



# Living in co-op housing





# Living in co-op housing

You are most likely reading this information because your co-operative housing association is a member of Bostadsrätterna. We are Sweden's biggest organization for co-operative housing associations and we have compiled the information in this brochure.

Co-op housing is one of several different forms of housing, all of which are quite different. For example, if you have moved from a rental apartment or a detached house into a co-op home, you may have some questions.

All members who live in the co-operative housing association and the building own everything together. This means that the members also have a shared financial interest in ensuring the association and the property are well-managed.

Living near to one another and having close economic relationships means there is also some risk of conflict arising between neighbors, and sometimes with the association. In order for everyone to get on as well as possible in the co-operative housing association, it is important to have plenty of information.

In this brochure, we explain the fundamental rules of a co-operative housing association, how co-ops work, and how the association can best manage the shared property – and thus reduce the risks of discord.

You will also find an explanation of what happens at the association's annual general meeting (AGM), as well as help to interpret the association's finances. We will also provide tips that may be relevant when it is time to sell your current co-op home and buy a new one.

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# The association and your apartment

## What is a co-operative housing association?

As the name suggests, a co-operative housing association is an economic association tasked with providing apartments with a right of use for an unlimited period of time. Co-operative housing associations are not for profit. The association is a legal entity that may sign various agreements in its name, and practically speaking, it is the board that does so.

Of Sweden's approximately 5 million homes, around 1.1 million are tenant-owned, housing cooperative apartments, which means over one in five homes is a tenant-owner's apartment.

We also know from surveys that over 90 percent of Swedes want to own their home. There are approximately 30,000 co-operative housing associations that own their buildings, as well as several thousand associations that have not yet been able to buy the buildings they occupy. Co-operative housing associations own 42 percent of Sweden's apartment buildings, making them the largest owners of apartments in apartment buildings. In addition to these, just over 100,000 tenant-owned homes are detached houses.

## Who is on the board?

The members that have been chosen to sit on the board of an association are usually signposted on a notice board, or presented in a newsletter or on the association's website. This information is also included in the minutes of the last annual general meeting of the association and in the annual report. If you cannot find this information in any of these places, you can always contact the Swedish Companies Registration Office (Bolagsverket) to request a so-called certificate of registration. This certificate includes the names of the members of the board and anyone else who is authorized to sign on behalf of the association. You can also search websites that provide business information, such as [allabolag.se](http://allabolag.se).

The board is responsible for signing contracts in the association's name and has the authority to represent the association. If the association fails to pay its invoices, neither the board nor the members of the association can be held responsible for payment, as the responsibility rests solely with the association. This means you can never be liable for payments that the association fails to pay.

Serving on the board of a co-operative housing association is essentially a voluntary role, but the work is demanding and carries significant responsibility. In order to show appreciation, members should therefore decide on remuneration for the board and the auditor at the annual general meeting. The board consists of members and alternates, known as deputies.

## **How is the board chosen?**

The members determine who will be entrusted with a seat on the board and thus with the task of managing the association. The board is elected at the annual general meeting of the association (AGM)..

Many co-operative housing associations have a nomination committee which, put simply, serves as the association's recruiting consultant. The committee was chosen at the previous annual general meeting to present recommendations for suitable individuals to serve on the association's board and as auditors for the following year. In some associations, they are also tasked with proposing the remuneration for the board.

The Act on Tenant-Ownership (Bostadsrättslagen) does not require associations to appoint a nomination committee. However, the bylaws of an association may require having a nomination committee.

## **What happens if no one wants to be on the board?**

In some co-operative housing associations, it can sometimes be difficult to put together a board. It can be even more difficult to get someone to take on the role of chair. But an association is legally required to have a board and a chairperson, and therefore, without enough members or a chairperson, the association cannot exist.

In that case, the ultimate consequence is that the association would have to be liquidated. As a result, the building would be sold as a rental property and all of the tenant-owners would become tenants instead. However, this is rare; Bostadsrätterna is not aware of any such cases in recent times.

## **What does the board do?**

After the annual general meeting, the board holds its first meeting following its election in order to determine who will serve as chairperson, unless the chair was appointed by the AGM, in accordance with the bylaws. Other roles, such as secretary or treasurer, may also be appointed. After the meeting, the new board is registered with the Swedish Companies Registration Office.

