



# BUSINESS COSTS AND PRICES OF KEY SERVICES

## OPERATING GUIDE

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

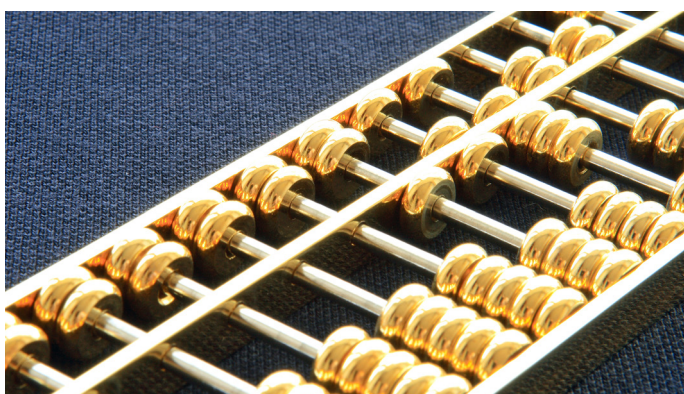
Business costs in Sweden are comparable to most OECD countries, and some specific cost advantages apply. Salaries for highly trained and qualified personnel are low by international comparison and wage differentials are relatively narrow. Rental costs for industrial and office space are comparatively 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 startup process. The cost associated with purchasing a preregistered 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 (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.

#### IN BRIEF

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

**PROPERTY RENTS IN MAJOR CITIES**

Q4 2014 (SEK/m<sup>2</sup>/year)

Stockholm area	Office					Retail	Industrial/ Logistics
	Stockholm CBD	Rest of Stockholm inner city	Adjacent suburbs	Kista	Solna/Sundbyberg	Stockholm area	Stockholm area
Prime rent SEK/m <sup>2</sup>	4,500	3,400	2,400	2,200	2,200	16,150	
Rent grade B properties	2,500-3,100	1,600-2,000	1,000-1,600	1,000-1,400	1,200-1,600		570
Gothenburg area	Gothenburg CBD	Rest of Gothenburg inner city	Norra Älvstranden	Rest of Hisingen	Eastern Gothenburg	Gothenburg area	Gothenburg area
Prime rent SEK/m <sup>2</sup>	2,600	2,300	2,100	1,000	1,100	7,790	
Rent grade B properties	1,800-2,300	1,300-2,000	1,300-1,700	700-1,000	800-1,100		570
Malmö/Lund area	Malmö CBD	Rest of Malmö inner city	Västra Hamnen	Research park in Lund	Lund other	Malmö/Lund area	Malmö/Lund area
Prime rent SEK/m <sup>2</sup>	2,300	1,350	2,100	1,900	1,600	6,400	
Rent grade B properties	1,500-1,800	1,100-1,300	1,400-1,800	1,600-2,000	1,400-1,700		570

CBD = Central Business District

Prime rent Represents the top open-market annual rent per m<sup>2</sup> 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 Spring 2015, Jones Lang LaSalle and Nordic Real Estate Review H2 2014, Colliers International

**Utilities**

Costs for heating and water are normally included in the rent, whereas electricity and telecommunications are billed separately. The average electricity cost during 2014 was SEK 0.288/kWh and the average between 2012-2014 SEK 0.304/kWh. The costs do not include taxes (data from Statistics Sweden, August 2015).

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 and varies from SEK 2500-4500 per month per person.

**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 2014 average remuneration in the private sector was SEK 32,200 per month for salaried workers.

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

Position/title	Median monthly salary in SEK
CEO	73,600
Head of R&D	65,800
Head of IT	54,500
HR manager	54,100
Head of finance & administration	59,300
Head of purchasing & distribution	45,800
Civil engineer	42,800
Account manager, sales	37,900
Machine engineer	36,700
Machine operator	26,000
Administrative assistant	28,700
Accountant assistant	28,300
Shop assistant	26,200
Receptionist	24,900

Source: Statistics Sweden, 2015

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 25.46 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.

For companies with R&D operations in Sweden a reduction in employer contributions is available. The reduction applies to R&D staff and lowers the employer contribution rate with 10%. Total monthly maximum discount within a group of companies is SEK 230,000.

Many employers supplement statutory social security contributions with payments under occupational-based agreements. For further information see the operating guide "Social security and pensions".

**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 8,000 to SEK 11,000.

**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 300 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 600-1,100 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	6,000-11,000
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), 2014

**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 1200 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 S60 D2 costs SEK 3,530 per month excluding VAT and fuel (data from Volvo Cars, 2015). There are, of course other leasing companies and this does not constitute any form of recommendation.

**FURTHER INFORMATION**

**At [www.business-sweden.se](http://www.business-sweden.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