

SWEDEN – TRANSFER PRICING PROFILE

ANNEX 2 ON APAs

(Updated as of October 2012)

An APA is based on a mutual understanding between two or more countries on how to set prices within an international group of companies for a predetermined period of normally three to five years. An APA could be granted for either a bilateral or a multilateral APA, but not unilateral ones. A tax treaty must be in place between Sweden and the other countries involved. The Swedish Tax Agency is designated as competent authority for the negotiation of APAs. Although APAs are binding on the Swedish Tax Agency, they may be amended or revoked under certain circumstances.

Any company which is or is expected to become liable to taxation according to Swedish law and partnerships that constitute legal entities whose partners are or expect to become liable to tax in Sweden can apply for an APA.

Prior to filing an application, the taxpayer may request a pre-filing meeting with the Swedish Tax Agency to discuss the conditions of a potential APA and what information should be included in the application.

Applications should be made in writing and contain all information deemed necessary to enable the Swedish Tax Agency to determine whether the suggested transfer pricing methodology is at arm's length. An APA is normally not granted if the transaction is considered to be of limited importance or of minor value. Further, it must be possible to assess the transaction for which agreement is being sought separately from any other intragroup transactions.

Some of the basic information which must be filed include the following:

- The companies, fiscal years, and countries covered by the application,
- Whether an APA has been issued in another state for similar transactions for the companies involved,
- Business and organizational description,
- The nature and scope of the transactions,
- Functional and comparability analyses,
- Presentation of the selected transfer pricing method and reason for choosing this method, and
- Any intercompany agreements covering the concerned transactions.

A fee is levied for the filing of an APA in relation to each country involved in the relevant transaction. The applicable rates are as follows:

- 150 000 SEK for an application of a new APA,
- 100 000 SEK for an application regarding renewal of a previous APA, and
- 125 000 SEK for an application regarding renewal of a previous APA with amendments.]