



SVENSKT NÄRINGSLIV

CONFEDERATION OF SWEDISH ENTERPRISE

Ownership transfer – Critical Tax Issues

Krister Andersson 2010-03-25

Ownership and business taxation

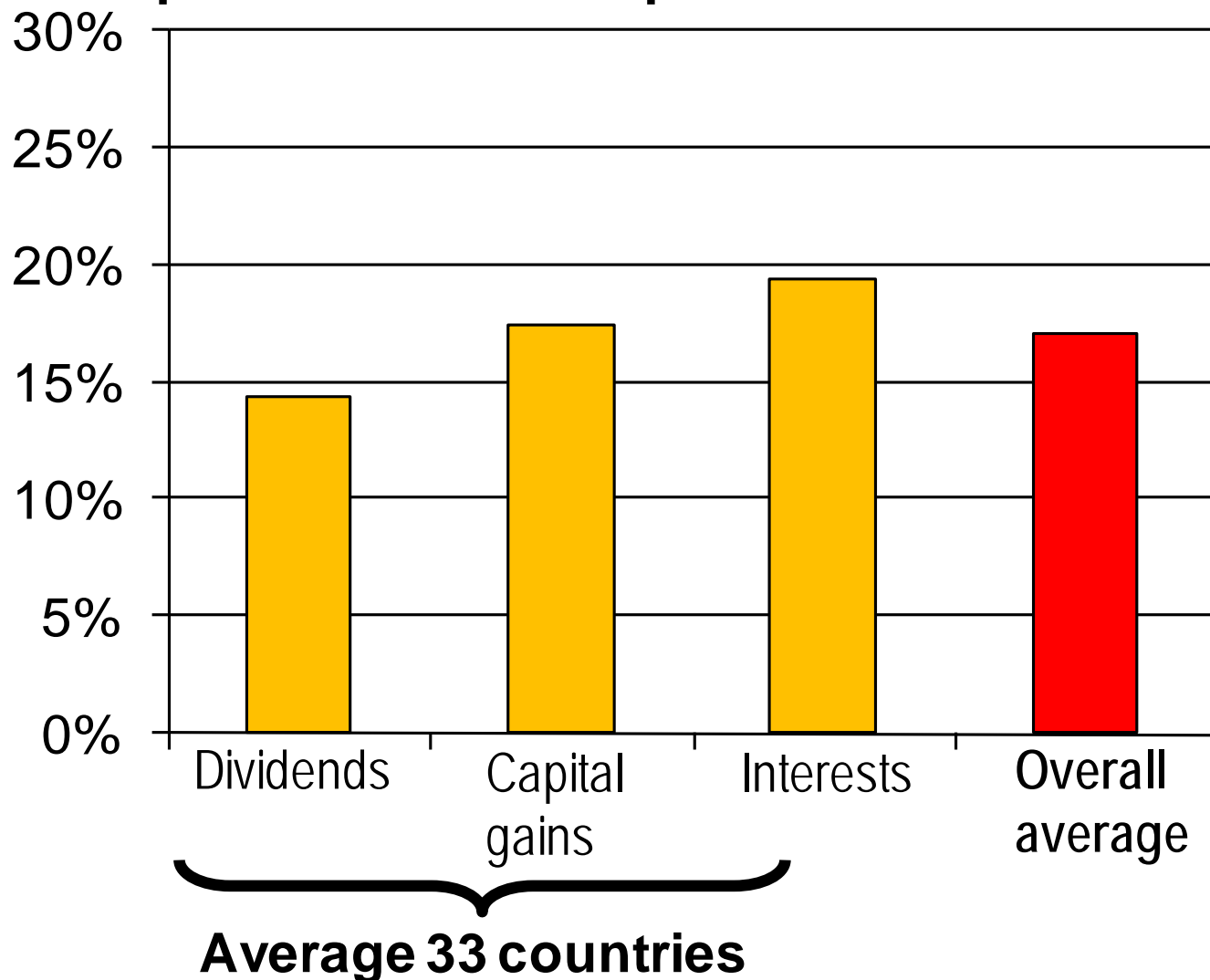
- EU commission: the Lisbon Agenda & Transfer of Businesses
- Communication in 2006
- Some 700.000 transfers/year estimated
- Recommendations to e.g. give political attention, provide adequate conditions, raise awareness, organise transparency, ensure transfer-friendly tax systems etc.

