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### Skatteverket Reorientation support for August 2020 to April 2021

Skatteverket

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## Reorientation support for August 2020 to September 2021

Reorientation support (“omställningsstöd”) for August 2020 to September 2021 was a form of financial allowance or subsidy offered temporarily to companies that suffered a significant decline in turnover during these months as a consequence of the COVID-19 pandemic. Here, you can find out about the allowance, and about the regulations that apply to companies that need to complement an application or make changes to a support claim that they have already submitted.

Companies that were entitled to the allowance could claim compensation for 70-90% of their uncovered fixed costs. The maximum allowance was SEK 97 million. If a company claimed support for more than one allowance period, this maximum amount was the total allowance that could be granted for all support periods.

### How did companies apply?

You apply for the reorientation support by logging into "My pages" ("Mina sidor"). You will need to make a separate application for each period for which you wish to claim support.

<b>Closed periods</b>	<b>Application closed</b>
August to October 2020	April 30 2021
November to December 2020	April 30 2021
January to February 2021	April 30 2021
March 2021	June 30 2021
April 2021	June 30 2021
May 2021	August 31 2021
June 2021	August 31 2021
July 2021	September 30 2021
August 2021	October 8 2021
September 2021	October 29 2021

You can check whether your application has arrived and review the supplied details by logging into “My pages” (“Mina sidor”).

## Which company representatives can complement or make changes to an application that has been submitted?

You can appoint and register a representative to deal with your reorientation support application on your behalf. Your representative must have a Swedish personal identity number and Swedish e-identification. Your representative must be registered with the Swedish Tax Agency by the last day to apply at the latest. Please complete the registration process well in advance of this date. The easiest way to register a representative is via our e-service “Representatives and authorisation” (“Ombud och behörigheter”).

If any individual among a company’s authorised signatories does not have a Swedish personal identity number, it is not possible to use our e-service. The company’s representative has to be registered by filling in a paper form instead. It’s important to do this in good time since the registration process will take longer for the Swedish Tax Agency to complete.

Register a reorientation support representative by filling in a form on paper (SKV 8055, in Swedish)

Companies that have already appointed a representative for a previous reorientation support application do not need to do so again, provided that authorisation was not limited to a specific period that has already ended. Representatives can view the authorisation that they have been granted by logging in to “My pages” (Mina sidor).

## Companies belonging to a corporate group

If several companies within a corporate group are going to apply for reorientation support, all applications should be submitted at the same time. Each company’s application is completed and signed according to the normal procedure, but a company cannot submit its own application. The group must nominate one person as the group applicant (“koncerningivare”), and this person will submit all applications for companies within the group using a special e-service accessible via “My pages” (“Mina sidor”).

Register a group applicant by filling in a paper form (SKV 8057, in Swedish)

Information about representatives and group applicants

## Amendments to details you have provided

You must contact the Swedish Tax Agency if you discover errors in the information you have provided, or if changes take place that could affect either your right to reorientation support or the size of your allowance. For example, you should notify us if your company has received insurance payouts, damages or other support intended to cover fixed costs included in the calculation of your reorientation support.

You can get in touch with us in any of the following ways:

Email us

Send a letter to us at the following address:

Skatteverket

171 94 Solna

## Which company representatives can complement or make changes to an application that has been submitted?

The following parties can complement or make changes to a submitted application:

- a sole trader or a company's sole signatory
- an authorised company representative such as the CEO or special signatory
- a reorientation support representative

## Complementing a claim with a statement from your accountant

If you applied for at least SEK 100,000 in reorientation support, you had to include a written statement to support the details provided. The statement had to be issued by a registered auditing firm or an authorised accountant.

If you submitted an application without a statement from your accountant, the Swedish Tax Agency will contact you with instructions on providing the statement at a later date. You will normally be expected to provide the statement within 14 days of the request.

