

Human Resource Services*

News from the Nordic countries



Issue 7, December 2008

Introduction

In this last month of 2008 we bring you the final issue of the Nordic Newsletter in its current format. Starting 2009, we will provide you with an extended Nordic Newsletter, which in addition to the regular news, updates per country will also cover a specific theme in more detail. Our next Newsletter will be sent out end of January and will focus on residence rules in the various countries. Please contact your local contact person mentioned at the bottom of this newsletter should you have questions. Erland Nørstebø – Partner HRS

Sweden

The Swedish social security charges will be reduced as of 1 January 2009. The social security rate that Swedish employers pay amounts to 31.42% on gross remuneration in 2009. The same rate applies to foreign employers with a permanent establishment in Sweden.

The rate payable by foreign employers without a permanent establishment in Sweden depends on if they choose to (i) register as an employer with the Tax Agency (23.93%) or to (ii) conclude an agreement of payment of social security charges with the employee (29.71%). In the latter situation, the payment of social security charges to the Tax Agency is made by the employee. According to the agreement, the employer reimburses the employee for the cost of the social security charges.

Special rates of social security charges apply for employees of age between 18-26 years and employees aged 65-71 years.

Denmark

On 30 October 2008, a bill was introduced regarding a change in the rules relating to property assessment value tax on foreign properties.

In future, the property assessment value tax on foreign properties shall be computed according to the same principles as for Danish properties, and the taxpayer can obtain a relief for the foreign tax paid. Relief will also be granted for the new Swedish tax ("fastighetsavgift"). The bill is anticipated to be effective as of 1 January 2009.









It will be possible to apply for a reopening of previous years' tax assessments, also including extraordinary reopening regarding properties purchased after 1 January 1998. For previous income years, the application must be filed on 25 December 2008 at the latest.

Norway

Today, there is a difference between the deductions for debt interest a resident of Norway can claim and the deductions a non-resident can claim. The government has now suggested that employees and self-employed persons from EEA countries should be entitled to claim a deduction for debt interest on their income on equal terms as persons who are residents of Norway according to Norwegian internal law.

The right to deduct the debt interest is given on the condition that a minimum of 90% of the resident's total income that year is taxed in Norway. Furthermore, the government suggests that those employees and self-employed persons from EEA countries who claim the debt interest deduction as mentioned above should be taxed on interest income and other income from a debtor that is resident or has a permanent establishment in Norway (provided that this income can be taxed in Norway according to any double tax treaty).

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