



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

2019

STEP-BY-STEP GUIDE TO OPENING A BUSINESS IN DENMARK

www.investindk.com



STEP-BY-STEP GUIDE TO OPENING A BUSINESS IN DENMARK

Setting up or expanding your business is easy in Denmark. Just follow this step-by-step guide to an efficient start to your business operations.

If you need further assistance, Invest in Denmark is ready to support you. Our one-stop service is free and confidential. Get in touch if you need help with getting started. We can also introduce you to our service provider network, which can assist with specific requirements.

For a more detailed description of legal entities, please go to 'How to set up a business in Denmark', which is available at investindk.com and download our fact sheet.

STEP 1

Choose which type of legal entity is the best fit for your goals and activities in Denmark.

There are several types of company structure in Denmark. We recommend that foreign companies set themselves up as an Anpartsselskab (APS), which is a private limited liability company. This will give you the best protection.



STEP 2

Register your company

Every company in Denmark must be registered online with the Danish Business Authority (DBA). This will provide your company with a CVR number (Central Company Register Number), which is always used when communicating with public authorities. It costs approximately EUR 100 to register your company at indberet.virk.dk

A company must be registered with the DBA within 14 days of the memorandum of association being signed.

To register your company, you will need a “NemID” – a digital signature to access public and private services on the internet in Denmark (nemid.nu). To obtain a NemID, you must have a residence and work permit in Denmark. For this reason, we recommend that you ask a lawyer to do this for you.

It only takes a couple of hours to register your company online. Before doing so, you must provide your Danish lawyer with the following:

- DKK 40,000 in share capital, transferred to the client account held by your lawyer. This is not a fee but operating capital for your Danish company.
- The name, address and passport photocopies of executive board members and, if applicable, the board of directors. Please note that members of the executive board and board of directors are not required to be resident in Denmark.
- The company's memorandum and articles of association.
- A description of the ownership structure of the parent organisation and copies of passports of all individual owners with a significant share.

A company must be registered with the DBA within 14 days of the memorandum of association being signed.

STEP 3

Register with the Danish Tax Authorities

For more information on corporate taxation, go to 'Taxation in Denmark', which is available at investindk.com

After registration, the DBA will send relevant information to SKAT (the Danish Customs and Tax Administration), which is responsible for collecting taxes and VAT. SKAT also advises companies on tax, duty and VAT issues (visit skat.dk for more details).

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

- VAT – if you sell goods and service in Denmark (only required if the company revenue exceeds 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 such 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.



STEP 4

Issue employment contracts

Your lawyer can also assist you with preparing employment contracts or 'secondment' addendums to existing employee contracts in compliance with Danish legislation.

All employers are required to take out an industrial injury insurance. This insurance should be added to an employee's salary as the employer's contribution, along with the contribution to the Supplementary Labour Market Pension Fund (ATP). These contributions to employer-paid social security are among the world's lowest.

For detailed information about the Danish labour market, including hiring and working conditions, see 'Understanding the flexible Danish labour market' at investindk.com

All employers are required to take out an industrial injury insurance.

STEP 5

Set up corporate structure (optional)

It can be advisable that you consider to structure your corporate setup and use Denmark as HQ for other international branches or companies.

Denmark has a low corporate taxation rate and is generally exempt of tax on dividends transferred outside the country.¹ Ask your lawyer for assistance.

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

¹ 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.



STEP 6

Transferring employees to Denmark

Different rules may apply depending on the employee's nationality:

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

Applications for residence and work permits (one application per person) may be filed by the employer and employee directly. Alternatively, a Danish lawyer can assist with filling out the application form and filing the application on behalf of your new company in Denmark. It may be beneficial to use a lawyer for the first couple of applications to establish your reputation with the authorities as a legitimate business. This is not a requirement, however.

FOR MORE INFORMATION ON WORK AND RESIDENCE PERMITS, CONTACT:

*The Citizen Centre at Danish
Agency for International
Recruitment and Integration*

Njalsgade 72C
2300 Copenhagen S

Tel: +45 72 14 20 01

Web: [NewtoDenmark](https://www.newtoDenmark.dk)

FOR MORE INFORMATION ON LIVING IN DENMARK AS AN EXPAT, VISIT:

International Citizen Service
at [icitizen.dk](https://www.icitizen.dk)

RESIDENCE AND WORK PERMIT IN DENMARK

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.

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.



STEP 7

Set up payroll and bank account

When establishing a company in Denmark, it may be useful to hire a Danish accountant or auditor to help with filing local tax returns and arranging book-keeping, VAT reporting, pay rolls, etc.

To open a corporate bank account, you will need a “request for opening a corporate account” form, which can be obtained from any large Danish bank. The form should be returned to the Danish bank with a reference or recommendation from your local bank in your home country. Once the bank has these documents and information about internet banking, the bank staff will prepare the documents and an unauthorised translation and send them to you for your signature.

Once the bank receives the signed documents, the accounts will be activated and passwords sent to your online bank users.

STEP 8

Find an office location

If you need to lease an office, Invest in Denmark can provide a list of options to help you.

If you need to lease an office, Invest in Denmark can provide a list of options to help you in your search and introduce you to the necessary service providers. Denmark has many flexible office locations, available with month-to-month leases, and business-in-a-box solutions, such as science parks, where you can grow your business. Until you have found a suitable premises, most Danish law firms can offer you a c/o address at their address against a minor monthly fee until you have a permanent office location in place.

STEP 9

Ongoing business in Denmark – taxation and filing requirements

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

- 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

A financial year can in principle start on any given date, however the most practical is to follow the financial year of the parent organisation. 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 preferences.

The Danish company is a separate legal entity, which is subject to corporate taxation of 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 52.02%, exclusive of church tax and labour market contribution. Certain allowances and deductions are allowed. For more information, visit skat.dk

- **Expat tax rule:** There is the possibility to benefit 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 66,600 (approx. EUR 8,940), 2019): flat tax rate of 27% for seven years.

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 and white collar workers. Danish trade unions, however, are typically willing to cooperate.

Closing down a Danish company requires a liquidation process or – if there are no liabilities – a termination statement. Both processes are fairly simple, although you will need a lawyer to help you.

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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)

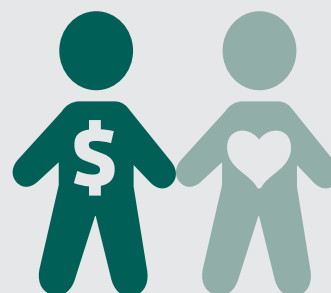
One of the most flexible labour markets in the world

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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