## How and when will the money be paid out?

The Swedish Tax Agency's aim is to pay out reorientation support about one week after receiving a company's application – provided that the application is complete and we consider there to be no risk of overpayment. The allowance is credited to a company's tax account with the Swedish Tax Agency and then paid out automatically to the company's bank account if this has been registered in advance. This is on condition that the company does not have any deficit on its tax account.

## Reorientation support rules for the August 2020 to September 2021 period

In order to qualify for reorientation support, your company must have reported a net turnover of at least SEK 250,000 during the financial year ending closest to 1 May 2020. If that financial year was longer or shorter than 12 months, the minimum net turnover requirement will be adjusted accordingly.

The minimum amount of reorientation support that could be granted was SEK 5,000. Several factors could affect the size of a company's allowance. If your company is a loss-making enterprise, it cannot be granted support amounting to more than the nominal decrease in the gross margin for the allowance period compared with the reference period.

The closing dates for applications were:

- 31 August, 2021 for the periods May 2021 and June 2021
- 30 September, 2021 for the period July 2021
- 8 October, for the period August 2021 and
- 29 October, 2021 for the period September 2021.

In order to qualify for reorientation support, a company must have suffered a significant decline in net turnover compared with the previous year.

The rate of decline for the allowance period August to October 2020 is more than 40 %. For all other periods the rate of decline is more than 30 %.

This decrease in a company's turnover must almost exclusively have been a consequence of the COVID-19 pandemic.

In addition, the company must:

- be running a business in Sweden at the time its application is considered
- have F-tax certification

Tax-exempt foundations, associations, private housing associations and registered religious organisations do not need to be F-tax certified. To qualify for support, non-profit organisations must have a corporate identity number that was issued on 31 December 2019 at the latest. Private-sector housing associations do not need to be F-tax certified.

If a company is not F-tax certified, you must apply and be granted approval for it before applying for reorientation support.

Apply for F-skatt approval on [verksam.se](https://www.verksam.se)

Companies that are partially liable for tax in Sweden can only be granted reorientation support if they have a permanent establishment in Sweden. Companies based in countries that are considered non-cooperative with regard to taxation cannot receive support. In some cases, a company may not qualify for reorientation support if it belongs to the same group of associated enterprises as a company based in a country that is non-cooperative with regard to taxation.

Countries considered to be non-cooperative with regard to taxation (in Swedish)

There are specific rules for businesses that have restructured from sole-trader to limited company between 1 August 2019 and 31 July 2020.

## **What is net turnover?**

Net turnover includes revenue from the sale of goods and services that are part of a company's normal business. You must make deductions for discounts provided, VAT and any other forms of tax that are directly connected to turnover. All revenue must relate to a business run in Sweden, and no revenue may be generated from financial instruments or the trade of foreign currency.

When net turnover is calculated, revenue must be considered to be associated with the calendar month it would have referred to if every calendar month had constituted a separate financial year for the company in question. The company must apply the accounting principles that it applied for the financial year ending closest to 1 May 2020.

What is net turnover? (Legal guidance, in Swedish)

Accrual of income (Legal guidance, in Swedish)

## Dölj text

### **Companies in financial difficulty cannot be granted support**

When assessing whether a company is having financial difficulties, we consider its situation at the following two points in time:

- on 31 December 2019
- when an application for reorientation support is reviewed

To qualify for reorientation support, a company must not have been in financial difficulty at either of these two points in time. This means that a company does not have a right to support if, for example: on 31 December 2019, it was obliged to draw up a balance sheet for liquidation purposes, and the balance sheet shows that more than half of the share capital at the time had been used up due to accumulated losses.

In addition, a company does not have a right to support if it:

- can be considered insolvent
- has been disqualified from engaging in business activities
- has debts in the form of unpaid taxes or fees that have been handed over to the Swedish Enforcement Agency (“Kronofogden”) for recovery

- is subject to outstanding recovery orders on the basis of an earlier EU Commission decision that has declared the provision of support to be illegal and incompatible with the internal market

If a company is a legal entity, neither the company nor the natural persons who have significant influence within the business can be barred from engaging in business operations.

