

The Remedy for Sweden; Restore Liquidity and Mitigate the Consequences for Businesses and Jobs

April 2020

The Swedish Government has enacted a broad range of new regulations in the view to provide businesses affected by the novel coronavirus (“COVID-19”) pandemic with a package of emergency economic relief and financial assistance. The measures are designed to help Swedish businesses through the dramatic short-term effects of COVID-19 and to ensure that businesses are in a good position to emerge strong when the most difficult period is over and the economy must recover. Measures include guarantee schemes, support for business continuity and a tailored package of measures for SMEs.

Swedish companies and their shareholders should refrain from authorizing distribution of dividends, share buy-backs or similar transfers of value while receiving State contributions or other Government authorized support measures.

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FACILITATE ACCESS TO FINANCING AND LOANS

State Loan Credit Guarantee¹

The Swedish Government (the Government) has established a Government guarantee programme of SEK 100 billion that will provide state loan guarantees to companies negatively affected by COVID-19 to facilitate access to financing. The measure means that the Government takes on the majority of the risk when banks and credit institutions lend to companies. The programme will offer a guarantee of 70% of new loans to companies affected by COVID-19 but who are otherwise robust.

The guarantee will be issued to the bank that provides the loan to the company, and the Government will compensate the bank for up to 70% of any credit loss arising on a loan thus guaranteed. Companies apply for a state credit guaranteed loan by contacting their bank and they will pay interest directly to the bank, such interest rate to be determined by the bank based on their credit assessment of the company (taking into account that the loan is wholly or partly subject to a state guarantee). The loans shall meet the companies' need for financing and include working capital and investments.

In order for the guarantee to be accessible through a bank or credit institution, the bank or credit institution must take part in the loan guarantee programme by signing an agreement with the Swedish National Debt Office (*Riksgälden*). In addition, the bank will pay a guarantee fee to *Riksgälden*.

- **Beneficiaries:** The state loan guarantee primarily targets SMEs², but there is no formal company size limit of the loan beneficiary. The company's financial situation must have been negatively affected by COVID-19, but should otherwise be solvent. All industries except for financial companies may benefit from the programme.
- **Purpose:** The loan guarantee programme aims at facilitating access to financing for companies affected by COVID-19 but otherwise robust.
- **Maximum guaranteed amount:** the maximum loan per company covered by the state loan guarantee is SEK 75 million. In exceptional cases, higher loan amounts may be allowed after approval by the National Debt Office, but shall in no event exceed SEK 250 million. A company group can apply for separate guarantees for each entity/subsidiary.
- **Conditions:** the granting of a state loan guarantee is subject to the following conditions:

1.	Duration of programme	<ul style="list-style-type: none">▪ Loans and credit facilities must be granted between 1 April 2020 to 30 June 2020, with a possible 3 months extension.
2.	Maximum duration	<ul style="list-style-type: none">▪ 3 year maturity.
3.	Maximum size	<p>The maximum loan per company covered by the state loan guarantee is SEK 75 million. 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">▪ 25% of the beneficiary's 2019 annual revenue; or

¹ Government Bill 2019/20:142; Committee on Finance bet. 2019/20:FiU54. The measure has obtained State aid approval by the European Commission, decision SA.56860 Sweden, COVID-19: Government guarantee programme for companies.

² The definition of SMEs follows that of the European Commission, a company with less than 250 employees and a turnover < 50 million EUR or a balance sheet < 43 million EUR.

		<ul style="list-style-type: none"> ▪ Twice its 2019 employment costs. ▪ For companies started from 1 January 2019, the estimated annual salary costs for the first two financial years. ▪ 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.
4.	No dividends No share buy-back	<p>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>No clear guidance is available, and any potential transfer of value by companies that have been granted loans subject to state guarantees should be assessed on a case by case basis.</p>
5.	Amortizations	<ul style="list-style-type: none"> ▪ The borrowing company may defer paying interest on the loan for the first 12 months. ▪ Companies may defer to repay other existing loans with the same bank or credit institution during the period covered by the credit guarantee. ▪ The deferment does not apply to the final payment. The company must repay the loans on the due date at the latest.

