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## Regional financial incentives

Sweden offers a limited range of financial incentives to help companies set up a business and expand in Sweden. This support is primarily regional in nature and comprises regional investment grants, employment support and a special social insurance-related tax break.

### REGIONAL FRAMEWORK FOR INCENTIVES

Financial incentives for investors in Sweden are primarily available at regional level. This fact sheet focuses on regional development grants and regional social security discounts.

### REGIONAL DEVELOPMENT GRANTS

Regional development grants are aimed at stimulating economic growth and achieving balanced regional development. These are divided into regional investment grants and regional employment grants. A grant is only made if it is considered necessary to bring about the investment.

A company can obtain support either in the form of regional investment grant or a regional employment grant, but never both.

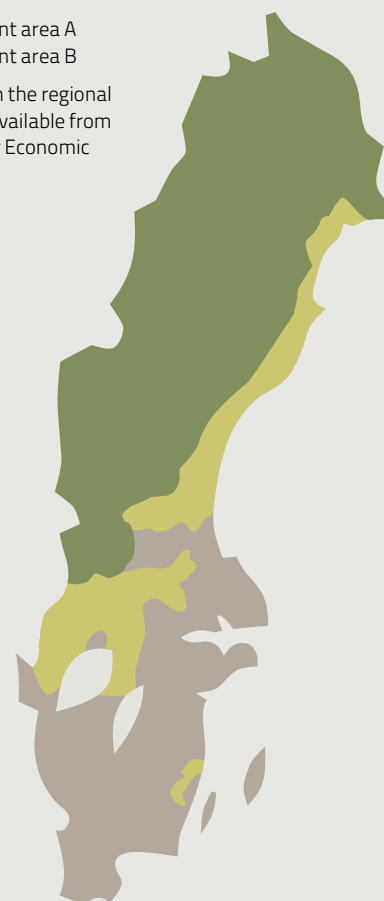
To be eligible, the business must operate in regional development areas A or B.

The map shows regional development areas A and B, where businesses can apply for regional investment grants and regional employment grants to finance start-up and growth.

### DEVELOPMENT AREAS IN SWEDEN

- Regional development area A
- Regional development area B

Detailed information on the regional development areas is available from the Swedish Agency for Economic and Regional Growth.



## REGIONAL INVESTMENT GRANTS

Companies that invest in a regional development area can apply for regional investment grants. These are funded mainly by County Administrative Boards (*Länsstyrelsen*) and also by central government through the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*).

### Activities eligible for grants

Subsidies are available to companies for the following activities only:

- Industry and industry-like operations
- Industrial service operations
- Service operations aimed at more than a purely local or regional market
- Tourism
- Construction of buildings to let
- Other activities of special importance to regional business development

### Geographic location

The main rule is that the applicant company must be located in regional development area A or B. Some area-specific limitations also apply:

#### Limitations in area A

In some parts of regional development area A, grants are available only for major investments deemed to be of strategic importance. These areas are:

- Östersund municipality (except the parishes of Näs and Häggenås)
- Krokoms municipality (except the parishes of Näskott, Laxsjö, Föllinge, Hotagen, Offerdal and Alsen)

#### Limitations in area B

In regional area B, a grant can only be made if there are very specific reasons for it and the investment can be deemed to be

strategically important or especially significant for regional development.

The above limitations do not apply to grants for construction and rebuilding of premises to let or for new investments in buildings that are judged to be strategically important.

In parts of regional development area B, some grants are only available in connection with a major investment. These areas are:

- Sundsvall municipality (except the parishes of Holm and Liden, which belong to regional development area A)
- Timrå, Vännäs, Umeå and Luleå municipalities
- Boden municipality (except the parishes of Edefors and Gunnarsbyn, which belong to regional development area A)
- The Sundsvall, Umeå and Luleå metropolitan areas are generally not considered as being regional development areas.

### Other conditions

The applicant company must have an authorized public accountant, a satisfactory work environment and offer employment benefits at least equivalent to an appropriate collective agreement. The company must also fulfill the requirements for active measures under the Gender Equality Act and legislation on workplace discrimination on ethnic, religious or faith grounds. The subsidy may be reclaimed, in part or in whole, if the company fails to meet the agreed conditions or if the business activity is discontinued after funding is paid.

### Size of grants

The maximum size of a regional investment grant is defined as a percentage of the total investment cost. There are three determining factors: type of investment, company size, and the regional development area in which the company operates (see table below). Each application is individually assessed. Factors taken into account include employment, economic growth, and overall importance to regional development.

