BUUS JENSEN

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DOING BUSINESS IN DENMARK 2025

Introduction

The purpose of this publication is to give an introduction to those considering conducting business in Denmark, either by establishing a company or a branch or in other ways.

Our intention is to provide a description of the business environment and the main aspects of the legal framework of Danish business life. For readers planning to set up a new business in Denmark, we recommend further professional assistance.

The information presented in this publication was assembled by Revitax A/S.

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Business forms

Business can be conducted through companies, by partnerships or by individuals acting as sole traders.

The business of sole traders and partnerships is not distinct from the personal affairs of the proprietor(s). The proprietor has unlimited liability for the debts of his business.

A company – the most common form being a public or private limited company – is a distinct legal entity established to separate its business affairs from the personal affairs of its proprietors.

A company can only cease to exist when it is wound up following legal framework. This means that a company can carry on as long as there are individuals appointed to act on its behalf despite e.g. the death or retirement of an individual.

Investors are free to choose their preferred form of entity.

Most foreign investors prefer to set up a new business under one of the following types of companies, as they are regulated by law:

- Public limited companies (Aktieselskab, abbreviated: A/S).
- Private limited companies (Anpartsselskab, abbreviated: ApS).
- Branches (of foreign limited companies).

Therefore, other ways of establishing a business will not be dealt with here.

However, it is also possible to establish a SE company (European Company) and a SCE (European Co-operative Company) in Denmark.

The Danish Business Authority charges a duty for registering a company.

Public limited companies (Aktieselskaber)

The liability of each shareholder is limited to either the amount corresponding to the shares subscribed (irrespective of them being fully paid up or not) or alternatively the purchase price of the shares acquired.

A public limited company must have a share capital of a nominal value of at least DKK 400,000. Only 25 % or DKK 100,000 of the initial share must be fully paid up before registration when the capital is injected in cash. The capital may also be injected in other assets.

Foreign individuals and companies are allowed to own a Danish company by 100 %.

If the equity of a company represents less than 50 % of the subscribed capital, an account of the financial situation and measures to be taken must be given to the shareholders at a general meeting.

The management

The management may consist of either a board of directors (a minimum of 3 persons) and the managing director(s) (a minimum of 1 person), or the managing directors supervised by a supervisory board (a minimum of 3 persons).

The board of directors is elected by the shareholders at the annual general meeting and its primary task is to ascertain a sound organization and to set out guidelines for the managing director.

If the company employs more than 35 persons for 3 consecutive years, the employees are entitled to be represented on the board of directors or on the supervisory board.

The board of directors appoints the managing director. The managing director's primary task is the day-to-day management of the company.

Statutory publication

Details of the company must be filed with the Danish Business Authority, where part of the information is publicly available, e.g.:

- Company name (including either A/S or ApS).
- Company address.
- Company activity.
- Denomination of the share capital.
- Names and addresses of the founders of the company.
- Names and addresses of the members of the board of directors and the managing director(s).
- Articles of association.
- The annual report.

Shareholders are registered in a register at the Danish Business Authority. However, only shareholdings of at least 5 % of the capital or votes are publicly available.

Private limited companies (Anpartsselskaber)

In general, private limited companies are regulated by the same laws as described above for public limited companies.

The main differences are:

- A minimum share capital of DKK 40,000 is required (is expected to be reduced to DKK 20,000 in near future). The initial share capital must be fully paid up before registration.
- The management may consist of either a board of directors, or a board of directors and the managing director(s), or a board of managing directors.
- A board of directors or a supervisory board is only required if the company employs more than 35 persons for 3 consecutive years and the employees have chosen to be represented on the board of directors or on the supervisory board.

Branches (of foreign limited companies)

Foreign limited companies can carry out activities through a branch in Denmark.

A branch must be registered with the Danish Business Authority, and it must be certified that the foreign company is registered in accordance with the legislation of its home country.

A branch in Denmark acts under Danish law. The name of a branch must show its status as a branch of a foreign limited company and its nationality. The branch must be managed by a branch manager.

Each year the annual report of the foreign company must be filed with the Danish Business Authority, where the report is publicly available.

Representation offices

Establishment through a representation office is an option, if the activities are limited to being of an "auxiliary and preparatory nature". Such activities cannot include any kind of sales activities, nor power to enter into binding contracts on sales on behalf of a non-resident company.

The activities in a representation office could be the gathering of information for the foreign company or maintenance of a showroom. However, in case of maintaining a showroom, no individual in the representation office can have the authority to enter contracts.

The foreign company must register the activities of the representation office with the Danish Business Authority and point out a representative in Denmark. The representative must sign a declaration confirming that he or she is the representative of the foreign company.

MS entity

A Danish A/S or ApS and its employees can establish a MS entity (medarbejderinvesteringsselskab). For legal purposes, it is a partnership on co-ownership regulated by specific rules. For tax purposes, it is a company. Each employee can invest a maximum of DKK 30,000 of their salary in the MS annually for max 5 years.

Accounting requirements

The board of directors and the managing director are responsible for the maintenance of sound accounting records and for the preparation of annual reports, covering each financial reference period.

The management report prepared by the board of directors and the auditors' report are integrated parts of the annual report.

The annual report must be approved by the shareholders at the company's annual general meeting.

The annual report must be filed with the Danish Business Authority without undue delay after the approval at the general meeting and no later than six months after the end of the financial year. Governmental and listed companies must file the report no later than four months after the end of the financial year.

Form and contents of the annual report

The disclosure requirements and the form and contents of the annual report are set out in the Danish Financial Statements Act. In addition, the annual report must comply with Danish accounting standards. If a company is listed, the annual report must comply with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS). Non-listed companies may choose to comply with IAS and IFRS as well.

The Danish Financial Statements Act follows Accounting Directive 2013/34/EU which repeals the EU 4th and 7th Accounting Directives.

According to the Act, a listed company must prepare an annual report consisting, as a minimum, of:

- A statement by the board of directors and the management on the annual report.
- A balance sheet.
- A profit and loss account.
- A cash-flow statement.
- Disclosures, including disclosure of accounting policies.
- A statement of changes in equity as well as a management report.
- An auditors' report.

Small and medium-sized companies may be exempt from some of the disclosures. Such companies are free to choose an "extended review" (which is a review with four extra obligatory actions) or either a review or a Statement on Accounting Assistance respectively. Micro companies as adopted in the 2012/6/EU Directive may be exempt from some of the disclosures as well.

As of 1 June 2024, parts of the following EU Directives have been implemented:

- Directive 2021/2101/EU on publication of corporate taxes
- Directive 2022/202464/EU on sustainability and
- Directive 2023/2775/EU on adjustments in seize limits for companies or groups.

Audit requirements

All limited companies must be audited by an independent auditor (in certain cases very small companies may be exempted). The auditor is appointed by the shareholders at the general meeting.

During the year the auditor reports to the board of directors. In addition, the auditor provides the shareholders with an auditors' report, which is an integrated part of the annual report.

The auditors' report must state whether the annual report complies with the disclosure requirements of the Danish Financial Statements Act and whether it gives a "true and fair view" of the company's situation at the balance sheet date as well as of the profit or loss in the financial period.

Auditors must comply with the auditing standards published by the Danish Institute of State Authorized Public Accountants and Registered Accountants (FSR-danske revisorer), which is a member of the International Federation of Accountants (IFAC). Hence, audit must be performed in accordance with the International Standards on Auditing (ISA).

Bookkeeping requirements

When doing business in Denmark, bookkeeping must be made in accordance with the Danish Bookkeeping Act:

Under the Danish Bookkeeping Act, bookkeeping material must be saved for a period of five years.

As of 1 July 2022, hard copy accounting records and electronic accounting records must in general be stored in an adequate way so that it is ensured against mistakes and misuse and to easily be made available to Danish public authorities entitled to claim insight into them under other legislation. Further the company must ensure the bookkeeping material against destruction, removal and misrepresent.