The board is the governing and executive body of the association. One of the board members must be appointed chairperson, which is the only position that is required by law. The chairperson ensures that board meetings are held and leads the work of the board. However, all board members are equally responsible for the operation of the association.

At the meetings, the board must take minutes, which are not made public to members. The board is bound by confidentiality, which means board members, deputies, and auditors must not disclose information that could harm the association or individual members if made public. For example, they may not disclose the final sale prices of the apartments in the association. Anyone wishing to know this information must instead ask the seller or buyer.



## **The association and your apartment**

The most important responsibilities of the board are to oversee the management and upkeep of the association's property; handle finances such as bookkeeping; and ensure that monthly fees and any rental fees are received. However, as board members generally conduct board work in their spare time, it is not unusual for them to lack time to handle the association's bookkeeping, for example. Instead, the board usually procures all or part of this service from a professional. But the board is still responsible to the members for this work.

In other words, board members are always responsible for their work in the association. But to be held liable for damages, it must be proven that a board member intentionally caused harm to the association or did so through negligence in the course of their duties. The board may have insurance that covers all or part of damage claims.

## **Do I own my apartment?**

As a tenant-owner, you do not directly own your apartment in the legal sense – although there are significant aspects of ownership in co-op housing. It is the association, i.e. all members together, who own the building and the land. As a tenant-owner, you are a co-owner and a member of the association, and you have the right to use your apartment.

Within the framework of what the bylaws permit, you have the right to make changes to the apartment, to sublet it, or to mortgage it. You also have the right to sell your co-op home at the price you can get on the market. If you do not comply with the bylaws, you could ultimately be evicted from your apartment and forced to move. In other words, you own the right to use your apartment and a share in the association – but this ownership requires collaboration with your neighbors in the association.

## **Bylaws, rules for well-being or rules of order**

Several laws apply to co-operative housing associations, but all associations also have their own bylaws. The bylaws are an internal set of rules, as well as a form of summary of the rules with which members must comply according to the law. The association's bylaws must be registered with the Swedish Companies Registration Office and all members should have access to them so that they know what applies in their particular association.

The association may also have rules for well-being or rules of order. Rules are necessary for well-being when you live in close proximity within a co-operative housing association. A co-op member does not only have the right to live in their home in the association's property, but also has obligations to the association and to the other members. In principle, everyone is therefore obligated to comply with the rules for well-being as decided by the association.

It is appropriate, but not necessary, for the annual general meeting to decide upon the rules for well-being. This will ensure that as many people as possible follow the rules. Officially, however, the board is responsible for issues related to well-being and may determine how to design and apply the rules.

## **Disturbances in the home**

In a co-operative housing association, it is important to accept people's differences and quirks. For example, we have to accept that neighbors will occasionally have a party or that children play and make noise. However, sometimes it can reach a point at which the disturbance becomes intolerable for neighbors. And at that point, it might be considered a disturbance in the formal legal sense as well.

The first recommendation is always to speak with one another, which often leads to a positive outcome. If this is unsuccessful, the board will need to take more formal action. Disturbances should be documented, i.e., the affected person should fill in a disturbance report. A member who causes disturbances and continues to do so after a warning could be evicted and forced to move as an ultimate consequence. In that case, the co-op home would be forcibly sold.

## **Financial plan**

All co-operative housing associations have a financial plan from the time of their formation. The plan is registered with the Swedish Companies Registration Office. It contains a list of the apartments in the property and the capital contribution of your apartment. In the past, the participatory share was also included in the financial plan, but this is no longer required. If several years have passed since the association's formation, the details in the plan may no longer be accurate.

## **What is a participatory share?**

In many associations, the participatory share corresponds with each apartment's share of the total capital contributions. Fees to the association are based on this ratio. But other principles are also applied now, for example, a participatory share for ownership and for the allocation of costs. Sometimes the participatory share is completely separate from the capital contribution and is calculated based on area, for example.

Information on participatory shares is often, but not always, included in the financial plan, as this is no longer required. Participatory shares can also be found in the association's list of apartments.

## **List of members and list of apartments**

All co-operative housing associations are required to have a list of members and a list of apartments. These lists include all members, the apartments in the building, and who the tenant-owner is. The list of apartments is a co-operative housing association's most important document, because it is the sole list of tenant-owners in the housing association over time. This document also specifies whether the tenant-owned home is mortgaged. As a member, you – but no one else – are entitled to obtain an extract from the list of apartments with the information about your apartment, for example, to show the bank that you are the rightful owner and that the apartment is not subject to a previous mortgage.

