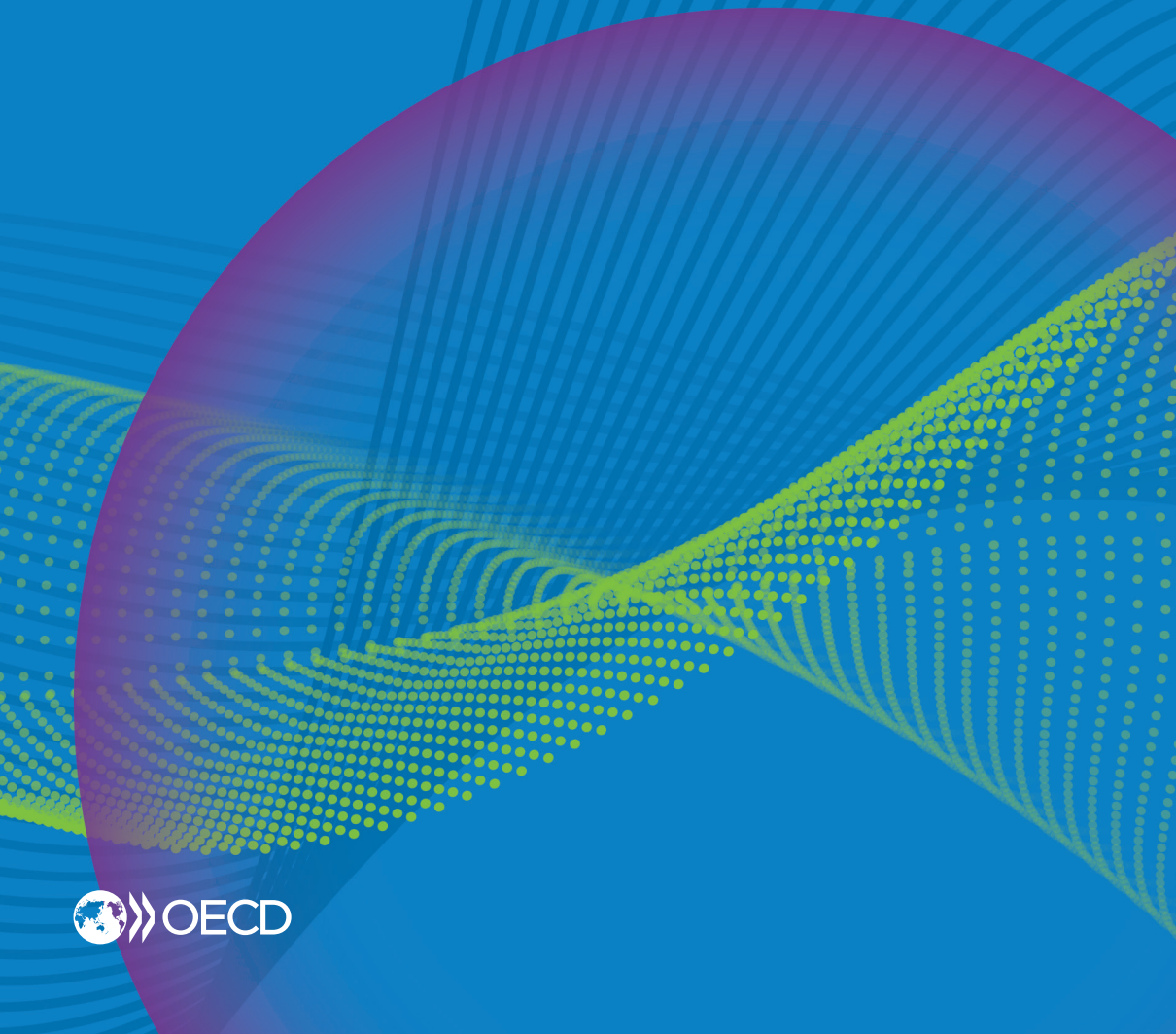
GLOBAL FORUM ON
TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

SWEDEN

2024 (Second Round, Combined Review)



OECD

Global Forum on Transparency and Exchange of Information for Tax Purposes: Sweden 2024 (Second Round, Combined Review)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

This peer review report was approved by the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) on 18 June 2024 and adopted by the Global Forum members on 18 July 2024. It was prepared for publication by the Global Forum Secretariat.

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Note by the Republic of Türkiye
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Note by all the European Union Member States of the OECD and the European Union
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Table of contents

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 Terms of Reference	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
BO Register	National Public Register of Beneficial Owners
CAB	County Administrative Board
CDD	Customer Due Diligence
CLO	Central Liaison Office
CSD	Central Securities Depositories
DTC	Double Taxation Convention
EEA	European Economic Area
EEIG	European Economic Interest Grouping
EOI	Exchange of Information
EOIR	Exchange of Information on Request
EU	European Union
EU CCN	European Union Common Communications Network
EUR	Euro
FATF	Financial Action Task Force
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
LLC	Limited liability company

Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
Nordic Convention	Nordic Administrative Assistance Convention
SBA	Swedish Bar Association
SCRO	Swedish Companies Registration Office
SEK	Swedish Krona
SFSA	Swedish Financial Supervisory Authority
STA	Swedish Tax Agency
STA ISMS	Swedish Tax Agency's Integrated Security Management System
Swedish SE	European Companies (*Societa Europaea*) in Sweden
TIEA	Tax Information Exchange Agreement
VAT	Value Added Tax

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 onsite visit that was scheduled to take place in the first half of 2021 could not take place. Consequently, the review of Sweden has been conducted in two phases, with a desk-based Phase 1 review leading to the adoption in August 2022 of the report assessing the legal and regulatory framework of Sweden against the 2016 Terms of Reference (Phase 1 report). The onsite visit to Sweden took place in January 2024 and the present review complements the first report with an assessment of the practical implementation of the standard, including in respect of exchange of information requests received and sent during the review period 1 April 2019 to 31 March 2022.

2. 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. The report of that evaluation (the 2013 Report) concluded that Sweden was rated Compliant overall (see Annex 3 for details). This report concludes that overall Sweden generally ensures the availability, access and exchange of all relevant information for tax purposes in accordance with the international standard and is rated Largely Compliant with the standard.

Comparison of determinations and ratings for First and Second Round Reports

Element		First Round Report (2013)	Second Round Report (2024)
A.1	Availability of ownership and identity information	Compliant	Largely Compliant
A.2	Availability of accounting information	Compliant	Largely Compliant
A.3	Availability of banking information	Compliant	Largely Compliant
B.1	Access to information	Compliant	Compliant
B.2	Rights and Safeguards	Compliant	Compliant
C.1	EOIR Mechanisms	Compliant	Compliant
C.2	Network of EOIR Mechanisms	Compliant	Compliant
C.3	Confidentiality	Compliant	Compliant
C.4	Rights and safeguards	Compliant	Compliant
C.5	Quality and timeliness of responses	Compliant	Compliant
	OVERALL RATING	**COMPLIANT**	**LARGELY COMPLIANT**

Note: 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 standard was strengthened with added requirements in respect of the availability of beneficial ownership information. Sweden introduced the concept of beneficial owner with the Act on the Registration of Beneficial Owners as well as the Act on Measures against Money Laundering and the Financing of Terrorism (AML/CFT 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 other anti-money laundering (AML)-obliged persons.

5. Sweden continues to answer requests largely in an effective manner and to the satisfaction of their treaty partners. A recommendation was made in the 2013 Report for Sweden to provide status updates when requests cannot be answered within 90 days. Mechanisms to improve the timeliness of these status updates were not in place during the review period. However, Sweden has since implemented procedures that have demonstrated their effectiveness with all status messages now sent on time. Its exchange of

information practices are therefore well established and this is reflected in the legal frameworks to ensure access to information and to conduct exchanges, which remain in place. Moreover, there are no significant recommendations with respect to the implementation in practice of these areas.

Key recommendations

6. Sweden has put in place a central beneficial ownership register that acts as the main source of beneficial ownership information. Generally, Sweden has put in place a supervision mechanism that should be conducive to ensuring the accuracy of the information; however, Sweden's legal framework does not provide for a fully robust mechanism to ensure that the information is always up to date and therefore a recommendation has been made on this aspect. The supervision activities undertaken on the central beneficial ownership register do also not seek to ensure its completeness and instead are focussed on addressing potential inaccuracies as notified by AML-obliged persons. However, the bulk of these notifications have been of poor quality and there is no guidance available to AML-obliged persons on notifying discrepancies. There may also be a risk that AML-obliged persons rely on the information in the register in the case of simplified customer due diligence, diluting the value of their role as guardians of its accuracy in these cases. A recommendation has therefore been made for Sweden to improve the supervision framework of the register.

7. The legal framework ensures the availability of accounting records in most cases and Sweden has solid oversight mechanisms in place to ensure the accuracy of accounting information. However, Swedish companies may redomicile to another jurisdiction and the legal framework does not require these companies to ensure the ongoing availability of underlying accounting records after redomiciliation in line with the standard. Accordingly, a recommendation has been made on this issue.

8. Sweden's legal framework does not specify a frequency within which banks must update beneficial ownership information for bank accounts and a recommendation has been made on this aspect. With respect to supervision, the Swedish Financial Supervisory Authority has upscaled its AML supervision resource since its Financial Action Task Force (FATF) mutual evaluation review in 2017 and although a range of activities give good coverage of the largest Swedish banks, the overall number of inspections is limited. Sweden is therefore recommended to strengthen its ongoing supervision of banks to ensure that adequate, accurate and up-to-date beneficial ownership information for all bank accounts is maintained by all the banks in Sweden. Moreover, the supervisory authority for banks has not produced guidance clarifying the implementation of certain key elements, including the updating of beneficial ownership information, with

respect to the implementation of the AML/CFT Act and the application of the beneficial ownership definition. Furthermore, the industry has not found it to be responsive to related queries. The banking industry considers that this absence of clarity has resulted in some challenges in implementation. Sweden is therefore recommended to provide adequate guidance to ensure the availability of accurate and up-to-date beneficial ownership information of bank accounts.

Exchange of information in practice

9. Sweden's treaty network for information exchange is extensive, covering 157 jurisdictions, with exchange taking place primarily with other Nordic jurisdictions. Since the 2013 Report, Sweden continues to be a very active jurisdiction in the field of exchanging information. Between 1 April 2019 and 31 March 2022, Sweden has received 355 requests and sent 1 027 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.

Overall rating

10. Sweden has achieved a rating of Compliant for seven elements (B.1, B.2, C.1, C.2, C.3, C.4 and C.5) and Largely Compliant for three elements (A.1, A.2 and A.3). In view of the ratings for each of the essential elements taken in their entirety, the overall rating for Sweden is Largely Compliant.

11. This review was approved at the Peer Review Group of the Global Forum on 18 June 2024 and was adopted by the Global Forum on 18 July 2024. A follow up report on the steps undertaken by Sweden to address the recommendations made in this report should be provided to the Peer Review and Monitoring Group in accordance with the Methodology for enhanced monitoring as per the schedule in Annex 2 of the methodology. The first such self-assessment report from Sweden will be expected in 2026, and subsequently once every two years.

Summary of determinations, ratings and recommendations

Determinations and ratings	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 (Element A.1)		
The legal and regulatory framework is in place but needs improvement	Although legal entities and arrangements must update the central beneficial ownership register "promptly", the system in place does not ensure that changes in beneficial ownership are brought to their attention. This means that adequate, accurate and up-to-date information may not always be available.	Sweden is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant entities and arrangements, in accordance with the standard.
EOIR rating is Largely Compliant	The central beneficial ownership register is the principal source of beneficial ownership information. Although the supervision framework provides a good foundation for ensuring the availability of information, Sweden does not analyse or verify its completeness and therefore it may not have information on all relevant legal persons and arrangements. Moreover, while checks of the register and discrepancy reports by AML-obliged persons play a critical role in the supervision framework, a high proportion of these reports have been of limited value. Sweden does not follow up on deficient notifications and there is no guidance to AML-obliged persons that would ensure quality and consistency.	Sweden is recommended to improve its supervision framework with respect to its central beneficial ownership register, so that adequate, accurate and up-to-date information is always available for all relevant entities and arrangements.

Determinations and ratings	Factors underlying recommendations	Recommendations
	The possibility that AML-obliged persons rely on the information in the register when identifying beneficial owners in the case of simplified customer due diligence procedures may also dilute the efficacy of this supervision mechanism. Furthermore, there are no trusts registered in the BO register although there may be active trust service providers operating in Sweden. The relevant AML supervisory authority has been unable to effectively conduct compliance activities in this sector and therefore their presence and relevance in Sweden and the corresponding availability of beneficial ownership information is unclear.	
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements (Element A.2)		
The legal and regulatory framework is in place but needs improvement	Companies resident in Sweden may redomicile to other jurisdictions and the legal framework does not ensure that their underlying accounting records will be available in Sweden in accordance with the standard.	Sweden is recommended to ensure that all accounting information is consistently available in practice in relation to companies that redomiciled out of Sweden for a minimum period of five years.
EOIR rating is Largely Compliant		
Banking information and beneficial ownership information should be available for all account-holders (Element A.3)		
The legal and regulatory framework is in place but needs improvement	Although there is an obligation to update customer due diligence based on the risk profile of the customer, there is no specified frequency of updating beneficial ownership information. This may lead to situations where the available beneficial ownership information is not up to date.	Sweden is recommended to ensure that, in all cases, up-to-date beneficial ownership information for all bank accounts is available in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR rating is Largely Compliant	Sweden conducts a range of supervisory activities, including investigations, to ensure implementation of the requirements to identify and retain beneficial ownership information. While the investigations have given good coverage to the largest Swedish banks and therefore cover the bulk of bank accounts respectively, the overall number of these investigations is limited.	Sweden is recommended to strengthen its ongoing supervision of banks to ensure that adequate, accurate and up-to-date beneficial ownership information for all bank accounts is maintained by all banks in Sweden, in accordance with the standard.
	Although the preparatory works for the AML/CFT Act provide some clarity on the implementation of the AML/CFT Act, the banking sector has encountered some challenges in implementing the definition of beneficial owner and the supervisory authority has not been communicative.	Sweden is recommended to provide adequate guidance to ensure the availability of accurate and up-to-date beneficial ownership information of bank accounts.
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) (Element B.1)		
The legal and regulatory framework is in place		
EOIR rating is Compliant	In one instance, Sweden did not use enforcement procedures to obtain information from a non-co-operative information holder. Moreover, in four occasions when it was unable to obtain information in respect of liquidated companies, the Swedish authorities did not explore all available information sources, such as former managing directors. Sweden was unable to provide certain information to requesting partners in some requests. Since then, it has updated its procedures to obtain information from liquidated companies in future.	Sweden is recommended to monitor its updated procedures to obtain information on liquidated companies and to fully use its access powers to obtain information from all available sources to fulfil partners' requests for information.

Determinations and ratings	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 (Element B.2)		
The legal and regulatory framework is in place		
EOIR rating is Compliant		
Exchange of information mechanisms should provide for effective exchange of information (Element C.1)		
The legal and regulatory framework is in place		
EOIR rating is Compliant		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners (Element C.2)		
The legal and regulatory framework is in place		
EOIR rating is Compliant		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received (Element C.3)		
The legal and regulatory framework is in place		

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR rating is Compliant	The disclosure to information holders of the jurisdiction that has made the relevant EOI request, where this is not necessary for gathering the requested information, is not in accordance with the Standard. During the review period, Sweden did not inform its EOI partners that they can ask for an exception to mention the name of the jurisdiction in the notice issued to taxpayers and this information was also included in notices issued to third party information holders, although it was not necessary.	Sweden is recommended to ensure that information holders are only provided details of the EOI request to the extent necessary to obtain requested information.
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties (Element C.4)		
The legal and regulatory framework is in place		
EOIR rating is Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner (Element C.5)		
Legal and regulatory framework:	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	
EOIR rating is Compliant	During the review period, status messages were not sent in around 50% of cases where the request took longer than 90 days to answers. Sweden has since put in new internal procedures that appear to be effective at always ensuring that status messages are sent when required.	Sweden is recommended to monitor the implementation of recent measures to ensure it systematically provides status updates to its peers when requested information cannot be provided within 90 days.

Overview of Sweden

12. 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

13. 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.

14. The Swedish legal system is based on civil law with the influence of common law.[1] 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.

15. 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 transposed 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.

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

Tax system

16. 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.[2] Tax revenue and social security contributions, constituted 41.3% of the Gross Domestic Product (GDP) in 2022.

17. 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 to,[3] 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.

18. 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 20.6%.

2. The wealth tax was abolished in 2007 and the gift and inheritance tax in 2004.
3. When determining whether a person has close ties to Sweden, the Swedish Tax Agency 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

19. Sweden does not constitute a global financial centre. In 2022, the financial industry accounted for 4.6% of Sweden's GDP. Over 100 000 individuals work in the financial industry, representing about 2% of the total workforce in Sweden. Additionally, banks constitute important taxpayers in Sweden, as the seven largest banks in Sweden accounted for 10% of the total corporate tax in 2021.

20. There are about 2 000 financial institutions in Sweden that fall under the supervision of the Swedish Financial Supervisory Authority (SFSA). Most of them[4] are considered AML-obliged persons under the Swedish Act on Measures against Money Laundering and the Financing of Terrorism (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 2023): 122 credit institutions, 290 alternative investment fund managers, 841 insurance mediators, 47 life insurance companies, 102 payment institutions (including registered payment service providers), 1 mortgage institutions, 130 securities companies, 44 fund management companies, 70 consumer credit institutions, 7 issuers of electronic money, 370 other financial institutions (e.g. bureau de change, virtual asset service providers).

Anti-money laundering framework

21. Sweden transposed the Fourth and Fifth EU Anti-Money Laundering Directives[5] into its national law, in particular, in the Act on Measures against Money Laundering and Financing of Terrorism (the AML/CFT Act) and the Act on Registration of Beneficial Owners (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 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.

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

5. 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.

22. 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,[6] the Estate Agents Inspectorate, the Gambling Authority, the Inspectorate of Auditors and the Bar Association.

23. Sweden was assessed by the FATF in 2017 with follow-up reports in 2018 and 2020.[7] Sweden is subject to the FATF's regular follow-up and has been assessed as fully or largely compliant with all but four[8] of the FATF's recommendations. Recommendations 10 (Customer due diligence), 22 (Designated Non-Financial Businesses and Professions: 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 respect 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]

Recent developments

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

1. Concerning the share capital requirement, in 2019, the Swedish Parliament decided to reduce the minimum permitted share capital

6. 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.
7. The latest follow-up report is available at www.fatf-gafi.org/publications/mutualevaluations/documents/fur-sweden-2020.html.
8. Recommendations 6, 7, 26 and 32 were rated as Partially Compliant but concern issues which are not the focus of this report.
9. See Sweden's rating on IO3 and IO5, available at https://www.fatf-gafi.org/media/fatf/documents/4th-Round-Ratings.pdf.

in private limited companies from 50 000 Swedish Krona (SEK) (or EUR 4 453[10]) to SEK 25 000 (around EUR 2 222), effective as of 1 January 2020. This is regulated by an amendment to the Companies Act.

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 40-41).
4. Sweden updated its legal framework with effect from 31 January 2023 to permit all Swedish companies to change their domicile to another jurisdiction within the EEA.

10. Approximately SEK 11.23 to EUR 1 on 4 March 2023.

Part A: Availability of information

25. 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.

26. 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 ownership and identity information in respect of all relevant entities and arrangements.

