

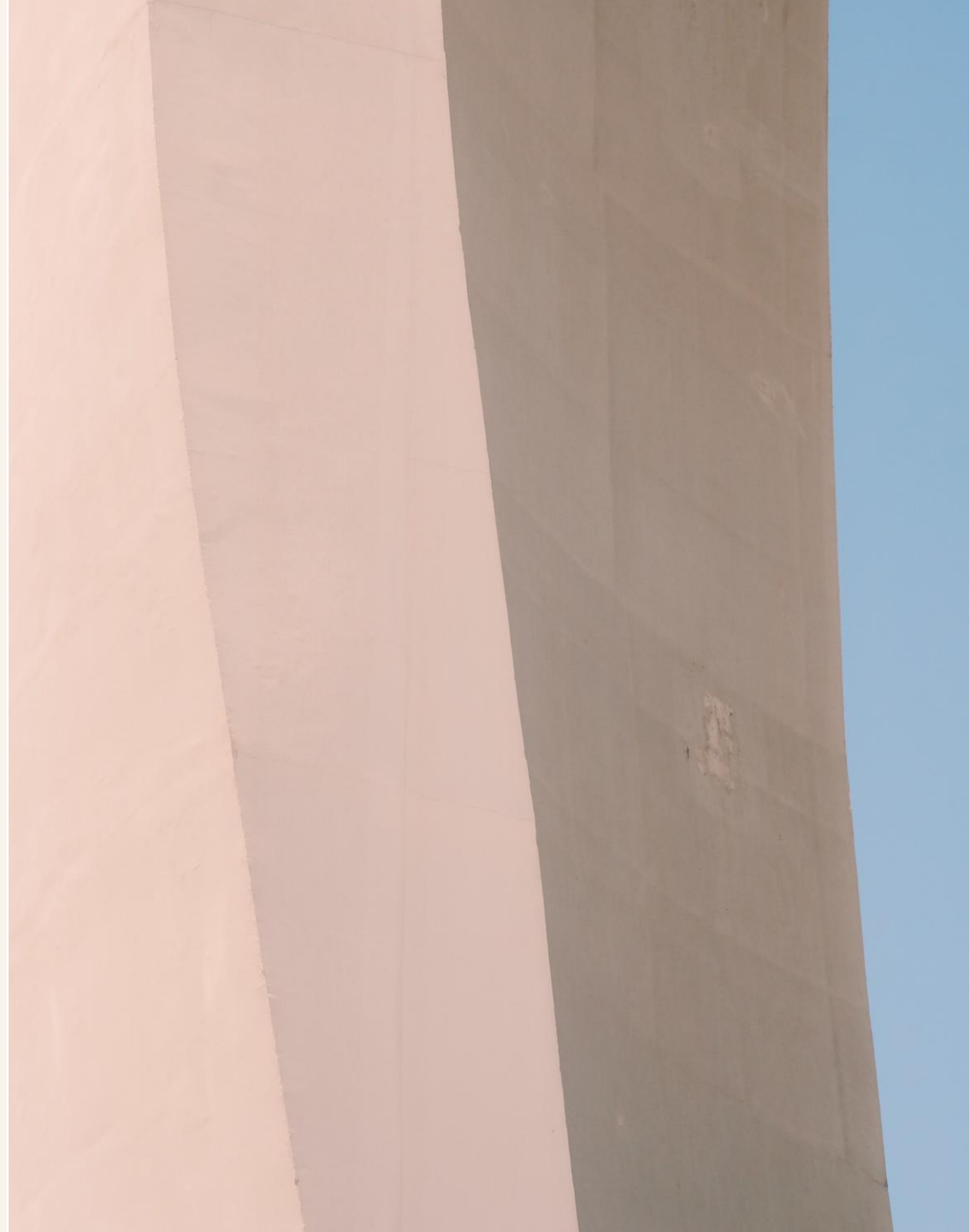
CENSIO

Transfer Pricing Trends 2024
Sweden Survey

January, 2025

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About Censio

Censio Tax is an independent full-service transfer pricing consulting firm based in Stockholm and Gothenburg.

We assist companies with the increased compliance requirements with a focus on *simplifying* the administrative process and provide pragmatic advice in line with the latest regulatory developments.

We work closely with our clients to implement policies and processes to achieve a sustainable and efficient administration for transfer pricing matters.

Our clients include some of the greatest and largest companies in the Nordics. We would be happy to share references from our clients upon request.

Censio Tax is a member of FAR and the global Quantera transfer pricing network.



Introduction

Censio Tax asked transfer pricing (“TP”) practitioners in Swedish companies in what way they work with TP, how prioritized TP is today and about the most time-consuming tasks.

This report presents highlights from the survey and a few tips about how we all can simplify our TP life!

Since this is an annual survey, we can compare 2024 with earlier years - exciting stuff.