Unlike the list of members, the list of apartments is not public.

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### Mortgaging a co-op home

As the tenant-owner, you can use your co-op home as collateral for a loan. If you sell your co-op home, the buyer will likely also want to mortgage it. Mortgaging works as follows: you sign a loan agreement and simultaneously declare that you pledge your co-op home to the bank as security for the loan. The association must then be notified that the mortgage has been registered. Once the association has been notified, the mortgaging process is complete. The association should immediately make note of the mortgage in its list of apartments.

A co-op home can be mortgaged multiple times. The bank assumes the risk and determines whether or not the co-op home is sufficient security. If the tenant-owner fails to pay the fee to the association, the lender must be notified.

### May I sublet my apartment?

Tenant-owners may sublet their homes if the board gives permission to do so. Valid reasons include subletting to family members, working or studying elsewhere, or living with a partner on a trial basis. Typically, this means you are temporarily unable to use your apartment. The association may charge you a fee to sublet your apartment provided that the bylaws permit it and the board decides to do so. If the board of the co-operative housing association does not grant permission to sublet, you can contact the rent tribunal (Hyresnämnden), which has the authority to determine whether you are entitled to sublet your home regardless.

Some associations are restrictive about approving subletting other than when the member is legally entitled to sublet their co-op home. Other associations are more generous about subletting. The association depends on members living in the property and participating in the work of the association. If an association is too generous, there is a risk that work within it will suffer.

If you would like to sublet your home, you must submit a written application to the board stating why you want to do so. You must also include information about who will rent the apartment and when. Do not forget to give the board your new address for the time during which you sublet your apartment. Bostadsrattarna.se has an application form for subletting that you can give to the board.

It is important to remember that as a member, you are responsible for paying the monthly fee and you are also accountable for the conduct of your tenants.

If you sublet your apartment for more than two years, in some cases you may need to waive what is known as protection of tenancy. Waiving this protection is not usually required, but you can read more on the topic at hyresnamnden.se. Otherwise, there is a risk that it may be more difficult to regain access to your apartment when you want to move back in. You can also find additional valid reasons for subletting there.

You do not need to apply for permission to have a roommate as long as it is not a problem for the association.



## **Who is responsible for maintenance and repairs?**

As a member, you are responsible for the maintenance and repair of everything inside of your apartment. The association is responsible for common property, such as pipes, stairwells, cellars, attics, facades, the roof, and any garden or courtyard. It can sometimes be difficult to draw the line between the association's responsibilities and your responsibilities, but simply put: you are responsible for what you can see – surface finishes, furnishings, appliances etc. For example, this means kitchen cabinetry and the stove, refrigerator and freezer. As for installations, you are usually also responsible for the so-called branch pipes, which lead to the main systems for drainage, water and electricity, as long as they are inside your apartment. You are not responsible for anything inside of the wall or under the floor, such as pipes and electrical wiring. Members are sometimes responsible for painting the radiators. Responsibility for windows and doors may also vary from one association to the next.

To learn the specifics of the division of responsibilities between yourself and the association, read your association's bylaws.

## **What changes may I make to my apartment?**

As a tenant-owner, you have fairly extensive freedom to make changes to your apartment, because you are responsible for the maintenance of its interior. However, it is essentially not allowed to make changes outside of the apartment without the board's permission. An example of this would be drilling into the facade. Some measures in the apartment do require permission from the board, however, and as of January 1, 2023, the rules have changed somewhat. For example, you must apply for permission if you intend to install or modify the pipes for plumbing, heating, water or gas, as well as the ventilation systems, or if you intend to make alterations to a load-bearing structure or any other significant changes in the apartment.

This means that you cannot create a door in a load-bearing wall without seeking permission from the board first, nor can you move the kitchen or bathroom, as these changes would require altering the plumbing and wiring. Even a minor change like removing a hot water radiator requires permission, since this affects the heating pipes. Installing or modifying a fireplace or flue would also require the board's permission. A member is not allowed to make changes to anything for which the association is responsible according to the bylaws.

If you intend to carry out repairs or renovations in your apartment, begin by contacting the board to ensure that what you plan to do does not require specific permission from them. Some renovations in the apartment would also require a building permit from the municipal building committee.

