

Globalization Partners provides employer of record services for customers that want to hire employees and run payroll without first establishing a branch office or subsidiary in Sweden. Your candidate is hired via Globalization Partners' Sweden PEO in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

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Our solution enables customers to run payroll in Sweden while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in Sweden.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in more than 185 countries around the world, quickly and painlessly.

Sweden is the third largest country in the EU by land area and is located on the Scandinavian peninsula between Norway and Finland. Most of Sweden's 10 million people live in cities in the southern half of the country.

When negotiating terms of an employment contract and offer letter with an employee in Sweden, it may be useful to keep the following standard benefits in Sweden in mind:

Hiring, Negotiating and Doing Business in Sweden

Swedish companies tend to have a relatively flat hierarchy and decisions are often reached by consensus. This means that sometimes additional meetings are needed to give everyone a chance to participate and to buy-in. Punctuality is very important to Swedes, and while meetings may start with small talk, it tends to be brief. Swedes do not appreciate having their time wasted, so you should show up well-prepared with plenty of documentation and keep your emotions out of the negotiations. While Swedes value their leisure time, they are also very hospitable and are likely to invite you to their home for dinner. If you do get an invitation, bring a small gift like wine or chocolates.

When negotiating terms of an employment contract and offer letter with an employee in Sweden, it may be useful to keep the following standard benefits in Sweden in mind:

Employment Contracts in Sweden

Swedish law stipulates that employers must provide a written employment contract within 30 days to an employee if s/he requests one. It is legally required to put a strong, written employment contract in place in Sweden which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Sweden should always state the salary and any compensation amounts in Swedish krona rather than a foreign currency. The employment contract template is part of the service with Globalization Partners; no need to draft a separate template if you use our employer of record and PEO service in Sweden.

Sweden Working Hours

The Sweden work week is 40 hours. Workers are entitled to 11 hours between work days and 36 hours of consecutive rest during every seven day period.

Work hours should not exceed more than 48 hours per week, or 50 hours over a calendar year month. A maximum overtime of 200 hours is allowed per calendar year. Overtime is usually paid at a rate of 50-100% more than the normal wage, but can also be exchanged for free time or additional holidays.

Vacation Leave in Sweden

Swedish law guarantees 25 days of paid annual leave per year, and additional leave can be agreed to with employers. The Swedish vacation year is April 1st through March 31st. Vacation is typically earned in the previous year. For example, in the first year of employment the employee earns the vacation for the second year of employment. There is not statutory requirement to provide paid vacation in the first year, and it up to the discretion of the employer. An employee can roll over up to 5 days of unused vacation per year for up to 5 years. The employee can also cash out unused vacation time. However, the rollover and pay-out is of the vacation is structured, the employer must always allow the employee the opportunity to take 25 days of vacation. In addition to regular wages the employee is entitled to a daily vacation premium of .43% of the monthly salary.

Sick Leave in Sweden

Employees receive no pay for the first day of sickness. For the following two weeks, sick pay is paid by the employer at a rate of 80% of the employee's salary. On the 15th day the illness needs to be reported to Försäkringkassan (the Swedish Social Insurance Office), which then takes over the responsibility to providing sick pay. Only individuals with a Swedish person number have a right to governmental sick pay. If the employee is out for longer than 7 days they must present a doctor's certificate.

Parents who miss work in order to take care of a sick child (up to 12 years old) can also

receive compensation for lost income.

Sweden Maternity Leave

Swedish parents are entitled to 16 months of parental leave. A pregnant mother has a right to a minimum of 7 weeks of leave before the birth and 7 weeks after. Her partner has a right to 10 days parental leave around the time of the birth, and when the child is born the parents share a total of 480 days of parental leave which can be taken up until the child's 8th birthday or second schoolyear. Of these days 60 are tied to each of the parents. ,

Swedish parents can take advantage of the paid parental leave benefit provided by the government as part of the Swedish social insurance system. Parents on leave are generally eligible to receive 80% of their salary for the first 390 days, although remuneration is subject to a cap which varies between SEK 706 and SEK 992 per workday depending on which type of parental leave is taken. The remaining 90 days is capped at 180SEK per day. The employer does not need to pay salary to employee when they are on parental leave, through some agree to do so nevertheless.

