

The Swedish Tax Agency's General Guidelines

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The Swedish Tax Agency's general guidelines regarding allocation of acquisition cost for shares in connection with SCA AB's distribution of the shares in Essity AB in 2017

The Swedish Tax Agency decides on the following general guidelines regarding allocation of acquisition cost for shares in connection with SCA AB's distribution of the shares in Essity AB in 2017.¹

According to the Swedish Income Tax Act (*Sw. inkomstskattelagen (1999:1229)*) Chapter 42, Section 16, dividend from a Swedish limited liability company in the form of shares in a subsidiary shall not be recognised as income if certain conditions are met.

For shares acquired through such distribution of shares in subsidiaries as referred to in Chapter 42, Section 16 of the Swedish Income Tax Act, the acquisition cost shall, in accordance with the Swedish Income Tax Act Chapter 48, Section 8, first paragraph, be considered as such share of the tax basis for the shares in the parent company, calculated at the time of the distribution, that corresponds to the change in the market value that the distribution entails for these shares.

According to the second paragraph of the above mentioned provision, the average acquisition cost shall be reduced correspondingly when calculating the tax basis for the shares in the parent company.

General guidelines:

Of the acquisition cost for shares of series A in SCA AB, 21 percent should be attributed to these shares and 79 percent to the received shares of series A in Essity AB.

Of the acquisition cost for shares of series B in SCA AB, 20 percent should be attributed to these shares and 80 percent to the received shares of series B in Essity AB.

These general guidelines apply from and including the taxation year 2017.

On behalf of the Swedish Tax Agency

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¹ For further information, see the Swedish Tax Agency's notice, SKV M 2017:10.