
Help with your Swedish tax returns - how to handle Sectra redemption shares 2016



The Annual General Meeting 2016 in [Sectra](#) resolved to carry out a redemption program and SEK 4.50 per share was distributed to Sectra shareholders in October. According to general advice issued by the Swedish Tax Agency regarding the redemption program, 96.9% of the acquisition fees for an original class A or class B share in Sectra AB should be attributed to remaining shares and 3.1% to redemption shares of the respective class.

In the Swedish tax assessment, the redemption or sale of shares (designated SECT IL A and SECT IL B) is declared as sale of shares on Form K4. The calculation of the acquisition fees for redemption shares can be made according to:

- The general advice issued by the Swedish Tax Agency, which implies that you allot a certain portion of the relevant acquisition fees for the original shares to redemption shares.
- Alternatively, the standard rule can be applied if the transaction pertains to Class B redemption shares.

Example based on the general advice issued by the Swedish Tax Agency

A shareholder owns one (1) Sectra share with an acquisition cost of SEK 100 immediately prior to the share split. Accordingly, the acquisition cost allocated to each redemption share should be $(\text{SEK } 100 \times 0,031 =) \text{ SEK } 3.10$. The acquisition cost of the remaining share will then be $(\text{SEK } 100 - 3.10 =) \text{ SEK } 96.90$. If the redemption shares were disposed of (through sale or redemption) at a price of SEK 4.50, the capital gain calculated based on the general advice is $(\text{SEK } 4.50 - 3.10 =) \text{ SEK } 1.40$.

Example based on the standard rule

Since the class B redemption shares were traded for a certain period of time, these can be regarded as listed. However, the class A redemption shares are not regarded as listed and accordingly, the standard rule cannot be applied to them.

The standard rule implies that the acquisition cost is equal to 20% of the net proceeds for the redeemed or sold redemption shares. This corresponds to an acquisition fee of $(4.50 \times 0.2 =) 0.90 \text{ SEK}$ per redemption share redeemed.

If the payment for a Class B redemption share amounted to SEK 4.50 through sale or redemption, calculation using the standard method would generate a capital gain of $(\text{SEK } 4.50 - 0.90 =) \text{ SEK } 3.60$.

Information published by the Swedish Tax Agency (language Swedish)

- [Notice SKV M 2016:24](#)
- [General advice SKV A 2016:35](#)

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