Want to know more about the survey or just want to discuss TP?

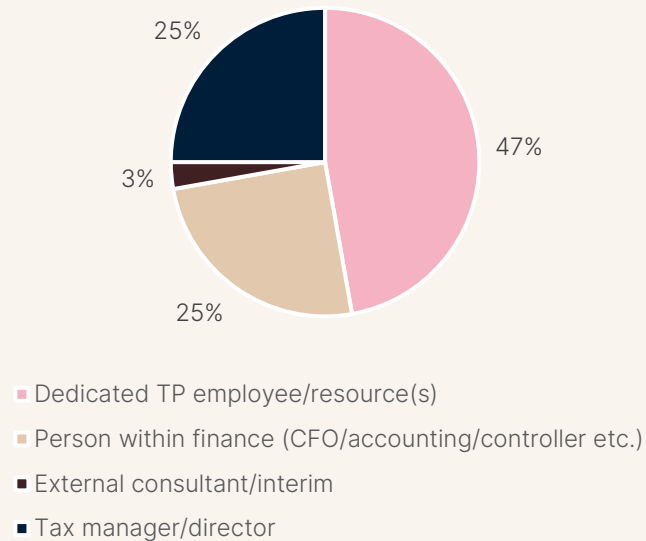
- ❖ Website www.censiotax.com
- ❖ LinkedIn www.linkedin.com/company/censiotax/
- ❖ Contact Viktor Nilsson at viktor@censiotax.com or +46 (0) 738 231 403 or Erik Koponen at erik@censiotax.com or +46 (0) 763 094 190

Highlights

- ✓ TP is still a **top priority** in current tax and finance agendas - **64%** of the respondents have TP within the top 2 high priority (up from 59% in 2023)
- ✓ TP compliance continues to be a **heavy burden** on companies, as **77%** still spend most of their TP resources on compliance
- ✓ Still, almost **80%** do not use any **software tool** for the TP documentation work – however, 19% are currently looking into options
- ✓ TP audits are increasing as **70%** had ongoing **TP audits** during 2024 and **75%** expect **more TP-related questions** from authorities or other stakeholders
- ✓ For those who had been subject to a recent tax audit, **60%** answered that the double taxation had not been resolved or were unsure how it would be resolved – Interesting!

Who manages TP questions and how prioritized is TP?

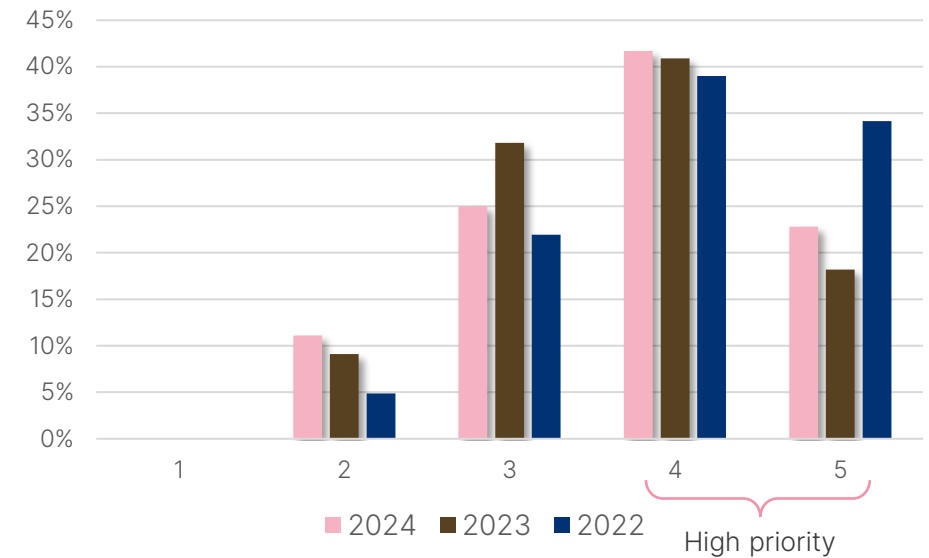
1. Who handles TP 2024?



Our respondents include some of the largest companies in Sweden, which is reflected in that **47%** have dedicated TP resources (39% in 2023).

We see a shift from finance personnel working with TP to more dedicated TP professionals (from 36% in 2023 to 25% in 2024).