With respect to electronic accounting records it is required that the storage complies with the Bookkeeping Act's requirement for:

- e.g. registration, documentation, and storage period, procurement of the records at any time and on-line access to the records, and either
- storage of all descriptions of the system applied and necessary codes etc. or of bookkeeping procedures applied (hereunder for ongoing registrations of transactions and for adequate storage of accounting records and the responsible for this), and
- ensuring that the accounting records can be printed in hard copy (paper or micro film in a readable form) or be made available in other recognized file format.

If the accounting records contain personal data, the processing of such data must comply with the rules of the Personal Data Act.

Compulsory electronic accounting records and storage for most businesses is implemented on an ongoing basis in the period 2024 – 2026. They become effective for either financial years beginning 1 January 2024 or subsequent financial years.

Establishment

A foreign investor planning to set up a subsidiary in Denmark may either form a new company or purchase the shares in an existing company ("shelf" company).

Establishment procedures

A memorandum of association must be prepared and signed by the founders. The memorandum of association must provide information such as the names and addresses of the founders, the share subscription price, the deadlines for subscription and payment of subscribed capital.

The memorandum of association must contain draft articles of association, including the following information:

- Name of the company.
- Objective of the company.
- Share capital.
- Share capital rights.
- Management body.
- Annual general meeting.
- Financial year.

The final decision to form the company may be made at the shareholders' first meeting. If so, the shareholders elect the members of the board of directors and appoint the auditor when the resolution to form the company has been passed.

The board of directors is obliged to register the company with the Danish Business Authority within 2 weeks from the signing of the memorandum of association.

A company in the process of incorporation – e.g. a company which has not yet been registered – is not considered an independent entity. Therefore, the founders are liable for the activities of the company.

Upon registration the company takes over all liabilities, including the liabilities related to activities carried out between the date of founding and the date of registration.

Purchase of shares in a shelf company

Several law firms own registered companies which have not yet carried out any business, i.e. shelf companies.

Immediately after the acquisition, an extraordinary shareholders' meeting must be held to vote for the necessary changes to the articles of association, to elect new members for the board of directors, and to appoint the auditor. The articles of association must be changed in respect of the name, the objectives and frequently also the financial year. The changes adopted at the shareholders' meeting must be registered with the Danish Business Authority.

The registration must be made on-line in the Danish Business Authority's digital registration system (only MS entities are exempted).

Registered branch office

A registered branch office of a foreign company is entitled to carry out any business activity included in the objectives of the foreign company. The foreign company must register the branch office with the Danish Business Authority. The registration must be made on-line in the Danish Business Authority's digital registration system.

If the foreign company's home country is within the EU/ EEA, the following documents must be submitted:

- Name, registered address, and legal form of the foreign company.
- Its foundation date, objective, and subscription rule.
- Its subscribed capital and financial year.
- A certification on the legal existence of the foreign company in its home country.
- A certified power of attorney to a branch manager.
- Documentation with respect to the person authorized to sign for the foreign company (e.g. passport number).

If the foreign company's home country is outside the EU/ EEA, the following documents may also be required:

- A copy of the foreign company's articles of association.
- A copy of the foreign company's incorporation certificate.

Choice of business form

Commercial considerations should be of overall importance in the investor's choice of business form in which a particular activity should be organized.

However, some of the more essential tax aspects as well as other important factors are briefly listed below.

	Subsidiary	Branch	Representation office
Establishment	+ Can be bought readily incorporated and the shares can be owned irrespective of the nationality of the shareholders.	+ Available to companies resident in all countries.	+ Only a few formal establishment procedures. ÷ The scope of activities possible is rather limited and it cannot engage in sales activities or conclusion of contracts.
Annual report	+/÷ Must prepare and file audited annual report.	+/÷ Must file the audited annual report of the foreign head office.	+ Annual report is not required.
Changes in structure	÷ Additional formal requirements in respect of e.g. changes in capital, capital requirements, winding-up, etc.	+/÷ Easy to close, but may result in taxation on capital gains, as assets are considered sold/ transferred or if the branch is converted into a subsidiary later on (exception possible for branches of SE companies).	+ Easy to close.
Liability	+ Liability limited to the subscribed capital.	÷ Head office and branch manager are fully liable for the activities/liabilities of the branch.	÷ Head office is fully liable for the activities/liabilities of the representation office.
Cross border	+ Can be used for cross border activities, e.g., holding company and R&D company.	÷ Cannot be used for cross border activities.	÷ Cannot be used for cross border activities.
Dividends	+ No withholding tax on distribution of profit to corporate 10 % shareholder or group company within the EU/EEA/a tax treaty country (provided the shareholder is the rightful owner). + Possible to distribute interim dividend if provided for in the articles of association.	+ No withholding tax on payments of profits to the head office.	Not applicable – no profit to be distributed.
Transfer pricing	+/÷ Must comply with transfer pricing regulation similar to OECD guidelines.	+/÷ Must comply with transfer pricing regulation similar to OECD guidelines.	+ Not taxable in Denmark.

Corporation Taxation

Tax rate

Taxable income – including capital gains – is subject to a corporate tax of 22 %. The tax rate is identical for public limited companies, private limited companies, and branches.

Company residence and territoriality

Unlimited tax liability

Generally, a company resident in Denmark is subject to corporate tax on its income and gains from Danish territory and on inbound dividends, interest, and royalties.

A company is resident in Denmark for tax purposes if either it is incorporated in Denmark and its effective management is situated within the country, or if it is incorporated abroad and its effective management is in Denmark. Effective management is determined on the basis of the place of the day-to-day business decision making.

It should be noted that Denmark has implemented the rules on hybrid mismatch in the OECD Multilateral Convention of 24 November 2016 (MLI) with subsequent changes in 2017 (ATAD and ATAD II).

For financial years beginning 31 December 2023 or later, Directive 2022/2523/EU applies. The Directive secures a 15 % global minimum tax rate on certain large group companies.

Limited tax liability

Foreign companies can be subject to limited tax liability either through a branch or a permanent establishment or through withholding taxes on certain types of Danish source income.

Permanent establishment

Non-resident companies conducting business in Denmark through a permanent establishment (e.g. a branch) are subject to tax on all income attributable to or received by the permanent establishment.

As of 1 January 2024 Denmark can levy tax within the Danish exclusive economic zone instead of within 12 nautical miles.

In addition, non-resident companies are subject to tax on income from real property in Denmark.

Non-resident companies are obliged to file a Danish tax return to declare such income.

Danish income subject to withholding tax

Certain types of payments to non-residents are subject to Danish withholding tax, which may be reduced according to a tax treaty or an EU Directive.

Dividends

Dividends from Danish companies can be distributed without withholding tax provided that:

a. The foreign company qualifies as a company under Danish rules and
b. the foreign company is the "rightful owner" and
c. the foreign company directly or indirectly owns 10 % or more of the Danish company and
d. the distribution of dividend to the foreign company is protected by either the EU Parent/Subsidiary Directive or by one of Denmark's tax treaties.

or if

a. the foreign company qualifies as a company under Danish rules and
b. the foreign company is the "rightful owner" and
c. the foreign company has decisive influence directly or indirectly (e.g. more than 50 % of the votes) in the Danish company and
d. the foreign company is resident in an EU/EEA member state and
e. the distribution would be protected either under the EU Directive or the relevant tax treaty had there been an ownership of at least 10 %.

The above exemptions only apply if the Danish distributing company is not considered as a "flow-through entity" for Danish tax purposes. In a "flow-through entity" situation the exemption only applies if the distribution to the foreign receiving entity is protected by the EU Parent/Subsidiary Directive.

An exemption also applies to participants in foreign receiving entities considered as transparent entities under Danish tax rules but being included in the list to the EU Parent/Subsidiary Directive – but only if the participants in the foreign entity are not tax residents in Denmark.

