

The Swedish Tax Agency's general advice (Sw. allmänna råd)

Unofficial office translation

SKV A 2019:28
Corporate income tax

The Swedish Tax Agency's ("STA") general advice on allocation of acquisition cost, determination of sales price and acquisition cost with respect to the redemption of shares in Kinnevik AB against Swedish Deposit Receipts ("SDRs") in Millicom International Cellular S.A in 2019.

The STA decides upon the following general advice on the allocation of acquisition costs and on determination of sales price and acquisition cost with respect to the redemption of shares in Kinnevik AB against SDRs in Millicom International Cellular S.A in 2019.¹

Capital gains and losses from sale of capital assets is considered as income from capital according to Ch. 41 Section 1 and 2 of the Swedish Income Tax Act (1999:1229) (the "ITA").

A capital gain shall according to Ch. 44 Section 13 of the ITA be calculated as the difference between

- the remuneration for the asset disposed of or the issued obligation reduced with the costs for the disposal or the issuance, and
- the cost basis (Sw. omkostnadsbeloppet).

The cost basis means acquisition expenses (Sw. *anskaffningsutgifter*) increased with improvement expenses (Sw. *förbättringsutgifter*), according to Ch. 44 Sec. 14 of the ITA.

Non-cash income shall according to Ch. 61 Section. 2 of the ITA be valued at fair market value.

In case RÅ 1997 ref. 43 it is stated that redemption shares, received as a result of 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.

General advice:

Allocation of acquisition cost for shares in Kinnevik AB

81 percent of the acquisition cost for an original Class A share in Kinnevik AB should be allocated to the remaining share and 19 percent should be allocated to the redemption share.

¹ For more information, see the STA's notice, SKV M 2019:23.

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79 percent of the acquisition cost for an original Class B share in Kinnevik AB should be allocated to the remaining share and 21 percent should be allocated to the redemption share.

Sales price for the redemption shares in Kinnevik AB

Each share in Kinnevik AB that has been redeemed against SDRs in Millicom International Cellular S.A. should be considered as disposed of for SEK 60.09.

Acquisition costs for the SDRs in Millicom International Cellular S.A.

Each SDR in Millicom International Cellular S.A. which has been obtained by way of share redemption should be considered acquired for SEK 438.

The general advice is applicable as of FY19.

On behalf of the Swedish Tax Agency

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