



Business costs and prices of key services

Sweden offers an economical business cost environment, including competitive salary rates for highly qualified staff. This is a guide to price levels for key services, rents, labor, utilities and insurance.

COMPETITIVE BUSINESS COSTS

Business costs in Sweden are comparable to most OECD countries, and some specific cost advantages apply. Salaries for highly trained and qualified personnel are low by international comparison and wage differentials are relatively narrow. Rental costs for industrial and office space are comparatively low – as are prices for utility services such as electricity.

COMPANY REGISTRATION FEE AND SHARE CAPITAL

The easiest and most common way to set up a private limited liability company in Sweden is to use an “off-the-shelf” solution provided by a company agent or law firm. Many business services firms have this readily available, enabling a fast start-up process. The cost associated with purchasing a pre-registered limited liability company off-the-shelf is generally SEK 10,000–25,000+, depending on the services provided, excluding the mandatory minimum share capital.

Minimum share capital when setting up a limited liability company is SEK 50,000. No share capital is required to establish a branch (*filial*).

It is also possible to go through the process of registering a limited liability company directly with the Swedish Company Registration Office (*Bolagsverket*). The fee for this process is SEK 1,900 or SEK 2,200 depending on the form of filing

IN BRIEF

- Competitive salaries for highly qualified personnel
- Narrow wage differentials
- Cost of industrial and office space relatively low

(electronically or by paper). The fee for registering a branch is SEK 2,000.

COMMERCIAL PREMISES

Property rents

A standard rental agreement involves quarterly payment in advance. Generally, landlords bear a higher proportion of operating costs than in other countries. Rent usually includes heating and water but not electricity or telecommunications. Rent also often includes cleaning of common areas and snow removal. Rents are linked to changes in the consumer price index to keep pace with inflation.

Property tax is usually payable on top of the rent and is generally charged in proportion to the leased area. The property tax rate is 1 percent for commercial office space and 0.5 percent for industrial premises. Tax amounts are calculated using an assessment value set by the Swedish Tax Agency (*Skatteverket*) that is intended to correspond to 75 percent of the estimated market value of the property. Should VAT be payable, contracts generally contain a provision under which the tenant commits to pay VAT on top of the rent.

Key money is rarely charged in the office segment, but is common in the retail segment. A security deposit or bank guarantee equivalent to between three and six months' rent is common.

Property rents in major cities

Q2 2011 (SEK/m²/year)

| | OFFICE | | | | | RETAIL | INDUSTRIAL/ LOGISTICS |
|-------------------------------|----------------|-------------------------------|-------------------|-----------------|-----------------------|-----------------|--------------------------|
| | Stockholm CBD | Rest of Stockholm inner city | Adjacent suburbs | Kista | Solna/Sundbyberg | Stockholm area | Stockholm area |
| Stockholm area | | | | | | | |
| Prime rent SEK/m ² | 4,100 | 3,200 | 2,000 | 2,000 | 2,100 | 14,150 | |
| Rent grade B properties | 2,800 | 2,100 | 1,350 | 1,000 | 1,450 | | 800 |
| | Gothenburg CBD | Rest of Gothenburg inner city | Norra Älvstranden | Hisingen | Eastern Gothenburg | Gothenburg area | Gothenburg area |
| Gothenburg area | | | | | | | |
| Prime rent SEK/m ² | 2,250 | 1,950 | 1,950 | 1,000 | 1,100 | 7,550 | |
| Rent grade B properties | 1,600 | 1,300 | 1,100 | 600 | 700 | | 650 |
| | Malmö CBD | Rest of Malmö inner city | Västra Hamnen | Lund inner city | Research park in Lund | Malmö/Lund area | Malmö/Lund area |
| Malmö/Lund area | | | | | | | |
| Prime rent SEK/m ² | 2,050 | 1,350 | 2,100 | 1,650 | 1,900 | 5,900 | |
| Rent grade B properties | 1,600 | 1,100 | 1,500 | | 1,300 | | 600 |

CBD Central Business District

Prime rent Represents the top open-market annual rent per m² that could be expected for a national unit of the highest quality and specification in the best location in a market.

Grade B property Real estate for which the rental level is average for the market in question.

Source: Nordic City Report Autumn 2011, Jones Lang LaSalle and Nordic Real Estate Review Q3 2011, Colliers International

Utilities

Costs for heating and water are normally included in the rent, whereas electricity and telecommunications are billed separately. Average electricity costs for office and retail premises for 2011 are SEK 0.704/kWh under a floating contract and SEK 0.588/kWh under a three-year fixed term contract. For mid-sized industrial premises the average electricity costs for 2011 are SEK 0.701/kWh under a floating contract and SEK 0.585/kWh under a three-year fixed term contract. The costs do not include taxes (data from Statistics Sweden, 2011).

