

Swedish Enterprise Experts on current tax issues



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VAT - the villain who brings about empty premises

In a new [report, the](https://www.iva.se/publicerat/okad-lokaldelning-nyckel-till-resurseffektiv-bygg-och-fastighetssektor-menar-iva-rapport/) Royal Academy of Engineering, IVA, has calculated the problem of local waste. In articles in [»DI](https://www.di.se/hallbart-naringsliv/kontoret-star-tomt-90-procent-av-tiden/) and [»DN](https://www.dn.se/debatt/alla-kontor-som-behovs-i-sverige-ar-redan-byggda/), IVA emphasizes that offices and other operating rooms are only used for 10% and that they are therefore empty 90% of the time. IVA believes that probably all the business premises we need are already built. Whatever the case, it is clear that business premises need to be redistributed, adapted and used more. The report is part of the project "Resource efficiency and circular economy" and aims to strengthen Sweden's competitiveness in a society with limited resources.

The report presents a number of measures to the government, including: changed VAT rules. VAT is a big villain in this context. The voluntary rental VAT was introduced in 1979 to deal with the VAT problems of the time. The VAT Act and the Swedish Tax Agency's interpretation of the rules set a number of different requirements for voluntary rental VAT with regard to operating premises. Among other things, the rental must be

- permanent ie at least one year or so,
- full-time (not part-time),
- refer to certain specific surface area and
- the tenant must conduct a business that is subject to VAT or that entails the right to a refund of VAT.

Voluntary rental VAT is for many property owners and landlords a prerequisite since VAT on the rent also entails VAT deductions on purchases, operations and investments. If the voluntary rental tax is broken, this right of deduction disappears and, in addition, investment VAT (construction, rebuilding) must be reversed for 10 years in parts through so-called equalization (see further our proposal for change below).

Dated VAT rules prevent rentals and leave premises vacant.

- The full-time requirement prevents part-time rentals evenings and weekends in areas where you want a vibrant and [safer environment](http://blogg.svensktnaringsliv.se/fokus-pa-skatterna/momsen-som-hindrar-sakrare-utanforsknapsomraden/).

- The requirement on a certain area prevents activity-based or other forms of **»shared workplaces** (<http://blogg.svensktnaringsliv.se/fokus-pa-skatterna/delade-arbetsplatser-nasta-obegripliga-momssmall/>) that are in demand for incubators, accelerators, co-working spaces, creative clusters, business labs, office hotels, tech collective and innovation hubs.
- The requirement for so far or at least one year, due to increased competition not least from e-commerce, can increasingly be applied to retail premises.
- The requirement for a taxable tenant excludes **»sports associations** (<http://blogg.svensktnaringsliv.se/fokus-pa-skatterna/quick-fixa-hyresmomsen-for-foreningar-och-foretag/>) , environmental funds, care, school and care, etc. from premises.

In the **»bill** (https://www.svensktnaringsliv.se/Bilder_och_dokument/181024-hemstallan-om-lagandring-modernisera-hyresmomsen-wpdf_722655.html/BINARY/181024%20Hemst%C3%A4llan%20om%20lag%C3%A4ndring%20-%20modernisera%20hyresmomsen%20w.pdf), from the Swedish Enterprise and Property Owners, there are solutions.

It is incomprehensible that the government and the parliament silently allow these effects while 90% of the premises are empty. Politics is what we want to learn. But as for the rental tax, there seems to be no will, except the desire to stick your head in the sand.



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