

KLÖVERN

The County Administrative Court pronounces a judgment in tax case

The county administrative court has pronounced a judgment which means that Klövern will receive approximately SEK 121 million in tax loss carryforwards which derive from the period as an IT business. At the same time, the county administrative court considers that Klövern is not entitled to the tax loss carryforward of SEK 4,933 million claimed for capital loss on divestment of the shares in Adcore Stockholm.

"It is gratifying that the county administrative court has quashed the Tax Agency's decision on the prohibited loan. The reasoning in support of the judgment concerning the requested deduction of SEK 4,933 million gives us good hope that the administrative court of appeal will grant the deduction", says Gustaf Hermelin, Klövern's CEO.

On 15 November 2006, the Tax Agency made a decision after reconsideration on income tax assessments for 2002 and 2003. This decision concerns the period when the company was engaged in the IT business under the name of Adcore AB. The Tax Agency considered, among other things, that Klövern should be taxed for a prohibited loan of approximately SEK 121 million and should pay a tax surcharge of around SEK 12 million. The county administrative court does not share the assessment of the Tax Agency that taxation should be imposed for a prohibited loan and has accordingly quashed the Tax Agency's decision including the tax supplement of SEK 12 million. The county administrative court's judgment means that Klövern will receive approximately an additional SEK 121 million in tax loss carryforwards and the company's future tax expense will accordingly decrease by almost SEK 32 million. The Tax Agency may appeal against the judgment of the county administrative court to the administrative court of appeal.

In the above-mentioned reconsideration decision, the Tax Agency decided not to grant the company a deduction of SEK 4,933 million in accordance with the request submitted by Klövern for the 2003 tax assessment year. The claim for a deduction, which also concerned the period when the company was engaged in the IT business, relates to divestment of the subsidiary Adcore Stockholm AB. The county administrative court rejects the company's appeal stating as reason that the definitive divestment was made after introduction of a prohibition of deductions for share losses. Klövern will appeal against the judgment of the county administrative court to the administrative court of appeal. The company considers that the chances of the administrative court of appeal consenting to the appeal are good.

In a previous judgment, the county administrative court imposed a tax surcharge of around SEK 493 million for provision of incorrect information concerning the claim for a capital loss deduction. The Tax Agency has appealed against the judgment of the county administrative court. A judgment from the administrative court of appeal is expected during the first half of 2009.

Klövern has been represented by attorneys-at-law Thomas Andersson, Deloitte, and Börje Leidhammar, Wistrand advokatbyrå.

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