27. 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.

28. 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 are intended to 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. While the legislation should broadly ensure the availability of beneficial ownership information in the central beneficial ownership register, the legislative framework does not include a mechanism

that ensures that the information in the register is always updated. This is particularly relevant in circumstances where the relevant legal person or arrangement is unaware of the changes in beneficial ownership. Sweden is therefore recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant entities and arrangements, in accordance with the standard.

29. The central beneficial ownership register acts as the main source of beneficial ownership information for all entities in Sweden. Sweden has put in place a supervision mechanism that serves as a good foundation for ensuring the accuracy of the information in the register. AML-obliged persons are required to verify the information and notify any discrepancies and in case of doubt on the accuracy of the information, a warning flag is displayed alongside the information. However, deficiencies in the supervision framework have been identified. Sweden has not undertaken activities to ensure the completeness of the register and therefore beneficial ownership information on all relevant legal persons and entities may not be available in the register. Moreover, a large number of the discrepancy notifications received have been of limited value and there is no guidance to AML-obliged persons on filing these notifications despite their importance. Industry-produced guidance indicates that where simplified customer due diligence is applied for low-risk entities, the AML-obliged persons may rely on the information in the register, diluting the value of their role as guardians of its accuracy in these cases. Furthermore, the relevance of the trustee sector and the corresponding availability of beneficial ownership information is unclear, as the AML supervisory authority has been unable to effectively conduct compliance activities in this sector.

30. Therefore, Sweden is recommended to improve its supervision framework with respect to its central beneficial ownership register, so that adequate, accurate and up-to-date information is always available for all relevant entities and arrangements.

31. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Although legal entities and arrangements must update the central beneficial ownership register "promptly", the system in place does not ensure that changes in beneficial ownership are brought to their attention. This means that adequate, accurate and up-to-date information may not always be available.	Sweden is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant entities and arrangements, in accordance with the standard.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
The central beneficial ownership register is the principal source of beneficial ownership information. Although the supervision framework provides a good foundation for ensuring the availability of information, Sweden does not analyse or verify its completeness and therefore it may not have information on all relevant legal persons and arrangements. Moreover, while checks of the register and discrepancy reports by AML-obliged persons play a critical role in the supervision framework, a high proportion of these reports have been of limited value. Sweden does not follow up on deficient notifications and there is no guidance to AML-obliged persons that would ensure quality and consistency. The possibility that AML-obliged persons rely on the information in the register when identifying beneficial owners in the case of simplified customer due diligence procedures may also dilute the efficacy of this supervision mechanism. Furthermore, there are no trusts registered in the BO register although there may be active trust service providers operating in Sweden. The relevant AML supervisory authority has been unable to effectively conduct compliance activities in this sector and therefore their presence and relevance in Sweden and the corresponding availability of beneficial ownership information is unclear.	Sweden is recommended to improve its supervision framework with respect to its central beneficial ownership register, so that adequate, accurate and up-to-date information is always available for all relevant entities and arrangements.

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

32. 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.

33. 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.

34. On 31 December 2023, 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)	2 039
Privat aktiebolag or private limited liability (Private LLC)	758 152
European Company (SE)	6
Branches of foreign companies	2 874
Total number	763 071

Legal ownership and identity information requirements

35. 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, private limited companies may choose to have their shareholder register maintained at the Central Securities Depository, meaning such information will be available there. 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[11]

Type	Company law	Tax law	AML law
Public LLC	All	None	Some
Private LLC	All	Some	Some
European company	All	Some	Some
Branch of foreign company	None	All	Some

11. 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.

Company law requirements

36. 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,[12] the share capital, the directors and deputy directors, and the persons who sign for the company. When applicable, the name of the auditor and of the managing director[13] (natural person[14]) 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.

37. 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), this must be done through a branch with independent management (Chapter 2 Foreign Branch Offices Act) and the appointment of a managing director, who must be resident in the EEA and will be responsible for the operations conducted in Sweden. The managing director 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.

38. 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 they are 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

12. There are no provisions in law that require the address to be in Sweden. However, in practice the Swedish Companies Registration Office has required the address to be in Sweden since 2020.
13. Only public companies are required to have a managing director. Others may choose not to have one.
14. 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.

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, Sections 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).

39. There are two company dissolution processes in Sweden: i) liquidation under the Companies Act to wind up a company and ii) 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 that specify the residency of the liquidator. Hence, in the case that a liquidator is a third country resident, the share register will potentially be held outside of Sweden. All liquidators are subject to the approval of the SCRO and proximity to the location of the company is a determining factor on their suitability. In practice, the appointment of liquidators resident outside of Sweden is extremely rare with SCRO officials aware of only one instance in the last 15 years. Moreover, 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 44).

40. Listed companies or other public LLCs that maintain their share register at one of the Central Securities Depositories (CSD) are excluded from the requirement to maintain a list of shareholders (Chapter 5, Section 12 of the Companies Act). Should this be the case, the company must inform 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]

41. 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

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 4 to 89), 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 67).
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).

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 Sweden at present and the SFSA and Euroclear Sweden AB considered that this is very unlikely to change as the third country CSD would have to familiarise itself and comply with Swedish company law. However, further safeguards are in place with Article 25 of CSDR granting the SFSA 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.

42. 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.

43. With regards 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 retention of legal ownership and identity information. Moreover, Sweden introduced legislation with effect from 31 January 2023 that allows Swedish entities to redomicile to another EEA jurisdiction without losing legal personality and Swedish law does not require them to ensure availability of legal ownership information in Sweden after migration. The absence of a requirement in the Companies Act to ensure availability of legal ownership information of redomiciled companies is however mitigated by the ongoing availability of legal ownership information with the tax authority where the company is a closely held company (see Tax law requirements), and by the obligations on companies to maintain and register beneficial ownership information in the national public beneficial ownership register ("BO register") alongside detail of their ownership and control structure (see paragraph 76). This will ensure ongoing availability of information regarding formerly Swedish companies post-redomiciliation. For foreign companies that are exempt from the requirement to report information to the BO register because they submit similar information to a register within the EEA (see paragraph 68), they are nonetheless required to retain this information. There has been one Swedish SE redomiciliation outside of Sweden. Sweden has not provided statistics on redomiciliations of other limited companies since the law was introduced. Sweden should monitor the application of its law on redomiciliation to the availability of legal ownership information of formerly Swedish domiciled companies (see Annex 1).

Tax law requirements

44. All domestic and foreign companies intending to conduct business activities in Sweden are obliged to register with the STA before starting or

taking on any business activity (Chapter 7, Sections 1 and 2 Tax Procedure Act). The identity of all the companies' owners (individuals and legal persons) must be specified in the registration form (Chapter 2, Section 1 Tax Procedure Ordinance). 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. While changes to the information submitted in the registration form must be notified to the STA thereafter, this does not extend to ownership information. However, information submitted by the company to the SCRO upon registration, as well as any subsequent changes, is automatically forwarded to the STA, including with respect to beneficial owners.

45. Up-to-date legal ownership information in Sweden must be included in the annual tax return, if it is necessary for determining certain tax positions in Sweden and for specific categories of taxpayers. First, in case of a private LLC falling under the category of a closely held company, 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 closely held company 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 into 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. Conversely, it is mandatory for shareholders who are tax resident in Sweden to file information on their ownership share in closely held undertakings in their tax returns. Second, 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 7, Section 4 and Chapter 31, Section 11 of the Tax Procedure Act).

46. 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).

47. 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).

48. 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 most legal persons and foreign entities with sufficient nexus in Sweden. The law also provides for a dissuasive sanctions regime in case of non-compliance.

Anti-Money Laundering Law

49. 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 as Sweden is almost cashless, the Swedish Central Bank considers that it would be virtually impossible for a Swedish company to operate without a payment account[18] and a representative of the banking association explained during the onsite visit that it would be extremely unlikely for an entity not to have an account at a Swedish bank. The availability of legal ownership information under AML/CFT obligations largely overlaps with obligations under company and tax law, and therefore AML-obliged persons are only complementary in ensuring the availability of information on the ownership of companies. Customer due diligence obligations in the AML/CFT Act 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 paragraph 63) requires at least a knowledge of the ownership structure of the entities. AML-obliged persons met with during the review confirmed that they retain information on the whole structure in practice as it is necessary for demonstrating that the beneficial owners were correctly identified.

Legal ownership information – Enforcement measures and oversight

50. For EOI purposes, the STA's primary source of legal ownership information for exchange partners' requests has been the information held by the company, such as the shareholder register. While the STA otherwise receives annually updated legal ownership information on closely held companies, which are the vast majority of Swedish companies, the shareholder register will provide the most up-to-date information, reflecting any changes since the latest tax return was filed.

51. Swedish company law requires that share registers be up to date and failures in this regard can lead to a fine or imprisonment of up to one year (see paragraph 38). There is no supervisory authority in Sweden that is responsible

18. https://www.riksbank.se/globalassets/media/rapporter/betalningsrapport/2024/engelsk/payments-report-2024.pdf.

for actively verifying that company board members comply with these requirements. Nominally, as the SCRO maintains the company register, it has supervision responsibilities in respect of the companies acts. However, such criminal failings are instead dealt with by the Swedish Economic Crime Agency, which is the independent prosecution authority. As shareholders are unable to exercise their rights unless their status as shareholders is reflected in the share register, it can be expected that they would report the offence, if this is not the case. The Economic Crime Agency registered 13 such crime reports in 2021, 19 in 2022 and 40 in 2023. Failing to update the register usually leads to a fine, but in two of these instances in 2022, the relevant persons were prosecuted. This means that the risks to the accuracy of the legal ownership information held by companies from an absence of supervision are likely to be minimal.

52. The STA reviews ownership information in the course of their tax compliance activities (on both domestic and taxable foreign companies). In advance of conducting an audit, the STA undertakes a preparatory review of the company, which commonly includes reviewing the company's structure and therefore legal and beneficial ownership information. This can include checks of the shareholder register and shareholders named in the annual accounts. These checks are not limited to closely held companies that have reported legal ownership information. While the STA does not have statistics on non-compliance identified in the legal ownership information held by a company, they have identified discrepancies in the beneficial ownership information available in the register. They are therefore active in reviewing company ownership and control structures. Moreover, the STA considers that due to the tax repercussions of incorrectly being identified as a legal owner of a company, such as the incorrect income and capital taxation, there is an incentive on both the company and the legal owners to ensure that the information held by the company and reported to the STA is up to date.

53. In the three years to 31 December 2022, the STA undertook 5 067 audits on taxpayers, of which 50 (around 1%) were foreign companies.

Inactive companies

54. Neither the SCRO nor the STA operate with the term "inactive companies" or similar terminology to classify Swedish limited companies whose activities are in a dormant state. There is also no distinction in the actual treatment of limited companies that are not undertaking economic activity. For the SCRO, the requirements under company law, with respect to retention and reporting of legal and beneficial ownership information apply to all companies. The requirements to file annual financial statements also apply to all companies. The STA requires any other legal entity, such as a foreign company, with taxable income of above SEK 200 (EUR 18), including non-trading income, to submit corporate income tax returns.

55. The SCRO is active in applying its enforcement measures on any company that fails to file annual accounts within seven months following the end of the financial year and penalties (SEK 5 000 or EUR 445 for a private limited comply and SEK 10 000 or approx. EUR 890 for a public limited company) are applied automatically from the point of the initial failure. If annual accounts have still not been filed after a further two months, a second round of penalties is applied. Two months thereafter, the SCRO applies a third penalty with the penalty amount doubled. Finally, at the point of eleven months following the financial year, the SCRO begins the process of liquidation and while a very short grace period may be given, liquidation activities typically commence no later than after the twelfth month after the end of the financial year (see paragraph 220 for statistics). Similarly, the STA applies penalties on companies that do not file corporate tax returns on time.

56. The presence of companies in Sweden that have no business activity or turnover is generally unlikely to pose a material risk to the availability of information. For companies that fail to comply with their filing obligations and that are then forced into liquidation, the liquidator is required to retain this information. Once a company is liquidated, it cannot be revived under Swedish legislation.

Availability of beneficial ownership information

57. 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.

58. In Sweden, this aspect of the standard is met through a multi-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 up-to-date beneficial ownership information.[19]
2. Legal or natural persons in Sweden subject to the AML/CFT Act have to maintain up-to-date beneficial ownership information about their customers.[20]

19. 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.

20. A corresponding exclusion for identifying the BO of listed companies is also included in the Chapter 3, Section 8 of the AML/CFT Act. Hence, the AML-obliged person does not have to identify the BO of the customer.

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.

59. 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[21]
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	None	None	All	All	All[22]

Beneficial ownership definition

60. 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.

21. There is no obligation for companies to have a relationship with an AML-obliged person.
22. 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).

61. 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.

62. 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.

63. With regard to legal persons, Sweden's legal framework follows 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.

64. The preparatory works firstly clarify that each presumption should be looked at separately, resulting in multiple BOs being identified under different presumptions.[23] 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, or 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.

65. 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. The SCRO website provides guidance on the BO definition to entities that are required to populate the BO register. Officials from the SCRO and industry representatives were clear in the onsite visit that ownership could be a determinant of beneficial ownership, irrespective of the allocated voting rights, however the online guidance only provides examples with respect to voting rights. The examples are not exclusionary, and the SCRO considers that the bulk of Swedish entities have simple structures with voting rights mirroring ownership. In light of the absence of clarity in the preparatory works, Sweden should ensure that in practice entities consider both ownership and voting rights for the purposes of identifying and reporting information to the beneficial ownership register (see Annex 1).

66. The banking, auditing and legal professionals met during the on-site visit all demonstrated a good understanding of the requirements to identify beneficial owners, including with respect to the identification of shareholders without any voting rights. Moreover, they displayed clear understanding with respect to the application of the simultaneous approach and the need to identify beneficial owners through other means of control. However, the representative of banks remarked that certain elements of application had posed challenges in practice, which reflected an absence of SFSA guidance and a reluctance by the SFSA to provide clarity on these points. The

23. Also the notice for registration refers to multiple BOs, as described in paragraph 72.

banking industry, including a number of Swedish banks and the Swedish association of banks, participated in a cross-industry working group that prepared guidance. Where there was uncertainty on the application of the requirements, the guidance only noted the different approaches that were applied by industry. The application of the approach to identifying beneficial ownership through indirect ownership and control was an example where there was industry confusion and three different approaches to calculating the relevant percentages were therefore set out in guidance. In light of the absence of clarity in the preparatory works, Sweden should ensure that beneficial owners through indirect ownership and control are correctly identified (see Annex 1).

67. 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 36, the SCRO holds the information on the natural persons holding the position of managing director (where one exists) 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).

Public Registry/Legal entities

68. The main source of beneficial ownership information in Sweden is the BO register at the SCRO, which is complemented by the same information being held with 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 most foreign legal persons operating in Sweden[24] are required to keep[25] as well as register[26] beneficial ownership information. The BO reporting requirements do not apply to i) the Swedish state (national and sub-national level) and legal persons that it controls; ii) companies in which the state exercises direct or indirect control, iii) listed companies and iv) the bankruptcy or deceased persons' estates (Chapter 1, Section 2 BO Act).

24. Foreign legal entities with activities in Sweden that have already registered with a central BO register within the EEA are not required to report the information to the BO register, however they are required to keep the information.
25. Chapter 2, sections 1 and 7; Act on the Registration of Beneficial Owners (2017:631).
26. Chapter 2, sections 3 and 7; Act on the Registration of Beneficial Owners (2017:631).

69. 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,[27] 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. The information of the senior manager will also be available in the register.

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

71. When a company is created, the members of the board of directors are responsible for complying 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. The population of the register was estimated to be 91% in 2020. Updated statistics were unavailable (see below).

72. 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.

73. An application for registration must provide key information on the beneficial ownership,[28] including:

- full name, citizenship, country of residence, social security number[29] or, if missing, date of birth of the natural person or persons who are the beneficial owner(s); and
- the nature and extent of the beneficial ownership interest in the legal person or the trust or similar legal arrangement.

74. 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 arrangements and, where applicable, their organisation number.

27. Guidance by the SCRO notes that this may be the case if no one person has, directly or indirectly, more than 25% ownership or voting rights and no other persons control the company via other means.
28. The application also needs to include the company name and, where applicable, its organisation number.
29. 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, e.g. asylum seekers whose application is pending or other temporary residents get this number instead of a permanent social security number.

75. 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. Additionally, the natural persons registered in the BO register 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 falsely registered information in the same manner and using the same process as when AML-obliged persons submit discrepancy notifications (see paragraph 81). Such notification will only be sent to BOs having a Swedish social security number and will not be sent to BOs residing abroad. The number of error notifications received from registered BOs is unknown as they are classified in the same category as discrepancy reports from AML-obliged persons and public authorities.

76. All the information entered in the register, 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 register. Since there is no time limit to retain information in the register 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.

77. When there are changes on the beneficial owner of a legal person, this change needs to be *promptly* notified to the SCRO (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 Ombudsman decision meaning on the same day; with a grace period of one or a few days delay. The SCRO confirmed that it would expect such changes to be reported within a few days. However, apart from the requirement of entities to keep their information up to date and to promptly notify any changes to the register, there is no specific timeframe in law or guidance for entities to review their existing BO information in order to ensure that it is up to date.

78. The BO Act requires the beneficial owners of the entity to provide information to the entity upon request and the SCRO can sanction the beneficial owners for failing to do so. However, this obligation does not extend to entities within the ownership structure. There is also no requirement on beneficial owners, or on other persons within the ownership or control structure, to notify the entity of changes that will affect its beneficial ownership. Changes in direct legal ownership of a legal entity and their impact on beneficial ownership can always be taken into consideration by the legal entity. However, unless the entity is otherwise informed of changes

in the control and ownership structure of the entity or the entity is subject to updates in customer due diligence (CDD) by an AML-obliged person (see paragraph 88) the information in the register may not always reflect the latest situation. The absence of a legal requirement in the AML Act for AML-obliged persons to update CDD in line within a specified frequency means such prompts are not guaranteed in practice. The Swedish legal and regulatory framework therefore does not provide an effective means of ensuring that information in the BO register will always be updated following changes to beneficial owners. **Sweden is recommended to ensure that adequate, accurate and up-to-date beneficial ownership information is available for all relevant entities and arrangements, in accordance with the standard.**

Implementation, enforcement and oversight

79. The SCRO is the authority responsible for supervising the BO register and enforcing the obligations set out in the BO Act. This includes ensuring that all legal entities populate the BO register and that the information is correct. If a legal person has not registered beneficial owners when required, 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). A team of 8 staff, which can be increased to 14 to respond to peaks in workload, is responsible for supervision activities.

80. In practice, the SCRO substantially relies on AML-obliged persons to assist with its supervision of the register. The SCRO does not undertake any direct activities with respect to timely reporting and ensuring that the BO register reaches 100% population and the SCRO claims that it is unable to produce accurate figures on the rate of BO register filing due to the range of entities that provide BO information (see paragraph 68) but which have no other registration responsibilities. Nevertheless, because Swedish AML-obliged persons do not engage clients whose information is not available in the BO register, there is some assurance that the filing rate is likely to be very high to almost complete in practice. The legal framework does not directly prevent AML-obliged persons from establishing a relationship with an entity that is not in the register, but they are legally required to check the information in the BO register when fulfilling their CDD obligations. Representatives from the banking, auditing and legal services industries noted that this check is to be used as a starting point and also confirmed that this practice is adopted by industry and that it would be considered exceptional for a customer not to have filed information to the BO register. Legal entities are not legally required to engage the services of an

AML-obliged person, but it is considered extremely unlikely for an entity not to have an account at a Swedish bank in practice (see paragraph 48). In the absence of analysis and verification activities by the SCRO on the completeness of the register and a legal requirement to maintain a bank account, there may still be gaps in the information for some Swedish legal persons and arrangements.

