



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
Invest in Denmark

2019

DENMARK BEST FOR BUSINESS BASED ON TRUST

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DENMARK – BEST FOR BUSINESS BASED ON TRUST

There are many reasons why the World Bank continues to rank the business climate in Denmark as the best in Europe – a place where doing business is fast, efficient and profitable. They all start with one core value. Trust.

In Denmark, our entire society is based on a mutual willingness to rely on the words and actions of others. Generations have proven that trust facilitates cooperation and motivates individuals to give their best performance. It is the lubricant that reduces the cost of transactions between people, companies and government and minimises risk when starting a new venture.

To put it simply, trust boosts business activities, employment and prosperity.

This is why a business investment in Denmark brings immediate benefits:

- **AN EASY, LOW-RISK CHOICE**

Establish a company online within hours and gain access to some of the world's most flexible hiring and firing rules, enabling you to scale business operations up or down as necessary without complicated procedures.

- **QUALITY AND TRANSPARENCY**

The Danish public sector is respected for its positive, service-minded approach to doing business. Corruption and bribery are virtually unknown. This has continually secured Denmark a top ranking in the International Transparency Index.

- **FINANCIALLY AND POLITICALLY STABLE**

A stable political and legal system and strong public finances mean Denmark is well prepared to handle international economic crises. In fact, Denmark is one of the most stable economies in the EU and the world, with AAA ratings from the top three global crediting agencies Moody's, Standard & Poor's and Fitch.

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YOUR GATEWAY TO EUROPE

Denmark offers a central location for every company that is looking to do business in Europe. The most southerly of the Scandinavian nations, it is the link between Central Europe and the North and lies side-by-side with the growing Baltic Sea markets. No country provides easier access to Europe's 500 million consumers – whether you travel by road, air or sea.

LOCATION IN EUROPE



BIG CITIES AND MOTORWAYS IN DENMARK

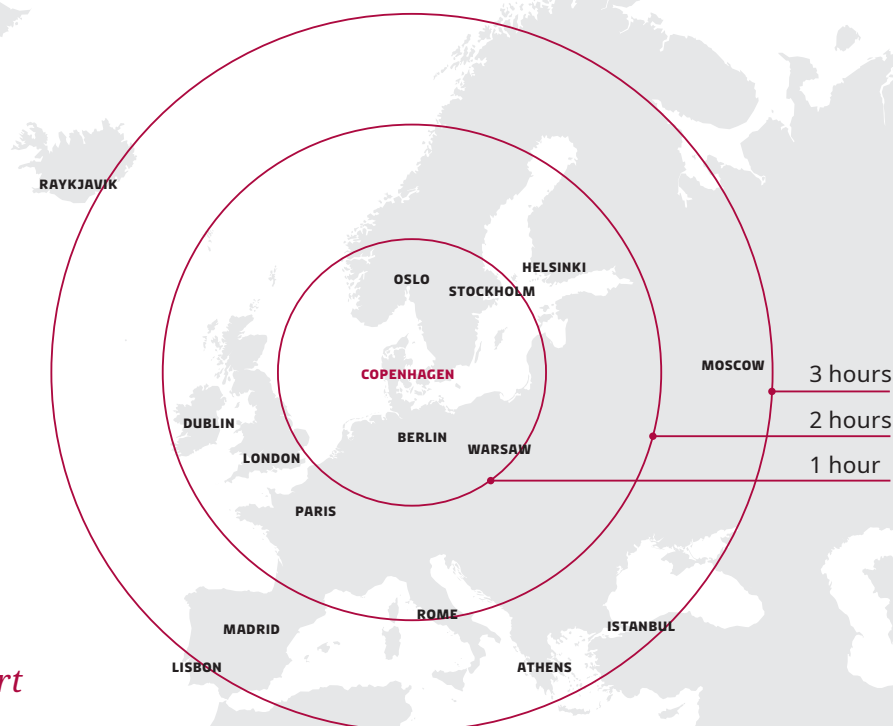


A CENTRAL LOCATION WITH EASY ACCESS BY ROAD, AIR AND SEA

Denmark's road and rail network includes the Oresund Bridge, which connects Denmark and Sweden, and six international airports.

Copenhagen Airport is the Nordic hub, carrying more than 30 million passengers and 360,000 tons of cargo a year.

The ten seaports have free port and trade zone facilities.



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GETTING STARTED

The Danish government has a tradition for prioritising attractive and stable framework conditions for the business sector and regularly introduces new improvement initiatives. This political goodwill is the reason why establishing a business in Denmark could not be easier.