- **What has happened since?**

- A sample of recent surveys will follow:
 1. Capital income taxation survey (IBFD)
 2. Tax rates in 19 EU-countries (EU Commission)
 3. Taxation of entrepreneurship (Conf. of Swedish Enterprise/Deloitte)
 4. Paying taxes (PwC)
 5. Inheritance taxation (AGN)
 6. Net wealth tax

Survey of capital income taxation

Capital taxation - comparison



Comprehensive study covering corporate and individual taxation.

Focus on ownership.

Including all different types of capital income.

34 countries.

Comparisons must consider structural differences.



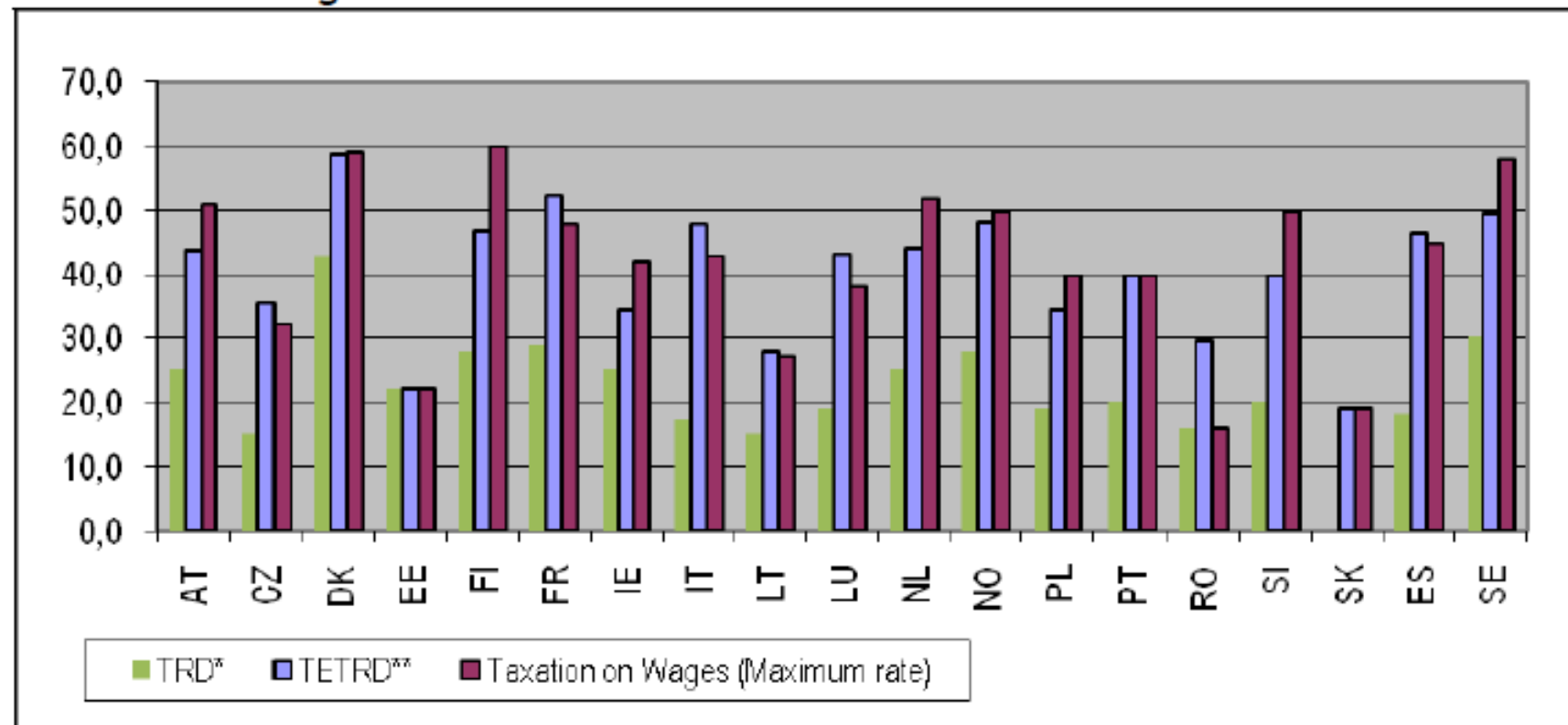
IBFD (2009)