81. AML-obliged persons play a primary role in ensuring the accuracy of the BO information in the register. They, and any public 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). As AML-obliged persons are required to check the information in the register in the course of their CDD activities, the information in the register should be effectively verified each time that an AML-obliged person undertakes or updates their CDD. If the customer is a legal person, a trust or similar legal arrangement, the investigation must also include measures to understand the ownership and control structure. All industry representatives met during the onsite visit were acutely aware of these responsibilities and indicated that industry's implementation of checking the BO register and reporting discrepancies is business as usual.

82. Swedish requirements on AML-obliged persons with respect to simplified customer due diligence (see paragraph 97) could however dilute the scale of the verification checks applied. In Sweden, simplified customer due diligence may be applied by AML-obliged persons to low-risk customers. The AML/CFT Act sets out the characteristics to consider when determining low risk, including whether the customer is resident in the EEA, in a jurisdiction with equivalent AML requirements, whether the customer is a listed entity, or whether the customer is a state or state owned legal person or similar. However, there is no practical guidance on what constitutes a low-risk customer but an overall assessment to all relevant circumstances must be made. Guidance from the Bar Association and industry-produced guidance interpret these requirements as allowing AML-obliged persons to rely on the BO register. The SFSA clarified that simplified CDD allows for controls, assessments and investigations that relate to CDD to be more limited in scope and conducted in a different way than that for other customers and, therefore, there may be low risk situations where obliged entities can rely on information in the register even though in general the register is intended to serve as a starting point and further information is needed on the customer's ownership and control structure in order to determine the risk profile of the customer. Nevertheless, the representative from the banking industry was clear that banks do not rely on the BO register information and always carry out their own checks to identify beneficial owners of clients, which mitigates this deficiency in practice in light of the almost full banking coverage of relevant entities and arrangements in Sweden.

83. The SCRO's activities to ensure that the BO register is correct are wholly directed to the handling and following up of discrepancy reports. There are no active checks on companies that have filed unless an issue is brought to the SCRO's attention by an AML-obliged person or other public authority. Once the SCRO receives a discrepancy report, it undertakes an initial review to determine the quality of the information reported. The SCRO noted that a significant proportion of the 33 000 discrepancy notifications received in 2023 could not be followed up on because of insufficient detail. In many cases, only an organisation number of the company is provided with no other information and the SCRO considered that it was therefore unable to pursue activity on the concerned company. Nonetheless, the SCRO did not undertake efforts to retrieve completed information from the notifying party or provide feedback when deficient notifications were received. In some cases, notifications concerned entities that were exempt, such as listed companies, but very few companies are exempt from reporting. Sweden has not provided further clarity on the nature of these poor-quality notifications. Following the quality checks of the notifications received, the team contacted 5 500 entities to verify the accuracy of the registered information (i.e. 17% of reported cases). Despite the important role played by discrepancy notifications in the supervision framework for the BO register, the SCRO does not provide guidance to AML-obliged persons on submitting discrepancy reports and there is no fixed template that would assist them with this legal obligation. This may have resulted in the high proportion of notifications that are of limited value in ensuring the quality of the information in the register.

84. When following up on the discrepancy reports, the SCRO sends a letter to the entity's board of management, notifying them of the claimed inaccuracy and orders the company to correct the information within two weeks or provide evidence to support the registered information. The SCRO team then reviews the documentary evidence submitted, which is typically the shareholder ledgers and other documentation relevant to the entity structure.

85. The SCRO has the possibility to flag the registered information as presumed incorrect in the case of no response from the entity or an inadequate response. SCRO officials did not provide detailed statistics on compliance activities, but they estimate that from their compliance activities only around 500 companies have corrected information in the course of an intervention by the SCRO. This means that the vast majority of the companies that it contacts (over 90%) do not provide the requested justification for the discrepancy and are therefore allocated this flag. The flag appears in the register alongside an entity's reported information 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 visible to anyone searching for information on the legal entity in the register and will be

displayed until correct information has been registered or the entity has demonstrated its accuracy to the SCRO. The flag indicates to other AML-obliged persons that caution is needed when conducting CDD and that clarifications should be requested before initiating or continuing a business relationship. On 31 January 2024, there were 2 560 entities in the register with a flag in place. This number is lower than the approximately 5 000 that would have been contacted and which led to discrepancy flags being added, however it may have reduced over time as legal entities subsequently updated their information.

86. The SCRO has the ability under legislation to apply fines for non-compliance by legal entities. During a trial period, the SCRO commenced enforcement action on entities that had not filed information or that had filed potentially incorrect information and sent around 140 official notices subject to a conditional fine. The standard amount of this fine was around SEK 12 500 (EUR 1 113). The SCRO initially pursued fines in six cases where information had not been provided, but the administrative process in applying the penalty was time consuming and in all six cases, the entities liquidated before the fine could be ultimately imposed. As a result, no fines have been applied to date.

87. In the case of an EOI request for BO information, STA officials have direct access to the information in the BO register which serves as its primary source of information. If an EOI official encounters a warning flag, the official will know that the information is not reliable and can therefore seek an alternative source of information. As it is considered very likely that an entity will have a bank account, the STA could instead use the entity's name to immediately retrieve beneficial ownership information from any Swedish bank that maintains an account on its behalf (see paragraphs 274-275). This has not been necessary so far as requests for BO information have not yet encountered persons with discrepancy flags.

88. On the whole, while the SCRO's supervision framework provides a good foundation to ensure the accuracy of the BO register, there are some important deficiencies. The SCRO has not undertaken analysis to determine the completeness of the register nor any verification activities in this respect. The practice of AML-obliged persons not to engage Swedish legal persons and arrangements that are not registered provides some assurance, but the absence of a legal requirement to maintain a bank account or to have a relationship with an AML-obliged person means that the register may not be 100% complete. Separately, the requirement on AML-obliged persons to verify the registered information and notify the SCRO of discrepancies means that over time, as CDD is updated, they act as an important check on the quality of the information. The SCRO has resources in place to manually review in detail each of the discrepancy notifications and add a warning

flag alongside the information of entities whose information is considered unreliable. Yet, in practice, most discrepancy notifications have been of poor quality and the SCRO has not been proactive in following up on deficient notifications. There is also no guidance to AML-obliged persons to improve the quality of these notifications. Furthermore, the effectiveness of the checks of the quality of information by AML-obliged persons may be undermined by any elements of the AML/CFT Act that are not clearly understood or correctly implemented, or by any reliance on the information already in the register when applying simplified CDD (see paragraph 246).

89. The bulk of discrepancy notifications reviewed by the SCRO have so far resulted in warning flags being added to the register. The SCRO's active flagging of legal persons, whose information is deemed unreliable, helps to compensate the deficiencies in its supervision framework in the context of exchange of information. When BO information is requested on companies that have a flag in the register, the STA can instead resort to other more reliable sources of BO information, such as statutory auditors or banks (see Element A.3). Nevertheless, in light of the deficiencies identified, **Sweden is recommended to improve its supervision framework with respect to its central beneficial ownership register, so that adequate, accurate and up-to-date information is always available for all relevant entities and arrangements**.

Anti-money laundering framework

90. The AML framework in Sweden is legislated mainly in the Act on Measures against Money Laundering and Financing of Terrorism (the AML/CFT Act). The AML/CFT Act defines pre-determined 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, and 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 banking representatives and the Swedish authorities consider that it would be difficult for an entity to operate effectively without a bank account at a Swedish bank and thus their beneficial ownership information should in virtually all cases be available with a bank. The AML/CFT Act follows the same definition of beneficial owner(s) as the BO Act (see paragraph 60).

91. Chapter 3, Section 8 of the AML/CFT Act stipulates that AML-obliged persons need to start their investigation on whether the customer[30] 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.

92. If the customer has a beneficial owner(s), the obliged person must take further actions to verify the identity of the beneficial owner(s) by examining an identity document, register extract, certificates or other information from independent and reliable sources (Chapter 3, Section 8 of the AML/CFT Act). 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).

93. 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 created by a cross-industry group provides an indication of industry practices and it 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. Representatives from industry in the onsite visit expressed that shorter timeframes were often deployed, including annual updating by statutory auditors, which is a requirement introduced by the Inspectorate of Auditors (see paragraph 107). However, no other supervisory authority has issued guidance on these expectations. Sweden should ensure that beneficial ownership information in relation to all customers of obliged persons is kept up to date in all cases (see Annex 1).

94. Additionally, as alluded to in paragraph 67, 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 AML-obliged person 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 81).

30. 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.

95. The AML-obliged person must keep customer due diligence records for the duration of the business relationship and for five years thereafter (Chapter 5, Section 3 of the AML/CFT Act). Where that ALM-obliged person's business ceases to exist, including through death in the case of a natural person, this obligation no longer applies and the information will no longer be required to be available unless that person forms part of a practice, such as a lawyers or registered auditor firm. In practice, this is likely to be the case and it is unlikely that business such as banks will cease trading without another entity assuming its responsibilities.

96. The AML/CFT Act also includes provisions regarding introduced business. Chapter 3, Section 21 permits AML-obliged 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 with 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). Industry representatives during the onsite visit indicated that the practice of relying on third parties for CDD, with the exception of other parties within the same group structure, was not common in Sweden and the AML-obliged persons typically always conducted CDD themselves.

97. In Sweden, AML-obliged persons may conduct simplified CDD if the risk of money laundering or financing of terrorism which can be associated with the customer relation is considered low. This allows verifications, assessments and determinations set out elsewhere in the Act to be more limited scope (Chapter 3, Section 15 of the AML/CFT Act) although in every case the beneficial owner must still be identified. The Act does not set out characteristics of low risk but notes the circumstances that can be considered for determining low risk, including whether the customer is a state, municipality, etc. or owned by such, the customer is located in the EEA or a state where there is a low level of criminality or corruption or companies that are listed on a regulated exchange. The SFSA explained that simplified CDD does not remove the requirement to carry out due diligence nor the requirement to understand the control and entity structure. Guidance from the Swedish Bar Association to legal professionals and cross-industry guidance prepared by industry note that, where applied, the AML-obliged person can

rely on the information in the BO register to identify beneficial owners. They also note that where simplified CDD is applied, the verification of customer identity can be undertaken after the establishment of the relationship. In practice, however, representatives from banks and auditors made clear that they will not rely on the information in the register and will always undertake their own checks to identify beneficial owners.

98. AML-obliged persons play a critical role in ensuring that the information in the BO register is accurate and up to date and therefore the absence of a specified frequency and the possibility to rely on the information dilutes the effectiveness of these checks. Although this is mitigated by practices deployed in industry, **Sweden is recommended to improve its supervision framework with respect to its central beneficial ownership register, so that adequate, accurate and up to date information is always available for all relevant entities and arrangements**.

Implementation, enforcement and oversight

99. 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. Auditors are supervised by the Inspectorate of Auditors and lawyers and legal professionals by the Bar Association. Certain designated non-financial businesses and professions without a dedicated supervisory authority (including accountants and corporate and trust service providers) are supervised by County Administrative Boards (CABs). Sweden's 21 CABs are government authorities led by the County Governor and are responsible for implementing the parliamentary and government decisions. This includes being charged with undertaking a range of administrative and law enforcement tasks in Sweden but only three CABs are responsible for the supervision of AML-obliged persons and this supervision extends to the multiple-county areas 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), giving full geographic coverage of Sweden.

100. The legislative framework gives each competent supervisory authority the powers to 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 during off-site and on-site inspections (Chapter 7, Section 5 AML/CFT Act).

101. 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), whichever amount is higher. 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 maximum is the highest of these (Chapter 15, Section 8 of the Banking and Financing Business Act).

102. 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 its board, is its chief executive officer or represents it 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 from holding a similar position for a period of time of 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).

103. In practice, Swedish authorities conduct supervision in a holistic manner, meaning that when AML-obliged persons are inspected, they are typically inspected for compliance with the AML/CFT Act and other relevant acts across the board.

104. AML-obliged persons would only be a secondary source of information for the STA, should the information not be available in the BO register or there are reasons to doubt its reliability, such as if the SCRO has added a warning flag against the information. The secondary source that the STA would most likely rely upon, and which would be readily available to the STA via the Account and Safe deposit box mechanism, are banks.

105. The **SFSA** conducts a range of supervisory activities to ensure that banks have implemented the requirements of the AML/CFT Act correctly. However, the number of investigations to ensure that beneficial ownership information is correctly identified and retained is limited in light of the size of the Swedish financial sector. Nevertheless, the obligations appear to be generally well understood and adequate and accurate BO information should be available with banks where it is not in the register (see Element A.3 for details on the supervision of banks, paragraphs 251-257. Moreover, as it is considered very unlikely that a Swedish entity would not have a bank account in Sweden, the verification checks of the BO register by banks will act as an important means of ensuring the accuracy of the register. In the limited circumstances that an entity did not have a bank account, statutory auditors or legal representatives engaged by the entity may still contribute to the availability of beneficial ownership information.

106. The **Inspectorate of Auditors** is responsible for around 3 000 authorised auditors in Sweden, of which approximately half work for the seven largest auditing companies and the remainder are based in smaller firms or work independently. They are engaged by the approximately one third of

Swedish companies that are subject to a statutory audit.[31] The Inspectorate of Auditors has prepared guidance for auditors to assist with their implementation of the obligations under the AML/CFT Act, however, these do not set out in detail the CDD expectations and the identification of beneficial owners.

107. The representatives of auditors demonstrated a good understanding of the obligations of the AML/CFT Act with respect to the identification of beneficial owners. They explained that in practice, auditors are aware of the requirement to check the information in the BO register in the course of their CDD activities but noted that they must also undertake their own activities with a view to reviewing the ownership and control structure, which typically involves reviewing the shareholder register and other relevant documentation at the commencement of each relationship. Furthermore, auditors explained that the practice was to re-conduct CDD on clients every year. The Inspectorate of Auditors has included this practice as a requirement in its regulations (Section 9, Swedish Inspectorate's AML/CFT regulations) and guidance, and it noted that non-compliance could lead to disciplinary action.

108. The Inspectorate undertakes holistic reviews on a six-yearly cyclical basis across all auditing firms and the auditor's understanding and implementation of AML obligations is reviewed in the course of an inspection. The Inspectorate reviews the procedures the auditor has in place to fulfil its obligations and tests that these procedures have worked in practice by reviewing a sample of customers. The Inspectorate has found the implementation of the requirements to identify beneficial owners to be more or less met but acknowledged that it had been a long journey in raising awareness among auditors of their obligations under the AML/CFT Act. It also acknowledged that there are some elements that can be more complex for smaller firms or auditors that work independently.

109. The Inspectorate of Auditors is active at applying enforcement measures for failures to comply with the necessary customer due diligence requirements, with measures taken against eight auditors in the six months to March 2024 for issues related to beneficial ownership (information was unavailable for the previous years). Sanctions have included cancellation of licence, warnings and warnings with financial sanctions applied.

110. The cyclical nature of inspections on statutory auditors should contribute to ongoing improvement of the sector's implementation of the requirements. Therefore, although statutory auditors have not been relied upon to obtain beneficial ownership information, they would act as a complementary resource to the information in the register and with banks.

31. Companies that are not obliged to engage a statutory auditor may nevertheless do so or they may otherwise choose to engage an accountant, bookkeeper or layman auditor, which are regulated by the County Administrative Boards.

Furthermore, the requirement, and practice, that auditors annually review the CDD information on their customers should strengthen the accuracy of the information in the BO register for the largest companies.

111. The **Swedish Bar Association** (SBA) is responsible for supervising 8 500 legal professionals and 2 000 law firms with respect to their obligations under the AML/CFT Act. Legal professionals in Sweden are only subject to the AML/CFT Act's requirements when they provide certain services to their clients, including formation services or acts in the name of a client in the context of financial or real estate transaction (sections 2-4, AML/CFT Act). The SBA is still developing its understanding of the proportion of legal professionals and law firms that are captured by these requirements.

112. The SBA's supervision activities are holistic and cover all obligations that lawyers operate under. There are four members of staff in the team designated to supervision and since April 2019, they have undertaken 156 inspections (i.e. around 8% of law firms), albeit the numbers of these inspections decreased at the start of the COVID-19 pandemic. They anticipate a substantive increase in supervision going forward and are considering separating out supervisory activities related to AML from its other supervision.

	2019	2020	2021	2022	2023
Number of Bar Association inspections	50	25	25	25	31

113. The SBA's supervision has so far covered the largest law firms and it has found that these firms generally have a good understanding of their AML obligations. In cases where the supervisor has identified misinterpretation of the relevant rules, the SBA typically gives the law firm the opportunity to correct, but no severe non-compliance with the AML/CFT Act has been identified.

114. Supervision of the legal professionals by the SBA is still in the early stages, with the SBA still determining the extent of the profession conducting activities that render them AML-obliged persons under the act. However, the SBA has been active in raising awareness and providing detailed guidance on their obligations and these appear to have been reasonably well understood by legal professionals.

115. The SBA has prepared extensive guidance, covering in detail the Know Your Customer requirements and application of the BO definition, however certain elements may not be conducive to always ensuring the availability of accurate and up-to-date beneficial ownership information in practice. The SBA has not provided lawyers with a specified frequency

for updating the BO information of their clients, noting that updating CDD should be based on risk. The SBA guidance also indicates that legal professionals applying simplified CDD in the case of low-risk customers may rely on the information in the register. Representatives of the legal profession were well versed in the obligations under the AML/CFT Act and the application of the BO definition in practice. They noted that in practice lawyers update CDD at least every two years and that they use the BO register as a starting point for identifying beneficial owners. Nevertheless, the potential reliance by industry on the information in the register could remove the added value from verification checks for customers considered low risk. The STA is unlikely to approach legal professionals for beneficial ownership information for companies where it is available elsewhere. Legal professionals therefore would instead primarily act as a further check on the accuracy of the information in the BO register through their discrepancy reporting.

116. In addition to banks, lawyers and auditors, BO information may be available with Sweden's large **population of non-financial professionals subject to AML requirements**. In January 2024, 14 364 non-financial AML-obliged persons were registered with the three Swedish CABs charged with AML supervision and each CAB is responsible for around a third of the total number. Non-financial AML-obliged persons include:

- traders in goods making or receiving cash payments amounting to eur 5 000 or more
- pawnshops
- accountants and layman (i.e. not accredited and supervised) auditors
- tax advisors
- independent legal professionals (i.e. not supervised by the sba)
- business formation service providers
- trust service providers
- board representatives and nominees
- providers of office space and/or post boxes
- art dealers where the value of the transactions amounts to EUR 10 000 or more.

117. The CABs supervision activities include outreach activities to identify non-financial AML-obliged persons that have not registered, conducting criminal record background and debt register checks of all of them to ensure that they are not disqualified for acting in that capacity, providing guidance on the implementation of the AML/CFT Act and carrying out inspections on the population. The guidance covers the CDD obligations at a generally high level and provide links to the SCRO website and to the AML/CFT Act itself

for the details on identifying the beneficial owners of entities. The guidance notes in particular that the CDD and identification of beneficial owners must be reviewed on an ongoing basis to ensure that it is up to date, although no frequency is specified for this purpose.

