



Thinking beyond borders: Management of extended business travellers – Sweden

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Key message

1 Key message

An individual's tax liability in Sweden is determined by residence status for taxation purposes and the source of income derived by the individual. Extended business travellers are likely to be considered non-residents of Sweden for tax purposes if their stay in Sweden does not exceed 6 months.

Extended business travellers are likely to be taxed on employment income derived from workdays in Sweden, provided the stay in Sweden exceeds 183 days in a 12-month period. If the business traveller is deemed to have an economic employer in Sweden, they will be taxed after 15 consecutive workdays in Sweden (work free days do not break the suite of workdays) and after 45 workdays in Sweden in a calendar year.

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Income tax

2 Income Tax

2.1 Liability for income tax

A person's tax liability is determined by residence status for tax purposes. A person can be a resident or a non-resident for Swedish tax purposes.

An individual is generally resident if they have their habitual abode in Sweden. As a rule of thumb, a continuous stay exceeding six months will normally constitute habitual abode. However, the assessment is not based solely on the length of stay. Particular importance is also attached to the regularity and continuity of the individual's presence in Sweden. Even shorter stays may qualify as habitual abode if they occur on a regular and recurring basis over a longer period of time. 2 days per week or more (including one overnight stay) on a regular basis is likely to be enough for the stay in Sweden to be considered consecutive.

Given that the residence assessment is highly dependent on the actual days spent in Sweden, it is important that the individual maintains a detailed calendar or record of days spent in Sweden.

A person who is a resident of Sweden is taxed on their worldwide income. Non-residents are taxed on income derived from sources in Sweden. Extended business travellers are likely to be considered.

non-residents of Sweden for tax purposes if their stay in Sweden does not exceed 6 months.

As of 1 January 2021, Sweden applies the economic employer approach. Should the business traveller have an economic employer in Sweden tax liability arises much earlier. In this situation the business traveller will be taxed after 15 consecutive workdays in Sweden (work free days do not break the suite of workdays) and after 45 days in Sweden in a calendar year.

Sweden offers a special tax regime for foreign key employees, commonly referred to as Swedish expert tax regime. Meaning 25 percent of the gross salary and certain benefits are exempt from Swedish income tax and social security contributions, 75 percent of the compensation is still taxable.

The tax regime applies for a limited period (currently up to seven years) and requires a formal application to the Swedish Taxation of Research Workers Board (Forskarskattenämnden). Eligibility is subject to specific conditions, including remuneration level or that the individual qualifies as an expert, researcher or key person.

2.2 Tax trigger points for employment income

Technically, there is no threshold/minimum number of days that exempts the employee from the requirements to pay tax in Sweden. If the individual qualifies for relief in terms of the dependent personal services article of the applicable tax treaty, there will be no tax liability.

Also, under the 183-day rule in the Swedish domestic Special Income Tax Act for Non-residents (SINK), a non-resident individual will not be subject to Swedish income tax, provided the individual's remuneration is paid by a non-Swedish employer with no permanent establishment (PE) in Sweden and that the stay in Sweden does not exceed 183 days in a 12-month period. However, should there exist an economic employer in Sweden this rule does not apply, and the individual will be liable to tax on the employment income.

2.3 Types of taxable income

For extended business travellers, the types of income that are normally taxed are employment income, Swedish-sourced income, and gains from the sale of taxable Swedish assets (such as real estate). Fringe benefits are generally taxable.

2.4 Tax rates

Tax residents are taxed on employment income in two tax bands: 1) basic municipal rate (the rate varies between 28,93 to 35,65 percent depending on municipality) and 2) municipal rate plus 20 percent state tax. The additional 20 percent state tax is only applied to, and levied on, income above a certain threshold. For income year 2025 the threshold is SEK 643 000.

Non-resident individuals covered under the SINK Act are taxed at a flat rate of 22,5 percent on employment income as of 2026. From 2027, the SINK tax rate will be 20%.

Capital income is taxed at a flat 30 %.

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Social Security

3 Social Security

3.1 Liability for social security

The Swedish social security scheme is divided into a residence-based insurance that covers minimum basic distributions and allowances and a work-related insurance covering loss of income.

3.2 Residence-based scheme

Anyone residing in Sweden is covered by the residence-based insurance. Individuals coming to Sweden are deemed to be resident if the stay can be assumed to exceed 12 months. Residents leaving Sweden are still regarded as residents if it can be assumed their stay abroad will not exceed 12 months.

3.3 Work-based scheme

The work-based scheme covers employees, contractors, and self-employed.

