

Information on the Swedish Tax Agency's general advice

The Swedish Tax Agency's has published it's general advice concerning allocation of acquisition costs as a result of the 2008 redemption of shares in Höganäs AB for cash payment on June 23, 2008, SKV A 2008:13 and SKV M 2008:10 (see further the enclosed translations in English).

For shareholders that are not tax residents of Sweden and therefore have a limited tax liability in Sweden, Swedish **withholding tax** is levied on the received payment from the redemption at a rate of 30 per cent unless otherwise provided by a tax treaty that Sweden has concluded. A refund for the withholding tax that is attributable to the acquisition cost of the shares may be admitted after an application for refund by the Swedish Tax Agency. The acquisition cost is usually allocated between the redemption shares and ordinary shares in accordance with the Tax Agency's general advice.

From the general advise it follows that **90 % of the acquisition cost** for one original class A or class B share in Höganäs AB should be attributed to outstanding shares of the same class and **10 % to the redemption share** in the respective class.

Example

In the event the acquisition cost for one share in Höganäs was SEK 100, the amount of SEK 10 ($0.1 \times 100 =$) shall relate to the redemption share. If the redemption share was redeemed for SEK 15, Swedish withholding tax was levied at a rate of 30 % (unless the rate was lowered by a tax treaty) on the payment of 15 SEK ($15 \times 30 \% = 4,5$ SEK). The shareholder is thus, according to this example, entitled to claim a refund for that portion of the tax that was attributable to the acquisition cost of 10 SEK ($10 \times 30 \% = 3$ SEK).

For further information, please see the information brochure on the automatic redemption of shares, published on the website of Höganäs.