

NEW CROPS Policy and Regulation Questionnaire / Report

SWEDEN

The report will cover two categories of entities –i) cooperatives¹ (hereinafter “cooperatives”) and ii) social cooperatives and social enterprises (hereinafter “SE”). For the most part we are dealing with “national” law and policy, but relevant regional policies may be specified as well.

| ORGANISATIONAL LAW AND POLICY ASPECTS OF COOPERATIVES AND SE | |
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| 1 | General legal form for cooperatives and SE |
| 1.1 | Cooperatives: Briefly describe the legislation and business forms available for cooperatives in your country. Is there one single cooperative law? Or are they governed by type (credit, agriculture, consumer, worker, etc.)? |
| | <p>There is one single law, The Co-operative Societies Act (1987:667), which regulates and defines economic association.</p> <p>The Swedish form Cooperative economic association is tailor-made for cooperation. Cooperative companies can be run under a variety of different corporate structures. A cooperative economic association is often ideal, because the relevant legislation is designed to handle a democratic approach to ownership. All joint owners/members of the association have a vote and they decide jointly on how to allocate a surplus. A cooperative economic association (in common with a limited company) is a legal entity. It must comprise at least three people or companies and the members must decide jointly on the size of the start-up capital.</p> <p>The Act on Economic Associations (1987:667) is now under revision and the new law will probably come into force in 2016</p> |
| 1.2 | SE: Is there a legal definition of “social enterprise” (or similar term) in your country? Describe the legislation on SE. Which legal business forms are available for SE (i.e. non-profit, association, foundation, special legal form for cooperatives and social enterprises)? |
| | <p>There is no special legal form for SE. Cooperative companies can be run under a variety of different corporate structures.</p> <p>However, the most common form for SE is economic association.</p> |
| 1.3 | Which legal business form is most frequently used? |
| | <p>i) for cooperatives Economic association</p> <p>ii) for SE Economic association</p> |
| 1.4 | Does the national law force the use one or more specific legal business forms for cooperatives and SE? If so, how and in what way? |
| | i) for cooperatives: no |

¹ Cooperatives which substantially fulfill the traditional concepts of user owned, user controlled and user benefit and/or the ICA definition

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| | ii) for SE: no |
| 1.5 | Does the national law actively stimulate the use of a specific legal business form for cooperatives and SE, and if so, in what way? (e.g. subsidies, promotion, tax advantages, etc.) |
| | <p>i) for cooperatives</p> <p>ii) for SE</p> <p>No tax advantages for either cooperatives or SE! All forms of business enterprise have to be registered with the Swedish Companies Registration Office, except for joint property association, which register with Lantmäteriet, and sole traders. As a sole trader, you can choose just to register for tax with the Swedish Tax Agency.</p> <p>For non-profit organizations, there is a limit to how much revenue they may earn without being subject to VAT.</p> |
| 1.6 | Are there relevant developments in and changes of the promotion/regulation/taxation of cooperatives and SE in the last 10 years? Please specify, citing particular promotion initiatives if possible. |
| | <p>i) for cooperatives</p> <p>ii) for SE</p> <p>The Co-operative Societies Act (1987:667) is now under revision and the new law will probably come into force in 2016</p> |
| 1.7 | Provide data on number of cooperatives and SE, by type, number of employees/users/members, if possible. |
| | <p>i) for cooperatives</p> <p>This statistic applies to the 18 largest cooperatives in Sweden in 2012. Statistics based on the company's consolidated, the Federation and / or the group as a whole. The figures are based on companies' reported figures for the 2012 business. The figures inside parenthesis are from 2010 so that a comparison can be made.</p> <p>Statistics show that the 18 largest cooperative undertakings together: 63,000 employees (2010: 63,000) 13 million membership (2010: 13 million memberships) 31 % of women on boards (2010: 28 %) 37 % women in management (2010: 32 %) A total turnover of 230 billion (2010: € 190 billion)</p> <p>The statistics are produced by KFO, The Co-operative Employers' Association</p> <p>ii) for SE</p> <p>In Sweden we have approx. 335 WISE all over the country (2014) As the WISE may have different corporate forms (they can be organized as economic associations, companies, non-profit association or foundation) it is difficult to obtain statistics through the regular registers. Therefore Tillväxtverket (The Swedish Agency for Economic and Regional Growth) since 2008, decided to establish a voluntary list of these companies. We have no information on how many employees there are in WISE.</p> |