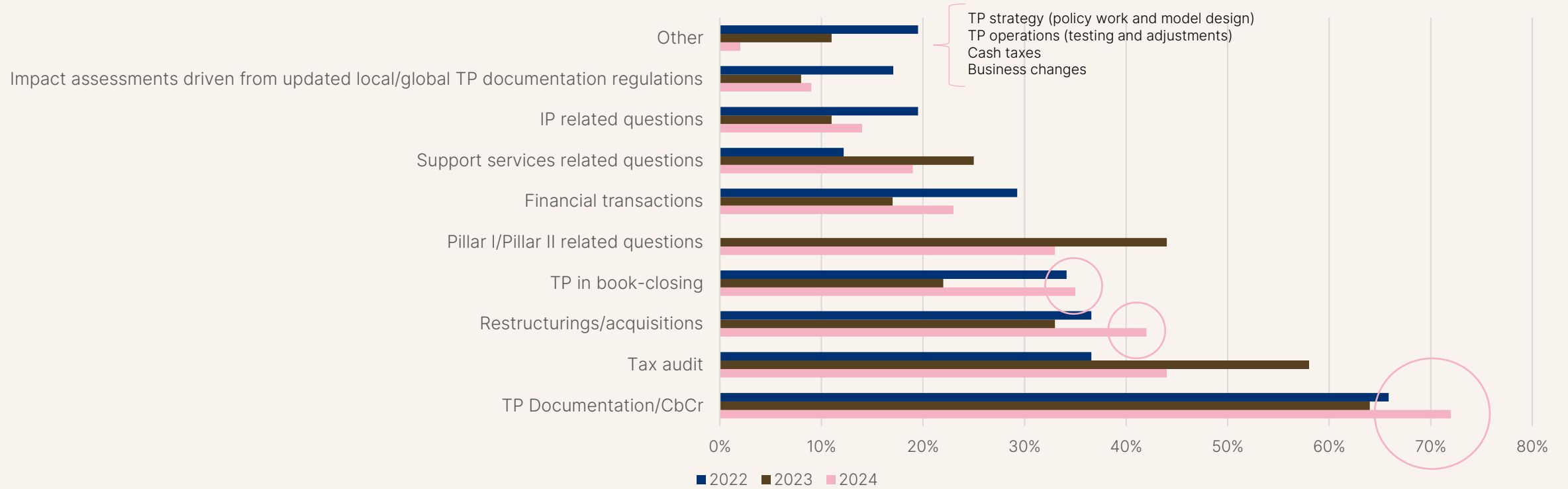
2. How prioritized is TP?



64% prioritize TP, reflecting recent compliance focus, with TP compliance expected to remain the top challenge in 2024.

TP involves significant transaction volumes and is important for sustainability, as companies avoid negative media attention from tax penalties and surcharges.

3. Most important TP matters*

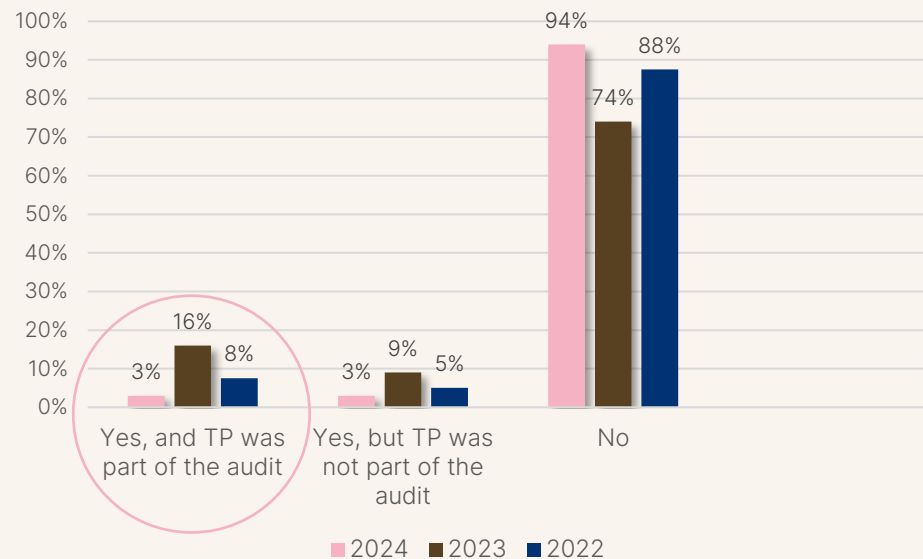


TP documentation remains a major burden, with 77% prioritizing it in 2024. Book-closing and operational TP (25%) and restructurings/acquisitions (42%, up from 33% in 2023) gained focus, while key TP matters have stayed consistent since 2020.

*The respondents selected up to three issues that they consider most important.