118. Each CAB has a team of around five members responsible for supervising the implementation of the AML/CFT Act and in particular the application of CDD requirements. They carry out a mixture of desk-based and onsite compliance activities. The compliance activities cover a range of topics including compliance with CDD obligations.

		2019	2020	2021	2022	2023
Stockholm	Desk-based activities	50	72	2	15	4
	Onsite visits	3	1	0	3	0
	Number of CAB-supervised non-financial professionals (January 2024)			4 965		
Skåne	Desk-based activities	43	255	19	37	42
	Onsite visits	7	1	0	0	0
	Number of CAB-supervised non-financial professionals (January 2024)			4 016		
Västra Götland	Desk-based activities	154	64	80	71	7
	Onsite visits	17	0	0	3	0
	Number of CAB-supervised non-financial professionals (January 2024)			5 383		

119. Similar to other supervisory authorities, the number of supervisory inspections that were onsite fell after the start of the COVID-19 pandemic but these numbers have not recovered, with very few or no onsite visits undertaken in 2022 and 2023. From the activities undertaken, the CABs found that non-financial AML-obliged persons generally have a poor knowledge of beneficial ownership and their CDD is often not conducted properly. The CABs in Stockholm and Västra Götaland applied punitive fines in 61 cases where they encountered incorrect general risk assessments and application of the CDD requirements between 1 April 2019 and 31 December2023. The CAB Skåne applied punitive fines in 37 cases where they encountered inadequate general risk assessments (in these cases only a few included compliance with CDD obligations).

120. Information on beneficial owners held by non-financial AML-obliged persons is in general unlikely to be a reliable source of information. The CABs acknowledge the sectors' poor understanding of their CDD obligations and the size of their AML/CFT teams means that the supervisory resources available are unlikely to address the inadequate implementation. Nevertheless, the STA has never needed to obtain beneficial ownership information from the non-financial professional population and is unlikely to do so in future. Unlike statutory auditors and banks, the STA may not be able to identify many of the non-financial AML-obliged persons that the entity has engaged. The weaknesses mean that the sector is unlikely to play an effective role in supervising the availability of information in the BO register.

121. The supervisory frameworks in place for statutory auditors, legal professionals, and banks (see Element A.3) are substantially more robust than that for the CAB supervised non-financial AML-obliged persons and therefore the latter are of little relevance for the availability of beneficial owners for legal entities (see sub-Element A1.4 for trusts). However, in light of the critical role played by AML-obliged persons in ensuring that the information in the BO register is accurate and up to date and the scope for increased supervisory activities on banks, **Sweden is recommended to improve its supervision framework with respect to its central beneficial ownership register, so that adequate, accurate and up to date information is always available for all relevant entities and arrangements.**

Nominees

122. 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.

123. 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). On 2 January 2024, there were 1 655 companies that maintained their share register at the Euroclear CSD in Sweden and around 800 of these were not publicly traded companies. No Swedish company uses any other CSD to maintain its share register (see paragraph 41). 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 23 entities operating as a nominee in Sweden, which are generally banks or brokers and subject to the supervision of the SFSA. 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.

124. In practice, the STA should be able to obtain the ownership information of a nominee shareholding when requested. The STA will be able to obtain the nominee's information from the CSD before seeking to obtain the ownership information from that nominee directly. However, the STA may encounter more challenges with respect to obtaining beneficial ownership information of the company that has the nominee shareholding. Similar to all other legal entities, companies with nominee shareholdings must identify and retain information on their beneficial owners and report it to the register. However, it is unclear how in practice they are able to obtain the information on the nominee shareholding in order to make that determination. While the beneficial owner is required to provide information to the company for this purpose upon request, no similar obligation applies to other entities within the ownership and control structure, and it is unclear whether the company is able to obtain this information from nominees in practice. Similarly, while industry representatives during the visit made clear that they must obtain beneficial ownership information before conducting business with clients, they were unclear on how in practice they would be able to ensure that the company has all the information available to allow the AML-obliged person to determine beneficial owners. No guidance has been made available by Swedish authorities to assist companies and AML-obliged persons with this challenge, although the Bar Association's guidance notes that the presence of a nominee shareholding may indicate that the client is higher risk.

125. The challenge is likely to be of very limited relevance in practice, given that it affects only around 800 Swedish companies that use a CSD and which are not listed companies, which is an almost negligible proportion of the total number of Swedish companies (approx. 0.1%). The ability for AML-obliged persons to file a notification where discrepancies are identified (see paragraph 81) further mitigates this issue as the STA may identify the unreliability of the information in the register and could try to seek the information from other sources such as the company and nominee shareholder. Sweden should nonetheless monitor that there is an accurate source of information on beneficial owners for companies with nominee shareholdings (see Annex 1).

Availability of legal and beneficial ownership information in EOIR practice

126. During the review period, Sweden received 30 requests for legal and beneficial ownership information of companies. Peers expressed satisfaction with the responses from Sweden and raised no concerns.

A.1.2. Bearer shares

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

A.1.3. Partnerships

128. 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.

129. 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.

130. Swedish law[32] recognises three types of partnerships which have legal personality:[33]

- **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 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 30 884 general partnerships in Sweden on 31 December 2023.
- **limited partnership** ("*kommanditbolag*"): A limited partnership has one or more partners (natural or legal persons) with limited liability for the obligations of the partnership up to the amount of

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

33. 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).

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 12 503 limited partnerships in Sweden on 31 December 2023.

- **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 was 1 EEIG in Sweden on 31 December 2023. EEIGs follow obligations stipulated for general partnerships.

Partner information requirements

131. 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.

132. Foreign partnerships conducting business in Sweden must register a branch at the SCRO's register of company branches (see paragraph 37 for the process), or incorporate and register another legal entity with the SCRO (see paragraph 36 for the process) before commencing with any business in Sweden. They are categorised as foreign branches and cannot be dissociated from the branches of companies (see paragraph 34).

133. Additionally, all partnerships (Swedish as well as foreign) must also be registered with the STA and file the identity of their partners, 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/ Pay as You Earn application form, which, *inter alia*, contains information about the identity of the partners.

134. 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). This information includes identity information of each partner and details of each participation or share in the partnership and each partner's share of the income for each income period. 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 provisions for partnerships are the same as for companies (see paragraph 46). 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).

135. 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 90 to 95, apply.

136. 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

137. As mentioned under A.1.1, the availability of beneficial ownership information in Sweden is met through a multi-pronged approach, with the same sources for beneficial ownership information relied upon, namely the partnership itself, the BO register and AML-obliged persons.

The same requirements on companies apply equally to partnerships (see paragraph 58).

138. 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.

139. However, foreign partnerships without legal personality, with sufficient nexus to Sweden will not be captured by the BO Act, since they are strictly speaking not foreign legal persons operating in Sweden and are also not legal arrangements similar to trusts. The STA could instead act as the source of identity information of the partners of foreign partnerships who conduct business in Sweden (see paragraph 133). Additionally, beneficial ownership information and identity information held for the purposes of understanding the ownership and control structure and identifying the beneficial owners would be available with any AML-obliged person that the partnership engages, albeit such engagement is not a requirement (see paragraph 49). Representatives from the legal professionals noted that they commonly encounter foreign partnerships without legal personalities investing in Sweden through private equity funds. Legal professionals or any financial institutions that provide services to foreign partnerships will therefore provide the main source of beneficial ownership in Sweden for these partnerships.

140. 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.[34]

141. 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 general 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.

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

142. 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.

143. The definition and identification process of beneficial owners is described in paragraphs 60- 63 and applies equally to partnerships.

144. Chapter 1, Section 4 Subsection 3 of the BO Act makes an explicit reference to the partnership agreement in relation to establishing effective control (see paragraph 61). 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". The deficiency identified with respect to the updating of beneficial ownership information of companies and the associated recommendation also apply to partnerships (see paragraph 78).

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

Oversight and enforcement

146. The identity information held by partnerships themselves is not subject to supervision and the SCRO does not undertake activities to verify that the partnership information in the Trade Register is accurate and that partnerships are updating this whenever there are changes.

147. Accordingly, the most reliable source of identity information on partnerships will be that available with the STA and the supervisory activities undertaken by the STA applicable to the legal ownership information of companies (see sub-Element A.1.1) apply equally to the identity information held by the STA on partnerships. As partnerships are transparent for tax purposes, the information available with the STA can in any case be considered to be accurate, even absent the supervisory activities, as the tax position of former partners or other persons involved in the partnership will be incorrect if new partners are not informed to the STA.

148. There may however be a small deficiency in the availability of information with the STA for partnerships that are not commercially active and therefore are not filing tax returns. However, with the exception of foreign partnerships without legal personality, this identity information should in any case be available in the BO register. Even where the partners are not the beneficial owners of the partnership, their information should still be available in the register because in the case of beneficial ownership through indirect ownership and control, details of all intermediate legal persons should also be reported. Any AML-obliged persons engaged by any foreign partnership (see paragraph 139) will also act as a source of ownership information.

149. The supervisory framework and enforcement provisions for the BO register under sub-Element A.1.1 apply equally to partnerships. Similar to companies, AML-obliged persons only act as a secondary source for beneficial ownership information on partnerships but they play a crucial role in ensuring that the information in the BO register is accurate and up to date. **Sweden is recommended to improve its supervision framework with respect to its central beneficial ownership register, so that adequate, accurate and up-to-date information is always available for all relevant entities and arrangements**.

Availability of partnership information in EOIR practice

150. During the review period, Sweden received no requests to provide identity or beneficial ownership information on partnerships.

A.1.4. Trusts

151. 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. Swedish law, in accordance with EU law, recognises that such trustees for foreign trusts or other comparable legal arrangements may be resident in Sweden and as such professional trustees are subject to the AML/CFT Act.

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

152. 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).

153. Swedish residents who constitute a trustee or equivalent function and a foreign trustee or equivalent function who conduct business in relation to the management of a trust in Sweden, need to retain and register information on the beneficial owners of the trust according to the same procedure as stipulated under A.1.1 (paragraphs 68-77). 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 deficiency identified with respect to the updating of beneficial ownership information of companies and the associated recommendation also apply to trusts (see paragraph 78). The registration and update process is as stipulated in paragraphs 73-77. 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 75); the general partner, if the legal person is a limited partnership (see paragraph 138).

154. The overarching definition of beneficial ownership as described in paragraph 60 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.

155. 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 persons 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. This is the interpretation of the supervision authorities. The generally limited relevance of trusts in the Swedish context means that AML-obliged persons are unlikely to encounter them. The representative from the banking industry, who was closely involved in preparing cross-industry guidance, noted that the requirement to look through legal persons and arrangements within a trust structure had been discussed and noted that a lot of banks believe this to be the case. However, the representative added that this was dependent on the structure and considered this issue an area where clarity would be helpful. Additionally, trust service 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. Sweden should clarify in guidance the look through approach with respect to trusts (see Annex 1).

156. 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 sourced 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/their 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 a 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

157. In practice, the Swedish authorities have limited visibility on the presence of Swedish trustees of foreign trusts and it is unclear whether the required identity and beneficial ownership information is available. Eight legal persons have registered information in the SCRO's company register as trust service providers and since 2019, there has been an increase in the number of legal persons registered with the SCRO under the category of "traders in goods, tax advisors, independent legal professionals etc." and which have "trust" in the name, from 26 in 2019 to over 120 in 2024, with almost all registered in Stockholm. The CAB for Stockholm acknowledged that it had attempted to understand this population and conduct supervisory activities. The CAB has sought to contact these persons and obtain information, including through the use of injunctions, but these attempts had largely failed and it had found the sector to be uncooperative. In 79 instances, the CAB applied fines and pursued these through to court, which in some instances resulted in the legal person's liquidation. The challenges in fulfilling its supervisory activities in practice mean the relevance and role of the sector is unclear. However, the STA has not encountered trusts managed from Sweden.

158. If trustee service providers do operate in Sweden, the STA may encounter difficulties if information is requested in respect of trusts they manage. The BO register would usually be the primary source of beneficial ownership information, although by January 2024, no information in respect of trusts had been registered. The SCRO has not conducted any compliance activity to ensure that trustees in Sweden report information to the register as required and would not do so unless it received a discrepancy notification from an AML-obliged person. The STA would therefore have to seek information directly from the trust service providers unless it was otherwise able to identify another AML-obliged person that would hold this information. The STA has not received any requests in respect of trusts managed from Sweden, or otherwise encountered them, and so it has not tested its enforcement powers concerning the requirement for professional trustees to register beneficial ownership information. However, in light of the challenges encountered by the AML supervisory authorities in understanding the presence of trust service providers in Sweden, the availability of a reliable and accurate source of beneficial ownership information in this area is unclear. **Sweden is recommended to improve its supervision framework with**

respect to its central beneficial ownership register, so that adequate, accurate and up-to-date information is always available for all relevant entities and arrangements.

Availability of trust information in EOIR practice

159. During the review period, Sweden received no requests to provide ownership information on trusts.

A.1.5. Foundations

160. 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.

161. 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 31 December 2023, there were 19 858 foundations registered in Sweden. The majority of these foundations (16 943) constitute so called ordinary foundations.

162. 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. Liabilities of the foundation are secured solely against the assets of the 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

163. 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.

164. 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 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.

165. A copy of the deed of foundation must be included with the notification, except for foundations established through some testamentary dispositions. The identity of the founder is not required to 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).

166. 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.

167. 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.

168. The CABs store the information and records electronically and/or on paper. As foundations are not required to involve a liquidator, the availability of foundation information with the CABs provides a reliable source of information, should the STA encounter challenges in obtaining information

from the former board members after liquidation. The CABs delete the forms received from foundations outlining changes to be made to the register after 10 years and retain all other information on the foundations.

169. 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.

170. 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. In 2023, there were 172 family foundations registered with the STA. 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 paragraphs 171 and 180.

171. 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).

172. Furthermore, foundations not conducting business activity or foundations whose total taxable earnings during the fiscal year amount to at least SEK 200 (EUR 18) 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). They must retain 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

173. As mentioned under sub-Element A.1.1, the availability of beneficial ownership information in Sweden is met through a multi-pronged approach, with the same sources for beneficial ownership information relied upon, namely the foundation itself, the BO register and AML-obliged persons. The same requirements on companies apply equally to foundations (see paragraph 58).

174. Foundations need to retain and register information on their beneficial owners according to the same procedure as stipulated under sub-Element A.1.1. The deficiency identified with respect to the updating of beneficial ownership information of companies and the associated recommendation also apply to foundations (see paragraph 78). The registration and update process is stipulated in paragraphs 73 – 77. 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).

175. 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.[35]

176. The definition and identification process of beneficial owners is described in paragraphs 60 – 63 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.

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

177. The preparatory works give guidance that 15% should be considered a substantial share, but this is not to the exclusion of lower proportions and the Swedish authorities explained that the circumstances should always be considered. 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.

178. 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. Industry representatives explained that in practice only specialist statutory auditors and banks take on foundations as clients as they are required to be familiar with the relevant requirements on foundations. They should therefore be well placed to understand the structure of the foundation and consider its circumstances with a view to identifying beneficial owners.

179. The BO definition of foundations is therefore 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.

180. 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 persons (which would also cover professionals managing family foundations, see Chapter 1, Section 4 AML/CFT Act).

Oversight and enforcement

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

182. The supervisory framework for the BO register and the respective recommendation set out under sub-Element A.1.1 applies equally to foundations. Similar to companies, AML-obliged persons, including foundation services providers, would only act as a secondary source of beneficial ownership information on foundations but they play a crucial role in ensuring that the information in the BO register is accurate and up to date. **Sweden is recommended to improve its supervision framework with respect to its central beneficial ownership register, so that adequate, accurate and up-to-date information is always available for all relevant entities and arrangements.**

Availability of foundation information in EOIR practice

183. During the review period, Sweden did not receive requests to provide ownership information on foundations.

A.2. Accounting records

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

184. 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 this element of the standard. The requirements under the Accounting Act, supplemented by obligations imposed by the Income Tax Act, ensure availability of accounting records with underlying documentation by almost all relevant entities and arrangements. There is a deficiency in the legal framework as there is no requirements to ensure that Swedish companies maintain underlying accounting information in Sweden following their redomiciliation. A recommendation has therefore been made and the legal and regulatory framework is therefore in place but certain aspects of the legal implementation need improvement.

185. Oversight and supervision of the accounting requirements is mainly provided by the Swedish Tax Authority (STA) and the requirement for a significant proportion of Swedish companies to undergo a statutory audit by an authorised auditor. The STA audits are particularly thorough and act as an effective means of verifying the accuracy and retention of accounting

information, including underlying documentation. The Swedish Companies Registration Office (SCRO) and County Administrative Boards (CABs) also conduct supervision activities with a view to ensuring that annual accounts are filed when required.

186. Sweden received 98 requests for accounting information during the review period and generally was able to provide the information to partners.

187. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/ Underlying factor	Recommendations
Companies resident in Sweden may redomicile to other jurisdictions and the legal framework does not ensure that their underlying accounting records will be available in Sweden in accordance with the standard.	Sweden is recommended to ensure that all accounting information is consistently available in practice in relation to companies that redomiciled out of Sweden for a minimum period of five years.

Practical Implementation of the Standard: Largely Compliant

No issues have been identified in the implementation of the existing legal framework on the availability of accounting information. However, once the recommendation on the legal framework is addressed, Sweden should ensure that it is applied and enforced in practice.

A.2.1. General requirements

188. 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 on accounting information since the 2013 Report (refer to paragraphs 136-161). However, since 2023, Swedish companies may redomicile to other EEA jurisdictions, impacting the availability of underlying accounting information in these circumstances (see paragraph 213).

Accounting law – Companies and partnerships

189. 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).

190. 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).

191. The scope and publication requirement of the annual report may vary depending on 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 subject to a statutory audit by an external auditor that is authorised and regulated by the Inspectorate for Auditors. 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 133 600)
- the company's reported net turnover for each of the two most recent financial years has exceeded SEK 3 million (EUR 267 201).

192. Although accurate and up-to-date figures are not available, the Inspectorate for Auditors estimated that in practice, around 230 000 companies (about one third of Swedish companies) must undergo a statutory audit each year. After 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 seven months from the end of the financial year, a company must pay a late filing fine for up to SEK 10 000 (EUR 890) 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). Sweden has relatively high rates of timely filing and the SCRO has been active at applying penalties in cases of late filing (see paragraph 220).

193. All registered partnerships (general, limited and EEIGs) are obliged to prepare annual accounts for each financial year (Chapter 6, Section 3, Accounting Act). Annual accounts 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).

194. 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 Criminal Code, which can lead to imprisonment for up to two years, or, if the offence is minor, to a fine or to imprisonment for up to 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.

195. 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).

196. Certain accounting information that relates to operations conducted by an undertaking through a branch office outside of Sweden is 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 (i.e. the information may be stored in the cloud with the server based outside of Sweden) 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.

197. The STA can 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.

198. In practice, the storage of accounting records abroad is not common. For legal entities and arrangements, it occurs mainly where the records are held in the cloud and the server is not based in Sweden. Otherwise, it also occurs in the case of individual taxpayers moving abroad.

199. 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. Moreover, in practice, all accounting information requested in respect of legal entities and arrangements has been available in Sweden and therefore storage abroad has had no impact on the availability of accounting records for EOIR purposes. More generally, the STA has been able to obtain information for its own domestic purposes when needed.