If an apartment has special historical, cultural, environmental, or artistic value, permission is always required to carry out any measure that might affect that value.

The board may only deny permission for a measure if it is "detrimental or causes significant inconvenience to the association." However, permission may be subject to conditions.

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If you are dissatisfied with the board's decision, you can ask the rent tribunal to review the case. The rent tribunal's decision can be appealed with the Svea Court of Appeal (Svea hovrätt).

Carrying out measures without permission constitutes grounds for forfeiture, as stated in the law; this means the board could ultimately evict you and you would have to vacate your apartment.

## **What insurance do I need?**

Every co-operative housing association has property insurance that generally includes coverage for damage to the building such as water damage, fire damage, or damage caused by burglary. Water damage refers to a leak from a pressurized water supply line.

The property insurance does not cover damage to your personal belongings or to anything that you are responsible for maintaining inside your apartment as a member. When you take out home insurance, you should also purchase additional insurance coverage for tenant ownership (bostadsrättstillägg). These days, many associations purchase such coverage for everyone in the building. Ask your board about how your association handles this coverage.

## **Differences between housing associations and co-operative housing associations**

When looking for a home, especially in bigger cities, you might come across a so-called housing association. In this form of housing, the housing association owns the property and leases out the apartments. These associations were formed in the early twentieth century, prior to 1930, when co-operative housing associations could be formed for the first time.

Housing associations and co-operative housing associations work in more or less the same way, but housing associations are only regulated by the Economic Associations Act, and not by the Act on Tenant-Ownership.

Because the Act on Tenant-Ownership does not apply to housing associations, the bylaws are especially important in a housing association. The bylaws regulate matters such as how fees are calculated, the allocation of responsibilities between members and the association, and rules for voting rights.

Another important difference is that housing association members cannot refer to the rent tribunal to assess matters related to membership and subletting.

Most associations today are co-operative housing associations and follow the rules in the Act on Tenant-Ownership.

# Annual general meeting of the association and the board

If the association uses the calendar year as its financial year, then the annual general meeting (AGM) of the association is usually held in the spring. This is when individual members have an opportunity to influence the association's activities by presenting their own ideas. The AGM is the co-operative housing association's most important annual meeting – it is an occasion for members of the association to come together to review the operations and lay the foundation for the next year. The AGM is to approve the board's management during the past year and also selects the board and auditors for the year ahead. During the year, the board manages the association's operations and the auditors review the board's work on behalf of the members.

In the following example of an agenda, you can see what is typically addressed under each item at the AGM and how the meeting is carried out.

## **1. Opening**

The AGM is opened by the chairperson of the association.

## **2. Appointment of chairperson of the meeting**

The AGM selects someone to serve as chair of the meeting. This could be a member of the association or a third party. Members should not select a board member to serve as chairperson of the meeting, since it is the board's work that will be reviewed at the meeting.

## **3. Registration of the meeting chairperson's selection of keeper of the minutes**

The meeting chairperson appoints someone to keep the minutes during the AGM.

## **4. Approval of the agenda**

Next, members approve the agenda, that is, the issues that will be addressed during the meeting.

## **5. Election of two people to check the minutes**

The members choose two individuals to verify the minutes, that is, to confirm that the minutes correctly record the decisions made at the meeting. These two people are also usually responsible for counting the votes. The meeting chairperson should also check the minutes.



## **Annual general meeting of the association and the board**

### **6. Matter of whether the meeting was duly summoned in accordance with the bylaws**

Under this item, members confirm that they received notice of the meeting in a timely manner. The notice for the regular meeting must be sent at least four weeks before the AGM, unless the bylaws specify a different time. Two weeks is the minimum notice period for regular and extraordinary meetings that may be set in the bylaws.

### **7. Establishment of the voting list**

The number of voting members present at the AGM is now confirmed. A member usually has one vote. If someone shares ownership of their co-op home with a spouse, partner, or registered partner, they share one vote with that person. They must then determine which of them will vote. Members who cannot attend the AGM may authorize a proxy to vote on their behalf at the meeting. For example, this could be a spouse, partner, or relative. But check the bylaws to determine how voting rights work and who may serve as a proxy or assistant in your association. Because the meeting is only for members of the association, an external person may not attend the meeting on behalf of a member to serve as proxy.

