



# **Fritidslandsbyen Gammalstorp**

**Economic Association  
Guide to co-owners**

# What is an economic association?

An economic association, like a limited company, is a Swedish company structure which consists of members. It is a co-operative and democratic type of company and it is being used by existing co-living communities in Sweden today.

A cooperative economic association stands for equal and democratic ownership and governance, each member representing one vote at the annual general meeting. No one can own a larger part of the company than anyone else.

An economic association is a company characterized by the fact that you are only liable for your deposit. The association own the land and pay property tax, service costs and can hire and pay employees to take care of the land and houses.

The major decisions and choices are made at the annual general meeting, this is also when the board is appointed. Some decisions can also be made by the board at the recurring board meetings during the year, and tasks can be handed out to potential employees or other members and work groups.

Perhaps you have heard of a "Bostadsrättsförening"? It is a form of economic association, the only difference is that individuals own specific houses or apartments themselves. A cooperative economic association's purpose is only to run a financial business of which its members take part in and benefit from. In our case the benefits are the usage of the whole village, split costs of different kind of services (electricity, garbage collection, cleaning etc) and of course social activities.

An economic association only has to pay taxes on potential profits by selling goods and services (which we will not) and VAT on services we will be have and employer tax for the employees. The membership deposit is not subject to tax. However, if you sell your share you will have to pay 30% Swedish tax on the potential profit.

Since the property is owned by the association the property value tax is imposed on the association, not the individual. For new constructions there is no property tax for the first 15 years after construction is finished. After 15 years the tax is 0,375 % (applies for year 2021 and will probably change slightly during the next 15 years) of the property value of each plot with a main building.