- **Process:** Companies apply for a state credit guaranteed loan by contacting their bank or other credit institute. The banks or credit institutes must take part in the loan guarantee programme by signing an agreement with the Swedish National Debt Office (*Riksgälden*).

Loans and credit guarantees for exporting companies and SMEs³

A package of three measures to facilitate the access to financing for SMEs and companies in the export industries.

➤ The Swedish Export Credit Agency (EKN) Guarantees

EKN has received an increased credit framework totalling SEK 500 billion and will offer companies new and improved credit opportunities. EKN offers guarantees for payments and financing. The guarantees are both for large companies, their sub-suppliers and to all exporting small and medium-sized companies.

The measures aim to support credit institutions to solve the acute shortage of working capital financing that many exporting companies currently are facing. The three new guarantee measures include the following:

1. Improved access to working capital financing for SMEs.

EKN has increased its guarantee limit, now guaranteeing up to 80% (previously 50%) of credit institutions risk for working capital financing provided to SMEs.

³ Government Bill 2019/20:142; Committee on Finance bet. 2019/20:FiU54.

Working capital facilities include loans, revolving facilities, overdraft facilities and similar.

- **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.
- **Duration of programme:** The guarantee of 80% is available until 31 December 2020. Following this date, a limit of 50% will apply.
- **Duration of guarantee:** Maximum credit term of 24 months. Overdraft facilities are limited to maximum 12 months.
- **Maximum guaranteed amount:** 80%.
- **Conditions:**
 - The need for capital may include costs arising both before and after an export order. However, it may not be used to remedy a company's need for long-term risk capital or equity.
 - If the guarantee relates to an overdraft or a loan, the purpose of which is not to finance a specific export transaction, a significant part of the company's turnover must be generated by exports of Swedish goods or services.
 - If the borrower is a supplier to an exporting company, a significant part of the exporting company's turnover must be generated by exports of Swedish goods or services.
- **Process:** The credit institution providing the loan applies to EKN for the guarantee. The application shall be submitted no later than on the day of signing of the loan agreement. The borrowing company shall submit a supplementary document to the application.

2. New guarantee for sub-suppliers to exporting companies.

The measures aim at providing a faster and more secure access to payments for sub-suppliers to exporting companies. The measures means that the sub-supplier will no longer have to wait for the exporting company to pay the invoices and will instead receive the invoice payment directly from the bank prior to the due date of the invoice. EKN covers up to 80% of the risk and the sub-suppliers can receive the payment within one week.

The credit institution making the payments to sub-suppliers applies to EKN for the guarantee.

3. New working capital guarantee for large companies.

To facilitate access to loans, EKN will cover 75% of bank's risk in working capital financing for large companies and their sub-suppliers.

The guarantee covers credits including new loans, revolving credit facilities and bonds.

When the guarantee relates to sub-supplier financing, the payment shall include Swedish sub-suppliers.

- **Beneficiaries:** Swedish exporting companies with an annual turnover exceeding SEK 5 billion, and their sub-suppliers, in need of working capital financing. 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&D. Companies with either Swedish or foreign owners are qualified for the guarantee.
- **Duration of programme:** The credit agreement must be entered into no later than 31 December 2020.
- **Duration of guarantee:** Maximum credit term of 5 years.

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- **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.
 - **Process:** Companies reach out to their bank for a loan and the bank applies to EKN for the guarantee. The guarantee application shall be submitted prior to signing of the credit agreement.

➤ The Swedish Export Credit Corporation (SEK) Loans

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 companies with an annual sales of at least SEK 200 million as well as suppliers to export companies and foreign buyers of Swedish products and services.

SEK is state-owned and as a provider of funding it acts as a complement to banks and capital markets.

- **Beneficiaries:** Export companies with an annual sales of at least SEK 200 million as well as suppliers to export companies and foreign buyers of Swedish products and services. Equally eligible are Swedish companies with foreign owners or subsidiaries of Swedish companies.
- **Process:** Companies apply to SEK directly or for a loan at the bank and the bank can apply to SEK to assign the loan to SEK.