### **8. Review of the board's annual report**

The board's annual report is usually sent out in advance so that all members have a chance to read it before the meeting. The report contains information about the composition of the board, auditors, loans, other significant matters, proposals for the distribution of earnings, as well as the income statement and balance sheet.

As of 2024, annual reports must also include certain key ratios: annual fee per square meter, debt per square meter, savings per square meter, interest sensitivity, and energy cost per square meter. A cash flow statement should also be included in the co-operative housing association's annual report. If there is a loss, the association must also describe how future financial obligations, such as maintenance of the property, will be financed.

### **9. Presentation of the auditor's report**

The auditor's report is the auditors' commentary on the board's annual report. It should be attached to the annual report.

### **10. Decision on approval of the income statement and balance sheet.**

The income statement and balance sheet presented in the annual report should now be approved. If the auditors approved the income statement and balance sheet in their report, it is standard for members to make a decision based on the auditor's suggestion.

### **11. Decision on the distribution of earnings**

The members now decide on the allocation of the year's earnings, i.e., how the profit

will be used or how the loss will be covered. Usually, the decision is to carry it over to the new accounts, which means it is transferred to the next year's income statement and balance sheet.

### **12. Matter of discharge of liability for the board**

Now it is time for the members to, hopefully, approve the board's release from liability for the previous financial year, based on the auditors' recommendation. Discharge from liability is granted through a decision by a simple majority. However, if one tenth of the total number of voting members opposes the discharge of liability, they may seek damages through legal action. If the board is not granted discharge from liability, no action is taken unless, within one year, the members file a request with the district court to assess the board members' liability for damages.

### **13. Decision on remuneration for board members and auditors**

The AGM also decides on remuneration to board members and auditors who carry out work in the association. Serving on the board is demanding and carries significant responsibility. The members should therefore consider what would be a suitable fee for the board, which also depends on how many board members there are. The work and the fee may vary from one association to the next and from one year to the next, depending for example on whether a sizable renovation project will be carried out. It is appropriate for the members to decide on the fee as a single amount, which the board can then distribute among its members based on how much work each board member has contributed.

### **14. Decision on number of board members and deputies**

The AGM decides on the number of board members and deputies in accordance with the association's bylaws, which specify how many members and deputies may be elected. There is usually a range with a lowest and highest number. Legally, the lowest number of members must be three.

### **15. Election of board members and deputies**

After deciding on the number of board members and remuneration to them, it is time to elect the board, that is, who will represent the association during the upcoming financial year. The AGM chooses members and their alternates, which are known as deputies. It is a good idea for as many members of the association as possible to gradually learn what it involves to serve on the board. It is therefore desirable for seats on the board to circulate among members.

### **16. Election of auditors and deputy auditors**

The election of auditors is an important item on the agenda. The AGM should choose people with insight into how the association works and with financial expertise. Remember that the auditors are the supervisory body to the board. Members should

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not choose an auditor who is a close family member of one of the board members or dependent on a board member in some other way. Bostadsrätterna recommends that associations choose an auditor who is outside of the membership circle. It is valuable to have the association reviewed by an external party. Members can also elect an auditor from among themselves to review the operation together with an external auditor.

### **17. Election of the nomination committee**

This item is not in the bylaws in all associations. Read what is in your association's bylaws. If there is an existing nomination committee, the matter of whether its members wish to continue can be addressed. Otherwise, a new one is chosen by the AGM.

### **18. A matter raised at the AGM by the board or an issue submitted by a member of the association**

If you have a proposal, called a motion, that you want the AGM to address, you must submit the motion to the board well in advance of the AGM. The bylaws may state how long before the AGM the board must have all motions. Under this item on the agenda, the board may also have various proposals for the members to decide on. This item is skipped if there are no proposals or motions.

### **19. Conclusion of the AGM**

Only after the AGM is formally concluded may other matters be discussed. Legally, the meeting may not make decisions on matters other than those specified in the notice. Examples of "other matters" could include upkeep of the laundry room or discussion of cleaning days. This kind of discussion can provide guidance for the board in its ongoing work, but is not binding.

## **Extraordinary general meeting of the association**

If necessary, the board may call an extraordinary general meeting of the association, when a particular issue requires a quick decision. If the auditors or at least ten percent of all members request an extraordinary general meeting, the board is required to convene one.