SVENSKT NÄRINGSLIV
FÖRENINGEN AV SVEDESKA FÖRETAG

Tax rates in 19 EU-countries

Graph 17: Tax Rate on Dividends , total Effective Tax rate on Dividends and Tax rate on Wages



ON A PER COUNTRY BASIS IN PERCENTAGE

YEAR: 2006

*Tax Rate on Dividends

**Total effective Tax Rate on dividends

Sources: Country Reports and Ernst & Young World Corporate Tax Reports

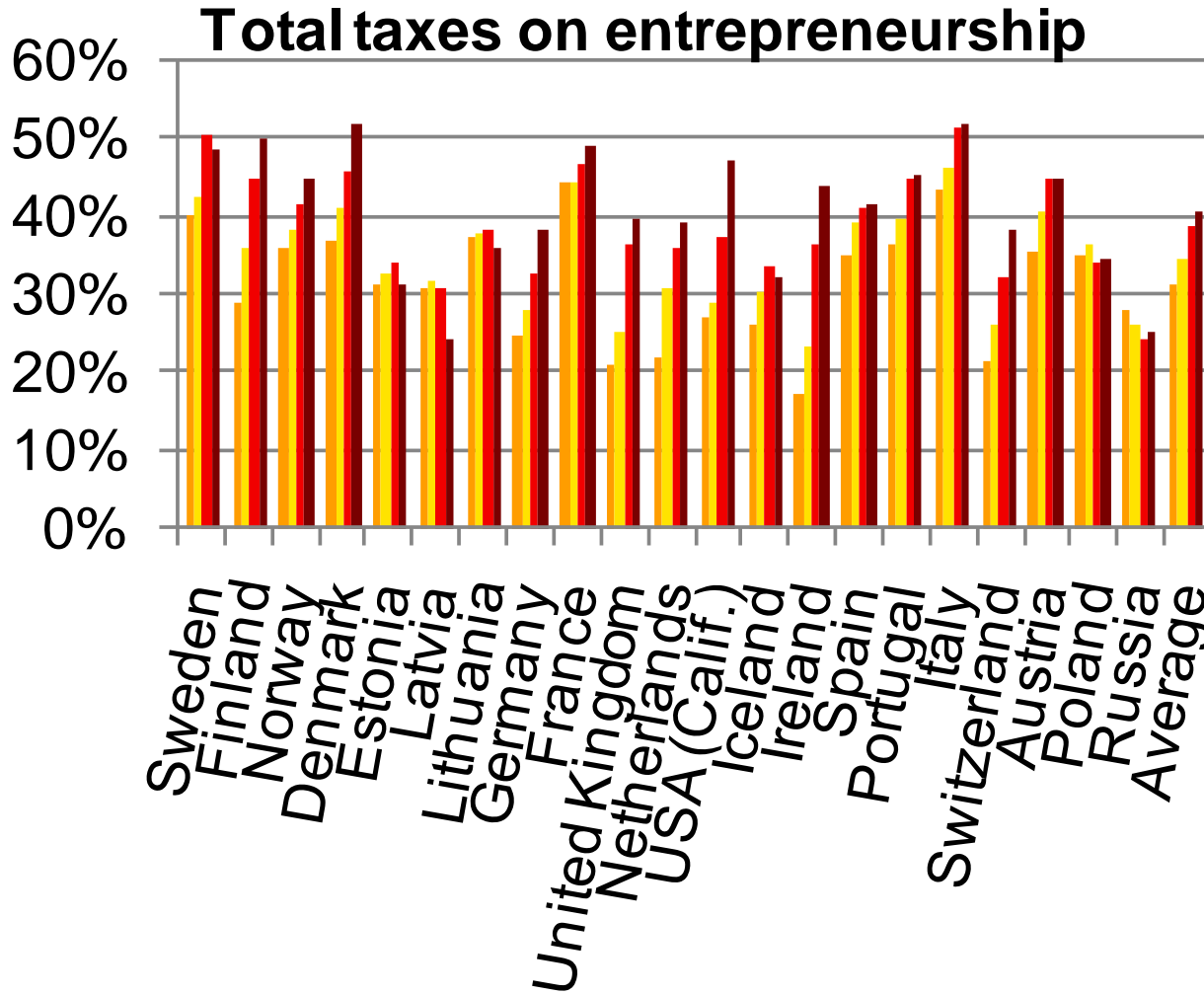


European Commission



SVENSKT NÄRINGSLIV
FÖRENINGEN AV SVEDESKA FÖRETAG

Taxation of entrepreneurship (1)



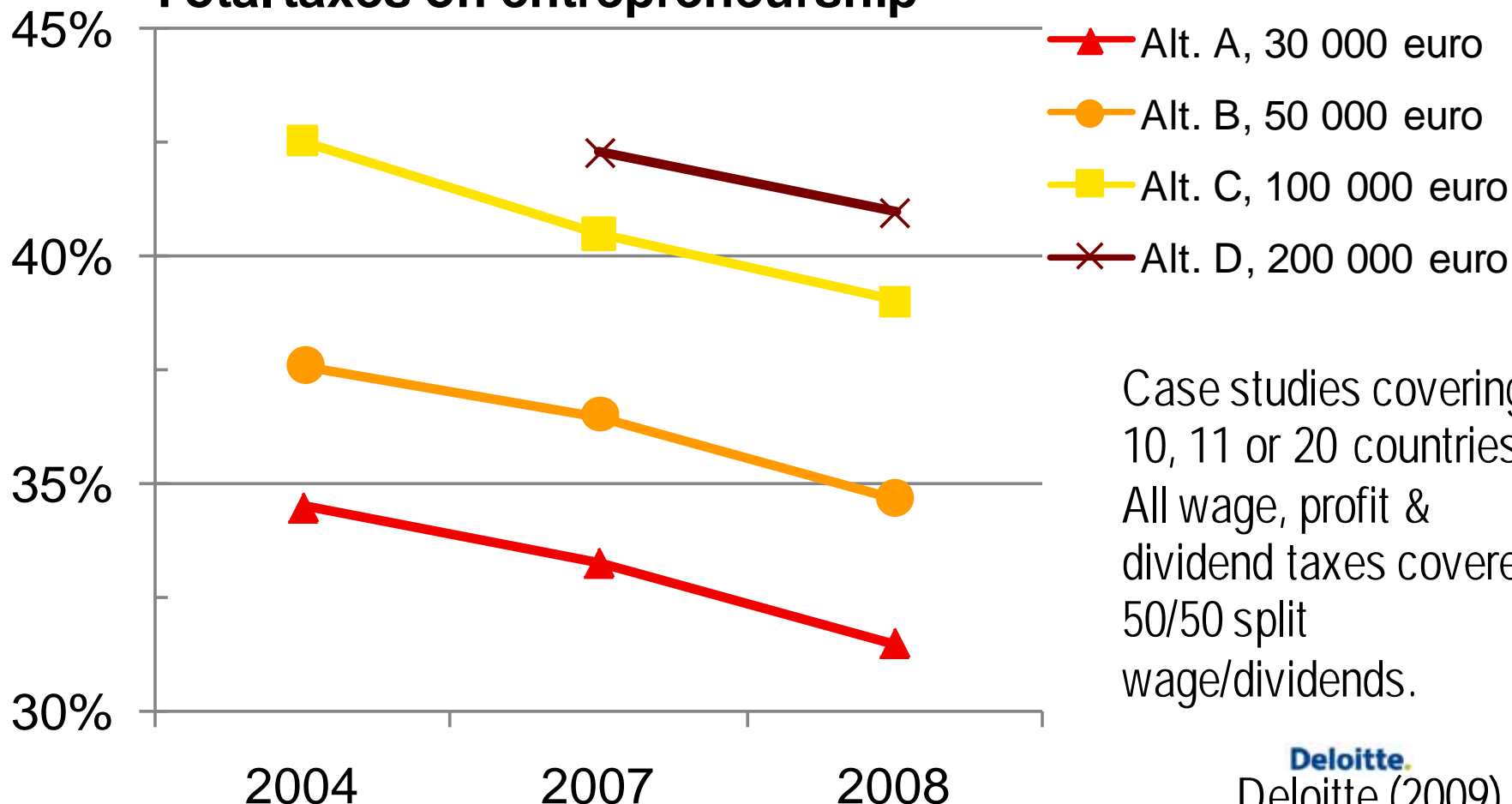
- Alt. A, 30 000 euro
- Alt. B, 50 000 euro
- Alt. C, 100 000 euro
- Alt. D, 200 000 euro