With an EKN guarantee, the commercial bank can turn to SEK for optional funding of the loan. The loan is assigned to SEK together with the rights under the EKN guarantee. The loan is now on SEK's balance sheet, while the bank retains the 5% non-covered portion.

➤ Almi Företagspartner AB (Almi)

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.

Sustainable small and medium-sized companies in Sweden with up to 250 employees that are in need of financing due to COVID-19, can apply for a bridge loan from Almi. The terms and conditions of the loan will be tailored to the current situation, and may include up-front deferrals of interest and amortizations.

In addition, Almi offers various types of loans under their regular framework that are accessible for companies affected by COVID-19. Almi also offers companies who already have a loan from Almi to defer repayments.

Application is made directly to Almi.

Financial support from the Swedish Central Bank

The Swedish Central Bank (*Riksbank*) is offering up to SEK 500 billion in loans to companies via the banks, i.e. this is not a direct grant to companies. The loans are offered at a zero interest rate against collateral, on condition that the proceeds are passed on to companies. Companies must still apply for a regular loan with the bank and it is ultimately the bank that determines if a company shall be granted a loan and on what terms.

REDUCED COSTS FOR COMPANIES

Short-time work allowance⁴

A new system for short-time work allowance has been introduced. The new regulation 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.

⁴ Förordning (2020:208) om stöd vid korttidsarbete (Regulation (2020:208) on support for short-term work) Government Bill 2019/20:132; Committee on Finance bet. 2019/20:FiU51, further procedural regulations at *Tillväxtverket*.

The allowance is administrated by the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*).

- **Beneficiaries:** The allowance applies to all companies that suffer from temporary and serious financial difficulties, which could not reasonably have been foreseen or avoided. In addition the following conditions apply:
 - 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.
 - 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 units within a company as separate.
 - 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 consultants⁶, leased personnel, or temporary staff.
 - 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.
 - 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 to and participate in the short-time working /draft agreement template (available at *Tillväxtverket.se*). The reduction in working hours and wages that has been agreed upon must be the same for all participating employees within the operating unit.
 - Personnel who have been given notice of termination and personnel laid off can be included in the agreement on the same terms and conditions as other employees. Thus, it is possible to receive financial support even during the notice period for personnel who have been laid off, and for whom short-time working has been introduced.
 - The aid allowance covers for 75% of the costs that a reduction of work hours causes. Social security charges, pension payments and vacation pay shall be paid by the employer.
 - The employer pays the reduced amount of the salary to the employee. The allowance is granted retroactively to the employer, not to the employee.

The following are the main features of the Short-time work allowance:

1.	Duration of programme	<ul style="list-style-type: none"> ▪ From 7 April, companies can apply for the financial support. ▪ The support is retroactively applied from 16 March. ▪ The programme will remain in effect throughout 2020.
2.	Maximum duration	<ul style="list-style-type: none"> ▪ An employer may receive the support for a period of six months. ▪ Possibility of extension for an additional three months.

⁵ An operating unit is a geographically defined unit (not an organisational unit) such as a retail shop, factory, or fenced-in industrial area.

⁶ Even consultants and leased personnel may be critical to the operations of the business activities and there is no general requirement to lay off consultants or leased personnel. The assessment may be made on a case-by-case basis taking the particular circumstances of the employer concerned into consideration.

3.	Maximum size	<ul style="list-style-type: none"> The aid allowance covers for 75% of reduction costs. <p>Salary cap: The support is calculated based on the employee's regular base salary, up to a maximum amount of SEK 44,000 per month.</p> <p>The maximum amount of financial support is SEK 26,030 per person/per month (maximum salary of SEK 44,000 and maximum reduction in working hours of 60%).</p> <p>There are 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%. (See table below).</p> <p>It is only in the case of a reduction of working hours within these levels that the short-time work allowance will be available.</p> <p>No ceiling on the maximum amount of employees.</p>
4.	No dividends	<p>A company may not pay dividends at the same as it receives short-time work allowance.</p> <p><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>

Cost allocations for a reduction in pay and working hours (salary capped at SEK 44,000 per month).

