

# Annex I

The measures introduced by the Government are designed to mitigate the short-term effects of COVID-19 and to ensure that businesses are in a good position to emerge strong when the economy must recover. The applicable measures are described and compared below.

Applicable Measures	Large corporates	SMEs
<b>Eligible Beneficiary</b>	All enterprises registered in Sweden regardless of their shareholder structure	SMEs registered in Sweden regardless of their shareholder structure
Access to financing and loans		
<b>State Loan Credit Guarantee</b>	<p>This measure is primarily aimed at SMEs but no formal limit to company size applies. Thus, large companies may be eligible for the guarantee. Same conditions apply.</p>	<p>Type of guarantee: credits are guaranteed by the Government up to 70% of the loan amount.</p> <p>Type of financing: the loans concerned are new loans and credit facilities (working capital and investments) that are granted by banks or credit institutions during the period 1 April 2020 up to and including 30 June 2020, with the possibility of an extension of a maximum of three months.</p> <p>Beneficiary: primarily SMEs that have experienced financial difficulties because of the new coronavirus but are otherwise robust. The credit institute operating the loan will make a credit assessment and determine whether the company is considered robust. Companies that can receive guaranteed loans shall be non-financial companies with their main operations or domicile in Sweden.</p> <p>Maximum guaranteed amount: maximum credit of SEK 75 million per company. In exceptional cases maximum SEK 250 million. The aggregate amount of all financings granted to the same entity backed by a state guarantee cannot exceed the higher of:</p> <ul style="list-style-type: none"> <li>▪ 25% of the beneficiary's 2019 annual revenue; or Twice its 2019 employment costs.</li> <li>▪ For companies started from 1 January 2019, the estimated annual salary costs for the first two financial years.</li> <li>▪ If special liquidity needs are at hand the guarantee may be extended to cover loans over 18 months for SMEs and 12 months for larger companies.</li> </ul> <p>Time limit: the loans shall have a term to maturity of up to three years and can be</p>

		<p>amortisation-free throughout their maturity. Deferral of interest up to the first 12 months.</p> <p>Impact on operations/shareholder: for a company to be eligible for a state guaranteed loan the companies may not, throughout the life of the loan, pay dividends, bonuses or variable remuneration to senior management, or for profit distribution other than what is comparable with regular salary withdrawals.</p>
<p><b>Loans and credit guarantees for exporting companies and SMEs</b></p>	<p><u>The Swedish Export Credit Agency (EKN) Guarantees</u></p> <ul style="list-style-type: none"> <li>➤ Working capital guarantee for large companies.</li> </ul> <p>Guarantee covering 75% of bank's risk in working capital financing.</p> <p>Beneficiaries: Swedish exporting companies with an annual turnover exceeding SEK 5 billion, and their sub-suppliers. The export activities should amount to a substantial part of the company's activities and should create value for Sweden. If the exporting part of the company's business is less than 25%, the company must be able to provide proof of other value enhancing activities that can be considered as indirect export activities such as R&amp;D. Companies with either Swedish or foreign owners are eligible.</p> <p>Maximum guaranteed amount: Maximum credit amount SEK 10 billion. The guarantee covers 75% of the credit amount. If the guarantee relates to payments to the company's sub-suppliers, 80% coverage will apply.</p> <ul style="list-style-type: none"> <li>➤ Access to payment for sub-suppliers to exporting companies. The sub-supplier will receive the invoice payment directly from the bank prior to the due date of the invoice. EKN covers up to 80% of the risk.</li> </ul> <p><u>The Swedish Export Credit Corporation (SEK) Loans</u></p> <p>SEK has received an increased loan limit, totalling SEK 200 billion (previously SEK 125 billion). SEK issues Government backed and commercial loans to Swedish export industry.</p> <p>Beneficiaries: Export companies with an annual sales of at least SEK 200 million</p>	<p><u>The Swedish Export Credit Agency (EKN) Guarantees</u></p> <ul style="list-style-type: none"> <li>➤ Improved access to working capital financing for SMEs.</li> </ul> <p>Guarantee up to 80% of credit institutions risk for working capital financing provided to SMEs.</p> <p>Beneficiaries: Exporting companies and their suppliers, each with an annual turnover not exceeding SEK 5 billion. Swedish subsidiaries to foreign parent companies or groups are also eligible.</p> <ul style="list-style-type: none"> <li>➤ Access to payment for sub-suppliers to exporting companies. The sub-supplier will receive the invoice payment directly from the bank prior to the due date of the invoice. EKN covers up to 80% of the risk.</li> </ul> <p>Almi Företagspartner AB (Almi)</p> <p>Almi, a state-owned support organisation providing financing to early phase companies with growth potential, has received SEK 3 billion in additional funding in order to increase loans to SMEs and facilitate their access to financing.</p> <p>Beneficiaries: Sustainable SMEs in Sweden with up to 250 employees that are in need of financing due to COVID-19.</p> <p>The terms and conditions of the loan will be tailored to the current situation, and may include up-front deferrals of interest and amortizations.</p>