Accounting law – Foundations

200. 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 the County Administrative Boards are the relevant filing and supervisory authority. Some foundations are excluded from the obligations of the Accounting Act, namely:

- family foundations
- foundations where the value of their assets do not exceed SEK 1.5 million (EUR 133 600) and which are not conducting business operations, parent foundations, fundraising foundations, collective agreement foundations, foundations formed by state, its subdivision or municipality, pension foundations and employee foundations.

201. Slightly more than half of all foundations must file annual accounts with the County Administrative Board (55%). Foundations that are excluded under the Accounting Act still need to keep ongoing accounts in respect of amounts received or paid by the foundation. Family foundations are required to keep these accounts in line with tax law (see paragraph 203). For the remainder of foundations, the Foundation Act requires them to retain vouchers for cash receipts and payments and to close the accounts with a summary for each financial year (Chapter 3, Section 2, Foundation Act). 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.

Accounting law – Trusts

202. Sweden's Accounting Act follows generally accepted accounting principles and therefore professional trustees in Sweden will need to maintain accounting information identifiable to each trust managed. This applies irrespective of whether the trustees are natural or legal persons. All natural persons who conduct business operations, including trustee activities, are obliged 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 distinguish a natural person with business operations from a natural person acting as a trustee of a foreign trust. The same general accounting rules as for companies apply in both instances. 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

203. 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 18). 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).

204. 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.

205. Additionally, some accounting information[36] 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). The STA is also able to penalise late filing of income tax returns (and consequently accounting information), with fines ranging from SEK 6 250 to SEK 18 750 (EUR 556 to EUR 1 670).

Retention period and entities that ceased to exist

206. Companies are required to file their annual reports (and where applicable the auditor's report) with the SCRO (see paragraph 192). 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.

207. 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 11 years after the end of the calendar year that the information and documentation concerns (Chapter 20, Section 2, Tax Procedure Ordinance).

208. 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 of the 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 five-year retention period as required under the standard for accounting information is complied with.

36. 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, Sections 9-10 Tax Procedure Ordinance).

209. Regarding the availability of accounting records and underlying documentation, in case an entity ceases to exist, the obligation to keep these records depends on the circumstance, but all companies irrespective of whether they continue to maintain assets must involve a liquidator at liquidation, who assumes responsibility for retaining the accounting records. Other legal persons can elect to involve a liquidator. If a company goes bankrupt, a liquidator appointed by the SCRO, usually a lawyer or an auditor, 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. In the case of voluntary liquidation, the board of the company can propose a liquidator to the SCRO, which will review the proposed liquidator's credentials before approval. The SCRO does not supervise the obligations of the liquidator but all appointed liquidators are either lawyers of the Swedish Bar Association or licensed auditors and any misconduct with respect to their responsibilities would lead to a disciplinary action by these bodies.

210. There are no legal requirements on the residency of the liquidator but in practice almost all liquidators are resident in Sweden. The SCRO typically looks to ensure that any liquidator it approves or appoints has a close geographical proximity to the liquidated company. Most liquidators are companies but it is possible for individuals to act as liquidators and therefore his/her residence could change after appointment, potentially resulting in underlying accounting records being held outside of Sweden. Nevertheless, the SCRO confirmed that in practice it is extremely rare for a liquidator to be resident outside of Sweden and officials were only able to identify 1 case in the last 15 years when this was approved. The potential for liquidators to reside outside of Sweden has therefore a negligible impact on the availability of accounting information for exchange of information purposes.

211. For companies that are subject to forced liquidation by the SCRO, such as for failing to submit financial accounts, the company board remains subject to the obligations that the accounting records be given to the liquidators upon liquidation. In four cases during the review period (three of which concerned linked companies) the company board had not provided the liquidator with the necessary information. The three linked companies had been historically non-compliant and therefore forced into liquidation by the STA due to unpaid debts. In the other case, the company had undergone a voluntary liquidation but the STA did not seek to pursue the information from other possible sources such as the company's statutory auditor or the former company board members (see paragraph 283). These nevertheless appear to be isolated cases and the competent authority has updated its internal procedure for accessing information on liquidated companies since then.

212. 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 the responsibility over the document retention period.

213. In line with an EU Directive, Sweden introduced legislation with effect from 31 January 2023 that allows Swedish entities to redomicile to another EEA jurisdiction. Swedish law ceases to have effect on entities that have redomiciled out of Sweden and therefore the requirement to retain accounting information on such companies no longer applies. The SCRO has processes in place to consider, approve and record redomiciliations. These processes will ensure that Sweden has a record of the SE's new jurisdiction of domicile. While the annual accounts of former Swedish companies will be kept in the register at the SCRO following the redomiciliation, it is unclear whether the interaction of the EU Directive and the legal frameworks in Sweden and the new jurisdiction will ensure that the underlying documentation is required to be retained. Prior to the introduction of these changes, European Companies (SEs) were already able to redomicile to other EEA jurisdictions and the Swedish authorities confirmed that in this instance Swedish law no longer applied and therefore no legal obligation exists for these companies. There has been one Swedish SE redomiciliation outside of Sweden. Sweden has not provided statistics on redomiciliations of other limited companies since the law was introduced. **Sweden is recommended to ensure that all accounting information is consistently available in practice in relation to companies that redomiciled out of Sweden for a minimum period of five years.**

A.2.2. Underlying documentation

214. As described in paragraph 190 (for companies and partnerships), in paragraph 200 (for the majority of foundations, excluding family foundations) and in paragraph 202 (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 that 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. 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).

215. 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).

216. Sweden is also part of the intracommunity EU VAT system and therefore Swedish undertakings must 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

217. The supervisory activities to ensure the availability of accurate accounting information are undertaken by a combination of external authorised auditors, the SCRO in respect of companies, the CABs in respect of foundations, and most significantly the STA.

Statutory audits

218. Authorised auditors[37] play a significant role in ensuring the accuracy of annual reports by companies. Sweden's thresholds above which companies must undergo a statutory audit impacts around a third of Swedish companies. While auditors have a range of duties, importantly, they are required to ensure that the company has prepared accounts that are in line with the accounting requirements and submit an opinion on the accounts. Auditors must therefore make a positive agreement to the annual accounts or

37. 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 Inspectorate of Auditors (Revisors-inspektionen). They must also be honest and otherwise suitable for carrying out auditing activities (Section 4 of the Auditing Act).

provide a deviating opinion. If the authorised auditors identify any malpractice or criminal activity, they have a statutory duty to report this.

219. The Swedish Inspectorate of Auditors ensures the quality of auditors' activities. The Inspectorate undertakes quality controls on every authorised auditor at least every six years. Furthermore, the Inspectorate annually performs around 80-100 risk-based controls after conducting its own risk assessment, or where risks have been identified in the media or from whistleblowing. The Inspectorate considers its risk-based activities to be effectively targeted with around half of all risk-based controls resulting in disciplinary action on the auditors. The Inspectorate's regular supervisory activities on auditors give good assurance on the quality of accounting information available for companies that are subject to statutory audits.

The SCRO and County Administrative Boards

220. The focus of the SCRO's supervision activities is to ensure that annual reports are filed within the prescribed timeframe. The SCRO is especially active in this regard and systematically issues fines for late filing. It also systematically begins proceedings to wind up the company in case of continued non-compliance, as mentioned in paragraph 192. This enforcement action may also be instigated if the SCRO identifies companies that have not undergone a statutory audit despite exceeding the relevant thresholds. The SCRO's activities do not extend to verifying the accuracy of the submitted accounts but if any anomalies are identified, or brought to its attention, and are indicative of criminal non-compliance, it forwards these to the Swedish Economic Crime Authority. Over the last few years, there has been a nominal increase in the number of penalties applied for the late filing of annual accounts and of compulsory liquidations where the accounts have not been filed by the eleventh month from the end of the financial year. Broadly, this increase is in line with the increase in the number of limited companies with an average 94% on-time filing rate.

Year	Number of liquidated limited companies (due to no annual report)	Number of penalties due to late filing	Rate of on-time filing
2021	1 711	32 237	95.4%
2022	1 817	44 571	93.9%
2023	2 067	47 495	93.7%

221. The CABs take a more active role in reviewing the accounting information submitted by foundations. In addition to verifying that all foundations that should have filed annual accounts have done so, the CABs undertake checks to varying degrees across all submitted reports. The focus of these controls is primarily to ensure that the foundations are complying with their

respective foundation deeds and the Foundations Act generally, however in the course of their activities, they may also identify accounting issues. These initial reviews can lead to further desk-based activity as well as an onsite visit, of which 73 were undertaken in 2021, 109 in 2022 and 95 in 2023 by CAB Stockholm.

Supervision by tax authorities

222. The STA plays a key role in verifying the accuracy of accounting information for all Swedish entities and taxpayers. Although the STA is not tasked with monitoring a taxpayer's compliance with the accounting obligations, it does this indirectly because the accounts prepared by taxpayers form the basis for taxation of income in Sweden.

223. Sweden can automatically identify late filing by Swedish taxpayers, who are generally very prompt at filing information in a timely manner. In case of late filing, the STA can apply penalties (see paragraph 203) and in practice these penalties are decided in only around 80 000 cases out of 8.3 million income tax statements (less than 1%).

224. After selecting taxpayers for review following a risk-based process, the STA will obtain a copy of the accounts and the underlying documentation in its preparatory phase of an audit, and will undertake various checks throughout the course of the audit to test that the taxpayer has effective systems in place and the correct documentation. The STA can issue fines as described in paragraph 205, if information is not provided to them in the course of an audit. Where electronic systems or cash registers are used, the auditor will ask the taxpayer to demonstrate how transactions are recorded and how this is then reflected in the taxpayer's accounts. In the course of every audit, the auditor needs to take a formal position on the taxpayer's filed accounts, indicating whether they are reliable. The STA has a statutory obligation to file a report to the prosecutor as soon as there is reason to assume that an accounting offence may have been committed. Therefore, whenever non-compliance is identified with respect to the preparation of accounts, this is *prima facie* considered a serious breach and they are reported as crimes. Additionally, where non-compliance has resulted in the incorrect tax being paid, the STA can also apply a punitive 20-40% tax surcharge on the affected income.

225. Although tax compliance activities are intended to ensure that the income tax declaration is correct, where partnerships or companies do not meet the taxable earnings threshold to file tax returns (SEK 200 or EUR 18), the STA may still identify them through its risk assessment process and conduct compliance activities.

226. Over the review period, the number of visits to taxpayers (where electronic transaction systems may be tested before an audit is launched) dropped dramatically from 2019 due to the COVID-19 pandemic. This coincided with a fall in audits over the period. However, historically the STA has been very active in conducting compliance activities on Swedish taxpayers. Gradually, the number of these visits and audits has increased following the end of these restrictions as have the number of reports for accounting failures and serious accounting failures.[38]

	2019	2020	2021	2022	2023
Visits	24 409	9 175	5 961	8 320	9 785
of which (estimates)					
Companies	4 415	1 783	1 066	1 752	2 200
Partnerships	1 583	622	317	539	457
Foundations	6	3	0	4	2
Audits	2 130	1 654	1 562	1 851	1 828
of which (estimates)					
Companies	1 405	1 188	1 018	1 276	1 286
Partnerships	68	74	41	95	64
Foundations	1	5	1	3	1
Accounting failures reported	1 368	1 214	1 027	1 090	1 335

227. The STA therefore has a robust programme of supervision of accounting obligations and where necessary has taken action against identified incidents of non-compliance with accounting obligations. Accounting failures are considered particularly egregious and are systematically reported as suspected criminal activity, with criminal detention acting as a strong deterrent to non-compliance.

228. The STA's activities are supported by the activity undertaken by the SCRO, the CABs and, importantly, the statutory auditors, and largely ensure the availability of accurate accounting information in Sweden for all relevant entities.

Availability of accounting information in EOIR practice

229. During the review period, Sweden received 98 requests for accounting or business transaction information. Sweden has generally been able to provide information when requested to partners. In addition to limited instances where information was not available for liquidated companies (see paragraph 211), Sweden generally only encountered issues in obtaining

38. A serious accounting failure involves fraudulent activity such as the forging of documentation.

accounting information with respect to five cases concerning fraudulent use of a person's identity. Additionally, in two cases Sweden was only able to provide partial responses concerning the information that it was able to obtain remotely. These cases were during the height of the COVID-19 pandemic and the STA were unable to conduct onsite visits. Sweden informed their partners who confirmed that they were satisfied with the partial reply and that they did not require further pursuit of the remaining information. Finally, in three requests concerning three Swedish companies with the same Swedish owners, the STA was also undertaking its own compliance activity. Ultimately, the STA determined from its own compliance review that the information held was incorrect and irrelevant and therefore informed the partner of the situation. The partner confirmed it was satisfied with the STA's co-operation.

230. Moreover, peer input provided for the review period from Sweden's EOI partners expressed satisfaction with the quality of Sweden's responses.

A.3. Banking information

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

231. 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.

232. 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. The Act requires banks to update customer due diligence based on the risk profile of the customer and in certain other circumstances. While the practice of banks has been to update customer due diligence of its customers at least every five years, the frequency for updating beneficial ownership information is not specified in the legal or regulatory framework. This may affect the availability of up-to-date information in certain instances. Sweden is recommended to take measures to address this gap in its legal framework.

233. The SFSA has upscaled its AML supervision resource since its FATF mutual evaluation review in 2017 and its activities have given good coverage of the most dominant banking players in Sweden. However, the overall number of AML investigations remains limited in practice. Sweden is

therefore recommended to strengthen its ongoing supervision of banks to ensure that accurate and up-to-date beneficial ownership information for all bank accounts is maintained by all the banks in Sweden. Furthermore, the supervisory authority for banks has not produced guidance clarifying the implementation of certain key elements relevant to the implementation of the AML/CFT Act and the application of the beneficial ownership definition. Moreover, industry has not found it to be responsive to related queries. The banking industry considers that this absence of clarity has resulted in some challenges in implementation. Sweden is therefore recommended to provide adequate guidance to ensure the availability of accurate and up-to-date beneficial ownership information of bank accounts.

234. During the review period, Sweden received 86 requests related to banking information and no issues were raised by peers in obtaining such information in practice.

235. The conclusions are as follows:

Legal and Regulatory Framework: in place but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Although there is an obligation to update customer due diligence based on the risk profile of the customer, there is no specified frequency of updating beneficial ownership information. This may lead to situations where the available beneficial ownership information is not up to date.	Sweden is recommended to ensure that, in all cases, up-to-date beneficial ownership information for all bank accounts is available in line with the standard.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
Sweden conducts a range of supervisory activities, including investigations, to ensure implementation of the requirements to identify and retain beneficial ownership information. While the investigations have given good coverage to the largest Swedish banks and therefore cover the bulk of bank accounts respectively, the overall number of these investigations is limited.	Sweden is recommended to strengthen its ongoing supervision of banks to ensure that adequate, accurate and up-to-date beneficial ownership information for all bank accounts is maintained by all banks in Sweden, in accordance with the standard.

Deficiencies identified/Underlying factor	Recommendations
Although the preparatory works for the AML/CFT Act provide some clarity on the implementation of the AML/CFT Act, the banking sector has encountered some challenges in implementing the definition of beneficial owner and the supervisory authority has not been communicative.	Sweden is recommended to provide adequate guidance to ensure the availability of accurate and up-to-date beneficial ownership information of bank accounts.

A.3.1. Record-keeping requirements

Availability of banking information

236. 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 191 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 an obligatory accounting audit (Chapter 10, Section 9, Banking and Financing Business Act). Furthermore, the legislation requires banks to keep separate records in their accounts of transactions made for a client's account (Chapter 2, Section 3, Finansinspektionen´s Regulatory Code).

237. Banks must also preserve accounting information 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 4.5 million) (Chapter 15, Section 8, Banking and Financing Business Act).

238. The SFSA can in some cases allow accounting information to be destroyed before the expiry of this statutory retention period (Chapter 7, Section 7 of the Accounting Act). However, accounting information, which falls under the scope of the Swedish Act on Certain Financial Relations[39]

39. 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

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.

239. 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).

240. 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.

241. 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 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

242. 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.

243. As discussed under Element A.1, the AML/CFT Act requires all AML-obliged persons to obtain, verify and maintain beneficial ownership information. 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).

244. As described in paragraphs 90-95, banks start their investigation on whether the customer[40] has a beneficial owner in the public register of

different activities and the methods by which costs and revenues are assigned or allocated to different activities.

40. 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.

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 action to verify the identity of the beneficial owner(s). The verification needs to be done before the establishment of the business relationship, whatever the AML-risk level of the customer (Chapter 3, Section 9 of the AML/CFT Act). 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. 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 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 SCRO (see paragraph 81).

245. The SFSA has not produced detailed guidance itself with respect to the implementation of the AML/CFT Act's obligations, instead contributing to the European Banking Authority's guidance. This authority has been granted a leading, co-ordinating and monitoring role when it comes to AML/CFT. One way that it exercises this role is by adopting guidelines for industry that the SFSA generally commits to apply in its supervision. The main guidance available relevant to CDD practices is the Risk Factor Guidelines. The banking sector does use this guidance, which focuses primarily on risk assessment and profiling of clients and does not include detail on the application of, for example, Sweden's beneficial owner definition or requirements on Swedish banks vis-à-vis the BO register. Industry therefore also relies on guidance that was prepared in a cross-industry working group (see paragraphs 66 and 93), in which a number of Swedish banks, working alongside the Swedish association of banks, participated and contributed. The industry guidance therefore provides a good indication of the practices implemented by Swedish industry.

246. With respect to ensuring that beneficial ownership information be updated continuously, as the frequency for updating beneficial ownership information is not specified in the legal or regulatory framework, the cross-industry guidance sets out that banks should review the information at certain intervals, depending on the customer's risk profile. It provides a guideline of once a year for high-risk clients, every three years for medium risk clients and every five years for low-risk clients, referencing the risk characteristics set out within the AML/CFT Act (see paragraph 82). The representative from the banking industry noted that the usual practice is for banks to update CDD at least every three to five years, and for the highest risk customers this can be as frequent as every one to three months. There is however no guidance from the SFSA on how frequently banks should update their CDD information

and the European Banking Authority's guidance does not specify a frequency either. The SFSA explained that the banks should determine an appropriate frequency based on their risk assessment and that they are expected to justify their approach. Although not set out in guidance, the SFSA officials noted that there may be scenarios that they could not foresee as justifiable and compliant with the law. For example, SFSA officials could not foresee a ten-year window for updating information ever being appropriate. Nevertheless, there is no specified frequency communication to industry, beyond which a bank's practices would be considered non-compliant (and therefore sanctionable). **Sweden is recommended to ensure that, in all cases, up-to-date beneficial ownership information for all bank accounts is available in line with the standard**.

247. The banking representative noted that the absence of guidance had posed challenges in implementation of areas relevant to identifying beneficial owners and it did not consider the SFSA to be a communicative authority.

248. The representative remarked that there had been a number of instances where industry had requested clarification on implementation but had not received any. Accordingly, the industry-prepared guidance includes different practices deployed by industry, reflecting that industry's own discussions on certain items were inconclusive in the absence of certainty from the SFSA. For example, the guidance includes three methods for calculating beneficial ownership through indirect control. Furthermore, the industry guidance notes that in the case of simplified CDD, the information in the BO register can be relied upon for the purposes of identifying beneficial owners. Although the banking representative was clear that banks were not allowed to rely on the BO register, the guidance is used across industry. Consequently, there is a risk that some banks may implement this approach. The SFSA considers that the preparatory works already provide substantive detail on the implementation of the AML/CFT Act and that Swedish banks could rely on the European Banking Authority's Risk Factor Guidelines. These guidelines do not however provide detail on the application of Sweden's BO definition, including the look through provisions for trusts, or the frequency for updating beneficial ownership information in the absence of a triggering event. **Sweden is recommended to provide adequate guidance to ensure the availability of accurate and up-to-date beneficial ownership information of bank accounts.**

249. The banks must keep customer due diligence records for the duration of the business relationship and for five years thereafter (Chapter 5, Section 3 of the AML/CFT Act). The representative from banks noted that information from the last 20 years has virtually all been digitalised and the practice was to retain all documentation on a customer's ownership and control structure for entirety of the customer relationship plus the requisite five years.