It takes just a few hours to register a company online with the Danish Business Authority (Erhvervsstyrelsen), and there are no resident requirements for management or shareholders. That means board and management meetings may be held online, minimising travel to face-to-face meetings.

Companies are only required to submit their annual report for auditing if they meet two of the following conditions:

- a balance sheet above DKK 4 million (approx. EUR 537,000)
- a net turnover above DKK 8 million (approx. EUR 1,074,000)
- more than 12 full-time employees on average during the financial year

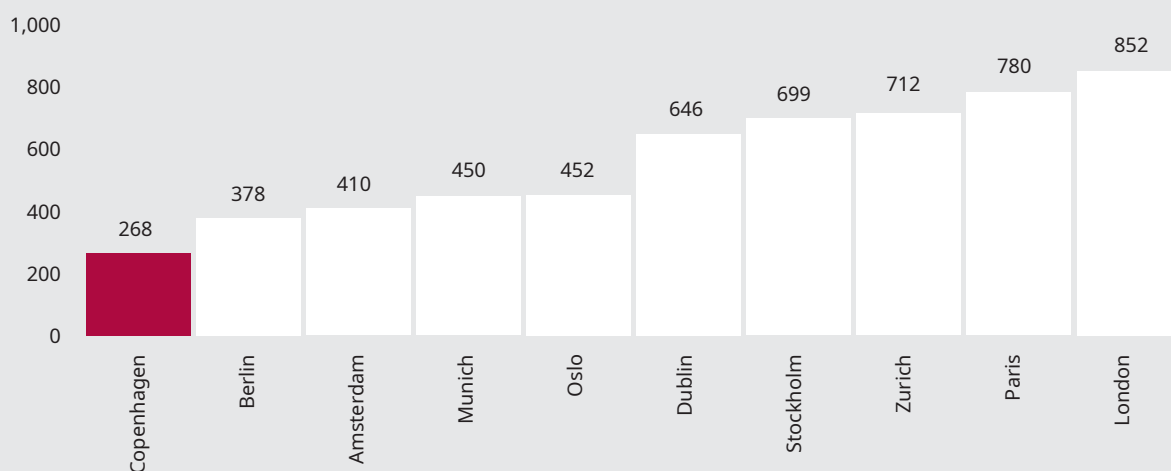
LOW RUNNING COSTS

The cost of renting office space in Denmark is lower than in Norway, Sweden, Germany and the UK. For companies that work with industrial processes, the energy tax is the lowest in the EU.

CHOOSE THE RIGHT SETUP FOR YOUR COMPANY

- Private limited company (ApS), requires a minimum share capital of DKK 40,000 (approx. EUR 5,400)
- Public limited company (A/S), requires a minimum share capital of DKK 400,000 (approx. EUR 53,700)

PRIME OFFICE RENT EUR/M2 PER ANNUM



Source: JLL - European cities (Q2 2018)

FLEXIBLE LABOUR MARKET

DENMARK'S MULTI-LINGUAL WORKFORCE

- 86% of Danes speak English, 47% speak German and 13% speak Swedish.
- 25% of Danes who have completed an upper secondary education since 2009 have followed a Spanish language course for three years or more.

The Danish flexicurity model combines flexibility for employers with state-ensured security for their employees. In Denmark, the principle of 'last in – first out' does not apply. This is why our labour market is so robust and dynamic.

TOP TALENT POOL

Denmark is a European leader in competitive salary levels and has one of the most productive and best-educated workforces. More than 80% of adults have completed an upper secondary education – 6% more than the OECD average – which means skilled labour is readily available.

For work motivation, Danish employees rank no. 1 in the world.

COMPETITIVE SALARIES

In Denmark, employers are required to pay minimal social security contributions of less than 1.4%. This compares with 14% in Norway and more than 31% in Sweden – making labour costs very competitive overall.

A NORDIC COMPARISON SIMPLIFIED GROSS TO NET CALCULATION

	Denmark	Sweden	Norway
Gross salary (DKK)	60,000	60,000	60,000
Social security – employee	94.65	0	4,920
Labour market contributions	4,792	0	0
Total personal income tax	20,248	24,000	15,083
Net in pocket	34,865	36,000	39,997
Approx. social security – employer	833 (1.39%)	18,852 (31.42%)	8,460 (14.1%)
Employer total cost	60,833	78,852	68,460

Note: No other income was considered in the calculation.
Source: KPMG Acor Tax 2019

Denmark is the only country in Northern Europe with no employee termination costs.

RESIDENCE AND WORK PERMIT IN DENMARK

A number of schemes make it easier for highly qualified professionals from countries outside the Nordic countries or the EU/EEA to get a residence and work permit in Denmark.