New Swedish tax audits and the relationship with the Swedish Tax Authority

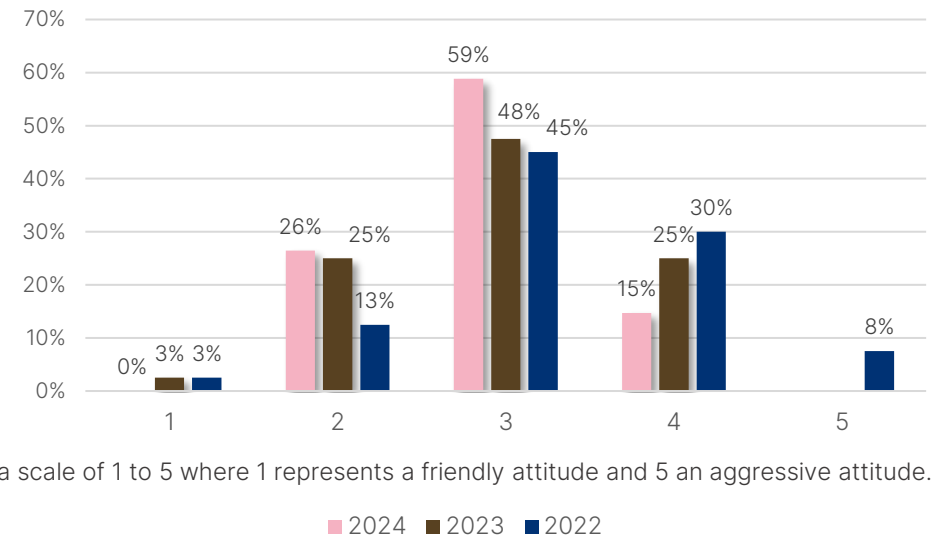
4. Have you been subject to a new tax audit in Sweden during the past 6 months?



New TP audits in Sweden dropped from 16% in 2023 to **3%**, with overall audits decreasing. The Swedish Tax Authority may now focus on measures beyond audits.

Stay proactive with strong audit readiness and a TP risk management framework.

5. In general, how do you perceive the Swedish Tax Authority's attitude in contact with them?*



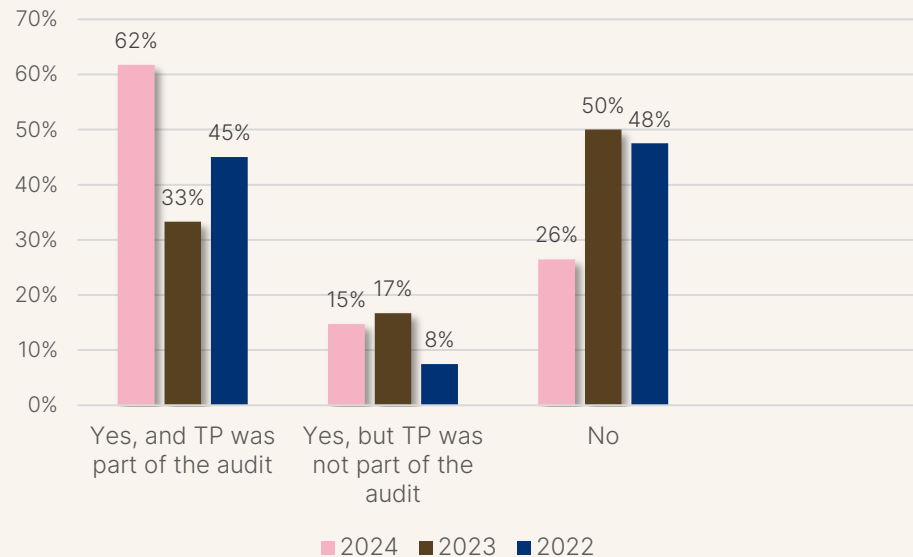
*On a scale of 1 to 5 where 1 represents a friendly attitude and 5 an aggressive attitude.

Respondents' views on the **Swedish Tax Authority remain positive**, with **73.5%** rating it **3 or 4 out of 5 in 2024**.

Maintaining trust and transparency with tax authorities helps prevent and manage TP controversies.

New tax audits outside Sweden and resolving double taxation

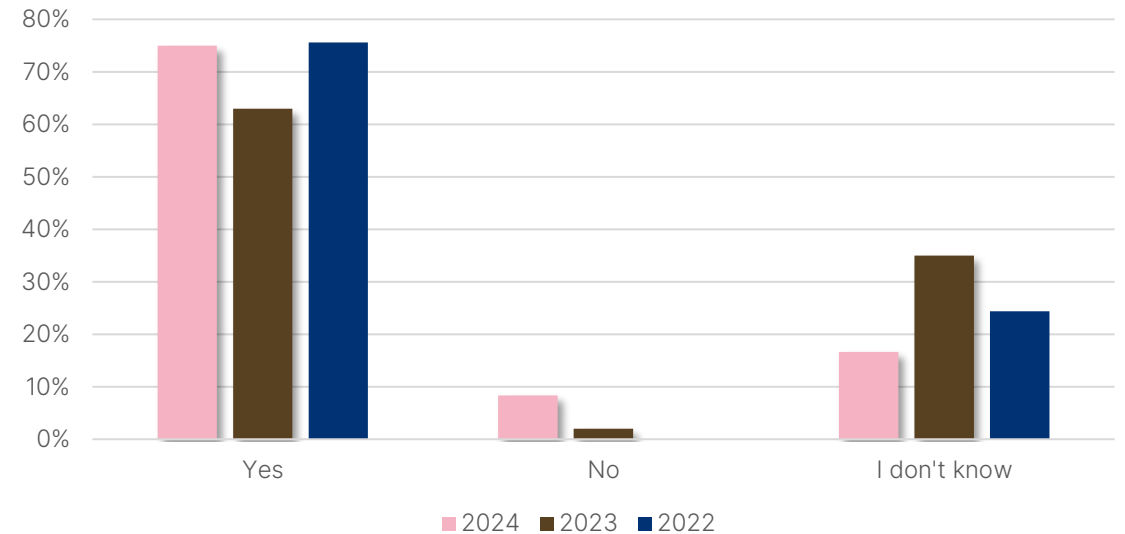
6. Have you been subject to a new tax audit outside Sweden during the past 6 months?