This exemption also applies to dividend distributions to a receiving company within an EEA member state, but only if there is a tax treaty between the EEA member state and Denmark.

Otherwise, the withholding tax rate in the relevant tax treaty applies.

In general Denmark withholds 22 %. For dividend distributions made on 1 January 2025 or later, the Danish 22 % rate is reduced to 15 % if the foreign company is:

- the "rightful owner" and
- directly or indirectly holds less than 10 % of the shares in the Danish company and
- the tax authorities in the state where the "rightful owner" is tax resident exchange information with the Danish tax authorities under the relevant tax treaty or according to an administrative tax assistance agreement.

If the "rightful owner" is tax resident outside the EU, the ownership percentage is calculated on an aggregated group company basis and further, the "rightful owner" must not have decisive influence in the distributing company (this does not apply if the "rightful owner" is tax resident within an EEA country having a tax treaty with Denmark).

A tax treaty may reduce the 15 % rate to a lower rate.

The 15 % rate on dividends is reduced to 0 % if the Danish company is an unlisted company and the foreign company holds less than 10 %.

The Danish company must however up-front withhold tax on the dividend at a rate of 27 % (subject to treaty relief) and subsequently reclaim the too much paid in withholding tax from the Danish tax authorities – if the outbound dividend is not tax exempt.

A 44 % withholding tax rate apply to shareholders residents in a country on the "EU blacklist".

Further, it should be noted that Danish anti-avoidance rules may reclassify a capital gain on shares as a dividend distribution subject to Danish withholding tax when a Danish company is liquidated – or at an intercompany sale of shares.

Royalties

According to Danish tax law withholding tax must be paid on all royalties for the use or the right to use patents, trademarks, designs or models, plans, secret formulas or processes, or information concerning industrial, commercial, or scientific processes. Payments for the purchase of underlying intangible assets are generally not subject to withholding tax. However, payments for access to know-how may be deemed subject to withholding tax.

The withholding tax rate on royalties is 22 % subject to treaty relief.

Royalty payments to a receiving associated company in another EU member state are exempt from Danish withholding tax if the requirements under the EU Interest/Royalty Directive are met.

Royalty payments for the use of any copyright to literary or artistic work are not subject to Danish withholding tax.

Interest

Generally, Denmark does not levy withholding tax on interest payments to non-residents.

Only interest payments from a controlled Danish company (e.g., ownership/disposal of more than 50 % of shares or votes) made to non-resident companies are subject to Danish withholding tax. The withholding tax rate is 22 %.

The Danish withholding tax does not apply to interest payments on controlled debt to a foreign company or to a foreign associated company if protected by either a tax treaty or the EU Interest/ Royalty Directive – and further exemptions with respect hereto are available.

Denmark has General Anti-Avoidance Rules (GAAR) also covering transactions under the EU tax directives and the Danish tax treaties respectively. Consequently, the above Danish domestic withholding tax rates may apply to outbound payments of dividends, royalties and interests in cases of avoidance pursuant to the GAAR. Further, Denmark has implemented the MLI with ATAD and ATAD II anti-avoidance tax rules.

Tax losses

Tax losses incurred in 2002 and later may be carried forward indefinitely. Carry back of tax losses is not possible. Reporting requirements must be complied with. Otherwise, the tax losses are forfeited.

From 1 July 2012 tax loss carry forwards can be fully set off in an income year up to a certain amount. In 2025 the limit is DKK 20,829,000. Any exceeding tax loss carry forwards can only reduce the remaining taxable income with up to 60 %. Any part of the tax loss carry forwards in excess thereof must be set off in a subsequent income year.

Certain restrictions exist on the sale of a company with tax losses. The restrictions intend to prevent interest income and other passive financial income to be offset by tax losses carried forward.

The restrictions apply if, at the end of the income year, more than 50 % of the share capital/votes are owned by shareholders different from the shareholders at the beginning of the previous income year, in which the tax loss incurred. Further, if a company does not have any financial risks in respect of commercial activities at the time of a change of ownership or votes tax losses are forfeited. The rules do not prevent a tax loss company from changing its activities or type of business. The rule also applies to foreign companies with a Danish permanent establishment.

Special rules apply for group companies (at least 25 % shareholding). A subsidiary's tax loss carry-forward may be restricted if a change of ownership takes place in the parent company.

The restrictions do not apply to listed companies.

In certain situations a tax loss carry forward may also be restricted or forfeited in connection with a capital reconstruction.

The tax rules also comprise tax loss incurred in a foreign subsidiary or foreign permanent establishment comprised by either a Danish voluntary international joint taxation or incurred in a subsidiary or permanent establishment within the EU/EEA/Greenland/The Faroe Islands – if certain requirements are met.

CFC taxation (taxation of Controlled Financial Companies)

A Danish parent company/a foreign parent company with a business permanent establishment in Denmark is subject to CFC taxation on profits from Danish or foreign subsidiaries in the following situation:

a. The company has not opted for a Danish voluntary international joint taxation and
b. has controlling influence in the subsidiary – either on a stand-alone basis or together with certain individuals or separate legal entities. Controlling influence is understood as directly or indirectly influence on:

    - More than 50 % of votes or
    - more than 50 % ownership of shares or
    - entitlement to more than 50 % of the profit when the business of the foreign or Danish subsidiary is considered financial (more than a third of total taxable income consists of taxable financial income).

The consequence of CFC taxation is that the controlling company is taxable on its (average) direct or indirect pro rata share of the total income of the Danish or foreign company, irrespective of the rules in a tax treaty, if any.

The rule also applies to foreign permanent establishments of a Danish company, if it would have been comprised by the CFC taxation had it been a company.

Filing a tax return

Corporate tax returns must be filed annually, no later than 6 months after the end of the income year. The final tax assessment is normally issued at the end of October or at the beginning of November.

Payment and collection

Corporate tax is paid on account in two equal instalments, in March and in November. The instalments are due on March 20 and November 20.

The tax paid on account is collected automatically and calculated on basis of 50 % of the average corporate tax paid during the last three years.

Special rules apply for companies which did not pay or were not subject to corporate tax in the previous three years.

Companies may voluntarily pay additional on-account tax. Such payments must be made no later than March 20 and November 20 of the income year (voluntary on-account tax exceeding the 20 November payment may be paid in until 1 February in the following calendar year).

Tax audits

Tax audits of companies are not performed on a regular basis. However, the tax authorities perform tax audits on a number of companies and branches every year.

Further, areas targeted for special initiatives are made public annually.

Penalties

A penalty is payable for late filing of a tax return. Further, a day-to-day interest of 0.9 % per month (2025) on overdue corporate tax is charged on the outstanding balance. Such interest charges and fines are not deductible for tax purposes.

Statute of limitations

The statute of limitations is three years and four months. As to transfer pricing adjustments, the statute of limitations is extended to five years and four months. This is also the case with respect to certain tax exempt restructures.

Calculation of the taxable income

General comments

The taxable income is determined on basis of the result shown in the statutory annual report adjusted to comply with the prevailing tax provisions.

Tax accounts generally determine costs and income when legally incurred. The accruals principle is acceptable in certain situations.

Usually there are adjustments between the profit for accounting purposes and the income for tax purposes. Some of the most common adjustments include non-taxable income, non-deductible expenses, depreciation, provisions for bad debts or obsolescence, and provisions made for guarantee purposes.

The tax provisions listed below are those most applied when determining the taxable income of a company or a registered branch office. There are specific provisions for companies engaged in certain business areas such as banking, insurance, investment funds, and the oil and gas industry. These particular provisions are not dealt with in this publication.

Stock valuation

Stock and work in progress may – for tax purposes – be stated at the market/replacement cost, at cost based on the FIFO principle or at production cost. The base stock and LIFO methods are not accepted. For each group of stock items the company may select one of the three methods of pricing. Slow moving and obsolete stocks can be depreciated to the net realizable value on an individual item basis or according to guidelines approved by the Danish tax authorities. Provisions for future losses and general provisions are not considered deductible against taxable income.