250. Banks can also rely on the customer due diligence conducted by a third party, subject to the requirements as described under paragraph 96, but rarely do so in practice.

Oversight and enforcement

251. Banks are supervised by the SFSA, which has the power to verify whether they 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). Separately, the SFSA's team for prudential supervision conducts checks with respect to compliance of accounting obligations (including the recording of transactions and record keeping).

252. The SFSA can issue an official warning or decide to give the bank an adverse remark.[41] A warning is given in severe situations where the bank's authorisation could be called into question. An adverse remark is applied in less serious cases that do not merit a warning. When a warning is issued or an adverse remark is given to a bank, this can (and usually is) combined with a fine. The minimum size of a fine is SEK 5 000 (EUR 445) 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). Revoking a bank's authorisation is a sanction available in the most egregious cases (Chapter 15, Section 1 Banking and Financing Business Act).

253. Since the 2013 Report and the subsequent 2017 FATF Mutual Evaluation Review, the SFSA has upscaled its resources to undertake its supervision activity. At the time of the FATF review, the SFSA had a team of 8 AML/CFT specialists responsible for more than 2 000 entities. Sweden was given a Moderate Rating for Immediate Outcome 3 (Supervision) as the scale of its activities was not considered sufficient in light of the size and risk of Sweden's financial sector.[42] Between 2010 and mid-2016, Sweden had undertaken 19 inspections of Swedish banks or branches of foreign banks in Sweden. The SFSA now has a team of 20 staff working on AML/CFT-related

41. A remark can be issued to a bank for a compliance failure. It is similar to an official warning but is a lower level (i.e. it is less serious than a warning).

42. The FATF review considered the sufficiency of the SFSA's activities across the whole of the financial sector and the conclusion was not based on its supervisory activities of banks alone. The report highlights that from 2010 to mid-2016, 79 AML/CFT onsite inspections had been conducted. In that period, 19 of these were conducted on the then 115 Swedish banks or branches of foreign banks in Sweden.

supervision, plus an additional 5 legal specialists. They continue to be responsible for supervising around 2 000 financial institutions in Sweden, including 122 banks in Sweden. Since the increase in resource, the number of investigations has been broadly static, with an average of three investigations launched each year into credit institutions, specifically for the purpose of reviewing their compliance with AML/CFT obligations, including CDD requirements.

	2019	2020	2021	2022	2023
Investigations started in calendar year	5	3	3	1	4
Investigations closed in calendar year	3	5	2	3	1

254. The SFSA has in this period given significant focus to the largest banking players in Sweden. Four banks in Sweden dominate the market and since 2019, the SFSA has conducted in depth investigations on each of these banks. An investigation was also conducted on a significant branch of a foreign bank in Sweden. The activities therefore give thorough coverage to the dominant players in Swedish banking. Of the 57 banks that Sweden considers to be smaller savings banks, 2 such investigations were undertaken since 2019. The SFSA noted that such banks generally co-operate through their trade association and share many characteristics, so these in-depth investigations into small banks can give the SFSA an understanding of compliance more generally in the sector. The SFSA officials noted that their investigations, covering a range of AML/CFT aspects, typically take between several months to around two years. They involve an extensive process, involving a number of meetings and at least one on-site visit. Over the course of an investigation, the officials review the banks' risk assessments as well as all policies and procedures that are in place with respect to AML obligations, including CDD processes.

255. In addition to specific AML/CFT investigations, the SFSA reviews CDD aspects in the course of its other prudential supervisory activities. Furthermore, the SFSA reviews AML procedures for all new financial institutions seeking authorisation and it participates in around 60 cross-jurisdiction "colleges" with the other banking supervisory authorities in the European Union. These colleges focus on financial institutions that have a cross-border presence and allow supervisory authorities to consider and follow up on group related risks, including for AML/CFT purposes. Such investigations would not be reflected in the aforementioned figures and therefore the SFSA considers it challenging to fully account for all supervisory activities that have contributed to ensuring the availability of beneficial ownership information.

256. The SFSA's supervision is conducted on a risk-based approach, consisting of an analysis of self-assessment questionnaires issued to

supervised entities, considering 90 risk factors; a sectoral analysis, considering the financial sector or sub-sector and inherent risks; and a qualitative assessment to give a more accurate risk profiling. The SFSA considers this risk identification process to be effective at targeting supervised entities that are at greatest risk of non-compliance, as demonstrated by the high rate of penalties applied over the course of their investigations. Of the 14 investigations concluded between 2019 and 2023, 5 resulted in pecuniary sanctions being applied, ranging from SEK 1.6 million (EUR 142 507) to SEK 4 billion (EUR 356 million). Alongside the fines imposed, two banks received warnings and three received an adverse remark for failures that primarily concerned inadequate risk assessments by banks, including with respect to CDD. In one case, a bank was found to have not stored its CDD records in line with the requirements.

257. In total, around 2-3% banks are reviewed each year with in-depth investigations complemented by the SFSA's broader suite of activities, during which the CDD obligations of other banks are also reviewed. The level of depth and risk-based targeting of the SFSA's AML/CFT investigations give assurance that it will be in a position to identify deficiencies in the availability of adequate, accurate and up-to-date information for the banks responsible for the lion's share of deposits. Nevertheless, despite the notable increase in SFSA resource available for AML/CFT purposes, the number of banks subject to a full investigation that focusses on these aspects is low with only limited coverage of smaller Swedish banks. **Sweden is recommended to strengthen its ongoing supervision of banks to ensure that adequate, accurate and up-to-date beneficial ownership information for all bank accounts is maintained by all banks in Sweden, in accordance with the standard**.

Availability of banking information in EOIR practice

258. During the review period, Sweden received 86 requests for banking information. This information was provided in all but one case concerning three taxpayers where the bank was unable to be identified (see paragraph 275). Peers expressed satisfaction with the responses from Sweden and raised no concerns.

Part B: Access to information

259. 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).

260. 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. Since the 2013 Report, Sweden has introduced an additional access power specifically for the exchange of information (Chapter 37, Section 11 of the Tax Procedure Act) to supplement its existing powers.

261. 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.

262. During the review period, Sweden received 355 requests for information (ownership, accounting, banking and other information) and it has generally been able to use its readily available sources of information and its access powers to obtain this information. However, in one instance when information was not provided by a non-co-operative information holder, it

did not use enforcement actions to try to obtain the requested information. Furthermore, in four cases when information was not available with liquidators, Sweden did not pursue other available information sources to try to obtain the requested information. It has now put in place procedures to seek this information from former directors in future. A recommendation has therefore been made that Sweden monitors its updated procedures to obtain information on liquidated companies and to fully use its access powers to obtain information from all available sources to fulfil partners' requests for information.

263. 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: Compliant

Deficiencies identified/Underlying factor	Recommendations
In one instance, Sweden did not use enforcement procedures to obtain information from a non-co-operative information holder. Moreover, in four occasions when it was unable to obtain information in respect of liquidated companies, the Swedish authorities did not explore all available information sources, such as former managing directors. Sweden was unable to provide certain information to requesting partners in some requests. Since then, it has updated its procedures to obtain information from liquidated companies in future.	Sweden is recommended to monitor its updated procedures to obtain information on liquidated companies and to fully use its access powers to obtain information from all available sources to fulfil partners' requests for information.

B.1.1. Ownership, identity and banking information

Accessing information generally

264. 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.

265. 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 cooperation 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.

266. This provision was added in the context of the Swedish transposition of the EU Council directive 2011/16/EU on administrative co-operation in the field of taxation.[43] 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.

267. 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.

268. Additionally, the STA has direct access to the tax administration database and other public sources, such as the company register, beneficial

43. 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.

ownership register, as well as the population register (see 2013 Report paragraphs 182-184).

269. In practice, the information-gathering powers most used 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, such as shareholder registers, and transactional information (as provided under Chapter 37, Section 11 of the Tax Procedure Act), usually within around two weeks but the deadline can be tailored to the circumstances. 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 (see paragraph 305).

270. 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, such as in the case of complex company structures, where extensive accounting documentation is requested, or if an injunction is otherwise considered not apt for providing a full picture of the information requested. There are no limitations in Sweden to opening an audit on a taxpayer if one was already opened previously. In all instances, the STA considers the circumstances of the request and will determine the most appropriate way to obtain information.

Accessing beneficial ownership information

271. 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 BO register, the STA can request information on 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.

272. In the review period, Sweden received 30 requests for ownership information. This included legal ownership information which was obtained from the legal entities and beneficial ownership which was obtained from the BO register.

Accessing banking information

273. 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. Accessing banking information can either be done by an injunction or by an on-site audit of the bank, depending on the circumstances, although no on-site audits of banks have ever been needed.

274. 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 always needed. 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[44] to receive the latest 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. The system is also able to immediately retrieve details on the beneficial owners of bank accounts, should this be requested by the exchange partner. There are no confidentiality provisions in the AML/CFT Act that would impede the use of this system or the sending of an injunction to obtain ownership information from banks or any other AML-obliged person.

275. Sweden received 86 requests for banking information in the review period and sought to obtain this information from banks, usually within two weeks. An exception concerned one request in respect of three connected taxpayers. In this instance, the requesting jurisdiction did not provide a bank account number and did not know where the taxpayer banked and the Account and Safe Deposit Box System had not yet been implemented at the time of the request. Sweden decided not to approach all banks to find the relevant one. It is questionable whether this reason would meet the condition of unreasonableness of the means to use, but the situation was a one-off event. If similar requests were received now, Sweden would be able to identify the bank through the system and provide the information to its partner. The request for information also included a final tax assessment and current address details and Sweden was able to provide this information.

44. 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

276. 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,[45] 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).

277. 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 directly uses the information it already has to provide an answer quickly.

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

279. 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 195-199. The company, at the request of the STA is required to grant immediate electronic access to the accounting information.

280. In practice, Sweden received 98 requests in respect of accounting or business transaction information. Accounting information is typically obtained from the taxpayer directly, however, if the information is held in the STA's records, such as from tax return filings, it can be provided directly. The requirement on most legal entities to file financial statements with the SCRO means that the register can also act as a source for this information.

281. In most cases, Sweden was able to provide accounting information without difficulty. This included one instance where the accounting information had been held for more than the legal retention requirement of seven years and the STA was able to obtain this information after issuing an injunction, and provided it to its partners. Moreover, the STA has generally not encountered instances where it was unable to obtain and provide information to exchange partners because the accounting information was held abroad. In only one case during the review period was information requested in relation to a sole trader who had moved overseas and who refused to comply with the injunction. In this case, the information was not obtained and could not be provided.

45. 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.

282. In one case, Sweden requested sales receipts information from a company representative, using an injunction. The representative initially engaged with the STA officials on the phone but subsequently became non-co-operative and stopped responding. In this instance, although the company board member was not co-operative, enforcement action was not pursued (see paragraph 289).

283. There were a few instances during the review period when Sweden encountered challenges with obtaining the accounting information of liquidated companies and did not pursue all available routes to obtain the information. In the case of four requests (three of which were from the same requesting partner and concerned linked companies), the STA sent injunctions to the liquidators which were unable to provide the information because they had never received this information from the companies at the time of liquidation. Accordingly, in these cases the liquidator did not fail to comply with the injunction, but EOI officials considered the concerned companies to have failed in their bookkeeping and record keeping obligations while they were active. The three linked companies had been forced into liquidation by the STA previously in relation to unpaid debts and the fourth company, which had engaged a statutory auditor, had undergone a voluntary liquidation. The STA confirmed that in the case of liquidated companies, their sole interlocuter for information that is not otherwise available in the STA's or the SCRO's systems, such as underlying accounting information, has been the liquidator. Therefore in these cases, no further attempts were made to obtain underlying accounting information from other sources, such as the former managing directors of the respective companies, although the STA has the means to do so. While in some cases, the behaviour of the liquidated companies may indicate that former directors may not have been or be willing to provide the requested information, this should not discourage attempts to try to obtain it from all potential sources of information. Sweden has recently updated its internal procedures to seek information from former directors of companies if it is unable to obtain the requested information elsewhere. **Sweden is recommended to monitor its updated procedures to obtain information on liquidated companies and to fully use its access powers to obtain information from all available sources to fulfil partners' requests for information.**

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

284. 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.

285. Sweden estimates that around 35% 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.

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

286. 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 (Sections 4 and 5 Tax Offences Act).

287. 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*). In practice, the STA has never needed to resort to this procedure for EOI requests, however, the procedures are applied periodically in a domestic context, with 90 such cases in 2023.

288. 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).

289. In virtually all EOI cases, the information holder in Sweden has been compliant in providing information when requested and when they in

fact held the information. In one exceptional case during the review period, following a peer's request for a range of information, including accounting information, Sweden requested accounting information from the company representative (see paragraph 282). The representative was non-co-operative and did not want to provide the requested information. In this instance, Sweden informed its partner of the situation and asked whether they should pursue further, and the partner agreed that Sweden had done enough. In this one instance (out of 355 requests), the EOI officials therefore did not take further action against the company representative, such as by applying the available enforcement mechanisms, and they instead approached the EOI partner, which agreed that Sweden did not need to continue seeking to obtain the information. Nonetheless, obstructive information holders should not be grounds to not pursue further action and therefore **Sweden is recommended to monitor its updated procedures to obtain information on liquidated companies and to fully use its access powers to obtain information from all available sources to fulfil partners' requests for information**.

B.1.5. Secrecy provisions

Bank secrecy

290. According to Chapter 1, Section 10 of the Banking and Financing Business Act, 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.

291. The representative from the banking industry made clear that providing information to the STA at its request was standard practice, with banks often having large teams involved in fulfilling requests. In each case, irrespective of whether the information is sought for domestic tax or EOI purposes, the bank must consider the legality of the request and it may therefore question proportionality when the STA asks for large quantities of information without a clearly defined scope. However, the banking representative was clear that absence of clarity by banks with respect to the rules to provide information most commonly concerned smaller banks that only received infrequent requests and that do not have established processes in place. Bank secrecy has never been an obstacle to EOIR in practice, as confirmed by peers.

Professional secrecy

292. 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.

293. Chapter 47 exempts *inter alia* advocates and their counsel from testifying 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).

294. The official interpretation of the scope of legal privilege is contained in the government's explanatory note (proposal on legal certainty in taxation 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.

295. 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.

296. The scope of professional privilege allows for effective exchange of information in theory. In practice, the STA has never been confronted with a request for which they needed to approach legal professionals for information. Furthermore, tax compliance officials were unaware of any incidence where they sought to obtain information for legal professionals in a domestic context. The rules are therefore untested in Sweden.

297. During the onsite visit, the lawyers and the representative of the Bar Association were unfamiliar with the legal basis to share information with the tax authority, although they considered that, in general, all information held by a lawyer on behalf of the client was subject to confidentiality.

298. Lawyers are not an important source of information to the STA. Engaging a lawyer is not a pre-requisite to creating a Swedish company or any other relevant entity. If a lawyer provides certain services to their clients, including formation services or acts in the name of a client in the context of

financial or real estate transaction (sections 2-4, AML/CFT Act), the lawyer is obligated to conduct CDD on the client. Most ownership information of clients should be available elsewhere, including in the BO register. Furthermore, as lawyers are subject to the requirement to verify the accuracy of the BO register and file discrepancy reports, the information that they hold on the identity of beneficial owners should in any case be reflected in the BO register. The one exception where lawyers and legal professionals may be the only available source of information is for foreign partnerships that do not have legal personality that have not engaged other AML-obliged persons in Sweden. The lawyers remarked that they do encounter such foreign partnerships, particularly with respect to the operation of private equity funds. These foreign partnerships are not required to report their BO information to the register. Therefore, if a foreign partnership without legal personality has engaged legal professionals for the aforementioned services but not engaged any other AML-obliged persons in Sweden, there may be no other source of beneficial ownership information on these structures available. As the rules with respect to obtaining information from legal representatives have not yet been tested, Sweden should monitor the practice of legal privilege to ensure that it is consistent with the standard (see Annex 1).

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.

299. There are no issues regarding prior notification requirements or appeal rights in Sweden, including with respect to their implementation. The 2013 Report found that the legal and regulatory framework was in place, and this remains the case. Sweden therefore continues to remain Compliant with this element of the standard.

300. 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: Compliant

The application of the rights and safeguards in Sweden is compatible with effective exchange of information

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

301. 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

302. 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. While the sending of a post-exchange notification is the default expectation, the Swedish Competent Authority will not send one if it 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. The Global Forum Competent Authority secure site includes a clear statement to Sweden's partners on the post-exchange notification process and that a notification will not be sent if there is a risk to undermining the investigation's chances of success. However, in case of doubt, the STA asks the competent authority in the requesting jurisdiction for advice.

303. In practice, Sweden noted that post-exchange notifications are rarely sent, with only five sent during the review period. In each of these instances, the Competent Authority assessed that the sending of a notification would not damage the outcome of the investigation.

304. 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. None of the five taxpayers notified during the review period contacted the STA to contradict the information or otherwise.

305. 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 352). 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. Sweden does not have a means to avoid tipping off, however in practice the STA is not aware of any tipping off practice by industry. In case it would have a doubt, it may be able to rely on government databases or registers to obtain legal and beneficial ownership information, accounting information and bank information. The Swedish Competent Authority will therefore consider any alternative sources to avoid contacting non-governmental information holders in the first instance, if a tipping off risk is present. If the requesting partner does not want the taxpayer to know of the request, the Swedish Competent Authority will discuss with the partner the different routes available to obtaining the information.

Appeal rights

306. 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 to the STA and onward exchange can still take place.

307. 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).

308. In practice, in only one case, prior to the review period, 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.

309. Finally, where the taxpayer is the information holder and receives an injunction, the taxpayer may appeal the injunction on the grounds that the information is exempt on the grounds of:

- professional secrecy (see Professional Secrecy)
- the information is of significant protective interest and there are special circumstances that mean that information should not become

known to any other person and the protective interest is of greater importance than the tax authority's checks (Chapter 47, Section 1 of the Tax Procedure Act).

310. The explanatory note (proposal on legal certainty in taxation 1993:94:151) sets out that this latter exemption concerns information with respect to personal relations that are not or of very low relevance to the control. For example, it may relate to the personal circumstances of employees or managers such as information on diseases, etc. The note also sets out that the onus is on the person subject to the injunction to demonstrate (to an administrative court) that there is a significant interest in protecting the information. However, this does not exclude the possibility that the interest of the STA outweighs this interest.

311. With this exemption during the appeals process, the STA would be unable to obtain the information and fulfil the exchange until it has reached a conclusion. The STA confirmed that they had never encountered such an appeal in the context of exchange of information and while theoretically the situation could arise, it would be very unlikely that there would be grounds for exemption.

Part C: Exchange of information

312. 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.

313. 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 that 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.

