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The 2022 Global Philanthropy Environment Index Sweden

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Cooperative, Corporation, Foundation

Five main social issues addressed by these organizations: Basic Needs, Health and Medical Research, Human Rights, International Causes, Youth and Family

Average time established by law to register a philanthropic organization: 0-30 days

Average cost for registering a philanthropic organization: USD 160

There are no requirements to register philanthropic organizations (POs) in Sweden. Managing and administering a PO may, for practical reasons, require an organization to apply for an organization number at the Swedish Tax Agency. An organization number is, for example, used when opening a bank account or signing a lease for a facility in the organization's name. The application for an organization number is made with a one-page form found on the Swedish Tax Agency website, approval is automatic and the process is swift. A PO that want to practice business activates, any buying or selling of goods and services, can choose to also register with the Swedish Companies Registration Office. The purpose of this would be to register and thus legally protect their name within their county. This registration cost is 1500 SEK (USD 160) for the county in which the PO is situated, and an additional 1100 SEK (USD 130) for any additional county out of the 21 counties in Sweden that the PO want to register in.

Please note that while the registration and costs have increased but due to changes in the currency exchange rate, the average cost in USD for registering a PO decreased.

Government levels primarily regulating the incorporation of philanthropic organizations: Central/Federal Government

THE 2022 GLOBAL PHILANTHROPY ENVIRONMENT INDEX

Incorporation is not required. The Swedish Tax Agency (central government) incorporates POs performing business activities.

Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	5.00	4.00	5.00	4.75	5.00	4.00	4.63
2018 GPEI	5.00	3.00	5.00	4.50	N.A.	4.00	4.30

Source: Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

Key Findings

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 5.0

There has been no change since 2018. For more information, please see the 2018 Sweden Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16700>

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 5.0

There has been no change since 2018. For more information, please see the 2018 Sweden Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16700>

Question Three: To what extent is there government discretion in shutting down POs?

Score: 5.0

There has been no change since 2018. For more information, please see the 2018 Sweden Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16700>

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 3.0

Tax incentives for charitable giving were re-introduced in Sweden on July 1, 2019. The background is that Sweden first introduced tax deductions for donations to POs in 2012, having up to that point been the only developed country in the world never to have had any tax incentives for private giving. These incentives were discontinued in 2015, following a change in government. The re-introduction of tax incentives in 2019 followed a new majority in Parliament after the 2018 general election. The new tax incentives could be seen as a political compromise between the Swedish government and its ruling Social Democratic and Green parties, which are mainly opposed of tax incentives, and the Liberal and Center parties, who support the minority government in Parliament and who are in favor

of tax incentives. The new incentive is a tax deduction from the income tax of private individuals. It comes with several restrictions, both on the “ceiling” of tax-deductible donations and the “threshold”, or the minimum annual amount required for donations to be deductible. A donor must give at least SEK 2000 (USD 210) annually, and each individual donation must be at least 200 SEK (USD 24). The maximum deductible amount is 6000 SEK (USD 640) annually, which gives a maximal deduction worth 1500 SEK (USD 160). To receive the deduction, the donor must provide their personal identity number (social security number) to the PO receiving the donation. The PO then registers the donation with the Tax Authority, and the deduction is added to the tax returns of the individual donor. Eligible donations can only be made to POs approved by the Tax Authorities. To be approved, POs must serve a public interest (not the economic interest of members) within the fields of social aid or scientific research. “Social aid” includes aid to any domestic or international cause. The number of approved POs varies, and in February of 2021 they number 142 aid organizations and organizations supporting mainly medical research.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 5.0

There has been no change since 2018. For more information, please see the 2018 Sweden Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16700>

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 5.0

There has been no change since 2018. For more information, please see the 2018 Sweden Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16700>

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 5.0

There has been no change since 2018. For more information, please see the 2018 Sweden Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16700>

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 5.0

There has been no change since 2018. For more information, please see the 2018 Sweden Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16700>

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 4.5

The re-introduction of tax incentives for charitable giving in 2019 improves the public policy score for Sweden. The restrictions on the income tax deduction for private giving limit the practical consequences of this policy change. The reform could, however, be seen as further recognition of the importance of POs in Sweden, which may have some significant symbolic value. For more information, see the 2018 Sweden Country Report here: <https://scholarworks.iupui.edu/handle/1805/16700>.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 5.0

Economic conditions in Sweden are generally favorable for POs. Individuals have complete freedom to accumulate wealth, financial institutions are well functioning, and Sweden shares the position as third least corrupt country in the world, according to Transparency International. The judicial system is also fair and effective. The current economic situation in Sweden has no immediate effects on the development of philanthropy, and conditions remain favorable. There are those in politics and academia who predict that philanthropy will have a more important role in the future Swedish welfare state, given demographic and other challenges. Research shows that POs are already essential for certain groups, such as homeless people, undocumented migrants, and vulnerable European Union (EU) migrants (Karlsson & Vamstad 2018).

