

# Press release



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## **Sweden's Supreme Administrative Court reverses lower courts' decisions on leasing cases**

Sweden's Supreme Administrative Court today decided not to accept tax deductions for value decreases in connection with joint ownership in two limited partnership companies active in aircraft leasing. The Supreme Administrative Court thereby reverses the decisions made earlier by the lower courts in respect of these two cases.

The background is that jointly with Sandvik and Skanska, STORA entered into two Swedish limited partnership companies in 1988, which acquired aircraft from Boeing and subsequently leased them to international aircraft companies. Sweden's National Tax Board claimed that the partners in the limited partnership companies do not have the right to make deductions for depreciation in the value of the aircraft and has engaged in legal proceedings in both cases since 1990. Both the County Administrative Court of Appeal and the Swedish Fiscal Court of Appeal have ruled against the National Tax Board's claim, but the Supreme Administrative Court has now reversed the decisions of these lower courts and considers the tax deductions cannot be accepted. A more detailed analysis of the Court's decision will take some time.

The immediate effect of the Supreme Administrative Court's decision in these two cases is that STORA must pay tax earlier than would otherwise have been the case. The decisions, which relate to taxes for the years of 1989 and 1990, also mean that STORA's taxes for the years 1991-1997 will now require adjustment. The additional net total expense for STORA has been estimated at around SEK 90 million, which will be charged against consolidated earnings for 1998. In addition to taxes, the amount includes interest on the tax charges which, according to the Supreme Administrative Court's decision, should have been paid during earlier years.

STORA is a joint owner in two other limited partnership companies, which are engaged in similar operations. These two companies are also the subject of tax proceedings. Since the circumstances are not identical with those in the limited partnership companies that have now become the subject of legal proceedings, the outcome of the legal process cannot be anticipated with any certainty. However, STORA is considering making a provision totaling SEK 280 million in its 1998 accounts, which corresponds to the additional net expenses that would be incurred if these deductions should also not be accepted.

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