Case study, 2008.
 4 fixed profit levels.
 All wage, profit &
 dividend taxes covered.
 50/50 split
 wage/dividends.

Deloitte.
 Deloitte (2009)

Taxation of entrepreneurship (2)

Total taxes on entrepreneurship

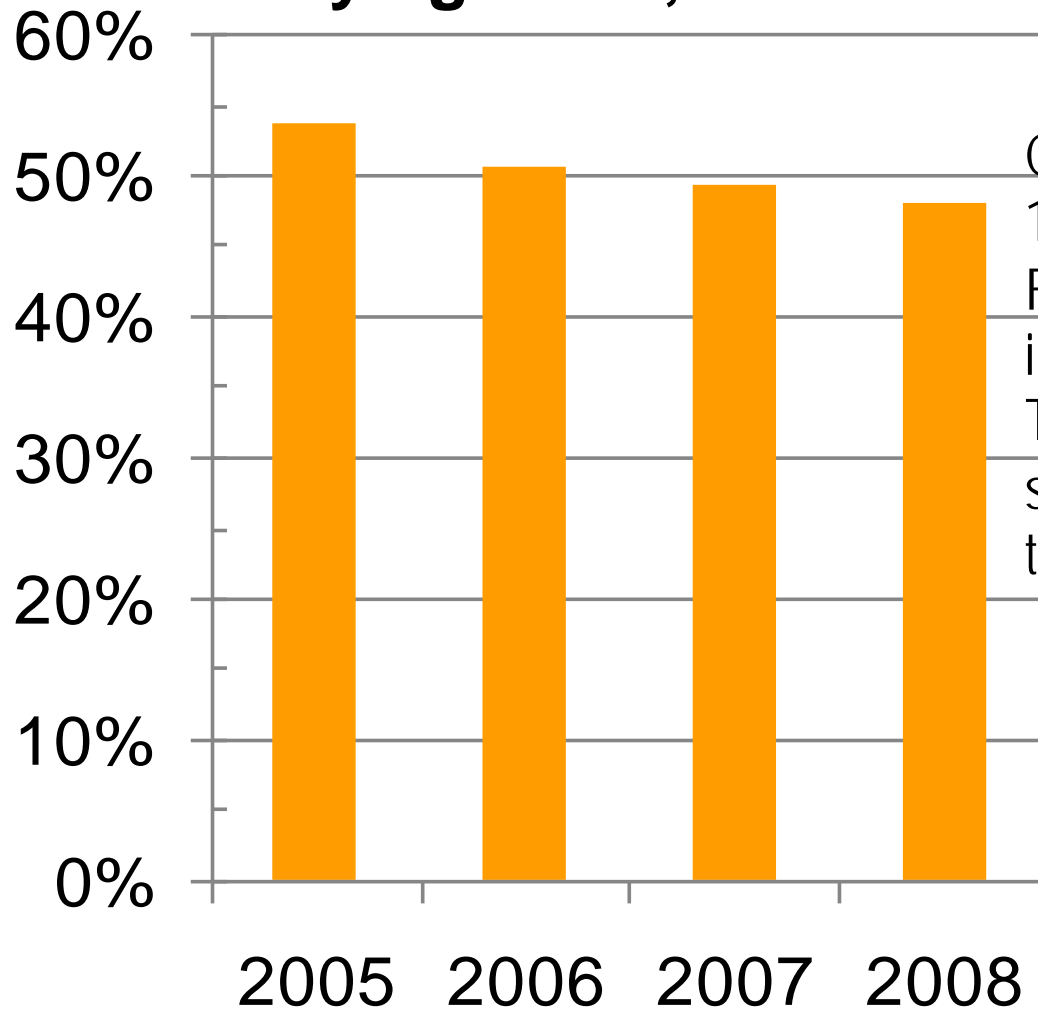


Case studies covering 10, 11 or 20 countries. All wage, profit & dividend taxes covered. 50/50 split wage/dividends.