Unlike Sweden, new TP audits abroad **more than doubled in 2024 vs. 2023**, requiring better data management and audit trails.

Stay proactive with strong audit readiness and a robust TP risk management framework.

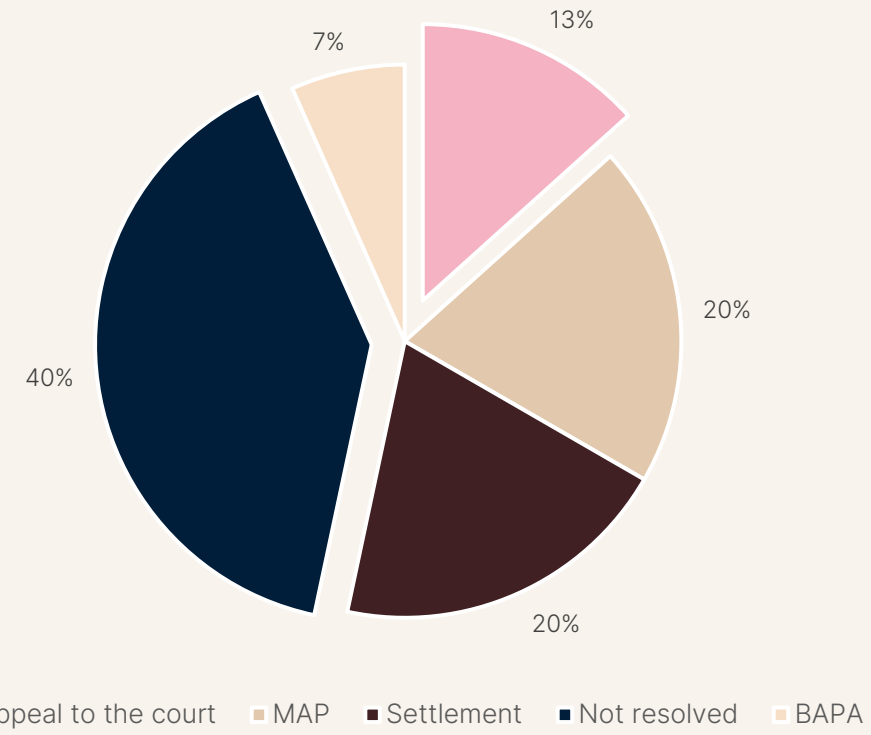
7. Do you expect TP enquires to increase in the future?



The share of respondents expecting more TP inquiries keeps growing, with **75%** (up from 63%) anticipating an increase.

Companies should focus on **TP policy implementation and documentation**.

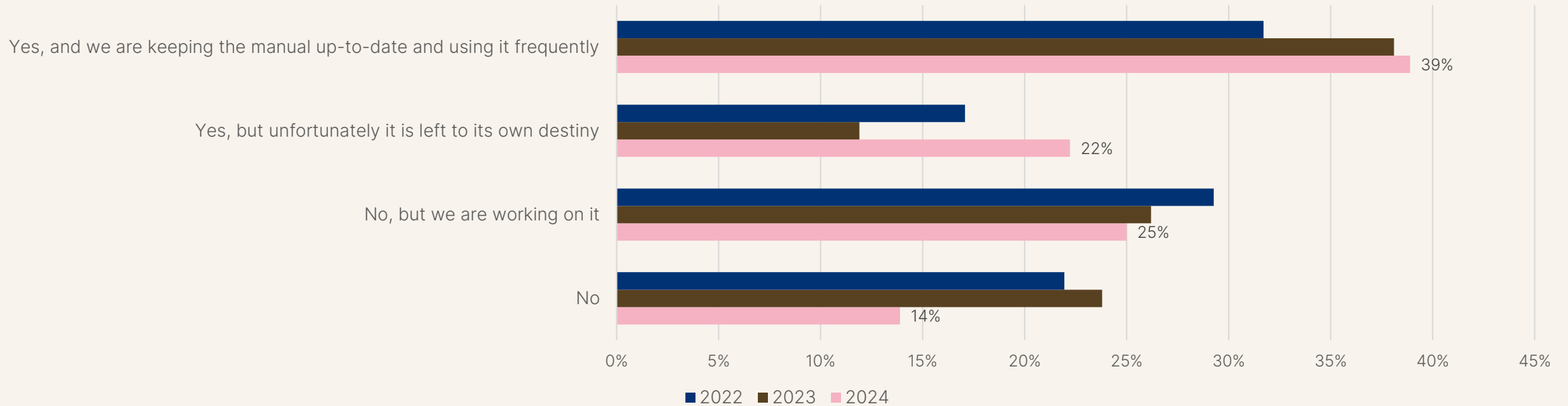
8. How was/will double taxation be resolved after recent tax audit?