Costs must include direct costs, e.g. freight, duty, etc. It is possible – but not a requirement – to include overheads.

Dividend income

Dividends received by a Danish company – or by a Danish permanent establishment of a foreign company tax resident within EU/EEA/a tax treaty country – from Danish or foreign companies are tax-free as of day one, if either

a. the receiving company is the "rightful owner", and
b. the receiving company owns at least 10 % of the distributing company, and
c. the distributing company qualifies as a company under Danish rules, and
d. the distributing company is comprised by taxation rules and taxed on its net income respectively in its country of tax residency, and
e. the tax authorities in its country of tax residence exchange information with the Danish tax authorities under a tax treaty/an international agreement/an administrative tax assistance agreement, and
f. the distribution cannot be deducted for tax purposes by the distributing company, and
g. the distribution cannot be deducted for tax purposes by any underlying company without subsequent taxation in an intermediate receiving company.

or if

a. the receiving companyis the "rightful owner", and
b. the receiving company has decisive influence in the distributing company (due to votes, shareholder agreement, etc.) whereby the companies may either be subject to compulsory Danish joint taxation or could participate in a voluntary Danish international joint taxation, and
c. the distribution cannot be deducted for tax purposes by the distributing company and
d. the distribution cannot be deducted for tax purposes by any underlying company without subsequent taxation in an intermediate receiving company.

A transparency rule applies when determining the qualification of the shares.

Due to General Anti-Avoidance Rules (GAAR) which cover transactions under the EU Parent/Subsidiary Directive and the Danish tax treaties as well, the above tax exemption for

inbound dividends may be denied in cases of avoidance pursuant to the GAAR.

Further, the above exemption may be denied under the implemented MLI, ATAD and ATAD II.

Otherwise, dividends are taxable at the corporate tax rate of 22 %.

If the shares in the distributing company qualifies as portfolio shares in an unlisted company, (less than 10 % ownership in an unquoted company) dividend distributions made on 1 January 2025 or later may be tax exempt if the receiving company is:

- the rightful owner and
- the distributing company qualifies as a company under Danish rules, and
- the dividend distribution cannot be deducted for tax purposes by the distributing company, and
- the distribution cannot be deducted for tax purposes by any underlying company without subsequent taxation in an intermediate receiving company.

Capital gains and losses

Capital gains and losses are normally treated as taxable income. Such gains and losses are computed in accordance with specific rules. Taxable net gains are included in the ordinary income of the company for each financial period and are subject to corporate tax at the ordinary tax rate of 22 %.

In addition to the taxation of the selected assets described below there is also a highly complex set of rules applicable to the taxation of gains and losses on financial instruments, such as bonds, securities, forward contracts, futures, and options.

These rules are not described here. The overall principle for the general taxation of such areas is the mark-to-market principle.

Shares

Gains

Listed portfolio shares are subject to taxation on basis of the annual mark-to-market principle (compulsory), whereby increases in value are taxed annually. However, if listed on 1 January 2025 or later the realization principle can be chosen for 7 years from the listing. Other shares may only be taxed when a gain is realised unless the principle of annual mark-to-market taxation is chosen. The corporate tax rate of 22 % applies.

Capital gains on unquoted portfolio shares are tax exempt.

A capital gain on shares in qualifying companies is tax exempt if dealing with:

a) At least 10 % ownership in a company resident in Denmark or in a foreign company qualifying as a company under Danish rules if comprised by taxation rules and taxed on its net income in its country of tax residency, provided the tax authorities in its country of tax residency exchange information with the Danish tax authorities under a tax treaty/an international agreement/an administrative tax assistance agreement.

or

b) shareholding in group companies (decisive influence whereby the companies are either subject to compulsory Danish joint taxation or could participate in a voluntary Danish international joint taxation).

A transparency rule applies when determining the qualification of the shares.

Danish anti-avoidance tax rules may reclassify tax exempt gains as taxable dividend distributions in certain intercompany share transfers.

Further, General Anti-Avoidance Rules (GAAR) also covering the EU Parent/Subsidiary Directive and the Danish tax

treaties may overrule the tax exemption in cases of avoidance pursuant to the GAAR.

Losses
If a gain on unquoted portfolio shares or on the shares in a qualifying company is tax exempt, a loss on such shares is not tax-deductible.

If dealing with portfolio shares subject to the principle of annual mark-to-market taxation, losses can be deducted in the company's taxable income.

If dealing with situations where the realization principle applies, losses can be deducted in taxable gains on other shares. Any exceeding loss can be carried forward to a subsequent year.

Real property

Gains
Capital gains from the sale of real property are subject to taxation.

When determining a gain, a five-step procedure must be followed:

1. The purchase price and the sales price of the real property are adjusted to cash values.
2. The total amount of tax depreciation and write-offs during the ownership period is calculated.
3. Tax depreciation is recaptured as the lower of (a) sales price less written off value and (b) accumulated depreciation.
4. Depreciation, losses or write-offs, which have not been recaptured, reduce the purchase price when calculating the taxable gain on the property.
5. The taxable gain is reduced, depending on the period of ownership.

A capital gain is taxed at the corporate tax rate of 22 %.

However, roll-over relief is available, if a new property is acquired for the use of the business prior to the end of the year following the year of disposal.

It may be possible to defer payment of tax on part of a sales sum for a commercial property in Denmark or within the EU/EEA, the Faroe Island and Greenland if certain requirements are met – a.o. the issuing of a seller mortgage note – the deferred tax is due for payment in equal installments for up to max. 10 years following the sales year.

Losses

Losses from the sale of real property are only tax-deductible, if the primary object of the company is to trade real property. Yet, losses can be carried forward indefinitely (unless incurred prior to 2002).

If a property is tax-depreciable, the difference between the written-down value and the sales price is tax-deductible. However, this loss reduces the purchase price when calculating the capital gain. Please see above.

Machinery and equipment

The proceeds from the sale of machinery and equipment are deducted from the depreciation pool.

The concept of the depreciation pool is described in the following under "Depreciation". If the depreciation pool becomes negative after the deduction of sales proceeds, this negative amount may be recognised in the same year or deferred to the next year, (unless purchases within the year exceed the negative amount).

Goodwill

Capital gains from the sale of goodwill are taxable and losses are tax-deductible. Gains and losses must be restated at cash values. Profits and losses arising from the sale of goodwill are calculated as the difference between the cash value of sales proceeds and the written-down value for tax purposes.

Know-how, patents, and trademarks, etc.

Gains and losses relating to the disposal of know-how, patents, and trademarks, etc. are taxable and tax-deductible respectively.

Gains and losses must be restated at cash values.

Profits and losses arising from the sale of such intangible assets are calculated as the difference between the cash value of sales proceeds and the written-down value for tax purposes.

Gains and losses from currency exchange adjustments

Gains from currency exchange adjustments are taxable and losses are deductible. Companies may choose to include gains and losses in the taxable income under the mark-to-market principle if this principle is also chosen for receivables between group companies or payments received for goods and services delivered.

Deductions

Business expenses

Generally, expenses are deductible if incurred in order to "obtain, secure and maintain" the income. However, in the income year 2025 max DKK 8,305,200 in salary expenses per employee can be deducted.

Capital expenditure

Generally, capital expenditure is not deductible, except for minor acquisitions at a purchase price of less than DKK 16,200. For an asset acquired after 23 November 2020 the purchase price limit is DKK 34,400.

Alternatively, this expenditure can be capitalised and depreciated using the general rules.

Formation costs

Formation costs are no longer tax-deductible or amortisable.

Research and development costs

R & D costs within most areas are either tax-deductible or tax-depreciable if a few requirements are met. The tax-deduction/tax-depreciation % for costs paid by the company is:

In 2025: 108 %
In 2026: 114 %
In 2027: 116 %
In 2028: 120 %

The above rates apply on a consolidated basis and from 2026 there is a ceiling of approx DKK 1,04 billion. Any exceeding costs may be deducted at a rate of 110 %.