Deloitte
Deloitte (2009)

Tax cost – total tax rate

Paying taxes, tax rate



Case studies covering up to 183 countries.

Fixed profit levels, multiples of income per capita.

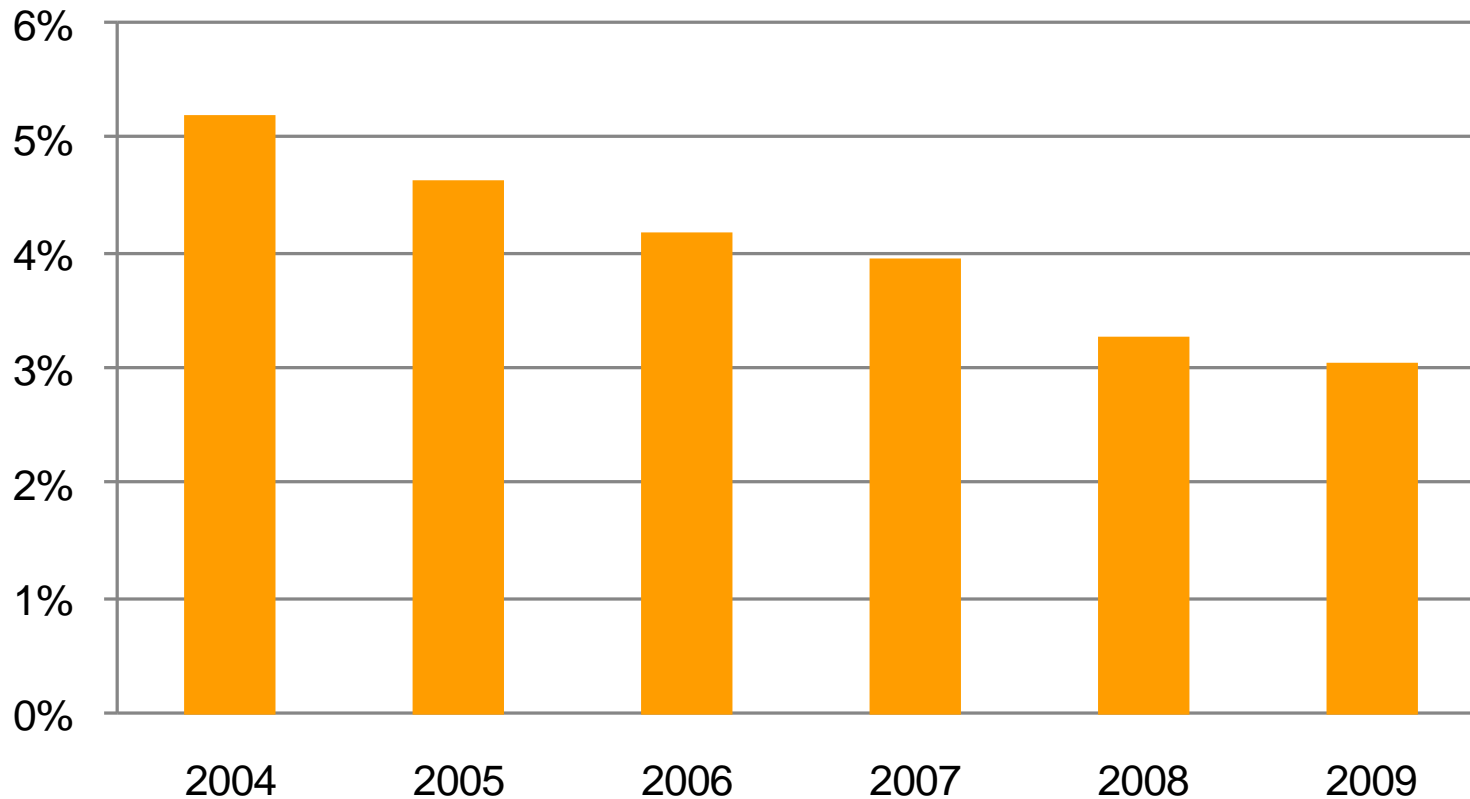
Taxes on profit, labour, soc. contributions, property, turnover, oth. consumption, etc.