For the first time, we collected data on resolving double taxation from TP audits. **40% were unsure or had not resolved it**, highlighting its complexity.

It is worth analyzing options and find the best approach for your company.

9. Do you have an internal TP manual with explicit roles and responsibilities for the TP process?

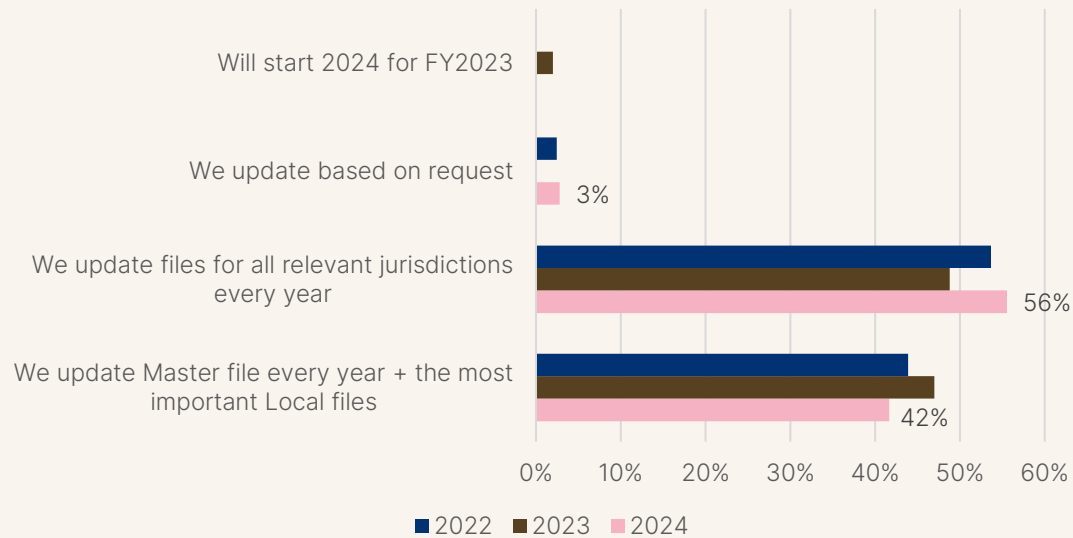


In 2024, companies without a TP manual dropped from 24% to 14%, with 25% working on creating one.

While more manuals are being neglected, having and maintaining an up-to-date TP manual simplifies daily work, saves resources, and ensures audit readiness. **Keep up the good work!**

10. How do companies work with TP documentation?

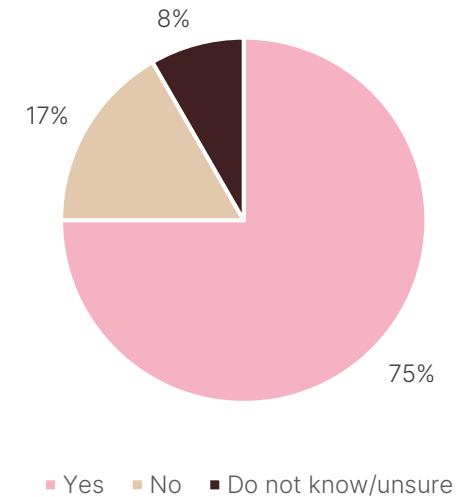
How do you update your TP-documentation?



97% update local files annually for all or key jurisdictions, up from 30% in 2020 to 56% in 2024, with steady growth.

Best practice is to **prioritize key jurisdictions** while preparing for less critical ones, considering transaction materiality, local rules, and events like restructurings or IP transfers.

