

# The Swedish Tax Agency's notices (Sw. meddelanden)

Unofficial office translation

## **Information from the Swedish Tax Agency ("STA") on allocation of acquisition costs for shares with respect to redemption of shares in Kinnevik AB against cash payment in 2020.**

SKV M 2020:12

### **The offer**

Kinnevik AB, corporate identity number 556047-9742 (Kinnevik) has stated the following.

The shareholders in Kinnevik decided upon on a 2:1 share split combined with redemption without any notification procedure at the annual general meeting held on 19 August 2020. The decision entailed a division of shares where those who on the record date on 26 August 2020 were registered as shareholders in Kinnevik for each A or B share held in the company received an ordinary share of class A and B and a redemption share of class A and class B.

Last day for trading in shares in Kinnevik including the right to redemption shares was on 24 August 2020.

Trading in redemption shares could take place during the period 27 August - 10 September 2020. Thereafter, the redemption shares were automatically redeemed for SEK 7 per share regardless of series.

### **Allocation of acquisition cost on remaining shares and redemption shares**

In case RÅ 1997 ref. 43 it is stated that redemption shares, received based on an existing shareholding, should not be considered to be of the same series and type as other shares in the company and that the

acquisition cost for the original shares should be allocated between remaining shares and redemption shares based on the market values at the time of the separation of the redemption shares.

Kinnevik Class A and B shares are listed on Nasdaq Stockholm.

### **Class A shares**

The last day of trading in Kinnevik Class A shares before the split and the separation of redemption shares was on 24 August 2020. The lowest price paid on that day was SEK 328.50.

Class A redemption shares could be sold in the market and were listed as of 27 August 2020. The lowest market price that day was SEK 6.99. 2.1 percent of the original acquisition cost for Kinnevik Class A shares should be allocated to the Class A redemption shares (6,99 / 328,50) and 97,9 percent to the remaining Class A shares.

### **Class B shares**

The last day of trading in Kinnevik Class B shares before the split and the separation of redemption shares was on 24 August 2020. The lowest price paid on that day was SEK 332.80.

Class B redemption shares could be sold in the market and were listed as of 27 November 2020. The lowest market price that day was SEK 6.99. 2.1 percent of the original acquisition cost for Kinnevik Class B shares should be allocated to the Class B redemption shares (6.99 / 332.80) and 97.9 percent to the remaining Class B shares.

### **Swedish tax rules on share redemptions**

When a shareholder redeems shares in a company, the shares are considered to be disposed of. A capital gains calculation must therefore be made in connection with the redemption. When calculating the capital gain, the shareholder may deduct the original acquisition cost for the redeemed shares from the remuneration received.

Alternatively, there is a standard method that can be used for listed shares. The standard method implies that the acquisition cost may be calculated to 20 percent of the remuneration for the redeemed or sold redemption shares.

Since the redemption shares were traded in the market for a certain period, the shares are considered as listed.

## **Example**

**SKV M 2019:23**

If the acquisition cost for Kinnevik Class B share immediately before the share split in this example is SEK 100,  $(100 \times 0.021 =)$  SEK 2.1 should be allocated to the redemption share. The remaining Kinnevik Class B share will then have an acquisition cost of  $(100 - 2.1 =)$  SEK 97.90. If the redemption shares are sold or redeemed for SEK 7, it would result in a capital gain of SEK  $(7 - 2.10 =)$  4.90.

The STA has decided on general advice on the division of acquisition costs between remaining shares and redemption shares, see SKV A 2020:17.