PRICEWATERHOUSECOOPERS 

PwC (2010)

International Comparison

Inheritance tax



Worldwide association of
202 separate and independent
accounting and consulting firms
in 89 countries.

- Annual surveys based on case studies for 19-29 European countries
- Fixed assumptions regarding family situation, assets, wealth composition etc
- By 2009 the tax is abolished in Austria, Sweden, Russia, Slovakia, Estonia, Cyprus & Gibraltar
- Results sensitive to assumptions, countries involved etc.

Net wealth taxes – soon extinct

Spain	Abolished 2008
Sweden	Abolished 2007
Finland	Abolished 2006
Luxembourg	Abolished 2006
Iceland	Abolished 2005
Netherlands	Abolished 2000
Denmark	Abolished 1997
Germany	Abolished 1997
Austria	Abolished 1994
UK, Ireland, Italy, Belgium, Portugal, Greece, Estonia, Latvia, Lithuania, Russia, Poland, Ch. Rep., Slovakia, Slovenia, Hungary, Cyprus, Malta, Romania, Bulgaria, Japan, USA, Canada, Australia, New Zealand	No net wealth tax in any of these countries
France	0.55-1.8% above 790 000 €
Norway	0.70-1.1% above 40 000 €
Switzerland	0.05-1.5% above 50 000 €

Surveys, update & summary

	Austria	Belgium	Bulgaria	Cyprus	Czech Republic	Denmark	Estonia	Finland	France	Germany	Greece	Hungary	Ireland	Italy	Latvia	Lithuania	Luxembourg	Malta	Netherlands	Poland	Portugal	Romania	Slovakia	Slovenia	Spain	Sweden	United Kingdom
No inheritance tax	✓	✗	✗	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✓	✗
No gift tax	✓	✗	✗	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✓	✗	✗	✗	✓	✓	✗	✗	✓	✗
No wealth tax	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Re-investment tax relief	✓	✓	-	✗	✓	✓	✗	✗	✓	✓	-	✓	✓	✗	-	✗	✗	✗	✗	✗	✗	-	✗	✗	-	✗	✗
Retirement tax relief	✓	✓	-	✗	✓	✓	✗	✗	✓	✓	-	✓	✓	✗	-	✗	✗	✗	✗	✗	✗	-	✗	✗	-	✓	✗

The Swedish case – last 5 years in perspective

- Inheritance, gift and net wealth taxes abolished
 - Abolishment achieved by both left and right wing governments
 - Corporate income tax reductions
 - Labour taxation reductions
 - SME-taxation amended, tax burden partially reduced
 - Capital income tax rate still high
- Ø Important to ensure transparency and sustainability ahead

Conclusions

- Transfer of business a key factor
- Importance of tax policy
- Overall tax situation must be taken into account
- Planning ahead advisable
- Crucial to carefully consider firm- and owner-details
- Continuous monitoring

Recent trends

- Tax situation has improved in several countries
- Several countries have abolished harmful taxes
- Enhanced efficiency and simplification still needed
- Important to ensure credible and sustainable rules