FAST-TRACK PERMITS

A residence and work permit may be issued to international employees within 24 hours under the fast-track scheme. The requirement is that the employing company is certified by the Danish Agency for International Recruitment and Integration.

THE POSITIVE LIST

Foreign nationals from outside the Nordic countries, EU/EEA and Switzerland have easy access to a residence and work permit if they have a written contract for employment within a field where there is a shortage of qualified manpower.

THE PAY LIMIT SCHEME

An applicant is eligible for a work and residence permit regardless of their field of work if their monthly gross salary is minimum DKK 35,600 (approx. EUR 4,775).

SPECIAL EXPAT TAX SCHEME

Denmark has a special tax scheme for highly-paid foreign researchers and key employees with a monthly salary of minimum DKK 66,600 (approx. EUR 8,940), after the deduction of labour market supplementary pension fund (ATP) contributions. Providing they meet a number of conditions, such employees may choose to pay tax at a rate of 27%, including labour market contributions, for up to seven years.

EQUAL ACCESS TO PUBLIC SERVICES

Foreign citizens with residence and work permits receive the same benefits as Danish citizens, including access to free healthcare, medical services, education and much more.



BUSINESS-FRIENDLY TAX RULES

Denmark has entered tax treaties with many nations, including the US, to avoid double taxation.

COMPETITIVE CORPORATE TAX LEVEL

The Danish corporate tax level is 22%. This compares with 21.4% in Sweden, 22% in Norway and 20% in Finland.

REIMBURSEMENT OF TAX LOSSES IN R&D

Businesses may receive tax credit for losses related to research and development costs up to DKK 25 million. At a corporate tax level of 22%, this means the maximum potential reimbursement is DKK 5.5 million.

Denmark is one of only a few countries that allow losses to be carried forward indefinitely, within certain thresholds.

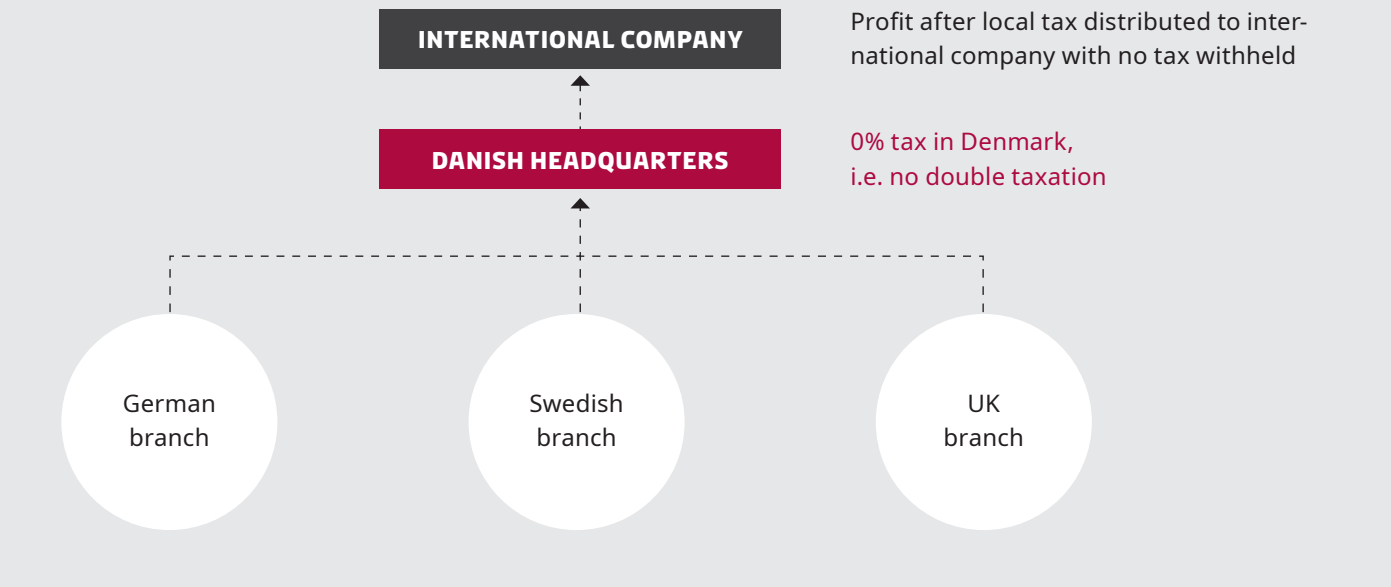
NO RISK OF DOUBLE TAXATION

Special tax rules set Denmark apart by eliminating the risk of double taxation when businesses expand abroad. For example, Danish companies are generally exempt from paying tax on income from international branches. Providing certain conditions are met, dividends from subsidiaries are similarly not subject to tax, and it is permitted to distribute dividends without withholding taxes.

