions, interest expense on intragroup loans will be allowed where: (i) the beneficial owner of the interest is located within a European Economic Area (EEA) or treaty country, or (ii) the interest is subject to tax at a rate of at least 10%. Even if these conditions are satisfied, interest will not be deductible in the purpose of the intragroup loan is deemed to be exclusively or almost exclusively (90%-95%) for the group to achieve a substantial tax benefit. The burden of proof is with the taxpayer. In addition, where the purpose of the loan is to finance an intragroup acquisition of shares, the acquisition must substantially be motivated by sound business reasons to obtain an interest deduction.
- The general interest deduction limitation rule restricts the deductibility of both related and third-party interest expense. The general rule applies to negative net interest expense, calculated as the difference between interest income and interest expense (interest expense for this purpose being interest the deductibility of which has not been restricted by other rules) and limits the deduction of

net interest expense to 30% of a tax-adjusted EBITDA (earnings before interest, tax, depreciation and amortisation).

Transfer pricing

- Sweden adheres to the OECD transfer pricing guidelines and allows the following transfer pricing methods: comparable uncontrolled price, resale price, cost plus, profit split and transactional net margin method. Documentation requirements apply.
- Sweden allows bilateral and multilateral advance pricing agreements

Stamp duty

- Stamp duty is levied on the transfer of real estate and is payable by the purchaser.
- The standard rate for real estate is 4.25% on the higher of the acquisition value and the tax assessed value if the transferee is a legal entity. For mortgage loans, the rate is between 0.4% and 2%.

Cash pooling

- There are no specific tax rules in Sweden that apply to [cash pooling](#) arrangements. However, from a civil law perspective there is a general loan prohibition that should be considered in connection with [cash pooling](#). Swedish companies are not allowed to provide loans to their direct or indirect owner, or to any party related to such owner. However, extensive exceptions apply, and formalities due to Swedish company law requirements must be considered.

Financial transactions / Banking services tax

- There are no specific financial transaction or services taxes in Sweden that apply to services, loans, money transfers, letters of credit and/or foreign exchange, etc.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com).



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