Further, an annual tax refund – a maximum of DKK 5,500,000 – equivalent to the tax value of R & D losses up to DKK 35 million – may be granted by the Danish tax authorities (on request). If so, the corresponding tax loss cannot be carried forward to subsequent years.

The Danish tax authorities has limited the above annual tax refund maximum to equal the R & D costs paid by the company.

Computer software

The costs of computer software acquired before 1 January 2025 can be fully deducted in the year of acquisition. If acquired on 1 January 2025 or later, such costs can only be fully deducted if qualified as research and development costs. Otherwise, they can only be deducted up to DKK 34,000 (2025). Any exceeding cost should be included in the 25 % depreciation pool (declining balance method).

Entertainment expenses

Only 25 % of entertainment expenses are tax-deductible. The definition of entertainment expenses is very broad.

The rules do not apply to expenses related to the employees of the company. Such expenses are fully tax-deductible.

Advertising costs are also fully tax-deductible.

Provisions for bad debts

Recognized losses on accounts receivable are tax-deductible.

Provisions for bad debts are tax-deductible to the extent that the final losses on specified debtors can be substantiated.

Depreciation

Tax depreciation is calculated according to the below rules, irrespective of the method applied for accounting purposes.

Machinery and equipment

Machinery and equipment may include aircrafts, motor vehicles, passenger cars, office machines, and office equipment.

Most machinery and equipment is included in one single depreciation balance and are depreciated as a single asset pool up to 25 % a year (declining balance method).

However, new green machinery (except passenger cars and ships) bought in the period 23 November 2020 – 31 December 2022 may be depreciated at a rate of 116 % (on a separate balance).

Operating equipment with a long economic life, i.e. certain ships, aircrafts, trains, drilling rigs and other plants within the hydrocarbon area and some utility plants are depreciated on a separate balance. The depreciation rate is 15 % in 2025.

Utility distribution plants, railroad tracks and radio, television and telecommunication distribution plants are depreciated at a maximum rate of 7 %.

The depreciation basis at the end of a given year is calculated as follows:

Balance brought forward

÷	Sales proceeds during the year
+	Balance transferred from leasing assets
+	Cost price of the assets acquired during the year
=	**Basis for calculation of depreciation**

Specific rules apply to machinery, equipment and ships used for R & D activities.

In the income year 2025, such acquisition costs can be deducted at a rate of 108 %. In the subsequent income years the rate is:

2026: 114 %
2027: 116 % and
2028 and onwards: 120 %

The above rates apply on a consolidated basis and from 2026 there is a ceiling of approx. DKK 1,04 billion. Any exceeding acquisition costs may be deducted at a rate of 110 %. Alternatively, the costs may be included in the single depreciation balance where depreciated at a rate of 25 %.

Further, specific rules apply to leased machinery and equipment.

Machinery and equipment used for leasing purposes
Leased machinery and equipment cannot be depreciated in the year of acquisition.

Instead, the balance is brought forward to the next year to be depreciated by 50 %. In the third year, the balance is transferred to the ordinary balance of machinery and equipment.

Buildings
In general, buildings used for commercial purposes – except office buildings and residential property – are tax-depreciable.

Buildings can be depreciated on an individual basis using a straight line method with an annual depreciation rate of 3 %. If acquired before 1 January 2024 the rate is 4 %.

Under certain conditions an office building attached to a depreciable building may be depreciated as well.

Under certain conditions artistic adornment may be depreciated according to the same rules as apply to the adorned building.

Expenses for rebuilding and improvement are deductible, if the annual expenses for rebuilding, improvement and maintenance do not exceed 5 % of the depreciation basis at the beginning of the year.

Losses on depreciable buildings are deductible, yet losses reduce the taxable purchase price of the building when calculating the capital gain.

Amortization of intangible assets

Intangible assets are amortized generally over seven years. An annual amortization, which is not utilized is not forfeited. Amortization is made on a straight line basis and is determined on a cash basis. The amortization principles vary for the distinct types of intangible assets.

Goodwill
Goodwill acquired in 1998 or later can be amortized over seven years.

Know-how, patents and copyrights
Basically, know-how, patents and copyrights can be amortized over seven years. Specific rules apply, if the protection time of the intangible asset is shorter than seven years.

If know-how and patents are acquired after 1 January 2025, the acquisition costs are no longer fully tax-deductible in the year of acquisition.

Leasehold improvements
Leasehold improvements can be amortized over the period of the rental contract. However, the annual amortization cannot exceed 20 %. Specific rules apply, if the period of the rental contract is unknown.

Intercompany transactions
Payments made from Denmark to abroad for goods and services are normally deductible for tax purposes provided that they are charged on "arm's length" conditions. Expenses charged from a foreign head office to a Danish branch are generally not recognised for tax purposes. Instead, the Danish branch can deduct a proportional amount of the general and administrative expenses of the head office.

Management charges, etc.
Payments of management charges to foreign companies for e.g. centralised research and development, advertising, IT, and other management services, are generally deductible for tax purposes provided that the charges are determined on "arm's

length" conditions. Part of the management charges may be subject to withholding tax as royalties, if the charges include payments for the right to use technical know-how, etc.

Management charges must be supported by detailed contracts in written with enclosure of the underlying documentation, including the calculation of such charges.

Shareholder loans

Danish taxation may apply to shareholder loans granted to individuals on 14 August 2012 or later. If so, the loan is reclassified as either a taxable salary or a dividend distribution up front when paid. The notion "shareholder loan" also comprises collateral and other dispositions.

Loans from Danish and foreign lending companies to shareholders (individuals) with decisive influence in the company (or to their relatives) are considered as deemed dividends and further, any interest thereon is taxable for the company (a taxable contribution). If the shareholder is employed by the company the amount may instead be reclassified as further salary for him (deductible cost for the company).

Intercompany loans

Companies will only be affected by thin capitalization rules, if the equity makes up less than 20 % of the balance sheet amount at the end of the income year and the controlled debt exceeds DKK 10 million.

Third party debt is comprised by the rules, if the third party has received guarantees, etc. (directly or indirectly) from a group company. The non-deductible part of the interest expenses is the part of the controlled debt, which should be converted into equity to meet the debt-to-equity rate of 4:1 (a minimum of 20 % equity).

The limitation will not apply if up-front the company can prove that a similar financing can be obtained with an independent party. In that case, the solvency ratio in the line of business in question will be taken into consideration.

A loss on intercompany accounts receivable is non-deductible except for documented trading losses and losses due to currency fluctuations.

Interest cap rule

An interest cap rule limits the tax deduction of net financial expenses exceeding DKK 21.3 million. Such expenses are tax-deductible only to the extent they exceed a cap calculated on the tax value of the company's assets (calculated according to the rule) multiplied with a standard rate (which is revised annually).

Further an EBITDA (earnings before interests, taxes, depreciations and amortizations) tax rule limits tax deduction for net financial interest expenses exceeding approx. DKK 22.3 million in proportion to the company's taxable income. Exceeding interest expenses cannot reduce the taxable income by more than 30 %. Excess net financial expenses are only deductible against future taxable income.

Transfer pricing

Danish permanent establishments and Danish companies engaged in transactions with a.o. group companies are obliged to report summary information on these transactions in their tax returns. They are also required to prepare and keep written documentation of the prices and terms determined in their transactions. Further, an independent accountant's opinion is required in certain specific situations. Small companies are subject to reduced transfer pricing obligations. A penalty applies if (the filing is too late and/or) there is no (or insufficient) documentation – in general DKK 250,000 plus 10 % of the further assessed taxable income.

Denmark has implemented the OECD country-by-country reporting for groups with a turnover of at least EUR 750 million (on a consolidated basis).