Criteria for financial difficulties (in Swedish)

Dölj text

### **Payment decisions, allocation, etc.**

To qualify for the right to support, a legal entity must not have conducted certain value transfers.

To qualify for support during the allowance periods May 2021 to September 2021, legal entities must not have executed any of the following decisions during April 2020 to December 2021:

- dividend distribution for a limited company
- remuneration or dividend distribution for an economic association
- acquisition of own shares
- reduction of share capital, the non-distributable share premium reserve or the statutory reserve used for reimbursements to shareholders/members

No decision regarding such distributions can be made during a company's general meeting, or by its board or equivalent body during the April 2020 to December 2021 period.

Companies that are part of a corporate group are not entitled to reorientation support if the parent company has conducted such value transfers during the same period.

Regarding the allowance periods August 2020 to april 2021, the legal entities were neither allowed to make nor execute decisions from the list during April 2020 to October 2021.

Specific information about dividends and other value transfers (Legal guidance, in Swedish)

Dölj text

### **For some allowances periods, companies must try to get som other compensation first**

For the allowance periods August 2020 to april 2021 you must first have done what can reasonably be expected to secure an insurance payment, damages or some similar form of financial compensation. This also includes other forms of government support to compensate for a loss of turnover or to cover the costs on which the allowance is based.

For the allowance periods May 2021 to September 2021 you are not required to try to secure other compensation.

A company which has applied for reorientation support from the Swedish Tax Agency and also secures other financial compensation must report that to the Tax Agency. If the company already has received reorientation support it may have to repay all or parts of the reorientation support.

Dölj text

### **Companies applying for reorientation support have a specific obligation to disclose certain information**

They are also required to provide details of the following:

- the size of the company
- where in Sweden the company is located
- the nature of the business

Specific obligation to disclose certain information (Legal guidance, in Swedish)

Dölj text

### **How big could the allowance be?**

The maximum allowance that can be approved is SEK 97 million for the whole August 2020 to September 2021 period.

The size of the allowance is calculated by subtracting the contribution margin for the allowance period from the total fixed costs associated with that period, and then multiplying the difference by 0.7 – i.e. 70%.

Here's how to calculate how much reorientation support you are due: (total fixed costs for the allowance period – the contribution margin for the allowance period) × 0.7

### **Specific information for small companies regarding the August to October 2020 allowance period**

The size of a company's reorientation support allowance is calculated by subtracting its contribution margin for the allowance period from its fixed costs associated with that period, and then multiplying the difference by 0.75 – i.e. 75%.

Here's how to calculate how much reorientation support you are due: (total fixed costs for the allowance period – the contribution margin for the allowance period) × 0.75



Dölj text

## **Specific information for small companies – all other allowance periods, November 2020 to september 2021**

The size of a company's reorientation support allowance is calculated by subtracting its contribution margin for the allowance period from its fixed costs associated with that period, and then multiplying the difference by 0.9 – i.e. 90%.

Here's how to calculate how much reorientation support you are due: (total fixed costs for the allowance period – the contribution margin for the allowance period) × 0.9

Dölj text

Small companies are companies with fewer than 50 employees and a maximum annual turnover or balance sheet total of EUR 10 million.

The minimum amount of reorientation support that can be granted is SEK 5,000. There are several factors that help to determine the size of a company's allowance. If a company is a loss-making enterprise, it cannot be granted support amounting to more than the nominal decline in the gross margin for the allowance period compared with the reference period.

The Swedish Tax Agency has developed a calculation aid which you can use to carry out an initial assessment of eligibility for support and the amount that can be granted.

Make an initial calculation of how much support your company can get (in Swedish)

What do we mean by a loss-making enterprise? (Legal guidance, in Swedish)

Which costs are considered to be fixed?

How is a company's contribution margin calculated?

## **Which factors can help determine the size of the allowance granted?**

In some circumstances, your company may be entitled to a further SEK 10,000 to cover the administration costs incurred in applying for reorientation support. If you have received, or are due to receive, an insurance payment, damages or some similar form of financial compensation for a loss of turnover or to cover fixed costs on which the allowance is based, your allowance should be reduced by the corresponding amount. This also includes other forms of government support that a company has been granted or is due to receive to compensate for a loss of turnover.

