



# Step-by-Step Guide to Opening a Business in Denmark



## Thank you for choosing Denmark

Invest in Denmark provides a free and confidential one-stop-shop service to foreign companies looking to set up or expand in Denmark.

The following is our guide to opening a business in Denmark, with links that are updated with the latest information. We are happy to walk you through it as well as introduce you to our Service Provider Network that can further assist you.

### Step 1

#### Choose which type of legal entity fits your goals and activities in Denmark

There are several types of company structures in Denmark. We recommend that foreign companies use an "Anpartsselskab" (ApS – meaning a private limited liability company), which is akin to a limited liability company in the United States, as this provides you with the most protection.

### Step 2

#### Register your company

Every company in Denmark must be registered with a CVR number (Central Company Register Number) in the Danish Business Authority's (DBA) online registration system (indberet.virk.dk). The CVR number is always used when communicating with public authorities. It costs DKK 670 to register your company online.

For a more detailed description of the different types of legal forms please refer to: [investindk.com/establishingabusiness](http://investindk.com/establishingabusiness)

A company should be registered officially with the DBA within 14 days after the memorandum of association has been signed.

To register your company, the DBA requires you to have a “NemID”, an individual’s digital signature to access public and private services on the internet in Denmark (nemid.nu). In order to get a NemID, you must have a residence and work permit in Denmark.

Therefore, we recommend that you work with a lawyer who can do this for you. We have a vetted list of lawyers to introduce you to when you are ready.

Here is an overview of all our service providers: [investindk.com/spn](https://investindk.com/spn)

It only takes a couple of hours to register your company online; however your lawyer will need the following from you before starting:

- Transfer of share capital of DKK 50,000 to your client account held by your Danish lawyer. This is not a fee but rather an operating capital for your Danish company
- Provide the name, address and copy of passport of the member(s) of the executive board and the member(s) or the board of directors if applicable. Please note that members(s) of both the executive board and the board of directors of the company can reside outside of Denmark

- Memorandum and articles of association of the company
- Specific description of the ownership structure of the parent organization and copies of passports of all ultimate personal owners with more than 25% ownership

### Step 3

#### Register with the Danish Tax Authorities

Upon registering, the Danish Business Authority (DBA) sends the relevant information to SKAT (the Danish Customs and Tax Administration), who is responsible for the collection of taxes and VAT.

SKAT also provides advice to companies on tax, duty and VAT issues (please see link: [skat.dk](https://skat.dk) for more insight).

Before you start you start operating, you must register your company separately for:

- VAT - if you sell goods and service in Denmark (only required if the company has a revenue of more than DKK 50,000)
- Payroll tax - if you sell VAT-exempt services
- Duties - if you manufacture or deal in wholesale goods subject to duties or purchase these kinds of goods abroad
- Import and/or export - if you do business with countries outside the EU
- A-tax (tax deducted from income at source) - if you have employees

For more information on corporate taxation, please see link: [investindk.com/taxation](https://investindk.com/taxation)



#### Step 4

##### Issue employment contracts

Your lawyer can also assist you in preparing employment contracts or 'Secondment' addendums to the existing contracts for employees who will transfer within the company that complies with Danish legislation.

All employers must take out a mandatory industrial injury insurance. This insurance should be added to the salary as the employer's contribution along with the ATP contribution. These contributions are among the world's lowest rates for employer-paid social security (e.g. Sweden: 31.42% of salary; Denmark: approx. DKK 4,000-12,000 depending on the nature of the employment).

For a detailed description on hiring in the Danish labor market, including working conditions please see [investindk.com/labour](https://investindk.com/labour)

#### Step 5

##### Set up corporate structure (optional)

We would recommend setting up your corporate structure so that you avoid double taxation and use Denmark as a profit center for your other international branches or companies.

Denmark not only has a low corporate taxation rate, it also incurs no fees on the transfer of dividends outside of the country.\* Your lawyer can assist you here for a separate fee.

Once you have your company set up, you can continue with the following steps simultaneously - assisted by your Danish service providers.

