

## Human Resource Services\*

## News from the Nordic countries



Issue 5, October 2008

## Introduction

In this newsletter we inform you of developments which are of interest to employers whose employees work in another Nordic country. In Norway, the reporting obligations for foreign employers with respect to employees / contractors working in Norway have been simplified per 1<sup>st</sup> September. Denmark and Finland bring news with respect the social security and pension regulations in their countries. Sweden finally, informs you of the proposed amendments to the taxation of employee options at moment of migration from Sweden. We hope you enjoy the news of this 5<sup>th</sup> Newsletter. Any questions may be addressed to your local HRS contact person.

Erland Nørstebo, Partner HRS

## Norway

From 1<sup>st</sup> September 2008, reporting responsibilities regarding foreign employees and contractors have been simplified in Norway. Prior to this date, principals were obligated to report all foreign contracts/employees performing assignments onshore Norway to the Central Office Foreign Tax Affairs (COFTA).

This reporting obligation has now been limited to:

- building- and installation activities on sites in Norway, and
- other activities on sites in Norway controlled by the principal

The simplified reporting regulations do not apply to assignments on the continental shelf, which still have to be reported to COFTA.

## Sweden

The Swedish government has proposed an amendment of the taxation of employee stock options. According to the main rule, employee stock options are taxed once the employee exercises the options, i.e. when the employee buys the shares at a favorable rate. Exercisable employee stock options are furthermore taxed once a person moves from Sweden to a non EU/EEA state, even if the actual exercise of the options takes place after departure from Sweden.

The government has suggested that this "exit tax" is to be abolished. Consequently, also the limitation of taxation of exercisable employee stock options when a person moves to Sweden is abolished. Employee stock options are from now on always taxed at exercise. Any double taxation is solved by applicable tax treaty or by internal Swedish credit rules. The proposal is suggested to take effect as of 1<sup>st</sup> January 2009.

## Denmark

On 1<sup>st</sup> October 2008, a new social security agreement has become into force between Denmark and the US, based on which Danish employees can remain covered by the Danish social security system during their temporary assignment to the US and vice versa. The coverage can be maintained for a maximum period of 5 years.

For Danish employees who are on assignment in the US, Danish ATP contributions continue to be payable. US citizens on short term assignment in Denmark can be exempt from the obligation to contribute to ATP.

The new agreement applies to US citizens currently on assignment to Denmark. However the agreement only applies to Danish employees sent on assignment after 30<sup>th</sup> September 2008.

## Finland

As of 2009, the employee's share of the statutory employment pension insurance will rise from an average of 4.3 % to 4.5 %. Employees 52 years of age and under are liable to pay 4.3 % of their gross salaries and employees 53 years of age and over are liable to pay 5.4 % of their gross salaries.

The Government has not yet confirmed changes to the unemployment insurance contribution and the sickness insurance premium which are also payable by the employee. The employer's share of the pension insurance premium in 2009 will remain the same as in year 2008 (16.8% of the gross salaries on average).

No changes have yet been confirmed relating to the accident insurance premium, the group life insurance premium, unemployment insurance contribution and employer's social security charge. We will keep you updated on these developments.

## Contact persons

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