Type of investment	Maximum financing share		
	Small companies	Medium sized companies	Large companies and groups of companies
Machinery, equipment, buildings, etc. and intangible investments, for example patents and licenses	RDA A 35% RDA B 30%	RDA A 25% RDA B 20%	RDA A 15% RDA B 10%
Premises to let	RDA A 25%	RDA B 20%	0%
Consulting services, participation in certain fairs and exhibitions	50%	50%	0%
Special training <sup>1)</sup>	40%	40%	30%
Pre-competitive product development <sup>2)</sup>	40%	40%	0%

**Comments:** Small enterprises are defined as having fewer than 50 employees and medium sized enterprises as having 50-250 employees. 1) Great restrictiveness must be observed as training is often supported by the Swedish Public Employment Service. 2) Great restrictiveness must be observed as development is often supported by authorities or bodies other than the Swedish Agency for Economic and Regional Growth. No support is available for product development that can be described as current development. RDA = Regional development area. Please note that certain limitations apply to large investments.

Source: Swedish Agency for Economic and Regional Growth, 2011



### Application and disbursement

As a rule, the regional investment grant must be approved before the investment starts. Applications for regional development area A are submitted to the local county administrative board or, in Västra Götaland county, to Region Västra Götaland. Applications for regional development area B are sent to the Swedish Agency for Economic and Regional Growth, except applications for Västra Götaland county, which are submitted to Region Västra Götaland.

An investment should normally be implemented within two years of the subsidy being granted. Disbursements are made in arrears and, in the case of large amounts, by part-payments.

### REGIONAL EMPLOYMENT GRANTS

Companies may apply for regional employment grants when investing in regional development areas. The main conditions are listed below.

#### Conditions in brief

Regional employment grants in regional development areas are aimed at stimulating economic growth and achieving balanced regional development. The following conditions should be observed:

- Newly started and established companies in development areas A and B may seek a regional employment grant to finance recruitment of new staff.
- A regional employment grant can only be obtained for the activities entitled to support as listed under the section “Regional investment grants” and heading “Activities eligible for grants”, above.
- The activity must be deemed to be profitable and lead to lasting employment.
- The grant must be deemed necessary to bring about the planned employment increase.
- The recruitment must aim at permanent employment and involve people who are out of work or about to lose their jobs.
- The regional employment grant cannot be combined with a job creation subsidy (*anställningsstöd*) from the Swedish Public Employment Service (*Arbetsförmedlingen*).

#### Limitations and exceptions in regional development areas

In regional development area A, a grant can be awarded for starting a new business or for other employment increases deemed strategically important or especially significant for regional development.

In regional development area B, a grant can only be awarded for starting a new business. A regional employment grant can be awarded in regional development areas A and B with the following exceptions:

- Luleå municipality – Luleå cathedral parish and Örnäset and Nederluleå parishes
- Umeå and Vännäs municipalities
- Östersund municipality – Östersund, Frösö, Sunne, Locke, Marieby, Brunflo, Kyrkås and Lit parishes
- Krokoms municipality – Aspås, Ås and Rödön parishes
- Timrå municipality
- Sundsvall municipality – Gustaf Adolf, Skönsmon, Skön, Alnö, Sättna, Selånger, Stöde, Tuna, Attmark Njurunda and Indal parishes

#### Size of grants

The size of a grant is determined based on factors such as its effect on employment and economic growth and the importance of the business activity to society. Each application is individually assessed. A basic principle is that the funding should not exceed the amount required to bring about the increase in employment.

Max subsidies	RDA A, SEK	RDA B, SEK
Year 1 <sup>1)</sup>	66,000	40,000
Year 2 <sup>2)</sup>	66,000	40,000
Year 3 <sup>2)</sup>	66,000	40,000
Total max	198,000	120,000

1) Max subsidies for each new full-year employee in regional development areas A and B

2) Subsidies for the next years are granted under the conditions that the employment increase continues

RDA = Regional development area

Source: Swedish Agency for Economic and Regional Growth, 2011

#### Application and disbursement

The application for a regional employment grant can be submitted at any time during the year but in all cases before the recruitment takes place. Applications are sent to the Swedish Agency for Economic and Regional Growth (or to Region Västra Götaland if the recruitment is to take place there).

Source: Swedish Agency for Economic and Regional Growth

## USEFUL CONTACTS

**Swedish Agency for Economic and Regional Growth (Tillväxtverket)**

Götgatan 74, Box 4044  
SE-102 61 Stockholm  
+46 8 681 91 00  
www.tillvaxtverket.se

The Swedish Agency for Economic and Regional Growth is the Swedish government authority responsible for regional support.

**County Administrative Board of Västra Götaland (Länsstyrelsen Västra Götalands län)**

SE-403 40 Göteborg  
+46 31 60 50 00  
www.o.lst.se/o/

The County Administrative Board of Västra Götaland represents the national government and handles regional support in the Västra Götaland region.

**Swedish County Administrative Board (Länsstyrelserna)**

www.lst.se

Sweden has 21 counties with their own county administrative board. Each county administrative board also has its own website about regional investment subsidies or contacts.

## FURTHER INFORMATION

at [www.investsweden.se](http://www.investsweden.se)

- Running a business in Sweden - an introduction

## INFORMATION BASED ON

Data from:

- Swedish Agency for Economic and Regional Growth