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 4.0

There has been no change since 2018. For more information, please see the 2018 Sweden Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16700>

VII. Future of Philanthropy

These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Current state of the philanthropic sector

Swedish civil society, like civil society in the other Nordic countries, is mainly organized around unpaid voluntary work, membership organizations, and popular movements. There is also a history of philanthropic industrialists but the professional philanthropic sector, for which philanthropy in the United States sets the model, is a relatively new phenomenon in Sweden. There is a growing interest in philanthropy among businesses in Sweden, not least due to globalization and the international growth of trends like corporate social responsibility. Sweden is, in other words, becoming more like other European and North American countries in terms of philanthropic development, because of its highly internationalized economy and cultural influence. Sweden is, for these reasons, also affected by current international trends in philanthropy. Informal, non-institutionalized philanthropy using social media is one such trend, although the volume of donations made this way is still limited. More than 90 percent of donations from private individuals in Sweden are still made to the approximately 160 member organizations of the Swedish Fundraising Association, an umbrella organization representing typically traditional aid organizations.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. COVID-19 pandemic since 2020
2. Re-introduction of tax incentives in 2019
3. Change of government in 2018

Future development trends in the philanthropic landscape

Sweden is following, not leading, the emergence of new forms of philanthropy. Emerging forms of philanthropy in Europe and North America are certain to also emerge in Sweden in some form and to some extent, given the high level of internationalization and general willingness to be early adopters of global trends in Sweden.

Three key recommendations to improve the environment for philanthropy

- Remove or alter restrictions on tax incentives.
- Maintain current levels of political and economic stability.
- Maintain openness to international influences.

VIII. Philanthropic Response to COVID-19

These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

The response of the nonprofit and philanthropic sector to the COVID-19 pandemic has been dual and to some extent contradictory. On the one hand, nonprofit organizations have stepped up to provide resources in terms of voluntary work and funding for the pandemic response. On the other hand, the nonprofit sector has also voiced demands that government provide support for organizations in areas like sports, youth, and culture, which are suffering financially. POs have shown to be especially important for certain marginalized groups like people experiencing homelessness and undocumented migrants. POs in social welfare areas have, in many instances, kept working according to their normal routine, while public welfare institutions have reduced their capacity to limit the spread of the virus. This is because POs often serve groups with limited access to public welfare who are dependent on philanthropic aid.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

The type of spontaneous and informal aid efforts seen during the 2015 refugee crisis reappeared early in the pandemic. These are not organized by established philanthropic institutions but rather informal networks organizing by using the Internet and social media.

Impact of COVID-19 on the philanthropic environment

Five major umbrella organizations representing a very large share of established POs in Sweden have initiated an ambitious project to “create a new social contract” between the government and civil society in Sweden. This project, called NYSTA, was sparked by the COVID-19 pandemic and the lack of communication and unclear distribution of responsibility between the philanthropic and public sectors. The project includes interaction between these sectors in most of Swedish society, not just pandemic or disaster response. This could, potentially, have a long-term impact on the philanthropic environment.

Anticipated impact of COVID-19 on the philanthropic environment in 2021

Recent research performed at the Centre for Civil Society Research at Ersta Sköndal Bräcke University College shows that donor behavior was not significantly impacted by the pandemic. About the same share of the population continued to give about the same amount of money to the same causes. Some POs have been more active, and most of them have made modifications to their practices, with potential for innovation. All in all, however, the impact on the philanthropic environment has been limited, and there is no reason to expect it to grow in 2021. Instead, the philanthropic sector anticipates and welcomes a return to normal.

References

Karlsson, M., & Vamstad, J. (2020). New Deeds for New Needs: Civil Society Action Against Poverty in Sweden. *VOLUNTAS*, Volume 31(5), pp. 1025–1036.