REIMBURSEMENT OF TAX LOSSES IN R&D

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EXAMPLE OF REGIONAL HEADQUARTERS CORPORATE STRUCTURE

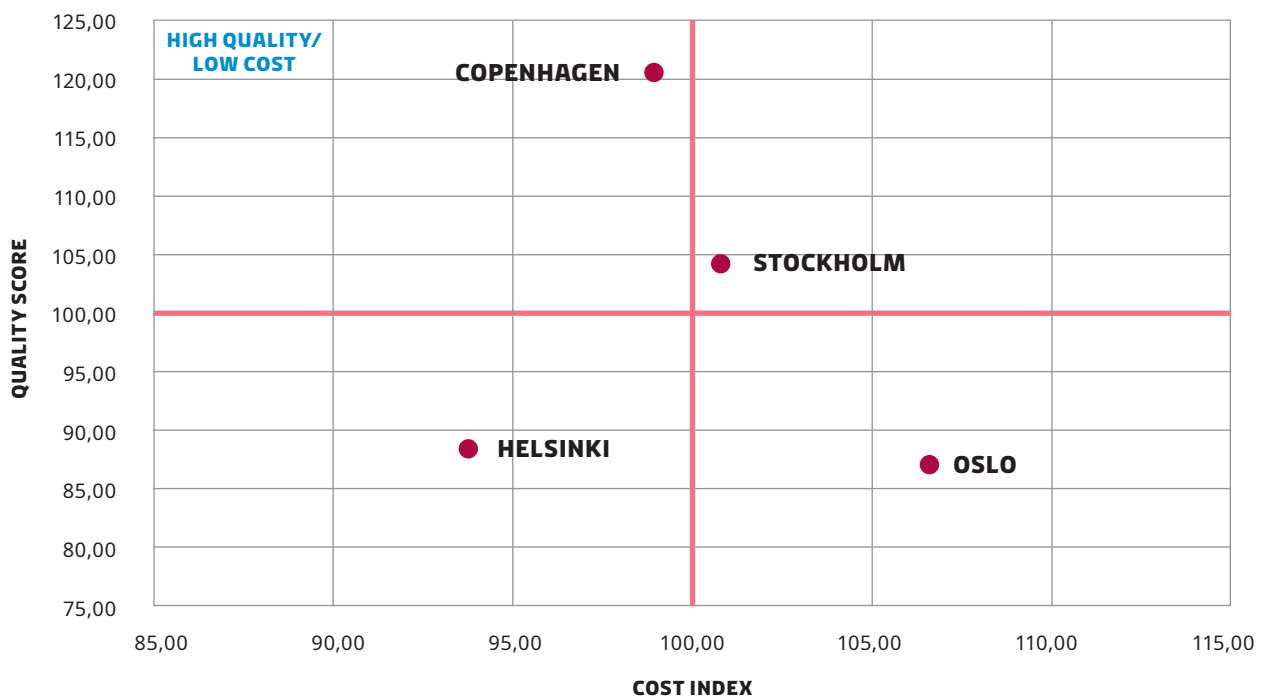


AN ATTRACTIVE LOCATION FOR A REGIONAL HEAD OFFICE

Denmark is often compared to its Nordic neighbours when international businesses consider which location is most attractive for a regional head office.

According to a benchmark analysis by the Financial Times Group, Copenhagen offers the best quality location at the lowest cost compared to Helsinki, Oslo and Stockholm. Quality factors include the general business environment, human resources, infrastructure and labour flexibility. Cost factors cover taxation, total employment costs and real estate. An example is shown below:

COST-QUALITY MATRIX (EXAMPLE ON 50 FTE HQ)



Source: fDi Benchmark.com – Financial Times Group (FT Group)