314. 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[46] (the Nordic Convention) and the EU Directive 2011/16/EU on Mutual

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

Assistance (the EU Directive). All but 2 DTCs, and 21 out of 38 TIEAs were in force.

315. Since then, Sweden has expanded its EOI relationships and its EOI network now includes 157 jurisdictions. It has 79 DTCs[47] 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.[48]

316. In practice, the interpretation of the concept of foreseeable relevance in Sweden's exchange agreements is in line with the standard.

317. 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: Compliant

No issues have been identified that would affect EOIR in practice.

Other forms of exchange of information

318. 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 exchanges information automatically with the United States under the Sweden/United States Foreign Account Tax Compliance Act (or "FATCA") Inter Governmental Agreement since 2015. Sweden exchanges Country-by-Country Reports in line with Base Erosion

47. The DTCs with Portugal and Greece are included in this number. However, both have been terminated, effective as of 1 January 2022. Sweden has confirmed that the treaty with Kosovo* is in effect (see paragraph 327) and therefore this has now been included in this figure. (*This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.).

48. 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.

and Profit Shifting (or "BEPS") Action 13 and spontaneously exchanges information on rulings in accordance with the Action 5 Report.

C.1.1. Standard of foreseeable relevance

319. 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 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 term "foreseeable relevant", but in practice, the Convention allows for exchange of foreseeably relevant information.

320. 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, Germany, Jamaica, Japan, Mauritius, Nigeria, 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[49] since 2013, which provide for EOI in line with the foreseeable relevance standard with these jurisdictions.

321. All the EOI relationships of Sweden allow for exchange of information for the application of the domestic laws on relevant taxes.

Clarification and foreseeable relevance

322. 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 to answer the request.

323. Sweden indicated that it had denied ten separate requests. In these cases, the standard of foreseeable relevance or other conditions concerning the validity of the request were clearly not met because either they concerned social security and should not have been addressed to the STA;

49. 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.

the relevance for tax purposes was unclear and the tax related issue was unclear; or because the taxpayer could not be identified. In each of these cases, Sweden sent requests for clarification to the respective partners but did not receive them, with Sweden typically sending two or three reminders after the initial request for clarification, including a formal decline of the requests.

Group requests

324. None of Sweden's EOI instruments impedes making or receiving group requests. The basic process and procedures for responding to group requests follow those applicable to ordinary, non-group requests. There is therefore 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. However, the STA made clear that their working assumption is that requests received, including group requests, will be foreseeably relevant and EOI officials demonstrated a clear understanding of the conditions that must be met under the standard in respect of group requests. Moreover, they expressed a willingness to provide information in response to any such group requests, should they be received. In the review period, Sweden has sent its partners group requests but no group requests were received. However, Sweden had previously received two group requests for information on non-resident employees posted to Sweden and the Competent Authority did not encounter any difficulties in ordering the information holder to provide its exchange partners with the requested information.

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

325. 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. Sweden indicated that it had received requests during the review period with respect to persons who were not residents either of Sweden or the requesting jurisdiction, and fulfilled these. No peers raised issues on this matter.

C.1.3. and C.1.4. Obligation to exchange all types of information and the absence of domestic tax interest

326. 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.

327. 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.

328. The recommendation has been partially addressed, as Botswana, Kenya and Malaysia, as many treaty partners, became party to the Multilateral Convention. However, 10 old treaties exist,[50] which are not supplemented by a multilateral or regional mechanism in line with the standard. Sweden's decision to pursue treaty negotiations takes into consideration a range of factors, including economic factors, and it has not pursued negotiations in these cases. Moreover, Sweden has established that the DTC with the Socialist Federal Republic of Yugoslavia continues to have effect with respect to Kosovo. This treaty does not include language equivalent to Article 26(5) of the OECD Model Tax Convention. Kosovo is not a signatory to the Multilateral Convention and has not been assessed for compliance with the standard and so it is therefore unclear whether Kosovo has restrictions on accessing bank information in their domestic law.

329. 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. Sweden has established that the DTC with the Socialist Federal Republic of Yugoslavia remains in effect with Kosovo and this DTC also omits Article 26(4). The recommendation has been partially addressed, as Singapore became party to the Multilateral Convention and many treaty partners became party to the Multilateral Convention. There have been no changes to the other old treaties as mentioned in paragraph 328, which are not supplemented by a multilateral or regional mechanism in line with the standard.

330. Sweden should ensure that all its EOI relationships meet the standard, including with the 10 partners, with which old treaties are in effect and do not contain paragraph 4 and paragraph 5 of Article 26 of the OECD Model Tax Convention (see Annex 1).

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

331. In practice, Sweden estimates that around 35% of the requests for information that it receives do not involve a domestic tax interest. The absence of domestic tax interest is therefore not an impediment to conducting exchanges in practice. Moreover, Sweden interprets all its treaties broadly, including those without a specific clause related to Article 26(4) of the OECD Model Tax Convention, and therefore if Sweden had received requests from jurisdictions for which this article is not present in the treaty, it would have been able to respond to the request.

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

332. 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. In the review period, Sweden handled incoming requests for information concerning criminal tax matters and did not encounter any difficulties because of the criminal nature of the request. No peers raised issues on this matter.

C.1.7. Provide information in specific form requested

333. 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, but it would always seek to accommodate a partner's request if feasible.

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

334. The 2013 Report noted that all agreements signed by Sweden were in force with the exception of two DTCs,[51] two Protocols to DTCs[52] and 17 TIEAs.[53] All these instruments but two TIEAs[54] are in force now.

335. Sweden has brought all its EOI agreements into force expeditiously. The Swedish authorities have indicated that the ratification of treaties in

51. DTCs with Mauritius and Nigeria.
52. Protocol with Barbados and Jamaica.
53. 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.
54. TIEAs with Guatemala and Niue, which were ratified by Sweden.

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	157	
In force	153	
In line with the standard		143
Not in line with the standard		10*
Signed but not in force	4**	
In line with the standard		4
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		1***
Not in line with the standard		10*
Signed but not in force		0

* Bangladesh, Belarus, Gambia, Kosovo, Chinese Taipei, Tanzania, Trinidad and Tobago, Venezuela, Zambia, Zimbabwe.

** Multilateral Convention: Gabon; Honduras; Madagascar; Togo (While the Philippines has not yet ratified the Multilateral Convention, the DTC is in force).

*** The DTC with Egypt is in force. Although Article 26(5) is not in line with the OECD Model Tax Convention, Egypt does not have restrictions on accessing banking information.

336. Sweden has entered into 35 bilateral agreements since the 2013 Report and 32 of these agreements have entered into force. Only the protocol with Brazil and the TIEAs with Guatemala and Niue, both ratified by Sweden, have not entered into force yet.

337. 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.

338. 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.

339. Since the 2013 Report, Sweden has signed and ratified 14 new DTCs or protocols and 20 TIEAs (see paragraphs 320). All of these 35 bilateral agreements are ratified by Sweden and only two are not in force yet (see paragraphs 336).

340. 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).

341. 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: Compliant

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

C.3. Confidentiality

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

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

343. Sweden has policies and organisational procedures that ensure the compliance with confidentiality requirements in practice.

344. 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: Compliant

Deficiencies identified/Underlying factor	Recommendations
The disclosure to information holders of the jurisdiction that has made the relevant EOI request, where this is not necessary for gathering the requested information, is not in accordance with the Standard. During the review period, Sweden did not inform its EOI partners that they can ask for an exception to mention the name of the jurisdiction in the notice issued to taxpayers and this information was also included in notices issued to third party information holders, although it was not necessary.	Sweden is recommended to ensure that information holders are only provided details of the EOI request to the extent necessary to obtain requested information.

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

345. 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.

346. The provisions in the international agreements are complemented by domestic legislation, which requires 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 Administrative 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. Notwithstanding these general secrecy requirements on information handled by the tax authority, once a taxpayer's affairs have been finalised, an official "tax decision" is made. This tax decision is accessible upon request to any member of the public and may reflect the information needed to arrive at the taxpayer's final tax position. Similar to court decisions, this may include conclusions derived from information provided by treaty partners, however it will not include the exchanged information itself. The public does not have the right to access the underlying documentation in the taxpayer file.

347. General taxpayer rights of access include the right for taxpayers to access their own tax file. For EOIR purposes, this means that taxpayers will be able to access the outgoing request by Sweden to other jurisdictions as well as any inbound information received. The information available to the taxpayer would only be in redacted form as all information received from partners is first handled by the EOI officers who redact any correspondence between the Competent Authorities and the sending jurisdiction's contact information. With respect to incoming requests, the taxpayer does not have a right to access the request itself, however, there are taxpayer post-exchange notification considerations in Sweden (see paragraphs 302-304). Sweden's injunctions to information holders to obtain information state which power the STA injunction is invoking, namely Chapter 37, Section 11 of the Tax Procedure Act. As a consequence, it is clear that the information is being obtained for the purposes of an EOI request. Throughout the review period, the information requests issued also specified which partner jurisdiction had requested the information. The inclusion of the information was not a legal requirement and Sweden has now removed this reference for all injunctions going forward.

348. 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. Sweden has made around 50 such requests to its partners to use the information received for the purposes of investigating and pursuing action in relation to AML and bookkeeping related crimes. Following approval of such use by its partners, the STA ensures that the information is appropriately

labelled before it is forwarded to any authorities that will use it for non-tax purposes. Furthermore, Sweden has on multiple occasions provided this authorisation to its partners, and the EOI team has never refused a request.

349. 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 the STA cannot itself impose criminal penalties, operating within the STA, a Disciplinary Offences Board has the authority to review misconduct 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.

350. 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 Criminal Code. It is a criminal offence 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. Current and former government employees and contractors could be prosecuted under this section. The STA was not aware of any recent instances of non-compliance with respect to breaches of confidentiality requirements.

C.3.2. Confidentiality of other information

351. The confidentiality provisions in Swedish law for domestic tax purposes are equally applicable to information received under an EOI instrument, unless the EOI instrument specifies otherwise. The scope of these provisions extends to all institutions and individuals involved in the exchange of information. The wording of these provisions covers the request for information itself, background documents and any other document reflecting such information. Requests received from partners are not provided to other STA staff or to information holders when seeking requested information.

352. Sweden has stated that for gathering information from information holders through injunctions or through an audit, the notices sent out during the review period included 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 did not advise otherwise, the name of the requesting jurisdiction was included by default. Sweden considers that the reference to the requesting jurisdiction is necessary in injunctions issued to information holders that are the taxpayers under review in order to safeguard their rights and enable them to exercise appeal rights (see paragraphs 306-309), if necessary. However, similar to Sweden's post-exchange notification process, Sweden considers that it has the legal means to remove this reference if requested to do so by the sending jurisdiction, should it be prejudicial to its investigation. This reference is not necessary when the injunction is sent to a third-party information holder. Sweden has recently updated its processes and removed the detail on the requesting jurisdiction from injunctions and audit notifications to third party information holders. During the review period, requesting jurisdictions were informed of Sweden's post-exchange notification process but may not necessarily have been aware of the opportunity to request removal of the reference to the requesting jurisdiction from Sweden's injunctions. Accordingly, in the review period Sweden may have included this information in notices sent to taxpayers and to third party information holders when it was not necessary or prejudicial to the requesting jurisdictions' investigations. **Sweden is recommended to ensure that information holders are only provided details of the EOI request to the extent necessary to obtain requested information.**

Confidentiality in practice

353. Sweden's internal information security policies and standard operating procedures are laid down in the STA's Integrated Security Management System (STA ISMS), for which the Director General has overall responsibility. The Swedish authorities advised that it includes clear regulations on all areas of security (including access controls, system security, data classification and security, 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 ensure officers handle treaty-exchanged information in line with the confidentiality requirements.

354. All employees and contractors must 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.

355. The STA provides regular training courses for both employees and contractors. The courses on information security (one online course and one in-person course) are targeted to new employees/contractors but may also be followed by more experienced staff. These courses include guidance on the use and confidential handling of treaty-exchanged information.

In addition, the STA provides on-the-job training whereby experienced employees mentor new employees or contractors on information security requirements. It is the responsibility of the manager to ensure that employees and contractors complete appropriate training.

356. The STA has established policies to ensure proper action is taken when an employee leaves its service. All authorisations, both for access to systems as well as for access to premises, are revoked when employment or a commission is terminated. The manager also has an exit interview with the departing official to ensure that they are familiar with their obligations.

357. All treaty-exchanged information received from foreign Competent Authorities is kept separate from other tax files, and access is restricted to authorised officials only. Although nowadays treaty-exchanged information is rarely received by post, this is maintained in the secure post room area until it is collected by an EOI official. The official is responsible for scanning the information (if applicable) and registering it in the Diary Application, before it can be processed. When the validation check has been passed, a treaty label for confidential handling is added to every page and the incoming request is uploaded to a secure platform for EOI contact persons (the *Myndighetsbrevlådan* or Government mailbox platform for contact persons at the Tax Department or a secure SharePoint for those at the Large and International Business Department). The treaty label makes clear that the information is received under a tax treaty and its use and disclosure are governed by the provisions of that treaty. The hard copies are typically disposed of via locked confidential paper bins for destruction. If it is necessary to retain hard copies, the EOI unit has access to a secure walk-in cupboard with electronic access that is otherwise only accessible to the team responsible for Advance Pricing Agreements. Within this cupboard, any EOI information must be further stored within locked cabinets to which only the EOI team have access.

358. The EOI teams are based in three offices that follow the STA's information security policy with respect to physical security requirements. The Stockholm office has physical barriers to entry in the building, which require an electronic key card and personal pin code to enter. The entrance is staffed with security guards and there is CCTV around the entrance and doors to the building. The building has segregated access and therefore each area is limited according to the tax official's allocated access rights. The EOI officials operate within the same area as the STA's legal professionals and officials responsible for Advance Pricing Agreements. All tax officials in the building are subject to the same confidentiality requirements. The clear desk policy is well implemented although in practice redundant given that all information handled by EOI officials is electronic. A locked screen policy and a policy that ID must be worn at all times complement

one another as the electronic ID must be inserted in the officer's workstation for it to display information. At any point the officer leaves his/her desk, the card is removed, immediately locking the workstation and turning off the screen. The physical security controls and electronic handling of information are therefore well placed to safeguard confidential treaty-exchanged information.

359. All IT systems, including those used for handling information received from partners, are subject to the STA's provisioning of electronic access rights. Access rights are overseen by each tax official's superior and they must be updated following any changes in role as well as following an annual review. All access to electronic information is logged and these logs are monitored. Furthermore, there are internal audit mechanisms to oversee that information security requirements are adhered to.

360. Electronic correspondence by the Competent Authority is made through a generic email account to which only the EOI officials have access. All activities on the STA's systems are logged and this logging is monitored. The use of secure email with encrypted files is the most common means to exchange information with exchange partners outside of the EU. Sweden uses the Common Communications Network (EU CCN) to securely transfer documentation with other EU Member States.

361. Sweden has documented incident management procedures and breach management procedures, including procedures tailored for the purposes of treaty-exchanged information. In case of a breach concerning EOI information, Sweden has procedures to inform the relevant exchange partners, the Global Forum Secretariat and the EU Commission. No such breaches of EOI information have taken place at the STA.

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.

362. 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.

363. 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 sub-Element 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 Administrative 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.

364. The STA considers challenges by information holders on the grounds of legitimate safeguards to be extremely rare in practice and although the handling of such challenges with respect to taxpayer rights is not documented in guidance, the EOI officials displayed a clear understanding of the criteria that must be met. The whole EOI team would discuss together such challenges if they arose and seek legal advice before any request was denied on these grounds.

365. Professional secrecy provisions exist in Sweden under the Tax Procedure Act in respect of legal privilege but this secrecy is subject to clear limitations that are in line with the standard (see paragraphs 293-298). The STA should therefore be able to exercise its information access powers and exchange information from lawyers and legal professionals. Sweden has not needed to obtain information from Swedish lawyers as information has been readily available elsewhere.

366. There have been no requests in the review period where Sweden declined to provide information to its partners on the grounds of rights and safeguards of taxpayers.

367. 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: Compliant

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

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.

368. 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 could not 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. During this review period, there has been some improvement in the sending of status messages when required, although in many cases these were still not sent. Since the end of the review period, Sweden has implemented new organisational processes that have proven to be effective with status messages being sent on time for every request in 2023 that took longer than 90 days. Sweden is recommended to monitor the effectiveness of its new internal procedure to ensure it provides status updates to EOI partners within 90 days in all cases where it is not possible to provide a complete response within that timeframe.

Legal and Regulatory Framework

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

Practical Implementation of the Standard: Compliant

Deficiencies identified/Underlying factor	Recommendations
During the review period, status messages were not sent in around 50% of cases where the request took longer than 90 days to answers. Sweden has since put in new internal procedures that appear to be effective at always ensuring that status messages are sent when required.	Sweden is recommended to monitor the implementation of recent measures to ensure it systematically provides status updates to its peers when requested information cannot be provided within 90 days.

C.5.1. Timeliness of responses to requests for information

369. The procedure for exchange of information set forth in Swedish laws and regulations permits 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.

370. From 1 April 2019 to 31 March 2022, Sweden received 355 requests for information involving ownership (30 cases), accounting and business transactions (98 cases), and banking (86 cases) in relation to individuals and various types of entities. It also commonly receives requests for other types of information, in particular in respect of assets, employment income, and property and business transactions. Its main partners based on the number of requests received were Denmark, Finland, Germany, Poland and Spain.

371. The following table relates to the requests received during the period under review and gives an overview of response times of Sweden in providing a final response to these requests, together with a summary of other relevant factors affecting the effectiveness of Sweden's practice during the period reviewed.

Statistics on response time and other relevant factors

	04/2019-03/2020		04/2020-03/2021		04/2021-03/2022		Total	
	Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received	121	100	95	100	139	100	355	100
Full response: ≤ 90 days	78	64	75	79	90	65	243	68
≤ 180 days (cumulative)	93	77	85	89	113	81	291	82
≤ 1 year (cumulative)	106	88	91	96	122	88	319	90
> 1 year	11	9	2	2	0	0	13	4
Declined for valid reasons	2	2	1	1	7	5	10	3
Requests withdrawn by requesting jurisdiction	0	0	1	1	2	1	3	<1
Failure to obtain and provide information requested	4	3	1	1	7	5	12	3
Requests still pending on date of review	0	3	0	0	8	6	8	2
Outstanding cases after 90 days	43		20		49		112	
Of these, status update provided within 90 days	14	33	10	50	31	63	55	49

* Sweden counts each request with multiple taxpayers as one request, i.e. if a partner jurisdiction is requesting information about four persons in one request, Sweden counts that as one request. If Sweden received a further request for information that relates to a previous request, with the original request still active, Sweden will append the additional request to the original and continue to count it as the same request.

** The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

372. Sweden has indicated that it was able to provide the requested information within 90 days in about 68% of the requests. Furthermore, in 82% of the cases, information was provided within 180 days while information was

provided within one year in 90% of the cases. In approximately 3% of the requests in the review period, the requested information was not provided. Sweden noted that such instances typically concerned the accounting records of bankrupted individuals or strawmen where the entity had not retained the records, or in the case of bankrupted sole traders had not transferred this information to the liquidators as required. Three requests were withdrawn by partners, including one which was sent incomplete by mistake, one which was sent on the wrong template by mistake and one was withdrawn without explanation. Furthermore, Sweden declined to provide the information for 10 cases on grounds related to foreseeable relevance, other conditions concerning the validity of the request or where the taxpayer could not be identified (see paragraph 323).