Joint taxation

In general

The principle of joint taxation should not be mixed up with the concept of "filing a consolidated tax return".

Each separate company in a joint taxation must calculate its taxable income or loss on a "stand alone basis". This means that there is no elimination of unrealised profits on intercompany transactions, including sales of fixed assets, etc. For joint taxation purposes the taxable income or losses in foreign subsidiaries are calculated on the basis of the Danish tax rules.

The taxable income or loss of each company in the joint taxation is then added up to determine the joint taxable income.

In the determined positive joint taxable income, net tax losses carry-forwards up to DKK 20,829,000 can be offset against profits in participating companies. Exceeding net tax loss carry forward can only offset up to 60 % of the profits in the other companies. Any net tax loss carry forward in excess thereof must be offset in a subsequent income year provided these companies were all included in the joint taxation at the time of incurring the losses and that the joint taxation has not subsequently been interrupted.

Compulsory Danish joint taxation

Group companies subject to Danish taxation and Danish permanent establishments of foreign group companies and their real property in Denmark are subject to compulsory national joint taxation in Denmark.

Foreign permanent establishments or real property of Danish group companies and foreign subsidiaries are not included in the compulsory joint taxation (unless comprised by a few specific rules on e.g. CFC income). The definition of a "group company" is similar to the definition in the Danish Financial Statements Act and the International Accounting Standards, and reality overrules formalities when determining "decisive influence".

Generally the ultimate Danish parent company becomes the management company of the jointly taxed group. If no such Danish parent company exists, but only sister companies, one of the sister companies becomes the management company.

The management company must pay the tax on the joint taxable income to the Danish tax authorities.

All group companies are jointly liable for each company's share of the total tax on the joint taxable income – either principally or alternatively – and on its Danish withholding taxes on dividends, interests, and royalties.

All jointly taxed companies must have the same income year as the management company, i.e. in some cases the income year of a new group company may have to be changed. Alternatively, the Danish tax authorities may grant permission to change the income year of the management company.

If the group has not yet existed for a full income year, only the income in the period of its existence is included in the joint taxable income. Consequently, if companies enter or leave

the group, income tax returns must be prepared covering the period until the companies enter or leave the group.

Voluntary international joint taxation

A group may choose to enter voluntary joint taxation with foreign group companies and foreign permanent establishments and/or real property, respectively. The Danish or foreign ultimate parent company of the group makes the choice.

If voluntary international joint taxation is opted for, all foreign group companies and permanent establishments and real properties must be included in the joint taxation, i.e. foreign entities "below" Denmark (e.g. underlying subsidiaries and their permanent establishments in third countries) as well as foreign entities "above" Denmark (e.g. parent companies and their real property located in third countries).

A single Danish company with e.g. a foreign real property may opt for voluntary international joint taxation with the foreign real property under these rules.

The request for voluntary international joint taxation must be filed with the Danish tax authorities no later than upon submission of the tax return for the first income year, where voluntary international joint taxation is requested.

The choice of voluntary international joint taxation involves a binding period of ten years for the ultimate parent company (however, the joint taxation may be interrupted in a few specific cases). The binding period of ten years is not interrupted by the entering or leaving of other group companies.

If the foreign ultimate parent company is not subject to full or limited Danish tax liability, the ultimate Danish parent company is appointed the management company of the group. If no such Danish company exists, but only Danish sister companies, one of the sister companies is appointed.

The ultimate foreign parent company is jointly liable with all group companies for the tax share of the joint taxable income relating to the foreign entities, but not for the tax share relating to the Danish entities. Furthermore, the abovementioned rules concerning income year, etc. for the compulsory joint taxation also apply to group companies comprised by the voluntary international taxation.

Taxation of individuals

Territoriality and residence

Danish tax legislation distinguishes between full tax liability for resident individuals and limited tax liability for non-resident individuals. Citizenship does not affect tax liability.

Residents are taxable on their worldwide income and capital gains. Furthermore, residents are liable to pay gift tax.

There are no wealth taxes in Denmark.

Non-residents are taxed only on income and capital gains deriving from sources in Denmark.

Expatriates with high salaries

Special legislation relates to foreign employees working temporarily in Denmark.

If they meet certain conditions, they may choose to be taxed at a flat rate of 27 % on their gross salary income rather than being subject to the general rules of taxation of individuals (see below). The foreign employees must pay a tax-deductible labour market contribution at a rate of 8 % resulting in a total tax of approx. 33 % on the gross salary income:

Labour market contribution	8 %
Tax, 27 % of 92 %,	24.84 %
Total	**32.84 %**

The foreign employees must work for Danish employers subject to full Danish taxation or for Danish branches or permanent establishments of foreign companies which may be required to have a legal representative in Denmark.

The 27 % taxation may be chosen for an aggregate period of 84 months.

The employees' averagely monthly salaries in cash and certain fringe benefits must be at least approx. DKK 78,000 after deduction of Danish social contribution (ATP bidrag).

The tax and the labour market contribution are withheld by the employers as the final settlement of the tax liability.

Expenses incurred in connection with earning the salary cannot be deducted. A tax loss from another income year cannot be offset against income taxed at 27 %. However, it can be offset against other income.

General rules for taxation of individuals

Personal allowances

A deduction from income tax is granted as a personal allowance to an individual. The allowance amounts to DKK 51,600.

If a married person cannot utilize the total tax value of the allowance, the balance is transferred to the spouse. Specific rules apply to married individuals subject to limited tax liability only.

Danish tax computation

Taxable income is based on gross income less deductions. If the tax return covers less than a calendar year, the income is generally annualized in order to reflect the full effect of the graduated system of taxation. The income tax consists of a state income tax and a flat rate local income tax.

State income tax

Income and allowances are divided into three categories:

1. Personal income – e.g. cash salary, director's fee, free company car and free telephone – less pension contributions.
2. Capital income – e.g. net interest income and net capital gains.
3. Share income – e.g. dividend, profit/loss from shares.

Deductions are either included in computing the net income of the above categories or categorized as general deductions when computing the total taxable income.

A state tax at the rate of 12.01 % is imposed on the total taxable income exceeding DKK 51,600.

Personal income exceeding DKK 611,800 plus positive net capital income in excess of DKK 52,400 (if married, DKK 104,800) is taxed at a rate of 15 %.

Local income tax

Church and local taxes are levied at flat rates. The rates are determined each year by the local authorities and vary for the different municipalities. The tax is levied on taxable income exceeding DKK 51,600. The average municipal tax rate is 25.068 % (2025). The average church tax is 0.642 % (2025).

The tax rates for non-residents subject to limited tax liability are identical to the state tax rates for resident individuals together with a fixed local tax rate whereby the tax burden is almost identical to the tax burden of residents.

Deductions

Contributions to Danish social security (ATP), labour market contribution, and to Danish pension schemes are deductible from the personal income as well as certain business

expenses. However, deduction for payment to Danish pension schemes can only be made up to DKK 65,500. Premiums to life insurances are however unlimited.

Interest expenses are deductible from capital income.

Certain transport expenses and alimonies are deductible from the taxable income. An earned income relief for expenses for e.g. allowance for extra costs of living, subscriptions to professional associations and necessary business literature is granted, if the total amount exceeds DKK 7,300 per year.

Furthermore, a deduction of a maximum of DKK 55,600 in the taxable income is granted for employed persons.

Tax credits

Individuals subject to Danish full tax liability are entitled to claim tax credits and/or tax exemption in respect of income deriving from foreign sources.

Share income tax

Dividend income and net capital gains on shares are taxed separately and at different flat tax rates.
Net share income up to:

- DKK 67,500 in 2025
- DKK 75,800 in 2026 and
- DKK 83,100 in 2027

is taxed at a rate of 27 % and any exceeding net share income is taxed with 42 %.