Reduction (work hours)	Employee (salary decrease)	Employer (salary decrease)	Government (aid)	Employer (salary savings)
20%	4%	1%	15%	-19%
40%	6%	4%	30%	-36%
60%	7.5%	7.5%	45%	-53%
80% (May, June, July)	12%	8%	60%	-72%

Tax deferrals⁷

The measure allows companies to defer payment of employers' **social security contributions, preliminary tax** on salaries and **VAT**.

The following conditions apply:

- **Beneficiaries:** 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.
- **Duration of programme:** 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. The determining factor for whether a deferral is granted is not when the tax and fees are payable, but what month the payment refers to.
- **Maximum duration:** The payment deferral covers tax payments for up to **three months** and can be granted for up to **12 months**.
- **Process:** Application to the Swedish Tax Agency (*Skatteverket*).

VAT	<ul style="list-style-type: none">▪ For VAT reported annually: deferral is granted for one accounting period and applies retroactively as of December 27, 2019. This means that companies that have paid VAT as of December 27, 2019 can receive tax refunds by the Swedish Tax Agency.▪ For VAT reported monthly: deferral is granted for three accounting periods (three months), and applies retroactively for periods starting from January 2020. It does not have to be three consecutive accounting periods.▪ For VAT reported quarterly, deferral is granted for one accounting period (three months), and applies retroactively for periods starting from January 2020.
Social security contributions and preliminary tax	<ul style="list-style-type: none">▪ Deferral of employer contributions and preliminary tax is granted for three months and applies retroactively.▪ Employer contributions and preliminary tax paid in February and March for periods from January 2020 can receive tax refunds from the Swedish Tax Agency.
Interest and fee	<ul style="list-style-type: none">▪ An annual interest and a monthly fee will be levied on the deferred amount (not tax deductible).▪ The annual interest rate of 1.25% and the monthly fee of 0.2% equals an effective annual interest rate of 3.1%⁸. The fee is payable upon the termination of the deferment.▪ The first 6 months will be free of charge. Accordingly, only the interest rate of 1.25% will be levied which equals an effective interest of 1.6% for the first 6 months.

⁷ Lag (2009:99) om anstånd med inbetalning av skatt i vissa fall (Act (2009: 99) on deferred payment of taxes in certain cases); Committee on Finance bet. 2019/20:FiU53; Government Bill 2019/20:132; Committee on Finance bet. 2019/20:FiU51; Government Bill 2019/20:151; Committee on Finance bet. 2019/20:FiU55.

⁸ The effective rate was originally proposed at 6.6% but was adjusted by a decision of the Committee on Finance on 14 April 2020.

Tax reimbursements	<ul style="list-style-type: none"> ▪ Possibility to get a refund of preliminary tax already paid for 2019. All of the taxable profit for 2019 may be set aside for accrual funds/tax allocation reserve accrual funds (<i>periodiseringsfond</i>), up to a ceiling of SEK 1 million. ▪ Beneficiaries: Sole traders (<i>enskilda näringsidkare</i>) and partners in Swedish partnerships (<i>handelsbolag</i>). ▪ Apply by submitting the preliminary income tax return to <i>Skatteverket</i> (faster process via online application <i>skatteverket.se</i>).
Other	<ul style="list-style-type: none"> ▪ Companies can also apply to the Tax Agency for payment respite of other types of taxes, for example excise duties.

Reduction in social contributions⁹

It will be possible for all employers to obtain reduced employer fees (*arbetsgivaravgifter*) during the period of 1 March to 30 June 2020.

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. This means a reduction in a maximum amount of SEK 5,300 per employee and month. The employer must still pay old age pension fee. Companies apply by submitting the employer declaration and ticking box 062 in the declaration form.

Reduction in rental costs¹⁰

The measure offers 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.

The support is valid for rent reductions from 1 April - 30 June 2020.

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.

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.

