

To invest and operate businesses is easy in Sweden – while the tax burden remains large.



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With an economy open to global trade and investment Sweden climbed in a yearly economic freedom ranking conducted by the American think-tank The Heritage Foundation and The Wall Street Journal.

Hong Kong remains the world's freest place to do business while the United States has lost its claim to an unrestricted economy, according to the [2010 Index of Economic Freedom](#) .

Sweden scored well when it came to trade, investment and financial freedom. Still, a “burdensome income tax rate” and “very high” government spending held the country away from the top positions in the index. The country’s economic freedom score was 72.4 points, up 1.9 points since last year, making its economy the 21st freest country in the world and 10th in the Europe region.

The report especially hailed how easy it was to set up and run a business in Sweden.

“The overall freedom to start, operate, and close a business is strongly protected under Sweden’s regulatory environment. Starting a business takes 15 days, compared to the world average of 35 days”, the report said, adding that even bankruptcy proceedings are fairly easy and straightforward.

Sweden climbs in economic freedom ranking

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Wednesday, 20 January 2010 09:21 - Last Updated Wednesday, 20 January 2010 10:11

It's also uncomplicated doing investments in Sweden as foreign companies may invest in most sectors and investment laws and the bureaucracy are efficient.

Regulation of the financial system is transparent and largely consistent with international norms while banking is guided by sensible regulations and prudent lending practices.

"The Stockholm Stock Exchange is modern, active, and open to domestic and foreign investors", it pointed out. "Sweden's banking system has weathered the global financial crisis relatively well. No government takeovers of banks have occurred".

Although being a country open to global trade with rather trouble-free trade procedures complex EU regulations and tariff barriers resulted in lower scores.

The overall regulatory and legal environment, transparent and efficient, encourages robust entrepreneurial activity, the report said.

On the downside Sweden's scores in fiscal freedom and government spending are among the lowest in the world.

"Although the corporate tax rate has been reduced and the wealth tax has been abolished, the overall tax burden remains large", the report said, pointing out that the top income tax rate of 57 percent is one of the world's highest and that total government spending is more than half of GDP.