

Swedish Tax Agency general guidelines *

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

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**Income tax
assessment**

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Pursuant to Section 2 of the Ordinance (2003:1106) with instructions for the Swedish Tax Agency, the Swedish Tax Agency issues the following general guidelines regarding the acquisition cost for remaining shares and redemption shares by reason of the redemption in 2007 of shares in Scania AB in return for payment in cash.

Section 41, sub-sections 1 and 2 of the Income Tax Act (1999:1229) states that the income category 'capital' includes capital gains and capital losses incurred in conjunction with the disposal of assets.

According to Section 44, sub-section 13 of the Income Tax Act, the capital gain shall be calculated as the difference between

- payment for the disposed asset or for the issued obligation reduced by the costs for disposal or issue, and
- the overhead amount.

According to Section 44, sub-section 14 of the Income Tax Act, the term overhead refers to the cost of acquisition (acquisition costs) increased by costs for improvement (improvement costs).

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 and that the acquisition cost for the original shares shall be allocated between the remaining shares and the redemption shares using their market values at the time of separation of the redemption shares as a starting point.

General guidelines:

Of the acquisition cost for an original series A share in Scania AB, 94.9 per cent should be attributed to the remaining shares in the same series and 5.1 per cent to the redemption shares.

Of the acquisition cost for an original series B share in Scania AB, 94.8 per cent should be attributed to the remaining shares in the same series and 5.2 per cent to the redemption shares.

The general guidelines are applicable from the 2008 tax assessment.

¹ For further information see Swedish Tax Agency notifications, SKV M 2007:10.

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KATRIN WESTLING PALM

Urban Strömberg
(Legal Department, Unit 4)

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