The Government assumes sick pay responsibility¹¹

Through this measure, the Government assumes the entire cost of all sick pay during 1 April to 31 May 2020 for all employers. 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 (*Försäkringskassan*) will then compensate employers through a payment to the employer's tax account. The compensation will be paid as soon as

⁹ Lag (2020:202) om särskild beräkning av vissa avgifter för arbetsgivare (Act (2020:202) on the calculation of certain contributions for employers), Government Bill 2019/20:151; Committee on Finance bet. 2019/20:FiU55.

¹⁰ Government Bill 2019/20:146; Committee on Finance bet. 2019/20:FiU56. The measure must obtain State aid approval by the European Commission.

¹¹ Government Bill 2019/20:132; Committee on Finance bet. 2019/20:FiU51.

possible after the employer has filed their monthly PAYE tax return. The first payment will be made following 12 May 2020.

In addition, the qualifying deduction for sick pay (*Karensdag*) has been temporarily suspended between 11 March and 31 May. Compensation for the qualifying period can be applied by the employer retroactively from 11 March. Applications are submitted to the Swedish Social Insurance Agency. The employer makes a qualifying deduction as usual.

Conclusions

The Swedish Government has introduced a series of urgent measures which are intended to support Swedish companies that are negatively affected by COVID-19, but that are otherwise sound companies. The measures aims at tackling the outbreak and mitigating its effects on companies and the economy.

In relation to certain measures, clear guidance and legislation have already been prepared, whilst in relation to others only principle and general statements exists. Responsible authorities may issue additional regulations on the enforcement of the measures. Thus, we urge companies that are considering applying for any relevant state aid to make sure that they are up-to-date and have clearly analysed the benefits and any potential restrictions connected with participating in the aid schemes.

In addition, White & Case has carried out an analysis of global governmental responses to the COVID-19 crisis. These vary considerably from country to country and are being updated and amended regularly.

We have prepared an in-depth and nuanced analysis for various major jurisdictions and pulled together a [global response team](#).

For useful information on COVID-19, please consult the [Coronavirus section of www.whitecase.com](#).

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
Eligible Beneficiary	All enterprises registered in Sweden regardless of their shareholder structure	SMEs registered in Sweden regardless of their shareholder structure
Access to financing and loans		
State Loan Credit Guarantee	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>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"> ▪ 25% of the beneficiary's 2019 annual revenue; or Twice its 2019 employment costs. ▪ For companies started from 1 January 2019, the estimated annual salary costs for the first two financial years. ▪ 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. <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>Loans and credit guarantees for exporting companies and SMEs</p>	<p><u>The Swedish Export Credit Agency (EKN) Guarantees</u></p> <ul style="list-style-type: none"> ➤ Working capital guarantee for large companies. <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&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"> ➤ 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. <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"> ➤ Improved access to working capital financing for SMEs. <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"> ➤ 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. <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		
Short-time work allowance	<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"> • The allowance applies to all companies that suffer from temporary and serious financial difficulties, which could not reasonably have been foreseen or avoided. • 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. • 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. • 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. • 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. • 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. <p>The support is retroactively applied from 16 March and will remain in effect throughout 2020.</p> <p>The maximum period for support is 6 months with possibility of a three months extension.</p> <p>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%.</p> <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>	
Tax deferrals	<ul style="list-style-type: none"> ➤ Deferral of employers' social security contributions, preliminary tax on salaries and VAT. • Beneficiaries: 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 	

	<p>granted to companies that mismanage their finances or are otherwise rouge. Nor can deferrals be granted to companies with large (“non-negligible”) tax liabilities.</p> <ul style="list-style-type: none"> • Duration of programme: 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. • Maximum duration: 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"> ✓ 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). ✓ Employer contributions and preliminary tax paid in February and March for periods from January 2020 can receive tax refunds from the Swedish Tax Agency. • Interest and fee: 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.
Reduction in social contributions	<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>
Reduction in rental costs	<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"> • Beneficiaries: 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. • Maximum duration: The support is valid for rent reductions from 1 April - 30 June 2020. • 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.
Sick pay support	<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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