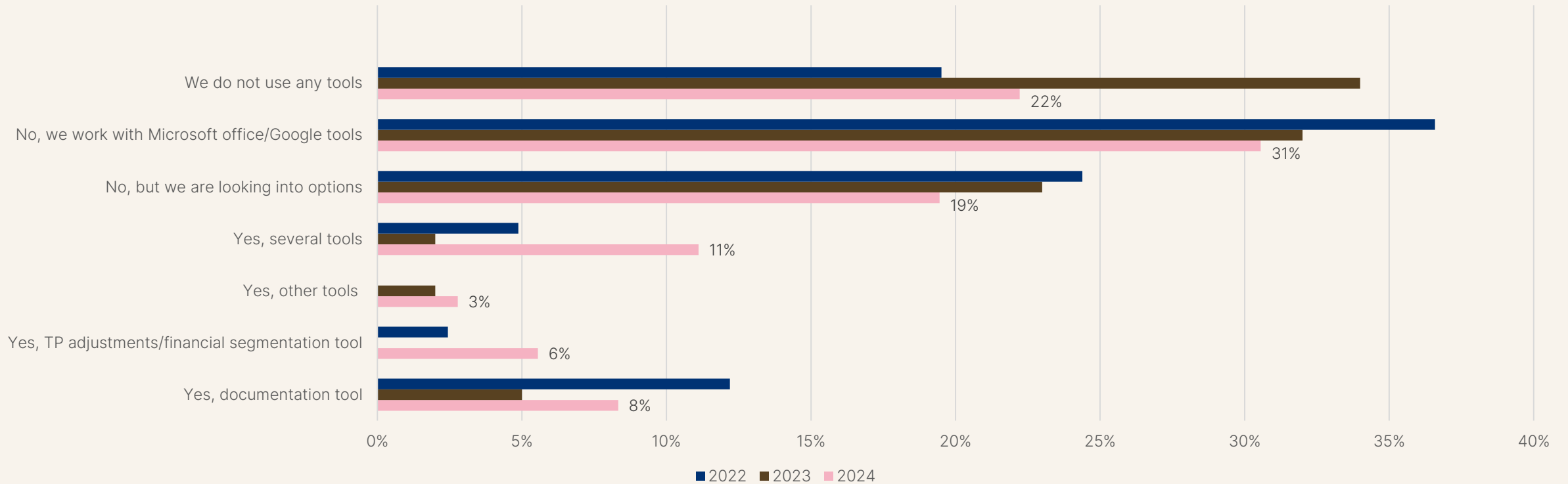
In your Local files, do you present the actual outcome of the applied pricing i.e. test the achieved profit margins?



Local files aim to show arm's length pricing, yet 25% lacked test sections or were unsure in 2024.

Start with price testing to align pricing with TP policy and maintain audit trails, then focus on compliance tasks like documentation.

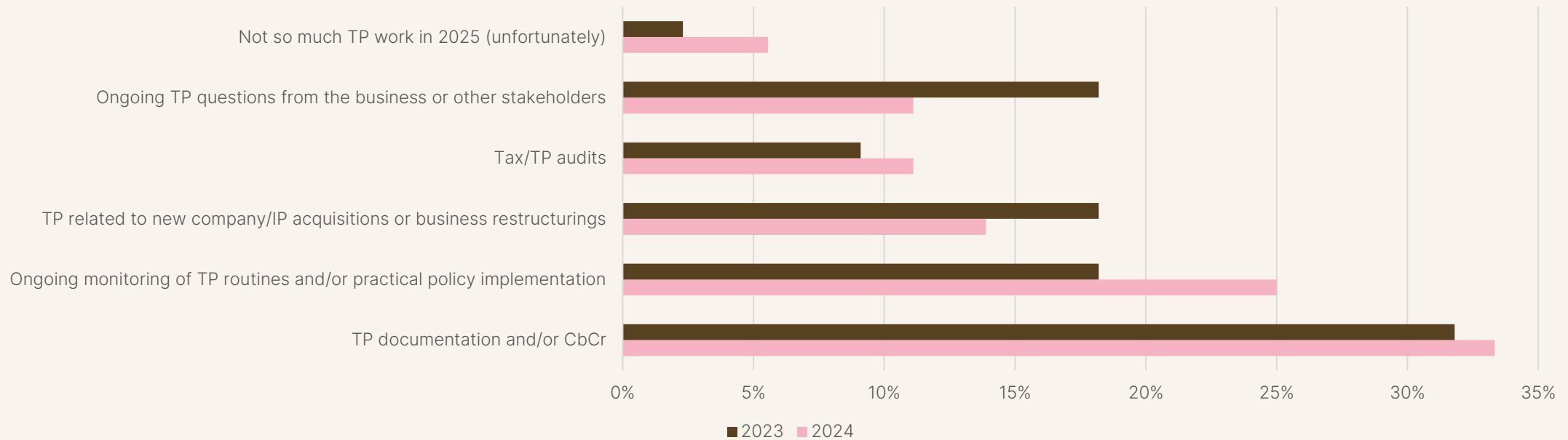
11. Have you implemented any TP software solution?