Parents of children aged 8 and under have the right to work part-time (75% or more) which is taken advantage of by many Swedes.

Termination/Severance in Sweden

Before giving notice of termination, the employer must inform the employee two weeks in advance. The employee is then entitled to deliberations with the employer before the notice is given. The employer is entitled to provide reasons for his actions and the employee may demand to have the reasons in writing. Notice of dismissal must be made in writing.

The notice varies based on tenure, the minimum period of notice for both the employer and employee is one month for tenure that is less than 2 years. After 2 years it increases by a month every 2 years to a maximum of 6 months notice reached at tenure of 10 years or more. Employees are entitled to pay and other employment benefits during the period of

notice. However, if the employer has stated that the employee need not be available for work following the period of notice of termination or need only work for part of the period of notice, any income earned by the employee from other employment during the same period may be deducted by the employer.

In case of wrongful dismissal employees can sue for reinstatement. If the employer refuses reinstatement this can lead to damages ranging from 16 to 32 months of salary.

A dismissal is never dependent on approval by the union, but employers must consult with the union in many situations, including in

redundancy situations. If the employer does not consult with the relevant trade unions when required, the employer may be liable to pay damages to the trade unions concerned.

There are no mandatory severance payments under Swedish law (however, the individual employment agreements may specify otherwise).

Employees may give notice to terminate employment but do not have to give a reason for doing so. Such a termination is also followed by a notice period in which the employee is obliged to stay with the employer during this time, unless otherwise agreed.

Sweden Tax Rate

Social insurance in Sweden is financed mainly through employers' contributions. All employers must pay social security contributions on behalf of their employees. These contributions typically amount to 31.42% of gross salary. Foreign employers are obliged to contribute just over 21% of gross salary. Social insurance covers sickness, disability, retirement, etc.

Employees are obligated to pay municipal tax which is between 29.19% and 34.70% of the taxable income depending on the municipality, and national tax between 20% and 25%. . As of 2015, National tax is 20% on earned income between SEK 430,200 and SEK 616,100 and

25% on income more than SEK 616,100. Employers deduct the income tax from salary and employees are taxed at the same rate whether married or single, with or without children.

Health Insurance Benefits in Sweden

Sweden has universal health care, largely funded through local and regional taxes. Everyone in the EU would be eligible for the public health insurance, not just Swedish Citizens.

Sometimes if the employee belongs to a union providing private health insurance can be dictated by the CBA. Private health insurance is used to skip the line of public health insurance, and provide cash upfront instead of having to pay out of pocket and wait for the public health insurance to reimburse them. In Sweden this benefit is wrapped up into a bundled plan that includes Pension and a few protection benefits. Through Globalization Partners you have a few options of bundled plans to choose from, making for an easy and quick implementation.

Additional Benefits in Sweden

Some companies provide meal vouchers, company cars, stock incentive plans, and/or extra vacation.

Employer and Employee private pension schemes are also very popular in Sweden. For Non-Eu citizens working in Sweden a private pension insurance is generally a mandatory prerequisite for their Swedish work permit. It is not mandatory that an employer pay an extra pension in Sweden, but is becoming an extremely common and preferred additional benefit. It is common to offer a private pension to employees after they have met their probation period. 5-10% of their gross salary per month is standard.

Sweden Holidays

Sweden celebrates 13 public holidays for which employees are given the day off, including:

- New Year's Day

- Epiphany Day
- Good Friday
- Easter Monday
- Labour Day/May Day
- Ascension Day
- Sweden’s National Day
- Midsummer’s Eve
- November All Saints Day
- Christmas Eve
- Christmas Day
- Boxing Day (Second Day of Christmas)
- New Year’s Eve

There can be additional holidays depending upon the collective agreements or company policy. For example, many employees receive half days the day before a public holiday. Also, if a public holiday falls on the weekend most employers provide either the Previous Friday or following Monday off, but this is not required by law.

Why Globalization Partners

Establishing a branch office or subsidiary in Sweden to engage a small team is time-consuming, expensive and complex. Swedish labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Sweden. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you’re in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our Sweden PEO and [Global Employer of Record](#) solution provides you peace of mind so that you can focus on running your company.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in Sweden, please [contact us](#).