



New Swedish act orders Danish employers to pay tax in Sweden if employees resident in Sweden work from home



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New Swedish act implies that foreign employers must register in Sweden and pay Swedish tax for employees working there. This influences many Danish employers with employees resident in Sweden, as Covid-19 means that many work from home for more than 50 percent of the time. Employers not providing information or giving wrong information about

their employees risk being fined. The Swedish act came into force on 1 January 2021.

Since the beginning of the Corona epidemic, Oresund commuters working from home for more than 50 percent of the time should pay tax in Denmark and in Sweden. This was due to the Danish-Swedish Oresund agreement according to which the tax liability should be moved to the country where the Oresund commuter is resident if at least 50 percent of the working hours are spent there.

The employees are themselves responsible for the correct salary basis being reported in their tax information in Sweden and in Denmark in order to ensure correct taxation. A new Swedish act implies, however, that Danish employers with employees resident in Sweden working from home are also imposed a responsibility to ensure correct taxation of the employees. According to the rules, Danish employers must register as employers in Sweden and pay Swedish tax to the Swedish authorities during the periods where the employees are liable to pay taxes in Sweden.

The purpose of the new act is to prevent foreign employers to systematically have employees working in Sweden but paying tax in another country, and to have better control of the taxation. When the act was passed, it was, however, not aimed at this category of employers with employees working from home in Sweden due to the Corona pandemic.

As the act is new, information about this has not reached all Danish employers who thus continue to pay Danish tax for their employees in Sweden even though they are working from home for more than 50 percent of the time.

The Swedish Tax Agency's coordinator for the information service Øresunddirekt, Christin Hjortsberg, has, however, informed that the Swedish Tax Agency will be generous to the Danish employers who do not comply with the Swedish rules as the act is new. She has also stated that fines will probably not be imposed during a transition period.

Overview of the new rules

A foreign employer not having a permanent place of business in Sweden must register as employer and pay tax to the Swedish Tax Agency for employees working in Sweden.

The Oresund agreement applies between Denmark and Sweden. Pursuant to this agreement, cross-border commuters are liable to pay taxes in the country where they work if they work here for more than 50 percent of the time, but they are liable to pay taxes in the country of residence if they work here for at least 50 percent. This will apply for continuous three months' periods. Danish employers shall thus register to pay tax in Sweden when their employees live in Sweden and work from home for more than 50 percent for a continuous period of three months.

If the employer works from home in Sweden but for less than 50 percent of the time, he/she shall obtain a certificate from the Swedish Tax Agency stating that he/she is tax-exempted in Sweden, or an adjustment about the tax (jämknings). If this is not obtained, the employer shall still register and pay tax in Sweden.

Contact us

You are welcome to contact DLA Piper's Employment Department if you have any questions to the new Swedish act on foreign employers' obligation to register and pay tax in Sweden if their employees live and work in Sweden.

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