COMPARATIVE OVERVIEW OF BUSINESS CONDITIONS

	Denmark	Sweden	Norway
Ease of doing business (World Bank 2018)	3	8	9
Corporate taxes (KPMG Acor 2019)	22%	21.4%	22%
Social security paid by employer (on top of gross salary)	1.39%	31.42%	14.1%
Reduced taxation for expats (KPMG Acor 2019)	27% for up to 7 years	25% deduction in taxable income; i.e. 75% of income is taxed	10% deduction in income; maximum NOK 40,000
Employer must negotiate with unions before firing	No, must only notify about large-scale dismissal cases	Yes, when termination is for employer-related reasons, the union must be notified at the same time as the employee	Yes, if requested according to a collective agreement, or by the employee
Employer must offer re-entry to former employees	No, the employer is fully free to choose.	Yes, if employed for at least 12 months during the past 3 years	Yes, if employed for at least 12 months during the past 2 years
Nordic platform	Danish company not subject to taxation on income from foreign branches; i.e. no double taxation.	Swedish company subject to taxation on income from foreign branches. Relief from double taxation may result in adverse tax consequences, cost and administration	Norwegian company subject to taxation on income from foreign branches. Relief from double taxation may result in adverse tax consequences, cost and administration.
English proficiency (EF English Proficiency Index 2018)	4	19	19
Prime office rent EUR/m ² a year (JLL Q2, 2018)	268	699	452

WHAT THE COMPANIES SAY

NESTLÉ NORDIC

“The Copenhagen region is ideal for Nestlé’s business strategy in the Nordic countries. Denmark is a leader in food and nutritional sciences and the Copenhagen region is home to many educational institutions, supplying the labour market with skilled talent relevant for our business.”

Peter Svensson, Former CEO, Nestlé Nordic

FMC CORPORATION

“Denmark is a well-known centre for food and bioscience research with an exceptional workforce. It is a country known for its strong labour force and quality of life. The European Innovation Centre will enhance our ability to collaborate with customers and suppliers throughout the region, and ensure that we fulfil the growth potential of our newly combined company.”

Pierre Brondeau, President, CEO and Chairman, FMC Corporation

GOERTEK AUDIO TECHNOLOGIES

“When it comes to developing audio technologies, Denmark is ahead. We considered many locations for our new technology centre, weighing availability of talent, centrality in Europe and quality of life among other merits. We chose Denmark because of the unique entrepreneurial spirit that permeates the audio industry here.”

Andrew Bright, CEO, GoerTek Audio Technologies

MEDTRONIC

“...the strong competencies and the high quality of clinical trials, tests and research in general in Denmark are the reason why Medtronic has established very strong relationships with the highly skilled Danish doctors and scientists.”

Mette-Marie Harild, VP of Nordic and Baltic countries and Poland, Medtronic

MICROSOFT DEVELOPMENT CENTER

“The major advantages of having Microsoft’s largest European development centre located in Denmark are that we have access to a broad range of highly competent Danish and foreign staff and that we are able to build upon the Danish traditions for design and management.”

Charlotte Mark, CEO, Microsoft Development Center

IBM DENMARK

“Denmark is an ideal location for an innovation centre. Partly because of the access to highly skilled IT talents with solid business acumen, and partly because Danish clients are curious and embrace new digital solutions. In addition, the clients in Denmark are interested in jointly developing and testing innovative solutions. Therefore, it is crucial for us that we understand the local needs and are able to co-innovate with our Danish clients.”

Henrik Bodskov, CEO, IBM Denmark



SPECIALIST SUPPORT FOR SETTING UP IN DENMARK

Invest in Denmark provides all the support you need for locating your business in Denmark. So, if you are considering setting up or expanding your activities in Denmark, make us your first stop.

Our specialised, international staff can 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 the advantages of locating in Denmark – all free of charge and fully confidential.

DENMARK: BEST COUNTRY FOR BUSINESS



Gateway to the Nordics

Four international airports serve tourism, business and cargo. Copenhagen Airport has direct international routes to more than 177 destinations, making it by far the largest airport and logistics hub in the Nordics.

ONE OF THE MOST DIGITAL COUNTRIES IN THE EU

Digital Economy and Society Index (2019)

USD 56,307

Per capita GDP
(2017)

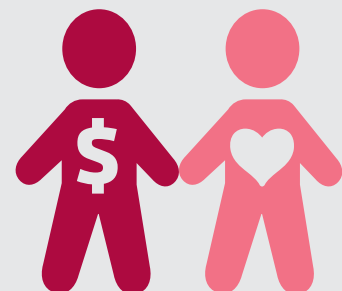
One of the most flexible labour markets in the world

IMD (2018)

#1 in Europe for ease of doing business

The World Bank (2012-2019)

22%
corporate
tax



#2 in the world on work-life balance

OECD Better Life Index (2018)



**Denmark aims to be powered entirely by
renewable sources by 2050**



Language

9 out of 10 people speak English and
6 out of 10 speak German.

Strong infrastructure

Denmark has a strong infrastructure, including four international airports, sea ports, bridges and an integrated railway system. Together, they enable easy distribution of goods and services to the Nordic markets.

HEADQUARTERS

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OUR GLOBAL PRESENCE

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