

Sweden to close private equity tax loophole

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Reuters said that Sweden is to end loopholes used by private equity firms and others to avoid tax by borrowing money from related firms in low-tax or no-tax jurisdictions.

The move came after scandals related to private equity firms in the health sector.

"We cannot accept the aggressive and doubtful tax arrangements which we have seen, among others, by some risk capital companies operating in the welfare sector," Finance Minister Anders Borg said in a statement.

Risk capital and private equity companies have become increasingly active in the public sector in Sweden, owning companies which run homes for the elderly, clinics and schools, Reuters said. It also pointed out that the trend has sparked criticism that Sweden's traditional welfare system is being undermined.