| | Type | Employees/participant | Org/coop | Members |
|----------|---|-----------------------|---------------|-------------|
| | Cooperatives | Agricultural | 20 000 | 90 000 |
| | | Consumer | 63 000 | 35 |
| | | Worker | | 3,4 million |
| | | Etc. | | |
| | SE | WISE | 3 500/ 10 000 | 335 |
| | | Type A | | |
| | | Type B | | |
| | | Etc. | | |
| 2 | Founding & Registration | | | |
| 2.1 | Are there specific provisions with regard to the legal objective of the cooperative or SE business form that are considered to be restrictive, e.g. restrictions in the objective or business activities? Profit distribution constraints? Asset lock? | | | |
| | <p>i) for cooperatives</p> <p>Restrictions (e.g. in which area the company operates) can be written into the statutes. If the company changes address, the statutes may be changed / customized.</p> <p>The statute also governs how the profits will be distributed, whether there should be a dividend, funding or a reinvestment in the business. Some WISE removes the potential for dividend but there is no legal requirement for this. One reason may be that, because they are dependent on public funds, they think it can be perceived as provocative / offensive paying dividends.</p> <p>ii) for SE</p> | | | |
| 2.2 | <p>Registration procedures:</p> <p>a) Where and how is the entity registered (trade registry? business registry? Is there a special registry for that type of entity? What are the institutional arrangements for keeping such a registry?</p> <p>b) Describe main requirements regarding registration of a cooperative/SE: membership requirements (number and type), capital requirements, registration procedures.</p> | | | |
| | <p>i) for cooperatives</p> <p>a) An economic association is formed by a minimum of three members. The association is created to enable members to benefit financially from the association's operations, which may –for example – involve producing, or trading goods or services. Every member normally has a vote at the general meetings of the association. It is usually said that associations are based on democracy, commitment and responsibility</p> <p>Every member pays a contribution and usually an annual membership fee. The association it self decides how large the contribution should be. Members are not personally liable for the association's debts and other commitments in excess of their contribution. However, those who are members of the Board can be held personally liable if they mismanage their assignment. An economic association must be registered with the Swedish Companies Registration Office before it can start doing business. Members of the association start the association and write the association's regulations. The economic association will be given a registration number when it registers with the Swedish Companies Registration Office. Economic</p> | | | |

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| | <p>association names are protected throughout Sweden. An economic association must have an auditor. The auditor of smaller economic associations does not need to be an approved or authorized public accountant. It suffices if he or she is competent for the assignment.</p> <p>A non-profit organization is characterized by the purpose is non-profit and / or that its activities are nonprofit. An association that promotes its members' economic interests is not considered to be a non-profit purpose. For such an association, such as a trade union, to be a non-profit organization in the legal sense, the activities undertaken to promote the purpose cannot be of a commercial nature. A nonprofit organization cannot be both economic activity and aim to promote their members financially.</p> <p>b) An economic association must be registered at the Swedish Companies Registration Office (Bolagsverket). Registration has to take place no later than six months after the decision was taken to form the association. Following registration, the association becomes a legal person and is provided with nationwide protection for its name. You can use our online service to apply for this permit. It's possible to apply online.</p> <p>A non-profit organization can apply for a corporate identity from the Swedish Tax. It cannot be registered at the Swedish Companies Registration Office (Bolagsverket).</p> |
| 2.3 | <p>What are the initial costs of setting up the cooperative or SE legal business form? What are the costs of maintaining the legal status of the business (e.g. yearly fees, taxes, filings, cost of mandatory audits, etc.?)</p> |
| | <p>Cost of registering an economic association to the Swedish Companies Registration Office (Bolagsverke) is 1100 - 1400SEK (approx. 120-150 EURO). Lower fee for online registration. The association must be reported to the Companies Registration Office within 6 months from the start-up meeting</p> <p>For changes in the statutes, members of the Board etc. are additional costs (to Swedish Companies Registration Office (Bolagsverket).</p> <p>Members pay member contributions and membership fees as provided in the statutes</p> <p>There is no requirement for certified public accountant, but if a certified public accountant is engaged there will be additional costs</p> |
| 3 | Membership |
| 3.1 | <p>Does applicable law regulate voting rights? If so, describe how votes are determined.</p> |
| | <p>For both cooperatives and SEs, i.e. economic association: Each member has one vote, unless otherwise provided in the statutes.</p> |
| 3.2 | <p>Does applicable law allow non-members/users to have voting rights?</p> |
| | <p>No</p> |
| 3.3 | <p>Does applicable law allow specific requirements to be met on the admission of members/users? E.g. the obligation to pay an entrance fee, specific characteristics of the member, etc.?</p> |