Telecommunication costs are competitive by international standards and vary depending on whether fixed line, mobile or VoIP technology is offered.

Serviced offices

Serviced offices provide a cost-effective alternative to traditional office space. Fees depend on location, service level, office size and contract duration.

SALARY LEVELS

Salary levels are internationally competitive, particularly for highly qualified staff and engineers. It is difficult, and potentially misleading, to state an average salary in Sweden. But to give a rough idea, in 2010 average remuneration in the private sector was SEK 33,060 per month for salaried workers and SEK 138.50 per hour for wage earners.

The following table shows median monthly salaries for a selection of positions at national level for people aged 18–64 working full-time.

Salary levels in Sweden excl. social security contributions

| Position/title | Median monthly salary in SEK |
|-----------------------------------|------------------------------|
| Chief executive officer | 60,000 |
| Head of R&D | 55,700 |
| Head of IT | 50,800 |
| HR manager | 49,200 |
| Head of finance & administration | 47,000 |
| Head of purchasing & distribution | 42,000 |
| Civil engineer | 36,300 |
| Account manager, sales | 32,900 |
| Machine engineer | 30,800 |
| Accountant | 28,300 |
| Administrative assistant | 26,000 |
| Machine operator | 23,600 |
| Shop assistant | 23,000 |
| Head waiter, waiter, bartender | 21,100 |
| Receptionist | 21,800 |

Source: Statistics Sweden, 2011

The figures show median monthly costs, excluding statutory social security contributions of 31.42 percent, which are paid on top of salary. For employees under 26 years of age, employers pay a reduced social security contribution rate of 15.49 percent.

Employers may also qualify for tax relief for key foreign employees working in Sweden, meaning that the employer need only pay social security contributions on 75 percent of the paid taxable salary.

Many employers supplement statutory social security contributions with payments under occupational-based agreements. For further information see the “Social security and pensions” fact sheet.



STAFF RECRUITMENT

Public Employment Office (*Arbetsförmedlingen*) services are free of charge.

Private recruitment agency fees vary according to the client company's structure, the qualifications of employees sought, time span and other factors.

The fee for posting a job advertisement on one of the larger online recruitment websites varies from SEK 7,000 to SEK 10,000.

PAYROLL AND ACCOUNTING SERVICES

Companies can choose to outsource all or parts of their administration.

Payroll

Companies can opt to outsource their salary payment administration to an external firm that handles the payroll process. For a company with about 50 employees this involves a fee of approximately SEK 250 per monthly salary payment for one employee. The cost may vary according to the complexity of the salary and benefit structure and the location and choice of outsourcing supplier.

Accounting

Fees for services such as current accounting, tax declarations and financial reporting range from SEK 500–1,000 per hour. It is often possible to negotiate a fixed price.

AUDITING SERVICES

The figures below are average annual costs to a company for auditing services provided by a certified public accountant. The average fee is based on the company's annual sales but also depends on the complexity of the transactions involved.

Average costs for annual audit

| Company sales SEK | Annual fee SEK |
|------------------------|----------------|
| 0-2,000,000 | 6,000-10,000 |
| 2,000,000-5,000,000 | 12,000-14,000 |
| 5,000,000-10,000,000 | 15,000 |
| 10,000,000-20,000,000 | 20,000 |
| 20,000,000-50,000,000 | 35,000 |
| 50,000,000-100,000,000 | 50,000-75,000 |

Source: Institute for the Accountancy Profession in Sweden (FAR), 2011

INSURANCE AND BANKING SERVICES**Insurance**

Standard company insurance includes protection against fire, burglary and water damage and compensation for disruption of operations and legal aid. Insurers base premiums on an individual company estimate. Costs vary according to the company's sales, number of employees, property, business sector and, to some extent, location.

Banking

A basic business banking package includes bank account, bankgiro account, internet banking, incoming and outgoing payments, telephone banking, payroll payments and account statements. A basic company package costs SEK 700 per year (average of Sweden's three biggest banks).

COMPANY CAR LEASING

Company car leasing is an alternative to buying a vehicle. A typical leasing package for a Volvo V70 T4F Momentum costs SEK 4,460 per month excluding VAT and fuel (data from Volvo Cars, 2011). There are, of course other leasing companies and this does not constitute any form of recommendation.

FURTHER INFORMATION

at www.investsweden.se

- Starting a business in Sweden - an introduction
- Starting a limited liability company
- Starting a branch
- Running a business in Sweden - an introduction
- Corporate taxes
- Commercial leases and rents
- Social security and pensions
- Tax relief for key foreign employees
- Regional financial incentives
- Useful information sources