In 2024, **14%** of respondents use **dedicated TP software**, up from 5% in 2023, while 11% use multiple tools. However, **41% still don't use any tool**, and **19%** are exploring options, down from 23% in 2023. TP software hasn't yet gained widespread adoption. Respondents find implementation and learning processes too time-consuming, and many have other finance responsibilities, making it hard to justify the investment.

Tip: Don't aim for perfection on day one—focus on the most critical tasks. Digitalization doesn't have to be costly; many plug-in solutions and Microsoft tools are available. **Let's discuss options!**

12. What TP matters/type of TP-related work do you foresee to be the most time-consuming in 2025?



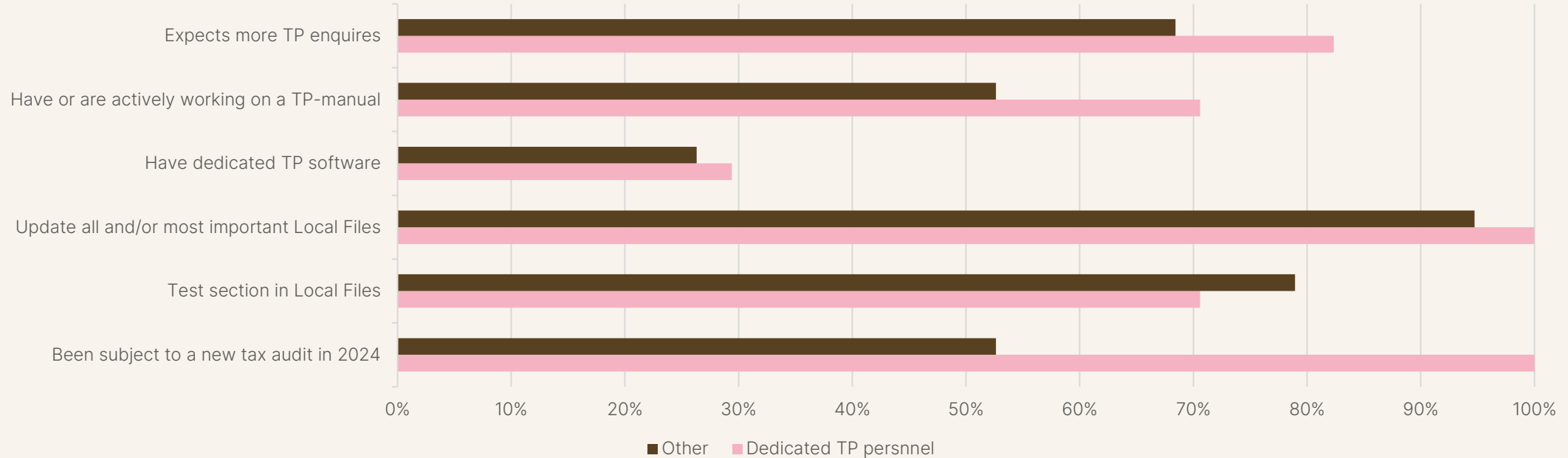
What does our respondents see as the most time-consuming TP-matters in 2025?

TP documentation is expected by **33%** of the respondents to be the most time-consuming TP-related work during 2025, which is consistent with the expectation last year (32%)

Practical policy implementation and ongoing monitoring of routines is the expected second most time-consuming topic for 2025.

This is a positive trend as we recommend beginning with practical policy implementation before focusing on compliance tasks!

13. What can we learn from companies with TP dedicated personnel?



So, what do the 100% dedicated TP personnel do, think and experience differently compared to the non-TP dedicated people?

1. The dedicated TP personnel have been subject to tax audits (**where all expect two included TP**) to a significantly larger extent than our other respondents – probably since the dedicated TP personnel represent larger companies that are prone to audit purposes.
2. Test sections in Local Files are **more common** among companies with **no dedicated TP personnel**. It could be that other companies rely on external consultants to a larger extent that includes this in their templates.
3. **Everyone but one company to keep their TP documentation updated** – great!
4. 29% of the TP personnel use TP software compared to 26% for the others.
5. 71% of TP personnel have or are working on a TP manual but the others are **not far behind with 53%**!
6. **82% of the TP personnel expect more questions** from tax authorities/external auditors and 68% of other companies expect this.

Background & details

- ❖ Censio Tax shared transfer pricing related questions with Swedish multinational companies during October – November 2024
- ❖ The purpose of the survey is to capture local Swedish TP trends and current best practice
- ❖ Most of the respondents have tax departments or dedicated tax and/or TP-personnel
- ❖ All responses are 100% anonymous and the answers cannot be tracked to any individuals or companies
- ❖ Contact us for more details or feedback!



Contact

- ❖ Viktor Nilsson at viktor@censiotax.com or +46 (0) 738 231 403
- ❖ Erik Koponen at erik@censiotax.com or +46 (0)763 094 190
- ❖ Try our website www.censiotax.com
- ❖ Follow us on LinkedIn www.linkedin.com/company/censiotax