If a company is part of a corporate group

If several companies belonging to the same corporate group apply for reorientation support, and the total allowance claimed exceeds the maximum amount that has been calculated, the allowance is divided

proportionally between the various companies, according to the amounts claimed in their respective applications. The maximum total allowance granted to a corporate group is SEK 97 million for the entire August 2020 to September 2021 period. This must be shared between the various companies that have a right to support on the basis of the support that each company would have had a right to if the total allowance for the group had not been capped.

How reorientation support is calculated for companies within a group (Legal guidance in Swedish)

### Dölj text

## Which costs are considered to be fixed?

When you apply for reorientation support for a company, you must provide details of its fixed costs for the allowance period for which you are claiming support. When calculating your fixed costs, you must apply the same accounting principles you used during the financial year ending closest to 1 May 2020.

Separation of fixed costs (Legal guidance, in Swedish)

Certain fixed costs cannot be included in your calculation. These include:

- costs that are not connected with your business in Sweden
- costs corresponding to revenue earned by another company belonging to your corporate group
- costs incurred by activities that are not considered to be business operations
- costs that can be avoided by reasonable means

Fixed costs (Legal guidance, in Swedish)

## **Hire and leasing**

This includes any hire or leasing contract that a company has entered into for at least six months. Such a contract must give the company the right to use an asset that is owned by someone else. Examples of such assets include:

- machines
- fees for site-leasehold rights
- tenancy fees

Staff hire and similar services are not included in these costs. A cost only counts if you have a contract for a minimum six-month period. If a company has to pay reduced rent for the months in question, you will only be granted support for the proportion of the rent that you have to pay once the figure has been reduced.

Dölj text

## **Interest**

In order for interest to be considered a fixed cost, it must be charged on a debt the company has incurred. The company must also be tied into paying the interest over an extended period. The interest costs must exceed any revenue the company earns from charging interest.

Profit-sharing payments and hybrid security dividends do not count as fixed costs.

Interest (Legal guidance, in Swedish)

Dölj text

## **Depreciation and essential repairs**

The scheduled depreciation of material and intangible current assets during the allowance period counts as a series of fixed costs. This includes any costs incurred by a company for essential repairs and maintenance of its current assets.

Dölj text

## **Property tax and municipal property tax**

This includes any costs relating to property tax and/or municipal property tax that a company is eligible for, regardless of whether or not a property is rented out.

Dölj text

## **Water, drainage systems, internet and telephone services**

This includes any costs for a company's use of water and drainage systems. Telephone services and internet-related expenses such as broadband connectivity also count as fixed costs.

Dölj text

## **Electricity consumption**

This includes the following electricity-consumption costs:

- electricity network charge
- electricity trading price
- excise duty on electricity paid to the Swedish Tax Agency by a taxpayer for electricity consumption

Electricity consumed during manufacturing processes in industrial activities may not be included as a fixed cost. A company that applies for reorientation support must have used the electricity for its own consumption

in order for it to count as a fixed cost. This means, for example, that an electricity trading company cannot include any electricity involved in the business of trading electricity when calculating its allowance.

[Dölj text](#)

### **Heating of premises**

This covers the cost of heating a company's business premises, and includes both the cost of purchased district heating and fuel in the case of private heat generation.

Companies that have consumed electricity to heat premises used for industrial activities can get compensation for any electricity costs incurred as a result, as long as this has not already been raised in the "Electricity consumption" ("Förbrukning av el") section of the tax return. Costs for district cooling cannot be included.

[Dölj text](#)

### **Cleaning, waste management, emergency and surveillance services**

This includes local-government-related costs for services such as:

- cleaning
- waste management
- emergency services

Nightclubs and sports and cultural events cannot get compensation for costs such as security guards. You can only get compensation for services that you purchase from another business operator.

