

10TH
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CROSS-BORDER REMOTE WORK FAQs

SWEDEN

1. Assume that a foreign national employee of a foreign company wishes to work remotely for a period of time in your country performing services exclusively for the foreign company and not interacting with the local market in your country.

IS WORK AUTHORIZATION REQUIRED? IF SO, PLEASE PROVIDE A BRIEF DESCRIPTION OF THE TYPE OF VISA, PROCEDURE, PROCESSING TIME, ETC.

If the remote worker is an EU/EEA citizen, they can work in Sweden without any work authorisation. For non-EU/EEA citizens, it is possible to work remotely in Sweden under the 90-day visitor visa. A non-EU/EEA citizen staying longer than 90 days, is required to have both a work permit and a residence permit, before entering Sweden. Certain requirements must be met for the permits. The salary and other employment conditions must be at market levels in Sweden, and the relevant Swedish union must be given the opportunity to assess whether the terms of employment are indeed at market levels. The processing time for the permits can vary, but a minimum of three months should be expected. Further, the company would have to be registered as an employer with the Swedish Tax Agency.

IS THERE RISK OF “PERMANENT ESTABLISHMENT” CONSEQUENCES FOR THE FOREIGN COMPANY BY VIRTUE OF THE REMOTE WORKER’S ACTIVITIES? IF SO, WHAT ARE THE MAIN FACTORS DETERMINING THE EXPOSURE.

Yes, there could be such risk. According to the general rules on what constitutes a permanent establishment, it is “a permanent location for business activities, from which the business is entirely or partly run”. Three criteria denote a permanent establishment:

- *there must be a fixed place of business;*
- *the place of business must have a certain degree of permanence; and*
- *the business must be entirely or partly run from this location.*

Thus, if the remote worker remains in Sweden long enough that there exists a certain degree of permanence to the stay, the company may be considered to have a permanent establishment in Sweden.

AT WHAT POINT AND UNDER WHAT CIRCUMSTANCES WOULD THE REMOTE WORKER BECOME SUBJECT TO LOCAL SOCIAL SECURITY AND OTHER PAYROLL REQUIREMENTS? CAN SUCH REQUIREMENTS BE FULFILLED BY A FOREIGN COMPANY, AND IF SO BY WHAT MECHANISMS?

If the employee is staying in Sweden long enough to be considered a foreign employee in Sweden, but the company is not considered to have a permanent establishment in the country, the company must still pay Swedish social security contributions for locally employed personnel. The contributions are somewhat less than for employers who have a permanent establishment in Sweden. In order to declare social security contributions, the company must register as an employer with the Swedish Tax Agency. However, instead of the employer paying social security contributions, the employer and the employee may agree to have the employee report and pay the contributions. There are no other payroll requirements beyond social security as long as the company is not considered to have a permanent establishment in Sweden. A foreign company may register to pay social security contributions.

AT WHAT POINT AND UNDER WHAT CIRCUMSTANCES DOES THE REMOTE WORKER BECOME SUBJECT TO LOCAL EMPLOYMENT LAW REQUIREMENTS SUCH AS IS WAGE-HOUR, LOCAL HOLIDAYS, ANNUAL LEAVE, MATERNITY LEAVE, DISABILITY LEAVE, PROTECTION AGAINST UNFAIR DISMISSAL, ETC.

The Rome I regulations govern the choice of law on contractual obligations in Sweden. According to the regulations, the parties of an employment agreement may choose the applicable law for the agreement. If no choice is made, the law of the country in which the employee normally performs their duties shall apply to the agreement. Thus, in most situations of a temporary stay in Sweden, Swedish employment laws will not be applicable, unless the parties have agreed that they should apply. However, if the Swedish employment laws have mandatory minimum protections which are more advantageous for the remote worker than the laws chosen by the parties, and the employee is

considered to normally perform their duties in Sweden, then Swedish legislation will be applicable.

ARE THERE SPECIAL REQUIREMENTS GOVERNING REMOTE WORK IN YOUR COUNTRY WHICH WOULD COVER THE REMOTE FOREIGN WORKER?

There are no special requirements governing remote work in Sweden; the same employment laws are applicable for remote work as for work performed at the employer's workplace.

WHAT IS THE EMPLOYEE'S EXPOSURE TO LOCAL INCOME TAX, AND UNDER WHAT CIRCUMSTANCES IS THE FOREIGN EMPLOYER REQUIRED TO ARRANGE FOR WITHHOLDING OF INCOME TAX?

A foreign employer who does not have a permanent establishment in Sweden, should not withhold taxes for the Swedish preliminary tax on wages paid to an employee. This applies even if the employee is liable to pay taxes in Sweden. The employer should inform the employee that it is the employee's personal responsibility to ensure that the preliminary tax is paid. The employee must therefore, investigate whether they have any liability to pay taxes in Sweden. The liability to pay taxes depends on the status under which they are staying in Sweden.

WOULD THE REMOTE WORKER BE ENTITLED TO BRING A CLAIM FOR WORKPLACE INJURY IN YOUR COUNTRY?

If Swedish law is applicable for the employment agreement, the remote worker would be entitled to bring a claim for workplace injury in Sweden.

WOULD THE REMOTE WORKER BE COVERED UNDER THE LOCAL NATIONAL HEALTHCARE SYSTEM OR INSURANCE?

If the remote worker holds a European health insurance card, they will be covered under the Swedish healthcare system, regardless of the length of their stay. If not, it depends on whether the remote worker is staying in Sweden on a temporary visa or if they have status as a resident in Sweden.