#### Step 6

##### Process for helping you transfer your employees to Denmark

Depending on the employee's nationality different rules may apply:

- Non-EU nationals must acquire a residence and work permit prior to their arrival in Denmark
- EU nationals may enter and work in Denmark without permits for up to three months. For longer stays, they need to request a registration certificate before the three months period has expired
- Citizens of the Nordic countries may enter and work in Denmark without any permit

Applications for residence and work permits (one application per person) can be filed by the employer and the employee directly or via a Danish lawyer who, for an additional fee, can assist you in filling out



##### Useful address:

The Citizen Centre at Danish Agency for International Recruitment and Integration

Njalsgade 72C, 2300 Copenhagen S

Tel: +45 72 14 20 01

Web: <https://www.nyidanmark.dk/en-us/frontpage.htm>

\* If dividends are paid to a parent company (holding at least 10% of the shares) in another EU member state or a state with which Denmark has a double taxation treaty.

the application form and filing the application on behalf of the company in Denmark, potentially saving you some time. Since you are establishing a new company, it may be advisable to use a lawyer for the first couple of applications which will enforce your reputation as a legitimate business with the authorities, however this is not necessary.

**There are three steps that must be completed when filing the application:**

- i. Create case order ID (can be done online)
- ii. Pay the fee (unless the applicant is exempt) (can be done online)
- iii. Submit the application (can be done online)

Foreign employees that have been offered a highly paid job have particularly easy access to the Danish labour market

There are no specific requirements with regards to education, profession, or the specific nature of the job

In order to obtain residence and work permit according to the Pay Limit Scheme the employees' job must have a gross annual pay of no less than DKK 408,000. The employee must have a written job contract or job offer which specifies salary and employment conditions. Salary and employment conditions must correspond to Danish standards

For more information on the Pay Limit Scheme please see:

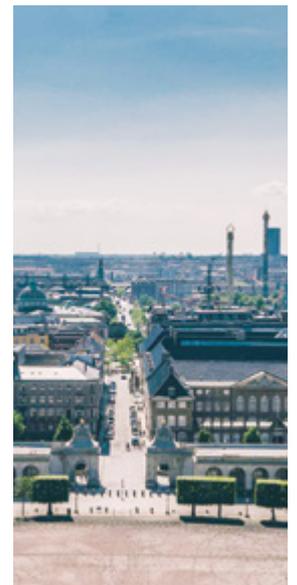
[https://www.nyidanmark.dk/en-us/coming\\_to\\_dk/work/work.htm](https://www.nyidanmark.dk/en-us/coming_to_dk/work/work.htm)

The application for a residence and work permit under the Pay Limit Scheme must be completed by filling out the application form "AR1": <https://www.nyidanmark.dk/xform/formularer/ar1.form.aspx>

The fee for each application under the pay limit scheme is: DKK 3,440 (2017-figures).

The AR1 application form consists of two parts; one for the employer to be filled out and one for the employee to be filled out.

- List of documents required from the employer:
  - i. AR1 part II must be filled out and signed by the employer
  - ii. Documentation for salary and employment conditions which are not stated in the employment contract (for example, fringe benefits, paid housing, etc.)
  - iii. Because you will be a new Danish entity sponsoring the work permit, we would advise that you develop a financial forecast for the company/group that will be attached to any work permit application as this may help ease the application process, however this is not a requirement
- List of documents required from your employee:
  - i. AR1 part I must be completed by the employee
  - ii. Employment contract or job offer which includes information on salary terms, employment conditions, and job description (may not be more than 30 days old). Salary and employment



conditions must correspond to Danish standards

- iii. Documentation of education relevant to the offered job (in English or Danish)
  - iv. Copy of passport (all pages with information, including front page)
- In connection with submitting an application for a residence permit, the employee's biometric features (facial image and fingerprints) must be recorded and stored on a chip on a residence card. If the employee fails to have his/her biometric features recorded, the application will be rejected. This means that the application will not be processed
  - Normally, you must already have been granted a residence permit before entering Denmark
  - Once the employee arrives in Denmark, they will be issued (from the city of residence) a Tax ID card as well as a Health Insurance card which allows them free access to public health services. The employee will also be invited by their local municipality to attend free Danish language courses. In Copenhagen there is an International Citizen Service, which is a "one-stop-shop" for expats to help and answer questions regarding the Danish system, e.g. tax papers, social security number, integration issues, making friends, etc.

For more information on the International Citizen Service please see link: [icitizen.dk](http://icitizen.dk)  
We will of course assist you in the process.

## Step 7

### Set up payroll and bank account

Invest in Denmark generally recommends foreign companies who establishes a company in Denmark to engage a Danish accountant or auditor since the company has to file tax returns locally, arrange bookkeeping, VAT reporting, pay rolls, etc.