## **Minutes from the annual general meeting of the association**

Minutes are taken at the annual general meeting of the association and must subsequently be checked. This must be done no later than three weeks after the AGM concludes and the minutes should then be made available to members. Note that the minutes of the general meeting are the only type of minutes that members have the right to see. However, auditors are entitled to read, for example, the board's minutes for the financial year and other documents on behalf of members.







# Finances in the association

## **What does the monthly fee go to and how is it calculated?**

Every month or quarter, you pay a fee to the association. This is the so-called annual fee, which is decided by the board and covers your share of the association's common expenses for the property. The association has calculated participatory shares to distribute the association's costs among the members. The apartments' capital contributions reflect the members' ownership stake in the association and are sometimes the basis for the distribution of the annual fee among the members. Another common basis is the participatory share.

## **What costs does my association have?**

The association has numerous expenses to pay, such as interest and operating costs for heating, water, waste management, property insurance, internet and electricity. The cost of repairs and maintenance of the property must also be paid.

## **Different sections of an annual report**

The association's annual report presents how its finances look today and how they have changed over the past year. It is the association's most important document and provides you, as a member, with a lot of important information about the association. An annual report consists of several mandatory parts: an administration report, cash flow statement, balance sheet, income statement and notes.

### **Administration report**

The association's annual report begins with an administration report. In it, the board presents the events of the year and plans for the future. It also lists who served on the board and sometimes states how many co-op apartments changed owners during the year. It may also contain information on whether the association has rental units that could be converted into tenant-owned homes or whether it has premises that generate income. In addition, it contains information on the association's maintenance plan and how maintenance is financed. In connection to the administration report, there are important, mandatory key ratios that make it easier to understand the association's finances: annual fee per square meter, debt per square meter, savings per square meter, interest sensitivity, and energy cost per square meter.

### **Balance sheet**

This section provides an overview of the association's financial situation. It presents the association's assets and liabilities at the end of the financial year. It is also a measure of the association's financial position. Does the money come from the members' capital contributions or are some assets financed through bank loans?



### **Income statement**

Did the association make a profit or loss? Even if the result for the year indicates a loss, it does not necessarily mean that the association is doing badly. For example, perhaps renovations were carried out during the year that were financed with the association's saved capital.

### **Cash flow statement**

This is where the association provides an account of the funds available in the cash reserve at both the beginning and end of the year. It also presents the total outgoing and incoming payments compared with the previous year. The cash flow statement may be easier to understand than the income statement and balance sheet.

### **Notes**

The accounting principles are provided here, along with more specific details on the various incomes and expenses. Income for the association generally comes from members' monthly fees, transfer fees, and rent from both housing and premises. An association's expenses include ongoing maintenance, heating, electricity, water and sewage. A list of the association's loans, loan terms, and interest rates can also be found here.

### **Surplus or deficit?**

The fundamental concept of a co-operative housing association is that it should be run on a cost-covering basis, meaning that surpluses and deficits should balance out over the years. An association that reports deficits in its annual report can have the same financial health as one that reports a surplus. Deficits often arise in conjunction with bigger maintenance projects. The surplus for the year is not usually enough to cover such expenses, which may result in the association reporting substantial deficits if the work is not depreciated correctly. Similarly, an association with a surplus may have postponed maintenance, resulting in large added costs in the future. What matters most is that the association has the financial ability to pay its bills.

In addition to the profit or loss for the year, most associations vote at the annual general meeting to set aside funds for future exterior maintenance of the property. These funds are not typically placed in a separate account; instead, the reserve exists solely in the accounting records as part of the association's equity, as shown in the balance sheet.

### **Maintenance plan**

The board of the association should establish a maintenance plan to outline the necessary repairs and upkeep for the property over the coming 30–50 years. A 50-year maintenance plan is mandatory for newly built or newly formed associations. The plan is a tool for the board and is not necessarily available to members. However, it is important for members to be aware that the board has a long-term approach to planning for the property.

## **How is the association taxed?**

A co-operative housing association is taxed either as a private housing company or as a non-qualified housing company. A share (apartment) in a private housing company is known as a private co-operative home. A share (apartment) in a non-qualified housing company is known as a commercial co-operative home. Over 90 percent of associations are so-called genuine private housing companies.

The association pays a municipal property tax and property tax on premises. The municipal property tax is a maximum of 0.3 percent of the assessed taxable value of the property. For premises, the tax is 1 percent of the taxable value of the premises. For co-operative housing associations with detached houses, the property tax is a maximum of 0.75 percent of the total taxable value. The Swedish Tax Agency (Skatteverket) can provide information on the current maximum levels for these taxes and fees.