IS A FOREIGN EMPLOYER SUBJECT TO DATA PRIVACY AND SECURITY REQUIREMENTS REGARDING PROTECTION OF EMPLOYEE PERSONAL INFORMATION FOR A FOREIGN EMPLOYEE WORKING REMOTELY IN YOUR COUNTRY?

The GDPR is applicable for the processing of personal data in Sweden. According to the GDPR, the regulations are applicable to the processing of personal data by a controller not established in the EU, but in a place where the law of a member state applies by virtue of public international law. Thus, if Swedish law is applicable to the processing of personal data, e.g. under the Rome I regulations, the GDPR will be applicable for any processing of employee personal data, regardless of whether (or not) the company is established within the EU.

HAS THERE BEEN ANY LITIGATION OR SPECIFIC LAW OR REGULATION REGARDING THE FOREIGN REMOTE WORKER IN YOUR COUNTRY?

To date, there has not been any significant litigation, legislation or directives specifically concerning foreign remote workers in Sweden.

2. Would any of the above answers change if the remote worker (a) is a citizen of your country, or (b) engages in activity interacting with the local market.

a) If the remote worker is a Swedish citizen, they are covered under the healthcare system and have the right to work in Sweden. Depending on whether they have status as a resident in Sweden, they may become liable to pay income tax, even if the period in which they work in Sweden is short.

b) If the remote worker engages in activity that causes him/her to interact with the local market, they will need to have a work permit or be eligible to work in Sweden as an EU/EEA citizen. Further, the risk that the company is considered to have a permanent establishment in Sweden increases and the company may have to register as an employer in Sweden. There may also be implications on the choice of law, and as a result, Swedish employment law could be applicable.



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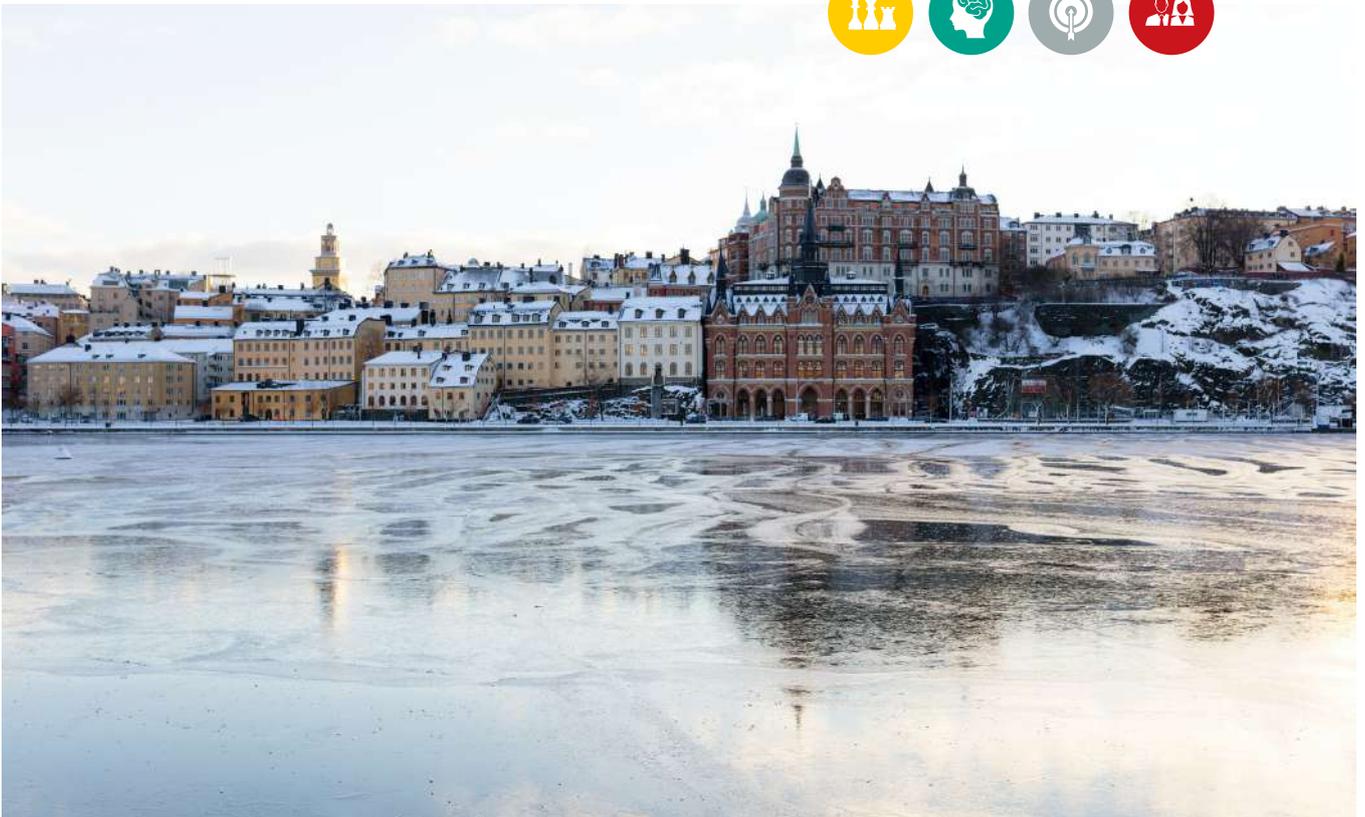
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