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| | <p>For both or cooperatives and SEs: An economic association may not refuse anyone admission to membership, if there are no specific reasons for refusal by the nature or the extent the activities of the association or the association's purpose or another cause. The Board must consider an application for admission, unless otherwise provided by statute. The statutes may provide that the admission application must be in writing, whether the application must bear the applicant's witnessed the naming signature.</p> <p>A legal entity may not be a Board member. Act (2014: 840).</p> |
| 4 | Internal Governance |
| 4.1 | <p>Which governance bodies are mandatory? (e.g. board, assembly, supervisory board, auditors, etc.)</p> <p>An economic association shall have a board with at least three members. The general meeting elects the board, unless provided for in the statutes that one or more board members shall be appointed in another way.</p> <p>A board member's mandate applies to the period indicated in the Statutes. Assignment time must not include more than four financial years and shall be determined so that it concludes at end of the annual general meeting at which the Board of Directors is conducted.</p> <p>The Board shall elect one of its members as Chairman. The Board shall elect its Chairman unless otherwise provided for in the statutes or have been decided by the general meeting. In terms of equal number of votes the election shall be decided by drawing lots.</p> <p>The CEO cannot be Chairman.</p> <p>An economic association must have at least one auditor. The auditors are elected by the General assembly, unless the statutes provide that one or more Auditors shall be appointed in another way.</p> <p>The GA is the highest decision making body. A member's rights at the GA are exercised by the member personally or whoever are member representatives by law or by proxy with a written and dated power of attorney.</p> <p>The GA shall be held within six months after the end of each fiscal year. At such meeting, the Board shall submit the annual report and the audit report.</p> |
| 4.2 | <p>How does the regulation provide for members/users to effectively influence/participate in the decision-making process?</p> <p>Members (who does not sit on the board) are able to have an influence on decisions at general meetings.</p> <p>i) for cooperatives</p> <p>ii) for SE</p> |
| 4.3 | <p>Do legal requirements allow a composition of the board of directors partially or wholly by non-member/user professional managers?</p> <p>Yes, it's possible if it's allowed by the statutes</p> <p>i) for cooperatives</p> <p>ii) for SE</p> |

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| 4.4 | If not, is this considered to be a problem in having an effective board of directors? |
| | i) for cooperatives ii) for SE |
| 4.5 | What are the legal requirements on the composition of the supervisory board or entity? |
| | It depends on what is written in the statutes. The traditional procedure is that the a nomination committee proposes board members to the general meeting i) for cooperatives ii) for SE |
| 4.6 | Is the legal structure and rules on the supervision of the board of directors effective with respect to the accountability of the board towards members? Are non-members/users allowed? |
| | Yes, they have a clear responsibility regarding the Association's activities and finances. i) for cooperatives ii) for SE |
| 4.7 | Does the law stipulate rules on the appointment and dismissal of the board of directors and the supervisory board? |
| | For both cooperatives and SEs, A member has the right to withdraw from the association. The statutes may stipulate that a notice must be in writing and that the notice of termination document shall be provided with member witnessed signature. The statutes may also provide that notice of termination should not be done until after some time, not exceeding two years from entry. It may be extended to five years, if the registration authority so permits. A member may be expelled from the association on the grounds mentioned in the statute. The general meeting shall decide on the exclusion, unless otherwise provided in the statute. Act (2008: 3). A member who has been expelled from the association immediately loses the right to participate in discussions and decisions about the affairs of the association. Act (2008: 3). |
| 5 | Financing of Cooperatives and SE and Profit/Benefit Distribution, Asset distribution in case of liquidation |
| 5.1 | What legal methods and instruments for financing/raising equity are allowed? |
| | For both cooperatives and SEs, there are no legal methods or limitations on |