- Open a bank account.  
In order to open a corporate bank account a "request for opening a corporate account" form is needed. It is obtainable through any large Danish bank. The form is to be returned to the Danish bank with a reference or recommendation from your local bank in your home country. The completed request must be accompanied by the following documents:
  - Company report including provisions regulating the power to bind the company who needs accounts (i.e.: Can only individuals within the company headquarters sign? Or will you give others permission?)
  - Information about ownership structure (if any of the owners own more than 25% of the shares in the company the bank will need to have copy of passports of the owner and information about private address)
  - Copy of memorandum and articles of association of the company

If you would like to have internet banking, you will also need following information:

- Which users must be created in internet banking?



For more information on the International Citizen Service please refer to: [icitizen.dk](http://icitizen.dk)

- How will users be able to sign in to internet banking? Alone? Two together/ in association?
- Names and private addresses of users of online banking

Once the bank has these documents and the information requested about internet banking, they can make the documents and an unauthorized translation and send them to you.

You can fax the documents back to the bank and you can snail mail them. When the bank has these documents in signed condition, then the accounts will be activated, and they will send passwords to users in internet banking.

### Step 8

#### Find an office location

If you are looking to lease a location Invest in Denmark can provide you with a list of options that help meet your criteria as well as introduce you to the necessary service providers. Denmark has many flexible office locations that can be month-to-month leases and offer additional business-in-a-box solutions as you grow your business, such as a science park.

In the interim period most law firms offer that the lawyer's address can be your Danish address.

### Step 9

#### Ongoing business in Denmark - Taxation & filing requirements

An accounting company can file your annual financial statement. An audit will not be required as long as the company in two successive financial years does not exceed 2 out of these 3 limits:

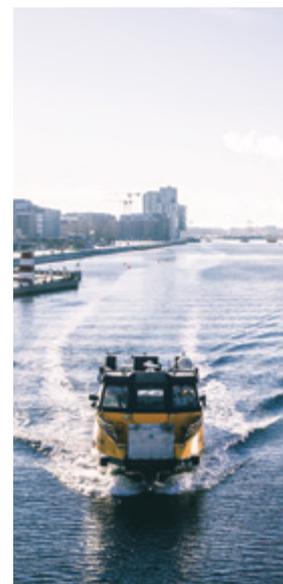
1. Balance sheet amount less than DKK 4 m
2. Net turnover less than DKK 8 m
3. Average full-time employees less than 12 persons during the financial year

A financial year can in principle start on any given date, however the most practical is to follow the financial year of the parent organization - and the most common start dates are 1 January or 1 July.

Your accountant must file your VAT with the tax authorities on a monthly, quarterly or semi-annual basis depending on the company size and wishes.

The Danish company is a separate legal entity, which is subject to corporate taxation in Denmark. The corporate tax rate has been lowered to 22%.

Personal income tax is a combination of national tax, city tax and optional church tax. It is a progressive system. The lowest tax rate is approx. 36% up to marginal income tax rate of 51.95%, exclusive of church tax and labour market contribution. Certain allowances and deductions are allowed.