If married:
2025: DKK 135,000
2026: DKK 151,600
2027: DKK 166,200

Employers can offer tax favourable employee share schemes to their employees. The tax scheme only applies if certain conditions are met and further, the employers have reporting obligations with respect hereto.

Inheritance tax

Inheritance from a deceased person, who was resident in Denmark at the time of his/her death, is subject to inheritance tax divided into 2 categories.

The estate tax is a flat rate of 15 % of the value exceeding DKK 346,000 and is calculated on basis of the value of the whole estate.

An additional tax of 25 % is levied on the value received by recipients, who were not closely related to the deceased. Thus, the total effective tax rate is 36.25 %.

Certain amounts are exempted from the tax duty, e.g. inheritance and insurance amounts accruing to the spouse of a deceased person.

Gift tax

Individuals, who are closely related to the donor, can receive gifts without tax, if the cumulative value of all donations for one calendar year does not exceed DKK 76,900.

A child's or a stepchild's spouse can receive gifts tax-free, if the cumulative value of all donations for one year does not exceed DKK 26,900.

Gifts to spouses are tax-free.

The gift tax is a flat rate of 15 %, and it is only imposed on the above persons, if the cumulative value of the gifts for one year exceeds the tax-free limits.

There is an additional tax on gifts to stepparents and grandparents, if the cumulative value of the gifts exceeds DKK 76,900 for one year. The additional tax is calculated at a flat rate of 25 %, resulting in a total effective tax rate of 36.25 %.

Gifts to other relatives or unrelated parties are treated as ordinary taxable income.

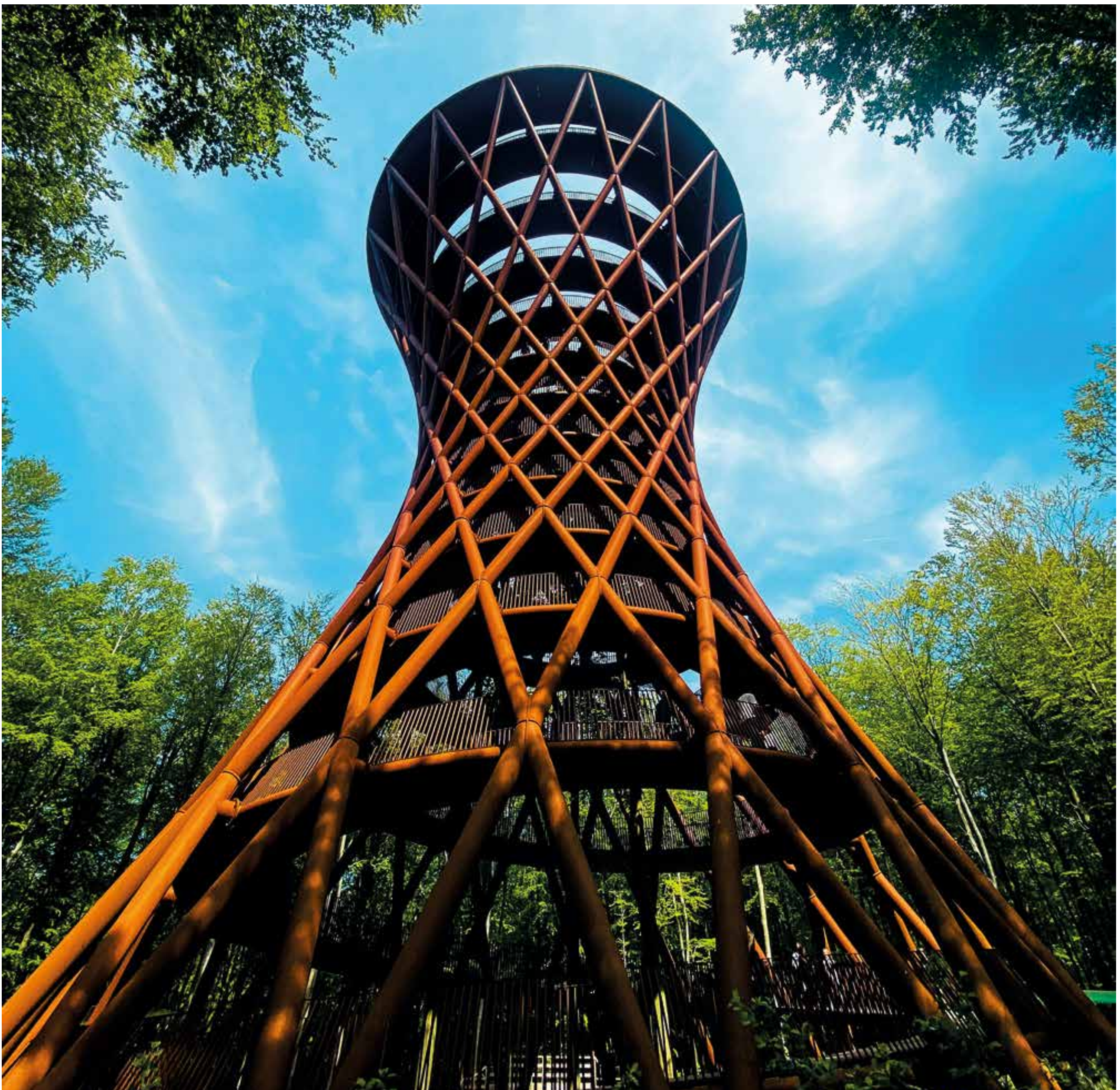
Value-added tax

Denmark applies the system of value-added tax (VAT) established by the EU.

In principle VAT applies to all transactions unless they are either outside of the scope of the Danish VAT legislation or specifically exempted from VAT (such as healthcare, education, rental of apartments, sale of real estate, insurance etc.)

Denmark imposes VAT on imports and taxable deliveries of goods and services – unless specially exempted – at a standard rate of 25 %.

The general threshold for Danish domestic businesses for registration for VAT purposes in Denmark is DKK 50,000 (approx. EUR 6,700).



Application for registration for VAT purposes is filed with the Danish Business Authority (Erhvervsstyrelsen):

Erhvervsstyrelsen
Langelinie alle 17
DK- 2100 Copenhagen Ø.

There is no registration threshold for foreign businesses becoming liable to register for Danish VAT. In general, such businesses are liable to register for VAT purposes as soon as they initiate VAT-liable activities in Denmark.

They must apply for registration for VAT no later than eight days before the initiation of VAT-liable activities in Denmark.

Some business activities are exempted from VAT. The most important activities are: hospital, medical and dental care, insurance, banking, and certain financial activities.

Entrepreneurs supplying taxable goods or services (including branches or agencies of non-Danish companies) must register for VAT unless the reverse charge mechanism can apply.

Refund of Danish VAT is available for foreign companies not registered for VAT in Denmark. In order to have a Danish VAT refund, businesses from other EU countries must apply for refund via the website of the tax authorities in their home country. A company which is established outside the EU and carrying out business in Denmark may be required to register for Danish VAT purposes through a resident VAT agent.

VAT return and deadlines

Businesses must either file VAT on monthly basis, on quarterly basis or two times a year. The turnover decides whether a business must file monthly, quarterly or half-yearly. The deadline for filing and payment of VAT is 60 days after the VAT period (quarterly and half year returns). Monthly VAT declarations must be filed and paid no later than the 25 th in the month after the VAT period.

Distance selling – sale of goods to private customers

Distance selling is when a company/business established and VAT-registered in another EU member state sells goods to private customers in Denmark (e.g. via the internet) and handles the shipment or transportation of the goods (directly or indirectly). Only if such sale exceeds EUR 10,000, the company/business is required to register for VAT in Denmark, charge 25 % Danish VAT on the sales and pay in the VAT to the Danish tax authorities respectively.

However, if the goods sold are subject to certain excise duties (such as alcohol, alcoholic beverages, fabricated tobacco and energy products) the company/business must always register in Denmark and pay in the Danish VAT.

