

# Costs for establishing a business in Sweden

*The figures presented below are estimated average costs when setting up a business in Sweden. Costs are in SEK exclusive VAT and are merely a guideline. (USD 1=SEK 6,70, in August 2007)*

## Company registration

The minimum capital stock for a private Swedish stock corporation is SEK 100,000. No capital stock is required to establish a branch office. The registration fee at the Swedish Company Registration Board, *Bolagsverket*, for either a stock corporation or a branch office is SEK 2,000.

## Personnel costs

The table below states average salaries for women and men of 25-39 years of age, working in Sweden. The figures show the yearly average costs incl. statutory employers' contributions which is 32.42% of the salary.

Position/title	Total annual salaries in SEK <i>incl. social contributions</i>	
	Women	Men
Chief Executive, large company		762 739
Chief Executive, SME	395 671	462 411
Head of Finance & Administration	597 479	683 287
HR Manager	597 479	683 287
Project Manager	470 356	600 657
R&D Mgr/Specialists	597 479	683 287
Controller	470 356	600 657
Production plant manager	475 123	557 753
Recruitment & Selection Mgr	470 356	600 657
Accountant	470 356	600 657
PhD Med, lab	521 205	611 780
Production Engineer	402 027	493 397
Buyer	411 561	498 959
Secretary	322 575	352 767
Payroll Administrator	336 876	354 356
Accounting clerk	336 876	354 356
Receptionist	298 740	306 685

Source: Statistics Sweden, SCB, 2007

## Recruitment

Personnel can be recruited from the international employment office free of charge or via recruitment agencies. Recruitment agencies' fees vary, depending on the

company's structure, qualifications of personnel, time span, etc. One of the leading Nordic recruitment firms estimates their fee to "the monthly salary of the future employee multiplied with three".

Generally speaking, advertising job vacancies in newspapers is a cheaper alternative to using recruitment agencies. The rate for three successive insertions of a job advertisement in a Swedish national newspaper is about SEK 20 000-30 000. Local newspapers charge about one-fifth this rate.

## Accounting

A company can choose to outsource all or parts of its financial services to a firm of accountants providing such services as current accounting, company registration, tax declarations and financial reports. The fees for these type of services range between SEK 500-1,000 per hour. Fixed prices can generally also be agreed upon.

The figures below are average annual costs for the auditing services of a certified public accountant for a company. The average fee is based on the annual turnover of the company in SEK.

Annual turnover in SEK	Annual fee in SEK <i>average costs for annual audit</i>
- 500 000	6 000
500 000 - 1 000 000	8 000
1 000 000 - 2 000 000	10 000
2 000 000 - 3 000 000	12 000
3 000 000 - 4 000 000	13 000
4 000 000 - 5 000 000	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 - 70 000 000	50 000
70 000 000 - 100 000 000	75 000

Source: The Institute for the accountancy profession in Sweden and The Swedish association of auditors, FAR SRS, 2007

### Office equipment

	Start up cost	Operating cost
<i>Telecommunications</i>		
Switchboard & phones	50 000	10 000
Internet ISDN router	7 000	1 000
Subscription Internet		5 000
Subscription telephone		4 500
<i>Computers and office equipment</i>		
Stationary computer	11 000	2 800
Laptop computer	14 500	4 900
LaserJet Multifunction (Fax/Copy/Print/Scan)	38 000	6 000
<i>Furniture</i>		
Working station	20 000	4 000
Conference table and chairs	19 000	3 800
Dinner table and chairs	11 000	2 200

Source: Atea group, 2007

The costs given above are average costs. In the case of the switchboard, it includes six external lines, eight speed-dialing numbers, six phones, and installation fees. The switchboard can easily be expanded. An Internet subscription and ISDN router provide all employees with Internet access. Operating costs for investments include 20 percent depreciation.

For many companies, an alternative to renting an office is serviced offices, where most of the above-mentioned equipment already is in place.

### Utilities

In Sweden, costs for heating and water are normally included in the rent, whereas electricity is an additional cost. The cost for electricity is SEK 0.205/kwh (August 6th, 2007) with a variable cost agreement and SEK 0.459/kwh for a fixed price agreement. For both types of agreement, there is an additional annual cost of SEK 288. These figures apply to companies using 75 000 kwh or less annually. (Source: Vattenfall, August 2007)

Office cleaning for 50-sqm premises costs approximately SEK 27 000 annually.

### Insurance

Standard company insurance includes

protection against fire, burglary and water damage and compensation for interruption of activities and legal aid. To set the insurance premium, insurers make an individual company estimate. Costs vary according to the company's revenues, number of employees, property, business sector and, to some extent, location. The example below indicates insurance costs for a company with five employees, located in a medium-large city, active in a traditional office sector and using office equipment normal for its size.

Annual turnover	Annual cost in SEK	
	Low	High
3 000 000	4 000	8 000
5 000 000	8 000	12 000
10 000 000	12 000	>12 000

Source: If Skadeförsäkring

### Other costs

In the basic bank service package are such services as connection to internet banking or call service, bank giro service and collection of debts. One business card and one engagement report a year are also included in the basic service (*Svenska Handelsbanken 2007*).

<b>Bank services</b> , basic	SEK 1 250 / year
<b>Car leasing</b> Volvo, excl. fuel	SEK 16 600 / month

### Office rents

Normally, commercial leases are entered for a term of three to five years with rents linked to changes in the Consumer Price Index. The standard agreement anticipates advance quarterly rental payments. Leased office space is normally provided fitted to the demands of the tenant. The landlord is responsible for exterior maintenance and the tenant for interior maintenance. Property tax is charged on top of the rent. Key money is not charged in the office sector, but is typical in the retail sector. A security deposit or bank guarantee equivalent to six months is common. The table below shows average office rents in the principal cities in SEK/sqm/year.

Office properties Q4 2006	Stockholm CBD	Rest of Stockholm inner city	Adjacent suburbs	Kista	Solna/Sundbyberg
Prime rent SEK/sqm	3 900	3 100	1 850	1 750	2 000
Rent grade B properties	2 100	1 800-2 500	800-1 600	800-1 300	900-1 500
Office properties Q4 2006	Gothenburg CBD	Rest of Gothenburg inner city	Norra Älvstranden	Hisingen	Eastern Gothenburg
Prime rent SEK/sqm	2 200	1 800	2 075	950	1 050
Rent grade B properties	1 550	1 170	1 150	670	800
Office properties Q4 2006	Malmö CBD	Rest of Malmö inner city	Västra Hamnen	Lund inner city	Research Park in Lund
Prime rent SEK/sqm	1 900	1 250	1 900	1 600	1 600
Rent grade B properties	1 200-1 470	900-1 000	1 200-1 550	900-1 200	1 100-1 300

#### DEFINITIONS

CBD	Central Business District
Prime rent	Represents the top open-market annual rent per sqm that could be expected for a national office 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 2007, Jones Lang LaSalle

Please note that the contents of this fact sheet should be regarded as an overview of current conditions in Sweden. These may change and thereby render descriptions of laws and other frameworks inaccurate. In all individual cases we request that advice always be sought with relevant authorities, organizations and businesses on specific issues.