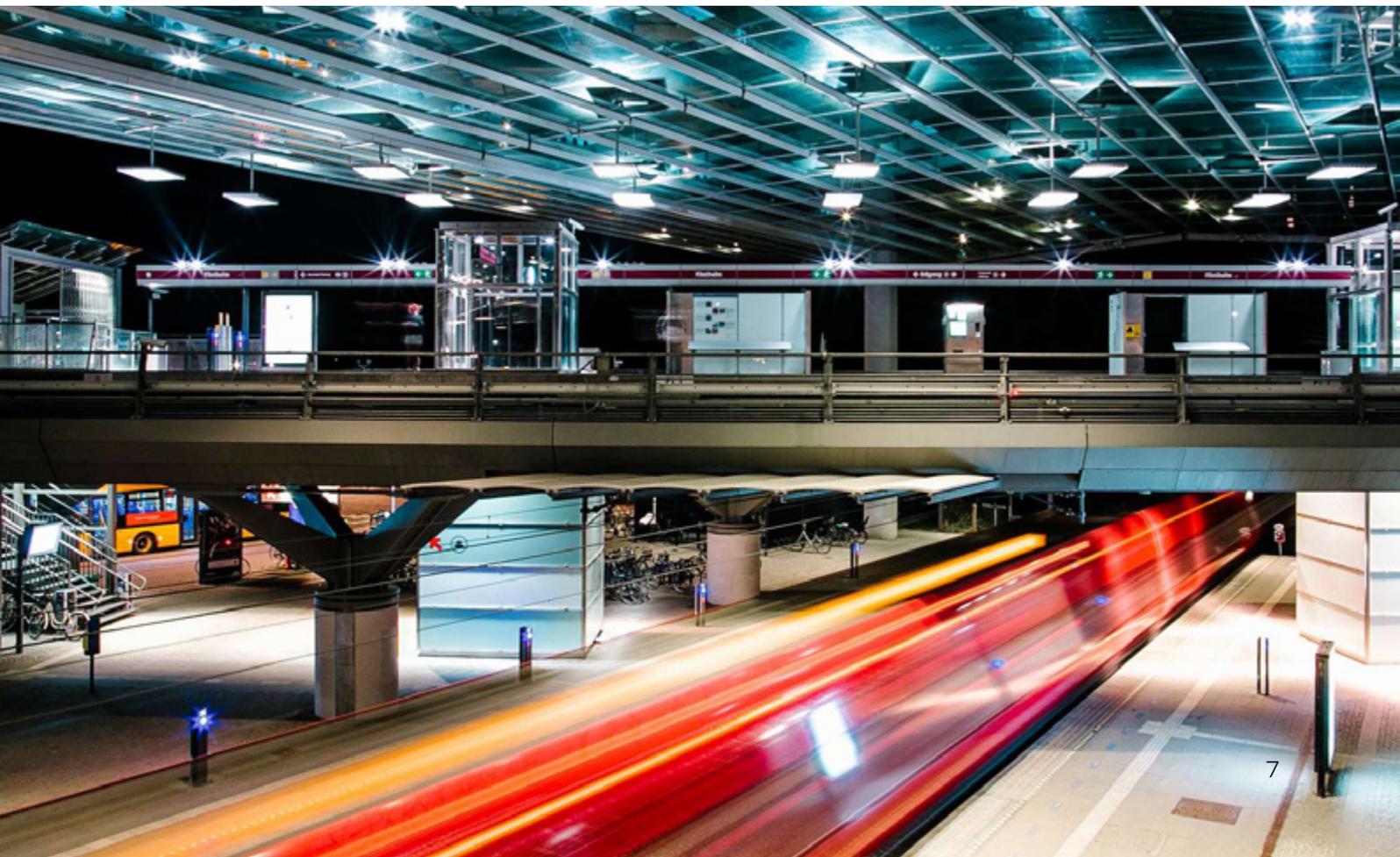


- Expat Tax Rule: There is the possibility of benefiting from a lower tax rate, if certain conditions are met. Special tax scheme for foreign researchers and highly-paid employees (annual salary at least DKK 764,400 in 2017): Flat tax rate of 31.92% (8% base + 26% of rest) over a period of up to 5 years
- Danish tax authorities will issue an annual summary of taxes paid (similar to a W-2) for all your employees based in Denmark or having worked in Denmark the last year

#### Closing or scaling down the company

Downscaling of operations is a valid excuse to let go of workers, but different rules apply to blue collar (union rules apply) and white collar (in contract) workers. Unions however, tend to be cooperative in Denmark.

Closing down a Danish company requires a liquidation process or - if there are no liabilities - through a termination statement. Both processes require help from a lawyer.



# Start with Denmark

Invest in Denmark provides your company with a tailor-made solution for locating your business in Denmark. We measure our success by how well we contribute to yours. So, if you are considering setting up business or expanding your activities in Denmark, make us your first stop.

Our specialized staff across the globe has the corporate background, industry insight and well-connected networks to advise you on every aspect of locating in Denmark. Not only when you set up, but also as your business grows. Our tailor-made solutions include connecting companies with key local contacts, arranging fact-finding tours and providing comprehensive benchmark analyses. We make sense of local legislation and advantages of locating in Denmark – all free of charge and in guaranteed full confidentiality.

## We Look Forward to Hearing from You

---

### Headquarters

Ministry of Foreign Affairs, Invest in Denmark, Copenhagen, +45 33 92 11 16, [indk@um.dk](mailto:indk@um.dk)

### Asia-Pacific

Shanghai +86 21 8025 0688  
Beijing +86 10 8532 9919  
Tokyo +81 3 3496 3001  
Bangalore +91 80 4113 6068  
Seoul +82 0 2 795 4187  
Taipei +886 2 2718 2101

### Europe

Paris +33 1 4431 2121  
Munich +49 89 5458 540  
London +44 207 333 0200  
Stockholm +46 (0)8 406 7500  
Oslo +47 22 54 08 00  
Barcelona +34 93 487 54 86

### North America

New York +1 212 223 4545  
Silicon Valley +1 650 543 3180  
Toronto +1 416 962 5661



This fact sheet has been made in cooperation with independent experts in our service provider network. The information stated here may contain errors or omissions. Invest in Denmark and our partners disclaim any and all liability for any loss or damage caused by such errors or omissions.