[Dölj text](#)

### **Cleaning of textiles**

This includes costs for cleaning different kinds of textiles – as long as you have a minimum three-month contract with the service provider – and relates mainly to fixed subscription costs. If a contract includes a fixed cost as well as a variable cost, a company can only get compensation for the fixed cost.

[Dölj text](#)

### **Insurance**

This includes the cost of insurance cover for economic losses resulting from damage to property, liability for the payment of compensation or damage of a purely material nature. Reorientation support applies mainly to cases in which a company cannot avoid these costs in the event of a sudden loss of turnover.

Pension and health insurance costs should not be included in your calculation.

Dölj text

### **Animal feed**

This covers the cost of animal feed used by companies running businesses operations involving live animals.

Dölj text

### **Franchise fees**

This primarily relates to contracts that give the franchisee the right to use the franchisor's business concept. The fee may not be linked to sales volumes or similar, since it would then count as a variable cost. Fees calculated as a percentage of sales figures are therefore not included as fixed costs.

Dölj text

### **Official approval notices and certain fees**

Here, costs related to official notices of approval are included when they are necessary for running your business. Examples include the legal right to serve alcohol or to carry out business activities that are harmful to the environment. Fees for surveillance and monitoring carried out by public bodies are also included.

A company can only get compensation for these fees if they represent recurring costs paid to cover a certain period. The allowance cannot be used to cover follow-up control fees in the event of inadequate business practices.

Dölj text

### **Royalties and licencing fees charged for intellectual property rights**

These costs are most often associated with long-term contracts. Only the portion of a cost that is not based on factors such as sales volumes or similar can be included.

Dölj text

### **Waterway usage charges in the shipping sector**

Here, only the portion of a cost that is not based on the number of passengers or the cargo stored on board a ship can be included.

Dölj text

### **Additional fixed costs, allowance periods May 2021 to September 2021**

Companies are allowed to include salary expenses as fixed costs during the allowance periods May 2021 to September 2021.

## Salary expenses

You must also deduct the following payments from the salary expenses. That applies both if the company has received or will receive such payments.

- Preliminary or final Short-time work allowance (from Tillväxtverket)
- Compensation for high sick pay costs (from Försäkringskassan)
- Other government support for salary expenses

Costs that can be avoided by reasonable means are not fixed costs. What reasonable means must be determined on a case to case basis. It is normally reasonable to avoid salary expenses for staff employed and paid by the hour

### Dölj text

## A company's contribution margins reduce the size of its reorientation support allowance

This is what the Swedish Tax Agency means by a contribution margin:

- The contribution margin helps to pay for fix costs.
- A company's contribution margin is calculated by deducting its variable costs from its current revenues.
- A contribution margin can be thought of as the profit a company makes from buying products and services and reselling them, without taking its fixed costs into consideration.

Contribution margins (Legal guidance, in Swedish)

## How should reorientation support be reported in a tax or VAT return?

Reorientation support is a form of financial subsidy. Tax on the whole allowance must be paid the same year as a decision is made regarding a company's allowance. Associations or religious organisations should not report the portion of their allowance that corresponds to costs associated with activities on which they are not liable for tax.

If your allowance is to cover costs that you incurred during the previous tax year, you can report it for that year instead.

When filling in your VAT return, you can enter details of the reorientation support you have been granted in box 42.

## Is a company ever obliged to pay back the money?

Reorientation support does not need to be repaid since it is an allowance rather than a loan or form of suspended payment. However, the allowance might have to be paid back partially or in full if an assessment carried out by the Swedish Tax Agency reveals that a company's application includes incorrect details and it has no right to support.

If you have to pay back your allowance, and you have already paid tax on it, you should deduct that amount from the original figure. You should make this deduction for the tax year during which you pay back the allowance.

Contribution margins (Legal guidance, in Swedish)

When is a company obliged to pay back its allowance? (Legal guidance, in Swedish)

Regulations concerning reorientation support for the August 2020 to February 2021 period (Legal guidance, in Swedish)