

Swedish Tax Agency Notifications

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Swedish Tax Agency information regarding acquisition cost allocation by reason of redemption in 2007 of shares in Scania AB in return for payment in cash¹

**SKV M
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Offer

Scania AB (Scania) has stated the following.

At the Scania Annual Meeting on May 3, 2007 it was decided to implement a 5:1 share split combined with redemption without any registration procedure. The decision entailed a share split, whereupon those who held shares in Scania on the record date, May 22, 2007, received four ordinary series A or series B shares and one redemption share, series A or series B, in return for each series A share or series B share held in Scania.

The final date for trading in shares in Scania, including the right to redemption shares, was May 16, 2007.

Trading in redemption shares could take place during the period May 23 - June 5, 2007, whereafter these shares were automatically redeemed at SEK 35 per share.

Acquisition cost allocation between ordinary shares and redemption shares

From the legal case RÅ 1997 ref. 43 it emerges that redemption shares received by reason of a shareholding cannot be deemed to be of the same nature as other shares in the company. Consequently, the acquisition cost for the original shares shall be allocated between the redemption shares and remaining shares using their market values at the time of separation of the redemption shares as a starting point.

Shares in Scania, both series A and series B, are listed. The final date for trading in shares before a split and separation of redemption shares was May 16, 2007. The lowest price paid on this date was SEK 684 for series A shares and SEK 670 for series B shares.

The redemption shares could be sold on the market and were listed from May 23, 2007. The lowest price paid on this date was SEK 34.90 for redemption shares, both series A and series B.

Of the original acquisition cost for series A shares in Scania, (34.90 : 684 =) 5.1 per cent should be attributed to the redemption shares and

¹ The Swedish Tax Agency has provided general guidelines on the acquisition cost allocation between the remaining shares and the redemption shares, see SKV A 2007:14.

**SKV M
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94.9 per cent to the remaining series A shares. As regards the original acquisition cost for series B shares, $(34.90 : 670 =)$ 5.2 per cent should be attributed to the redemption shares and 94.8 per cent to the remaining series B shares.

Tax rules for redemption

When shares in the company are redeemed, the shares are regarded as having been sold. A capital gain calculation should thus be made. In doing so the part of the original acquisition cost attributable to the redeemed shares can be deducted.

Example

If the acquisition cost for a series B share in Scania was SEK 200 $(200 \times 0.052 =)$ SEK 10.40 should be attributed to the redemption share. The remaining four shares thereafter have a total acquisition cost of SEK 189.60 or $(189.60 : 4 =)$ SEK 47.40 per share.

If the redemption share is sold or redeemed for SEK 35 a capital gain arises of $(35 - 10.40 =)$ SEK 24.60.

This is a translation of the Swedish language original made by Scania. In the event of any differences between this translation and the Swedish Tax Agency's Swedish language original, the latter shall prevail.