	as well as suppliers to export companies and foreign buyers of Swedish products and services.	
Reduced costs for companies		
<b>Short-time work allowance</b>	<p>A new Regulation for short-term work allowance offers employers the possibility to reduce employees' working hours and wages instead of initiating layoffs, and receive financial support from the Government to compensate for a significant part of the costs for retaining the employee. The allowance covers for 75% of reduction costs for the employer.</p> <p>Operated by the Swedish Agency for Economic and Regional Growth (<i>Tillväxtverket</i>).</p> <p>A number of conditions apply including:</p> <ul style="list-style-type: none"> <li>• The allowance applies to all companies that suffer from temporary and serious financial difficulties, which could not reasonably have been foreseen or avoided.</li> <li>• The employer's business must be viable from a long-term perspective. At the time of filing the application, the employer may not be bankrupt/insolvent.</li> <li>• If a company group has several subsidiary companies, each unit/company will be considered as separate. In addition, it is possible to consider each operating unit within a company as separate.</li> <li>• The employer must have made use of other available measures to reduce its labour costs such as changes to the scheduling of work shifts and the dismissal of staff who are not employed as permanent employees and who are not regarded as being critical to the business operations, for instance consultants and temporary staff.</li> <li>• The possibility for short-time working must exist within the company's central and local collective bargaining agreement. The reduction in working hours and wages may be individual for specific workers or units.</li> <li>• In the event the company is not subject to a collective bargaining agreement, at least 70% of the employees in the operating unit must consent. The reduction in working hours and wages that has been agreed upon must be the same for all participating employees within the operating unit. <ul style="list-style-type: none"> <li>• The support is retroactively applied from 16 March and will remain in effect throughout 2020.</li> <li>• The maximum period for support is 6 months with possibility of a three months extension.</li> <li>• Maximum size: Three fixed levels of reduction in working hours: 20%, 40% or 60%, which means reduced costs of 19%, 36% and 53% respectively for the employer in the three different cases. For the period May, June, July the reduction may amount to 80%.</li> </ul> </li> </ul> <p>Impact on operations/shareholder: A company may not pay dividends at the same as it receives short-time work allowance. <i>Tillväxtverket</i> will consider dividend payments as an indication of that the company is not facing a difficult financial situation. This may result in withdrawals or adjustments of the support granted or to be granted.</p>	
<b>Tax deferrals</b>	➤ Deferral of employers' social security contributions, preliminary tax on salaries and VAT.	

	<ul style="list-style-type: none"> <li>• <b>Beneficiaries:</b> The measure applies to all companies that pay tax in Sweden and that have that have deducted preliminary tax on wages and employers' fees as well as VAT during the accounting periods January - September 2020. Deferment will not be granted to companies that mismanage their finances or are otherwise rouge. Nor can deferrals be granted to companies with large ("non-negligible") tax liabilities.</li> <li>• <b>Duration of programme:</b> The deferment must refer to tax to be paid for accounting periods between 1 January and September 2020, i.e. taxes and fees that the company reports for during these months.</li> <li>• <b>Maximum duration:</b> The payment deferral covers tax payments for up to three months and can be granted for up to 12 months. <ul style="list-style-type: none"> <li>✓ For VAT reported annually: deferral is granted for one accounting period (applies retroactively as of December 27, 2019). For VAT reported monthly: deferral is granted for three accounting periods (three months). It does not have to be three consecutive accounting periods. For VAT reported quarterly, deferral is granted for one accounting period (three months).</li> <li>✓ Employer contributions and preliminary tax paid in February and March for periods from January 2020 can receive tax refunds from the Swedish Tax Agency.</li> </ul> </li> <li>• <b>Interest and fee:</b> The annual interest rate and the monthly fee equals an effective annual interest rate of 3.1%. The fee is payable upon the termination of the deferment. The first 6 months will be free of charge.</li> </ul>
<b>Reduction in social contributions</b>	<p>All employers may apply for reduced employer fees (<i>arbetsgivaravgifter</i>) during the period of 1 March to 30 June 2020.</p> <p>The measure applies to a maximum of 30 of employees per company unit and the reductions are capped at a salary of SEK 25,000 (equals a reduction in a maximum amount of SEK 5,300 per employee and month).</p>
<b>Reduction in rental costs</b>	<p>Temporary discount on fixed rental costs for companies in specific exposed industries. If a property owner and the tenant agrees on a rent reduction, the state will cover 50% of the rent reduction, capped at 25% of the fixed rent.</p> <ul style="list-style-type: none"> <li>• <b>Beneficiaries:</b> The support is only available for business in specific industries identified by the Government as particularly affected by COVID-19. These industries include retail, hotels, restaurants and events, congresses and fairs, but also consumer services such as dentists, physiotherapy activities, hair dressers and beauty salons, etc.</li> <li>• <b>Maximum duration:</b> The support is valid for rent reductions from 1 April - 30 June 2020.</li> <li>• The property owner or the landlord applies for the support retroactively by submitting an application to the relevant county administrative board (Länsstyrelsen). The application must be submitted by 31 August 2020 at the latest. A condition for being able to benefit from the aid is that there is a rent reduction agreement between the property owner and the tenant. An agreement between the parties must be concluded before 30 June 2020.</li> </ul>
<b>Sick pay support</b>	<p>The Government assumes the entire cost of all sick pay during 1 April to 31 May 2020 for all employers.</p> <p>This measure requires limited efforts on the side of the employer: Employers pay sick pay to their employees as usual. The Swedish Social Insurance Agency (<i>Försäkringskassan</i>) will compensate the employer through a payment to the employer's tax account.</p>

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White & Case LLP  
Biblioteksgatan  
12 Box 5573 SE-114 85  
Stockholm, Sweden  
T: +46 8 506 32 300

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