Specific rule for real estate

In general, the supply of real estate (land and buildings) is exempt from VAT, and as a rule the supplier will not be able to deduct any input VAT related to the sale. However, the supply of land to be build on and new buildings is subject to VAT.
If the sale is subject to VAT, costs related to the sale can be deducted.

Specific rule for foreign tourist busses

Due to a change in the Danish VAT Act, foreign bus operators providing tourist transport in Denmark need to register for Danish VAT and pay in VAT in accordance with the general rules of the Danish VAT Act.

Withholding taxes

Country	Dividend		Royalty	Interest**
	Individuals, companies	Qualifying companies*		
Algeria	5/15 % [y]	0 %	10 %	0/8 %
Argentina	10/15 %[a]	0 %	3/5/10/15 %	12 %
Armenia	15/5/0 %[u, v]	0 %	5/10 %	0/5/10 %
Australia	15 %	0 %	10 %	10 %
Austria	0/15 %[b]	0 %	0 %	0 %
Azerbaijan	5/15 %[r]	0 %	5/10 %	10/8 %
Bangladesh	10/15 % [b]	0 %	10 %	10 %
Belarus [q]	15 %	0 %	0 %	0 %
Belgium	0/15 %[a]	0 %	0 %	10 %
Brazil	25 %	0 %	15/25 %	15 %
Bulgaria	5/15 %[a])	0 %	0 %	0 %
Canada	5/15 %[a]	0 %	0/10 %	10 %
Chile	5/15 %[a]	0 %	2/10 %	4/5/10 %
China	5/10 %[a]	0 %	10 %[o]	10 %
Croatia	5/10 %[a]	0 %	10 %	5 %
Cyprus	0/15 %[b]	0 %	0 %	0 %
Czech Republic	15 %	0 %	10 %	0 %
Egypt	15/20 %[a]	0 %	20 %	15 %
Estonia	5/15 %[a]	0 %	0 %	10 %
Faroe Island	0/15 %[c]	0 %	0 %	0 %
Finland	0/15 %[c]	0 %	0 %	0 %
France	0/15 %[x]	0 %	0 %	0 %
Georgia	0/5/10 %[b, e]	0 %	0 %	0 %
Germany	5/15 %[b]	0 %	0 %	0 %
Ghana	5/15 %[b]	0 %	8 %	8/0 %
Greece	18 %	0 %	5 %	8 %
Greenland	0/15 %[a]	0 %	10 %	0 %
Hungary	0/15 %[a, b]	0 %	0 %	0 %
Iceland	0/15 %[c]	0 %	0 %	0 %
India	15/25 %[a]	0 %	20 %	10/15 %
Indonesia	10/20 %[a]	0 %	15 %	10 %
Ireland	0/15 %[a]	0 %	0 %	0 %
Israel	0/10 [b]	0 %	0 %	5 %
Italy	0/15 %[a]	0 %	5 %	10 %
Jamaica	10/15 %[a]	0 %	10 %	12.5 %
Japan	0/15 %[s]	0 %	0 %	0/10 % [t]
Kenya	20/30 %[a]	0 %	20 %	20 %
Korea rep. (South)	15 %	0 %	10/15 %	15 %
Kuwait	15 % [p]	0 %	10 %	0 %
Latvia	5/15 %[a]	0 %	5/10 %	10 %
Lithuania	5/15 %[a]	0 %	5/10 %	0/10 %
Luxembourg [h]	5/15 %[a]	0 %	0 %	0 %
Macedonia	5/15 %[a]	0 %	10 %	0 %
Malaysia	0 %	0 %	10 %	25 %
Malta	0/15 % [a]	0 %	0 %	0 %
Mexico	0/15 % [a]	0 %	10 %	5/15 %
Montenegro [m]	5/15 % [a]	0 %	10 %	0 %
Morocco	10/25 % [a]	0 %	10 %	10 %
Netherlands	0/15 % [b]	0 %	0 %	0 %
New Zealand	15 %	0 %	10 %	10 %
Norway	0/15 % [b]	0 %	0 %	0 %
Pakistan	15 %	0 %	12 %	15 %
The Philippines	10/15 % [a]	0 %	15 %	10 %
Poland	0/5/15 % [a, i]	0 %	5 %	5 %
Portugal	0/10 % [f]	0 %	10 %	10 %
Romania	10/15 % [a]	0 %	10 %	10 %
Russia d)	N/A	N/A	N/A	N/A
Serbia	5/15 % [a]	0 %	10 %	10 %
Singapore	0/5/10 % [a, i]	0 %	10 %	10 %
Slovak Republic	15 %	0 %	5 %	0 %
Slovenia	5/15 % [a, i]	0 %	5 %	5 %
South Africa	5/15 % [a]	0 %	0 %	0 %
Spain [d]	N/A	0 %	N/A	N/A
Sri Lanka	15 %	0 %	10 %	10 %
Sweden	0/15 % [b]	0 %	0 %	0 %
Switzerland	0/15 % [b]	0 %	0 %	0 %
Taipei (Taiwan)	10 %	0 %	10 %	0/10 %
Tanzania	15 %	0 %	20 %	12.5 %
Thailand	10 %	0 %	5/15 %	10/15 %
Trinidad and Tobago [d]	N/A	N/A	N/A	N/A
Tunisia	15 %	0 %	15 %	12 %
Turkey	15/20 % [a]	0 %	10 %	15 %
Uganda	10/15 % [a]	0 %	10 %	10 %
Ukraine	5/15 % [a]	0 %	10 % (5 %)	0/10 %
United Kingdom	0/15 % [a]	0 %	0 %	0 %
United States	0/5/15 % [j, b]	0 %	0 %	0 %
Venezuela	5/15 % [a]	0 %	5/10 %	0/5 %
Vietnam	5/10/15 % [k, l]	0 %	5/15 %	10 %
Zambia	15 %	0 %	15 %	0/10 %

a) Lower rate at 25 % ownership.
b) Lower rate at 10 % ownership.
c) Zero rate at 10 % ownership.
d) The tax treaty has been cancelled.
e) Zero rate at 50 % ownership.
f) Zero rate if the EU Parent/Subsidiary Directive applies.
g) Lower rate at 50 % of the votes.
h) The treaty does not apply to 1929 Luxembourg holding companies.
i) 5 % rate if paid to approved entity.
j) Zero rate at 80 % of the votes.
k) 5 % at 70 % ownership/an investment of 12 million USD.
l) 10 % rate between 25 % and 70 % ownership.
m) The tax treaty with the former Yugoslavia.
n) 10 % at 25 % of the votes.
o) of either gross amount or 70 % of gross amount.
p) Zero rate at 25 % ownership for at least one year.
q) The tax treaty with the former USSR.
r) 5 % at 20 % ownership and an investment of at least 1 million EUR (or similar amount).
s) Lower rate if distributing company cannot deduct distribution for tax purposes and there is 10 % ownership for at least 6 months before decision on distribution.
t) 10 % only applies to certain interests.
u) Zero rate at 50 % ownership and an investment of at least 2 million EUR (or similar amount in Danish or Armenian currency).
v) 5 % at 10 % ownership and an investment of at least 100,000 EUR (or a similar amount in Danish or Armenian currency).
x) 0 % at 10 % direct ownership for at least 365 days.
y) 5 % at 15 % direct ownership for at least 365 days.

* According to domestic rules either a 10 % direct ownership is required or the distributing company must be a group company cf. page 11. A transparency rule may apply.

** According to domestic rules withholding tax on interest only applies to interest payments from a controlled Danish company to a foreign company. "Control" is defined as ownership of more than 50 % of the share capital or votes. No withholding tax applies if the foreign company is protected by either the EU Interest/Royalty Directive or a tax treaty with Denmark (reduction/waiver) or if the foreign company is controlled by a Danish company or by another foreign company in a tax treaty country imposing CFC taxation on the received interest or if the receiving foreign company is taxed thereon with at least 3/4 of the Danish corporate tax rate.

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