## **What is a false co-operative housing association?**

In order for a co-operative housing association to qualify as a genuine association, at least 60 percent of its activities must consist of providing housing to its members, which is referred to as qualified use. This must be co-op housing for natural persons.

A false co-operative housing association (non-qualified housing company) is taxed similarly to a limited company. In principle, all income and expenses should be included when calculating income, and profits should be taxed. Tenant-owners are subject to benefit tax while living in the association. Compared to residents in genuine co-operative housing associations, the seller of a co-op home in a false co-operative housing association is subject to a higher tax on profit and is not eligible for a deferral.

## **Can the association deduct VAT?**

The association pays VAT on most goods and services purchased for the property. If the association has commercial premises that are used for VAT-taxable activities, it can request to voluntarily be subject to VAT, which means it can charge VAT on rent. Voluntarily registering for VAT can be advantageous, because the tenant can deduct the VAT and the association can get a deduction for VAT on expenses related to the property. However, since fees and rent for residential properties can never be subject to VAT, most co-operative housing associations cannot deduct VAT. If the association has parking spaces and rents any of them out externally, the association must register for VAT. This is not voluntary.

## **When I sell my co-op home**

As a tenant-owner, you can sell your apartment at any time and usually at any price you like. Buying and selling a co-op home must be done in writing. For the purchase to be valid, the purchase agreement must specify the price and the apartment being purchased, and it must be signed by both the seller and the buyer. You must

then submit a copy of the agreement to the board when the buyer applies for membership in the association. Remember that many associations prefer not to have a company or legal entity as a member, because it could be detrimental to the association's activities. The board is entitled to reject a company's application for membership for a permanent home, regardless of what it says in the association's bylaws. If the buyer is not granted membership in the association, the purchase becomes invalid and is reversed. Note that the buyer is not allowed to move into the apartment until membership is granted.

### **Taxes when selling a co-op home**

Profit from the sale of a co-op home is taxable. Currently, 22 percent of the profit is paid in tax. This is calculated as follows: the starting point is the price stated in the transfer agreement. Estate agent's fees, valuation costs, and other selling expenses may be deducted. If there is a maintenance fund for the apartment, this amount must be deducted from the price. The remaining amount is the sales revenue.

From this amount, deduct the price you paid for the co-op home when you bought it. In the declaration, you also specify improvement costs, the cost of value-enhancing repairs to the apartment, and capital contributions to the association. You are taxed on the remaining amount. If you are the first owner of a co-op home in a newly established association, the capital contribution and transfer fee constitute the purchase price.

Tenant-owners who sell at a profit can usually defer taxation up to a certain amount when purchasing a new home.

Rules regarding capital gains tax are complicated. The Swedish Tax Agency has information on its website and additional questions can be directed to their tax information service.

If you live in a false co-operative housing association (non-qualified housing company), different tax rules apply than in a genuine association. The Swedish Tax Agency has more information about this on their website.



# This is Bostadsrätterna

Bostadsrätterna is a nationwide organization for Sweden's co-operative housing associations, also known as tenant-owned housing. We work to support tenant-owned housing and provide information. Opinion-formation is a natural element of the operation. We are an economic association that formed in 1921, which makes us the oldest co-operative housing organization in Sweden.

## Guidance, support and information

A significant part of our mission is to educate and provide guidance to the boards of our member associations, for example via phone and through our magazine for boards, Bostadsrätterna Direkt ("Co-operative Housing Direct"), as well as the magazine intended for residents, Din Bostadsrätt ("Your Tenant-Owned Home"). Members are also offered a wide selection of benefits. These are mainly for the board, but some are also intended for you, as a member.

## More knowledge for more security

Tenant-owned housing is becoming an increasingly important subject for more and more people. As tenant-owned or co-op housing becomes increasingly common, more information is needed about it, both for boards and for individual members. Bostadsrätterna has one of the most comprehensive course offerings in the market for co-op housing, primarily for the boards of co-operative housing associations, but also for individual members.

## A democratic organization

Bostadsrätterna is a democratically established organization, in which our member associations have a free and independent position. A co-operative housing association may request to withdraw at any time. Every co-operative housing association that is a member of Bostadsrätterna is run by the residents, with full decision-making power and full liability.



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