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| | the financing / capital raising. However, the cooperative must be tax registered. An annual statement of assets, liabilities and expenses must be reported to the tax authorities. |
| 5.2 | What are the rules on the distribution of profits and benefits? The association's funds may be paid to members only in the form of surplus dividend, refund of member contributions. With the surplus dividends referred to in this Act 1. Compensation in the form of supplementary payments, refunds or similar based on reported earnings without having counted in the reported year results. 2. Dividends from the reported annual results in the form of member refunds or otherwise (dividend). i) for cooperatives ii) for SE |
| 5.3 | Are the rules flexible or restrictive with regard to the distribution of profits to members/users/donors? It is the general meeting which decides on profit distribution. The Act on Economic Association regulates how profits should be distributed Tax Agency decides on the costs associated to distribution of profits i) for cooperatives ii) for SE |
| 5.5 | Does national law/applicable regulation allow non-member/user participation in the equity capital of the social enterprise? Financing members? No i) for cooperatives ii) for SE |
| 5.7 | Are the rules on distribution of profits (e.g. asset lock) facilitating or restricting for cooperatives and social enterprises? Most cooperatives assume that profits are reinvested in the business, therefore we cannot see that there is a major problem in terms of dividends. i) for cooperatives ii) for SE |
| 6 | Exit provisions |
| 6.1 | Does the national law allow specific restrictions on exit of members? Yes, it does. A member has the right to exit from the association. The statutes may provide for an exit should be made in writing and that the dismissal document must be provided with member witnessed signature The statutes may also provide that the termination may not be made until after a certain period of time, not exceeding two years from the onset. It may |

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| | <p>be extended to five years, the registration authority permits. Regulations in the Statutes that the dismissal may be made only after a certain period of time does not apply in cases referred to in Chapter 7. § 15 third paragraph, and Chapter 12. 20 §.</p> <p>i) for cooperatives ii) for SE</p> |
| 6.2 | <p>If so, are these restrictions reasonable and fair or do they cause problems? Please explain.</p> |
| | <p>Yes, they are fair because the rules enshrined in the statutes and everything is signed by the parties concerned, without any misunderstanding.</p> <p>i) for cooperatives ii) for SE</p> |
| 6.3 | <p>Does the current practice of restrictions on exit of members deter potential members/users to join the social enterprise?</p> |
| | <p>No. Each member has the right to request written information from the association about their membership and for the efforts that he has paid or been credited by the participation issue.</p> <p>i) for cooperatives ii) for SE</p> |
| 7 | Change and Reorganisation |
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| 7.1 | <p>Does the applicable law provide effective tools/rules for cooperatives and SE to reorganise, e.g. through legal mergers or reorganisations or changing business form?</p> |
| | <p>Yes, there is the law that provides effective tools / rules for cooperatives and SE to reorganize.</p> <p>i) for cooperatives ii) for SE</p> |
| 7.2 | <p>Are reorganisations of cooperatives and social enterprises effected by rules on employee involvement? If so, in what way?</p> |
| | <p>Yes, sometimes, depending what organizational form of the cooperative company is governed. An economic association, all members have equal right to make decisions. It follows the law of comparative principles. The employee has no right to make decisions if they are not a member of the association.</p> <p>i) for cooperatives ii) for SE</p> |
| 7.3 | <p>Are reorganisations of cooperatives and social enterprises affected by rules of tax law? If so, in what way?</p> |
| | <p>No, the tax laws are the same for all forms of companies</p> |

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| | <p>i) for cooperatives</p> <p>ii) for SE</p> |
| 8. | TAX LAW ASPECTS |
| 8.1 | Which tax law regime applies to the legal business form of the cooperative or social enterprise? |
| | <p>The association pays corporate tax of 22 per cent on its profit. The profit that is distributed is taxed in the members' tax returns. If a member is employed by the association, the member receives a salary. This income is taxed in the same way as for other employees. The association pays social security contributions and deducts preliminary A-tax.</p> <p>Once the association is registered with the Swedish Companies Registration Office and has been allocated a corporate identity number, you can register the association with the Swedish Tax Agency (Skatteverket). If you wish to start a limited company, trading partnership, limited partnership or co-operative/economic association, and If your activity is independent, enduring and is being operated for profit, you can apply for F-tax or FA-tax (Swedish corporate taxation) from the Swedish Tax Agency. If you want to start up a business activity as a sole trader, you do not need to do this.</p> <p>i) for cooperatives</p> <p>ii) for SE</p> |
| 8.2 | Are there any provisions in tax law fostering or promoting cooperatives and social enterprises? If so, in what way? |
| | No, the tax laws are the same for all forms of companies |
| 8.3 | Are there any restrictions in tax law affecting cooperatives and social enterprises? If so, in what way? |
| | <p>No, the tax laws are the same for all forms of companies</p> <p>i) for cooperatives</p> <p>ii) for SE</p> |
| 8.4 | How does the overall burden of the taxation of the social enterprise or cooperative and its members/users compare to the taxation of non social-enterprise investor-owned firms? |
| | <p>No, the tax laws are the same for all forms of companies</p> <p>i) for cooperatives</p> <p>ii) for SE</p> |
| 9. | Other public policies that support cooperatives and SE |
| 9.1 | Describe public authorities that work with/support cooperatives and SE |
| | i) for cooperatives |

