

The Swedish Tax Agency's general advice

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The Swedish Tax Agency's general advice concerning allocation of acquisition costs as a result of the 2008 redemption of shares in Höganäs AB for cash payment

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**Income
taxation**

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Pursuant to section 2 of the Swedish Tax Agency (Instructions) Ordinance (2007:780), the Tax Agency hereby issues general advice concerning allocation of acquisition costs as a result of the 2008 redemption of shares in Höganäs AB for cash payment¹.

Chapter 41, sections 1 and 2 of the Swedish Income Tax Act (1999:1299), hereinafter referred to as "IL" provides that capital gains and capital losses in conjunction with disposals of assets are included in the capital income class.

Chapter 44, section 13 of the IL provides that the capital gain shall be calculated as the difference between:

- the compensation for the asset disposed of or for the issued undertaking less the fees of the disposal or issuance; and
- the tax basis.

"Overhead amount" means, pursuant to Chapter 44, section 14 of the IL, costs for acquisition (acquisition costs) increased by costs for improvement (improvement costs).

It is apparent from case RÅ 1997 reference 43 that redemption shares which are received as a result of holding of shares shall not be deemed to be of the same type as other shares in the company and that the acquisition cost for the original shares shall be allocated between outstanding shares and redemption shares on the basis of the market values in conjunction with the separation of the redemption shares.

General advice:

Ninety per cent of the acquisition cost for one original class A or class B share in Höganäs AB should be attributed to outstanding shares of the

¹ For further information, see the Swedish Tax Agency's notice, SKV M 2008:10.

same class and 10 per cent to the redemption share in the respective class.

This general advice shall apply from and including the 2009 year of assessment.

On behalf of the Swedish Tax Agency

MATS SJÖSTRAND

Urban Strömberg

(Legal Department, unit 4)