All people working in Sweden are covered by the work-based scheme. Work performed outside of Sweden for an employer resident in Sweden is also deemed as work in Sweden if the assignment period is assumed to be 12 months or less. Equally, work is not deemed as work in Sweden when an individual is assigned to Sweden by a foreign employer and the assignment period is assumed to be 12 months or less. In this respect, a foreign employer is an entity without a PE in Sweden.

The Swedish social security system is financed by social security contributions. The employer social security contributions are 31.42 percent. The base for the contributions is the employees' salary and taxable benefits. The contribution includes pension contributions to the public pension system, healthcare, etc. In addition, the employee pays 7 percent in pension contributions to the public system, with a cap at maximum employee contribution is SEK 45 500. The employee's contributions are fully credited against income tax, and therefore commonly perceived as being zero.

Extended business travellers employed by an employer located in a European Economic Area (EEA) member state or Switzerland, can, in most cases, remain subject to their home countries/jurisdictions' social security schemes. The exemption from paying Swedish social security contributions is due to the EU regulation 883/2004 about posting and/or simultaneous employment. Extended business travellers with employers outside the EEA area or Switzerland, may obtain exemptions from paying Swedish social security contributions and stay in their home countries/jurisdictions' social security systems due to the totalization agreements signed between their home countries/jurisdictions and Sweden. If it is not possible to stay in the home

country/jurisdiction social security coverage and no subsequent exemption from social security contributions is available under EU regulation 883/2004, totalization agreements or Swedish domestic rules, an extended business traveller would be subject to Swedish social security. Please be aware after Brexit, there is a separate agreement for the United Kingdom.

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Compliance obligations

4 Compliance obligations

4.1 Employees' compliance obligations

Individual income tax returns are due by 2 May following the tax year-end, which is 31 December. Extension to file the tax return on 2 May is normally allowed from application by the employee, however KPMG can apply for a filing extension until 15 June 2025.

A non-resident individual who is taxed under SINK (i.e., with a valid SINK decision from the Tax Agency) should not file a tax return.

4.2 Employers reporting and withholding requirements

If an individual is taxable on employment income for work in Sweden, the employer has a withholding and reporting requirement.

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Immigration

5 Immigration

5.1 Work permit/visa requirements

Depending on nationality, a visa must be applied for before the individual enters Sweden. The type of visa required will depend on the purpose of the individual's entry. Visas are not required for European Union (EU) nationals and several other nationals. A work permit is required for all non-EU nationals. Employers must notify the Tax Agency that valid permits exist for third country nationals.

Foreign employers are required to report employees posted to Sweden to the Swedish Work Environment Authority no later than when the posting begins. The foreign employer should report information about the company, the employees and designate and register a contact person in Sweden to the Swedish Work Environment Authority.

6 Other issues

6.1 Double taxation treaties

In addition to Swedish domestic arrangements that provide relief from international double taxation, Sweden has entered into double taxation treaties with more than 75 countries/jurisdictions to prevent double taxation and allow cooperation between Sweden and other tax authorities in enforcing their respective tax laws.

6.2 Permanent establishment implications

There is a risk that a permanent establishment (PE) is created as a result of extended business travel. This can depend on the type of services performed and the level of authority the employee has.

6.3 Indirect taxes

Sweden applies value-added tax (VAT). The general rate is 25 percent. Lower rates apply on certain goods and services.

6.4 Transfer pricing

Sweden has a transfer pricing regime. A transfer pricing implication could arise to the extent that the employee is being paid by an entity in one jurisdiction but performing services for the benefit of an entity in another jurisdiction, in other words, a cross-border benefit being provided. This would also depend on the nature and complexity of the services performed.

6.5 Local data privacy requirements

Sweden has data privacy laws and the GDPR directive is applied in Sweden.

6.6 Exchange control

Sweden does not restrict the flow of Swedish or foreign currency into or out of the country/jurisdiction. Certain reporting obligations, however, are imposed to control tax evasion and money laundering. A currency transfer made by any person into or out of Sweden of SEK 150,000 or more in value must be reported by the transferring bank to the Swedish Tax Agency.

6.7 Deductible costs for assignees

Generally, private living expenses are not deductible. For employment income, the tax allowable items include expenses for travel between home and office to the extent that

such expenses exceed SEK11,000 and certain criteria are fulfilled. Increased cost of living during business trips and temporary assignments can be tax deductible, subject to certain restrictions. Mandatory foreign employee social security contributions within the EU/EEA are also deductible.

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