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| | <p>ii) for SE</p> <p>Tillväxtverket - The Swedish Agency for Economic and Regional Growth is a national government agency tasked with promoting entrepreneurship and regional growth, have a special program for social entrepreneurship.</p> <p>The agency's most important tools are knowledge, networks and financing. Based on knowledge of the requirements for enterprises and regions to grow, they build networks for cooperation and finance initiatives that strengthen the business sector.</p> <p>VINNOVA - Sweden's Innovation Agency, finances research and innovation projects and provides support in the form of networks, meetings and analyses. VINNOVA also serve as the contact agency for the EU's Framework Program for Research and Innovation.</p> <p>The Regional development secretariat at Region Västra Götaland has the mission to drive and support the development in the region concerning the following areas:</p> <ul style="list-style-type: none"> - Business, industry and trade - Research & Development and Education - Infrastructure and ICT - External Relations and International Coordination - EU Programs and EU Funding - Analysis and Evaluation <p>The secretariat also coordinates several EU-programs and publishes reports with facts, analysis and statistics related to the development and growth of Västra Götaland.</p> <p>Skaraborgs Municipal Association is the platform for the joint sub-regional development in Skaraborgs 15 municipalities. The Association promotes, in particular in the following areas:</p> <ul style="list-style-type: none"> - Growth and development - Business support and advocacy |
| 9.2 | Describe public policies that support cooperatives and SE such as start-up initiatives or particular funding programs, training systems |
| | <p>See answer below (10)</p> <p>There are different governmental and EU funding programs.</p> <p>There are schools (universities, high schools, etc.) that have separate courses on social entrepreneurship. There are also courses, which trains supervisors and co-operators of social enterprises.</p> <p>There are other organizations eg Coompanion that also educates in the cooperative sector and the social economy</p> <p>i) for cooperatives</p> <p>ii) for SE</p> |
| 10. | Networks and umbrella organizations |
| 10.1 | Describe main networks for cooperatives and SE (e.g. Second tier cooperative, regional or national associations, federations, business |

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| | alliances, etc. and their role (e.g. funding, providing information, providing services to members, etc.). Specify whether public or private. |
| | <p>i) for cooperatives</p> <p>ii) for SE</p> <p>Coompanion offers information, advice and training in how to start up cooperatives, SE and other type of enterprises. Coompanion have a strong nationwide network within the social economy.</p> <p>Association SKOOPI is a national stakeholder and network organization that works with support and training for work integrating social enterprises. SKOOPI also work with advocacy to influence the conditions for starting and running work integrating social enterprises.</p> <p>Association PASS - Platform for Work Integration Social Enterprises in Skaraborg. A fairly new organization with the aim to support social enterprises in region of Skaraborg. PASS offers knowledge and experience exchange and support for members' development. Today, 9 of Skaraborgs social enterprises are members of PASS. The association was founded with financial support from The Regional development secretariat at Region Västra Götaland and Skaraborgs Municipal Association.</p> <p>Mikrofonden Väst is an organization, which offers guarantees and other financial support to social economy organisations in the region of Västra Götaland. Organisations as cooperatives, societies, unions and federations. http://mikrofondenvast.se/english/</p> <p>The Co-operative Employers' Association KFO, with its 3 900 member companies, is Sweden's biggest independent employers' organisations. Many of KFOs member companies have a cooperative or idea-based character. KFO negotiates tailor made collective agreements about wages and employment conditions. The organization's main task is to assist its members in negotiations and to conclude agreements on their behalf.</p> |

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