373. A superficial comparison with the 2013 Review shows a decline in timeliness of providing answers. Sweden noted that globally the EOI requests had gained in complexity over time, with fewer cases of a "simpler" nature. Over time more complex requests, such as those involving transfer pricing, meant that the information was not readily available in the tax authority's systems, but instead needed to be obtained by the relevant teams in the Large and International Business Department.

374. Requests that are not fulfilled within 180 days usually represent more complex requests and require information that is not readily available in the STA's systems, which local offices of the tax administration are responsible for obtaining. In the period under review, this has included requests for banking information that went back 10 years and was not immediately available at the bank, information on business loans and agreements that needed to be obtained from the group headquarters in another jurisdiction, or which need information to be collected from multiple information holders.

375. The peer input for Sweden showed overall satisfaction with Sweden's timeliness but in two instances, peers highlighted that Sweden had not responded to their requests (see paragraph 392).

376. As of 24 April 2024, outstanding cases from the review period were received from an exchange partner with which Sweden has suspended exchanges on the grounds of *ordre public*.

Status updates and communication with partners

377. The 2013 Report identified that although only around 20% of cases required longer than 90 days for Sweden to respond, the Swedish Competent Authority had not sent a status update to the requesting jurisdiction. Accordingly, Sweden received a recommendation to ensure that the requesting authority is updated on the status of the request in these cases.

378. In the review period, Sweden has improved its rate of sending status messages to peers when required, from 33% to 63%, but Sweden did not send status messages to partners in 57 out of 112 instances (51%) when it should have done. Peers noted that Sweden had not always sent the expected status updates. The Swedish Competent Authority noted that some status messages had not been sent due to challenges posed by the COVID-19 pandemic but also recognised that in many cases the absence of sending a status message was a failure in internal organisation. During the review period, there were no organisational controls in place to ensure that whenever a request approached the 90-day mark that the Competent Authority would send a status message.

379. Sweden has since put in place a new internal process to ensure that status messages are sent in a timely manner. There is now an incoming request team of three EOI officials that have responsibility for monitoring the workflow of requests received, with particular attention given to ensuring that status messages are sent when required. Since the end of the review period, this process has proven effective with 100% of all status messages in 2023 being sent as required. In light of the number of status messages that were not sent during the review period and recognising that this internal process is new, **Sweden is recommended to monitor the implementation of recent measures to ensure it systematically provides status updates to its peers when requested information cannot be provided within 90 days.**

C.5.2. Organisational processes and resources

Organisation of the Competent Authority

380. 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 EOI liaison teams for direct taxes and VAT (one in Malmö and one in Stockholm). The two liaison teams are each led by a head of section, and the overall strategic work is led by the Head of the CLO and the Deputies.

381. The whole competent authority (i.e. the CLO and the designated EOI teams) has access to all existing information in the tax administration system (the taxation database). If the requested information is not in the STA 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.

382. 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 certain jurisdictions or requests, where it is deemed that more experience is required, senior officers will take on responsibility for the case or will provide support to the relevant colleague.

383. The EOI team consists of 23 officials, all with higher education and foreign language skills for professional purposes. The team is divided into 5 people responsible for VAT matters, 2 people for multilateral/joint audit activity, 11 people for direct tax matters including automatic exchange of information, 4 Heads (consisting of 2 head of sections, the Head of the CLO and the Deputy Head) and an assistant. 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. In general, the STA prioritises the EOI work and therefore, should demand increase in future, the financial and human resources allocated can be adjusted accordingly.

384. 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 the request was received and when the answer was 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 EOI officers only.

385. 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 the DLO platform) with limited access only for the EOI team. The DLO platform is used to produce statistics, monitor ongoing cases and to develop risk analysis.

386. Staff training is primarily given “on-the-job” and is 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 allocated 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 internal Checklists and supporting documents to ensure that legal and procedural obligations are clear and known. Furthermore, four officers of the STA have also conducted the Peer Review Group assessor training.

Incoming requests

387. The Competent Authority receives requests for information in various ways, e.g. via the EU CCN, encrypted email from partner jurisdictions' generic email addresses, regular post or courier service. To ensure safe receipt, two officers within the team are responsible for checking the different sources on a daily basis. As a first step, the officer makes sure that it is possible to open the documents if encrypted, that all required attachments are enclosed, and the officer checks whether the matter is urgent. The officer allocates a specific case number to the request before uploading it to the DLO platform as a new case.

388. The request is allocated to one responsible EOI officer who does a check for foreseeable relevance, verifies that the person sending the request is authorised to do so (through the Global Forum Competent Authority Website), that the EOI mechanism used is relevant and that the requested information is covered by the mechanism. The officer also checks 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 within seven working days.

389. 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. Frontloading this activity to the EOI officer helps to ensure that Sweden can send clarifications as soon as possible after receipt of the request, meaning clarifications are usually sent within two weeks.

390. In practice, Sweden sought clarifications in 51 cases during the review period, i.e. for 14% of the requests, which were typically sent to clarify the identity of the taxpayer, to clarify the tax issue or to understand what measures had already been taken in the case, such as whether all domestic routes for obtaining information had been pursued if this was not clear in the request. In some of these cases, a clarification has been counted simply where an attachment or annex has not been provided alongside the request. When Sweden required clarification on only part of a request in the review period, Sweden provided any readily available information in a partial reply while it awaited a response. Once Sweden receives the necessary clarification, the case can then be pursued in its entirety, either by the EOI officer if the information is readily available in the STA's database or by the EOI contact persons in the relevant tax department. If Sweden does not receive a response to its requests for clarification, it sends at least two reminders to

the requesting partners before informing them that they cannot pursue the request further without the information, thereby closing the case. This happened in 5 of the 51 concerned cases.

391. The structures in place within the different STA departments are well established and during the onsite visit contact persons outside of the EOI team demonstrated a clear understanding of the EOI standard, of their respective responsibilities, and of the sources and powers available to them to obtain information where it is not available in the STA's database. Contact persons have direct access to the business register, BO register as well as certain other information from the SCRO, real estate information and banking information through the Account and Safe deposit box system. When they cannot retrieve the requested information from these sources, they have template injunction and audit launch letters that they routinely use. In practice, written injunctions are the most commonly used means of obtaining the requested information. The contact persons are responsible for updating the allocated EOI officer if they believe there will be any delays.

392. While the request is being processed by contact persons, the EOI officer remains allocated and responsible for the timely handling of the request overall and the sending of status messages. Furthermore, some central oversight is in place with periodic checks by the section head to ensure that all cases are being handled appropriately. Peers noted however that during the review period, two requests went unanswered. The EOI team's central oversight activities had not identified this, and the Swedish Competent Authority noted that human error had led to these cases not being appropriately handled. As soon as these cases were brought to Sweden's attention, the Competent Authority followed up with the concerned partners with a view to providing the requested information. In 2023, the EOI team put in place an incoming request team with three officers responsible for co-operating with the contact persons systematically and also for following up to ensure the timely handling of cases and so that status messages are sent to partners, as required. This new process, with equal responsibility shared across the three members of staff and the use of a tool in the Diary Application, appears effective and should prevent such incidences from reoccurring. Sweden should monitor the effectiveness of its new internal procedure to ensure that all cases are handled in a timely manner (see Annex 1).

Verification of the information gathered

393. 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 and the exchange is to an EOI partner outside of the Nordic Convention, the officer translates

key words. The information is then sent to the requesting jurisdiction in line with the agreed method of transmission.

394. 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 always 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

395. Sweden sent 1 027 EOI requests in the review period and received 63 requests for clarification (around 6% of outgoing requests). Peers were generally satisfied with the quality of Sweden's requests. Exchange partners usually sent clarifications to Sweden to verify details in the taxpayer's identity or to clarify the legal basis for the request. In one case that concerned banking information, Sweden was asked to verify the accuracy of the information in the request that derived from information exchanged under the standard of automatic exchange of financial account information. The EOI team aims to send replies to clarifications as soon as possible and they are usually sent within 14 days.

396. In general, the STA has been effective at ensuring that all tax officers are familiar with the availability of international EOI routes to obtain information that cannot otherwise be obtained domestically, with all tax investigators in the STA given baseline training in the subject. The Swedish Competent Authority has collected and organised useful information regarding international standards for exchange of information in an Intranet collaborative platform, accessible to all STA tax officers. The platform includes a form/checklist and a manual explaining the requirements that need to be met before requesting information.

397. 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 first seek approval from their manager who is responsible for confirming that all domestic routes for obtaining the information have been exhausted. The officer will then reach out to an (outgoing request) contact person (there are 49 contact persons responsible for outgoing requests) to discuss the case and who is tasked with doing a thorough quality check. On average, the contact persons of the Tax Department spend around eight hours reviewing and handling each request. The requests are sent to the Competent Authority via e-mail after quality checks are performed.

398. The Competent Authority checks that the form/checklist includes all relevant information and further verifies that it meets the foreseeable

relevance standard, before drafting a request compliant with international standard requirements in the appropriate form/template/document (depending on the bilateral agreed working method with receiving jurisdiction). If relevant, the contact person/tax officer are requested to clarify, complete or adjust the draft request.

399. 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.

400. Various methods of transmission are used depending on the receiving jurisdiction's requirements. The most common methods are the EU CCN (within EU), encrypted email, regular post and in a few cases courier post. If needed to clarify or discuss requests telephone conferences are used. All information is stamped or watermarked to note that it is confidential and information exchanged pursuant to an international treaty before it is sent to partners.

401. Overall, Sweden has well established processes in place for ensuring the quality of outgoing requests and to respond to partners' requests for clarification. Moreover, in order to ensure continuous improvement in the quality of outgoing requests, the EOI team organises area network calls with contact persons to discuss open cases, and the Tax Department ensures ongoing capacity building within the contact persons' network to share lessons learned from ongoing and completed requests, and discuss best practices identified in other jurisdictions from the Global Forum's published reports.

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

402. 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.

- **Element A.1.1:** Sweden should monitor the application of its law on redomiciliation to the availability of legal ownership information of formerly Swedish domiciled companies (see paragraph 43).
- **Element A.1.1:** Sweden should ensure that in practice entities consider both ownership and voting rights for the purposes of identifying and reporting information to the beneficial ownership register (see paragraph 65).
- **Element A.1.1:** Sweden should ensure that beneficial owners through indirect ownership and control are correctly identified (see paragraph 66).
- **Element A1.1**: Sweden should ensure that beneficial ownership information in relation to all customers of obliged persons is kept up to date in all cases (see paragraph 93).
- **Element A.1.1**: Sweden should monitor that there is an accurate source of information on beneficial owners for companies with nominee shareholdings (see paragraph 125).
- **Element A.1.4**: Sweden should clarify in guidance the look through approach with respect to trusts (see paragraph 155).
- **Element B1.5**: Sweden should monitor the practice of legal privilege to ensure that it is consistent with the standard (see paragraph 298).

- **Element C.1.3 and C.1.4**: Sweden should ensure that all its EOI relationships meet the standard, including with the 10 partners,[55] with which old treaties are in effect and do not contain paragraph 4 and paragraph 5 of Article 26 of the OECD Model Tax Convention (see paragraph 330).
- **Element C.2**: Sweden should continue to conclude EOI agreements with any new relevant partner who would so require (see paragraph 340).
- **Element C.5**: Sweden should monitor the effectiveness of its new internal procedure to ensure that all cases are handled in a timely manner (see paragraph 392).

55. Bangladesh, Belarus, Gambia, Kosovo, Chinese Taipei, Tanzania, Trinidad and Tobago, Venezuela, Zambia, Zimbabwe.

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[56]	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
		Protocol	18.01.2023	01.01.2024
42.	Gibraltar	TIEA	16.12.2009	01.08.2010

56. 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
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.	Kosovo	DTC	18.06.1980	01.01.1982
62.	Latvia	DTC	05.04.1993	30.12.1993
63.	Liberia	TIEA	11.10.2010	04.05.2012
64.	Liechtenstein	TIEA	17.12.2010	01.05.2012
65.	Lithuania	DTC	27.09.1993	31.12.1993
66.	Luxembourg	DTC	14.10.1996	15.03.1998
67.	Macao (China)	TIEA	29.04.2011	31.12.2015
68.	Malaysia	DTC	12.03.2002	29.01.2005
69.	Malta	DTC	09.10.1995	09.02.1996
70.	Marshall Islands	TIEA	20.09.2010	01.08.2015
71.	Mauritius	DTC	01.12.2011	31.12.2012
72.	Mexico	DTC	21.09.1992	18.12.1992
73.	Monaco	TIEA	23.06.2010	01.01.2011

	EOI partner	Type of agreement	Signature	Entry into force
74.	Montenegro	DTC	18.06.1980	16.12.1981
75.	Montserrat	TIEA	22.11.2010	31.12.2015
76.	Namibia	DTC	16.07.1993	26.6.1995
77.	Netherlands	DTC	18.06.1991	12.8.1992
78.	New Zealand	DTC	21.02.1979	14.11.1980
79.	Nigeria	DTC	18.11.2004	31.12.2014
80.	Niue	TIEA	16.10.2013	not in force/ ratified by Sweden
81.	North Macedonia	DTC	17.02.1998	18.05.1998
82.	Pakistan	DTC	22.12.1985	30.06.1986
83.	Panama	TIEA	12.11.2012	01.01.2014
84.	Philippines	DTC	24.06.1998	01.11.2003
85.	Poland	DTC	19.11.2004	15.10.2005
86.	Portugal	DTC	29.08.2002	19.12.2003 but terminated as of 01.01.2022
87.	Qatar	TIEA	06.09.2013	01.05.2015
88.	Romania	DTC	22.12.1976	08.12.1978
89.	Russia	DTC	14.06.1993	03.08.1995
		Protocol	24.05.2018	01.07.2019
90.	Saint Kitts and Nevis	TIEA	24.03.2010	01.01.2011
91.	Saint Lucia	TIEA	19.05.2010	01.08.2013
92.	Saint Vincent and the Grenadines	TIEA	24.03.2010	01.01.2011
93.	Samoa	TIEA	16.12.2009	01.12.2012
94.	San Marino	TIEA	12.01.2010	01.08.2010
95.	Saudi Arabia	DTC	19.10.2015	31.08.2016
96.	Serbia	DTC	18.06.1980	16.12.1981
97.	Seychelles	TIEA	30.03.2011	01.11.2013
98.	Singapore	DTC	17.06.1968	14.02.1969
99.	Sint Maarten	TIEA	10.09.2009	01.02.2012
100.	Slovak Republic	DTC	16.02.1979	08.10.1980
101.	Slovenia	DTC	12.05 2021	31.12.2021
102.	South Africa	DTC	24.05.1995	25.12.1995
103.	Spain	DTC	16.06.1976	21.12.1976

	EOI partner	Type of agreement	Signature	Entry into force
104.	Switzerland	DTC	07.05.1965	06.06.1966
		Protocol	28.02.2011	05.08.2012
105.	Chinese Taipei	DTC	08.06.2001	24.11.2004
106.	Tanzania	DTC	02.05.1976	31.12.1976
107.	Thailand	DTC	19.10.1988	26.09.1989
108.	Trinidad and Tobago	DTC	17.02.1984	12.12.1984
109.	Tunisia	DTC	07.05.1981	19.04.1983
110.	Türkiye	DTC	21.01.1988	18.11.1990
111.	Turks and Caicos Islands	TIEA	16.12.2009	01.05.2011
112.	Ukraine	DTC	14.08.1995	04.06.1996
113.	United Arab Emirates	TIEA	05.11.2015	01.04.2017
114.	United Kingdom	DTC	26.03.2015	31.12.2015
115.	United States	DTC	01.09.1994	26.10.1995
		Protocol	30.09.2005	31.08.2006
116.	Uruguay	TIEA	14.12.2011	01.05.2015
117.	Vanuatu	TIEA	13.10.2010	01.04.2017
118.	Venezuela	DTC	08.09.1993	03.12.1998
119.	Vietnam	DTC	24.03.1994	09.08.1994
120.	Zambia	DTC	18.03.1974	07.11.1975
121.	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).[57] 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

57. 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.

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, Benin, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Burkina Faso, 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 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, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Rwanda, 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, Vanuatu and Viet Nam.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Gabon, Honduras, Madagascar, Philippines, Togo.

Finally, the United States is party to the original 1988 Multilateral Convention, which is in force since 1 April 1995 (the amending Protocol was signed on 27 April 2010). Sweden and the United States can exchange information under the original 1988 Convention.

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

Nordic Multilateral Convention on Mutual Administrative Assistance in Tax Matters

Sweden is a signatory to the Nordic Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Nordic Convention). The Nordic Convention covers Denmark, Finland, Faroe Islands, Greenland, Iceland, Norway, and Sweden. The first Nordic Multilateral Convention on Mutual Administrative Assistance in Tax Matters was signed by Denmark, Finland, Iceland, Norway and Sweden in 1972 and was amended several times over the following decades. The current Nordic Convention was opened for signatures in 1989 and provides for all forms of administrative assistance in tax matters including automatic, spontaneous and upon request exchange of information, assistance in recovery of taxes and notification assistance. Sweden signed the Nordic Convention on 7 December 1989 and the agreement entered into force on 8 May 1991.

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 on 24 April 2024, 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)

Act on Certain Financial Relations

Companies Act (2005:551)

Companies Ordinance

Foreign Branch Offices Act (1992:160)

Legal certainty in taxation (government) proposal (1993:94:151)

Partnership and Non-registered Partnership Act

Taxation law

Income 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 Administrative 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 (AML/CTF Act) (2017:630)

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

Banking and Financing Business Act (2004:297)

Finansinspektionen´s Regulatory Code (FFFS 2014:1)

Finansinspektionen´s Regulatory Code (FFFS 2017:11)

Ordinance on Registration of Beneficial Owners

Swedish Inspectorate's AML/CFT regulations (2021:1)

Other relevant laws

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

Financial Instruments (Accounts) Act

Swedish Criminal Code (1962:700)

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

Authorities interviewed during the on-site visit

County Administrative Board for Stockholm

Inspectorate for auditors

Ministry of Finance

Swedish Bar Association

Swedish Companies Registration Office

Swedish Financial Supervisory Authority

Swedish Tax Agency

Private sector representatives

- Central securities depository
- Representatives from law firms
- Representatives of accountancy and tax advisory sector
- Representatives of the banking sector

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.

The current Report presents the first comprehensive review of Sweden against the 2016 Terms of reference and concludes that Sweden is overall Largely Compliant with the standard.

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	August 2022
Round 2 Phase 2	Ms Ksenija Svalina, Croatia; Ms Nancy Tremblay, Canada and Mr Mark Scott from the Global Forum Secretariat	1 April 2019 to 31 March 2022	24 April 2024	18 July 2024

Annex 4. Sweden's response to the review report[58]

Transparency and exchange of information for tax purposes is 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 would like to thank the assessment team for their hard work and for their constructive cooperation during the peer review process. We would also like to thank the members of the PRG for their questions and comments which made the report clearer and more coherent. The process has made us realise the weaknesses and gaps in our system.

Sweden accepts the findings and the recommendations in the report. We remain committed to the standard for transparency and exchange of information on request. We will work to improve our legal and administrative framework as well as our practices and procedures in order to address the recommendations in the report.

58. 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 2024 (Second Round, Combined Review)

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 170 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 peer review report analyses the practical implementation of the standard of transparency and exchange of information on request (EOIR) in Sweden, as part of the second round of reviews conducted by the Global Forum on Transparency and Exchange of Information for Tax Purposes since 2016.

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