

Human Resource Services

News from the Nordic countries



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Introduction

The Human Resource Services practice of PricewaterhouseCoopers is pleased to provide you with our first Nordic HRS Newsletter. Over the last years, working across borders has become more and more actual. Especially within our Nordic region, cross-border employment is easily achieved. PwC has set up a Nordic HRS Network to be able to better assist our clients dealing with these mobility challenges on a day-to-day basis. This monthly newsletter aims at providing relevant updates in respect of taxation, social security, immigration, etc. We hope you will find this newsletter useful and welcome your comments. You find contact persons in your country at the bottom of this letter.
Erland Nørstebø, partner HRS

Norway

From January 2008, new, stricter rules are in force for the taxation of free housing for Norwegian expatriates working outside of Norway. Under the new rules these expatriates are taxable for the benefit of free housing abroad. They may still avoid taxation if a double household exists and the expatriate commutes to the home in Norway during the stay abroad.

Standardized rates have been drawn up to set the value of free housing. The rates shall prevent expatriates from being taxed at market value, in areas with high rental fees. The rates are adjusted yearly, and are set to reflect the market value of equivalent housing in Norway.

Denmark

New changes proposed on the Danish expat scheme. An opportunity to enjoy 5 instead of only 3 year taxation under a flat tax rate is proposed. The flat rate tax for 5 years is 33% and for 3 year 25%. A transfer to the 33% tax rate can be made once at the latest during the first 36 months. However, an interest on the excess taxes must then be paid. As a new feature also non-resident individuals can opt for the expat scheme. The expat scheme will according to the new proposal also apply for researchers that already have stayed in Denmark as quest-researchers at Danish universities and research institutions. Minor adjustments are further proposed to the detailed conditions required to opt for the expat scheme.

Sweden

The government has proposed new legislation on the taxation of employee stock options in Sweden, to be in force as of January 1, 2009. The main change is that the exit tax is being abolished. As a consequence, the tax exemption on exercise of stock options that were vested prior to the arrival to Sweden will be abolished.

The main rule will therefore be taxation of employee stock options at exercise. This means that Sweden will tax the exercise of stock options also when the employee has departed from Sweden. The Swedish employer may also have a reporting, tax withholding and employer social security contribution liability, even though the employee is no longer working in Sweden.

Finland

Nordic Tax Treaty – Changes made April 4, 2008!

The main changes to the Nordic tax treaty are:

- A part of capital gain can be taxed in the former country of residence if the disposal of shares or rights happens during ten full years after the move to another Nordic country. However, internal rules may prevent the old home country to tax the capital gain.
- Pensions paid from another Nordic country can be taxed in Finland (country of residence) if the payments start after the April 4, 2008. Finland shall credit the tax paid in the other Nordic country. The changes will become applicable on 1 January 2009, at the earliest.

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