

DENMARK

As per 1 January 2018

EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Personal Income Tax Rates – Employment Income	<p>Progressive income tax rate: 40,2 % – 56,6 %</p> <p>Comprise of at least:</p> <ul style="list-style-type: none">• Labor market contribution• Bottom tax• Health contributions• Local tax (Council tax) <p>A deduction from income tax is granted as a personal allowance to each individual and amounts to DKK 49.000.</p>
Tax period	<p>Calendar year</p>
Tax residency / Domicile according to domestic law	<p>Persons are deemed to be domiciled in Denmark for tax purposes :</p> <ul style="list-style-type: none">• They have a home available in Denmark• They have the centre of their economic or personal interests in Denmark.• Their main place of residence is in Denmark (present for 183 days or more in a calendar year)• Citizenship to Denmark <p>A person will be regarded as resident in Denmark if any of the above conditions is met. Non-residents are taxed only on income and capital gains deriving from sources in Denmark.</p>
Tax registration	<p>Social Security Number (CPR number) is necessary in order to receive employment in Denmark. As a newcomer to Denmark, you can get personal assistance at one of the four International Citizen Service Centres in Copenhagen, Aarhus, Odense or Aalborg.</p> <p>If your inquiry only concerns tax matters, you can contact The Danish Tax Agency on +45 72 22 18 18 to book an appointment for a personal meeting. At the meeting you will need to provide information on your income and expenses in order for the tax authorities to calculate your future tax payment.</p>
Employment income definition	<p>Cash salary, director's fee, free company car and free telephone – less some pension contributions.</p>
Examples of tax exemption	<p>Contributions to Danish social security (ATP), labor market contribution, and to Danish pension schemes are deductible from the personal income as well as certain business expenses.</p>
Specific expatriate concession	<p>Income tax rate for expatriates: 32,84 %</p> <p>Comprise of:</p> <p>Labour market contribution 8 %</p> <p>Tax, 27 % of 92 %, 24.84 %</p> <p>The taxation may be chosen for an aggregate period up to 84 months.</p>
Income of board members	<p>Cash salary and other employee benefits are treated as other income and is included the personal income.</p>
Tax returns	<p>Each taxable person shall file the tax return in which is detailed incomes and profits derived during the taxable period (a year), and certain expenses.</p> <p>Tax returns are filed electronically. The deadline for changes to the tax assessment is the 1st of May. Deadline for extended tax returns and other special tax returns is 1st of July.</p> <p>Outstanding tax, eg. overpaid tax, will be credited by SKAT.</p>

Tax payments	The tax and the labor market contribution are withheld by the employers as the final settlement of the tax liability. Deadline for extended tax returns and other special tax returns is 1st of July.
TAX TREATIES	
Employment income / income from board members	Art 15/16 Model OECD Tax treaties.
INTERNATIONAL SOCIAL SECURITY	
Cross border employments	EU Regulation No 883/2004 and EU regulation No. 1408 / 71 and several social security treaties.
Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Generally applicable.
Social Security Cost as % from gross salary and absolute amounts	The Danish social security system is composed of various schemes providing a wide range of benefits. Labor market contribution of 8 % and Danish social security (ATP). This system includes social security basic coverage (sickness, maternity, disability, work-related accident benefits and old age state pension), unemployment benefits, compulsory complementary retirement plans, complementary death/disability coverage and complementary health coverage. The contributions are shared between employer and employee. The employer pays 2/3 and the employee pays 1/3.
IMMIGRATION	
Work permit	Swiss, EU and EEA nationals do not need a work permit to work in Denmark, due to Article 45 – free movement of workers. Nationals of another country need to obtain a work permit following a specific scheme. To learn more, visit www.workindenmark.dk/Moving-to-DK (https://www.workindenmark.dk/Moving-to-DK)
Visa	Swiss, EU and EEA nationals do not need a visa to enter into Denmark. Non EU, EEA nationals need a visa. The applications have to be lodged at the Danish consulate or embassy in the country of residence. Visit www.nyidanmark.dk (https://www.nyidanmark.dk/) to see actual visa requirements.
Residency permits / registration certificate	EU and EEA nationals do not need a visa to enter into Denmark. Non EU nationals in general need to apply for a residency permit. Different residency permits exist. Viset www.nyidanmark.dk (https://www.nyidanmark.dk/) to see actual requirements.
Driving license	Driving licences issued in other EU, EEA countries are recognized in Denmark. People may exchange their license to grant Danish driving license (although it is not obligatory). Persons who have no usual residence in Denmark may drive a motor vehicle in this country if they are in possession of one of the types of driving licences listed in section 116 (1) of the Executive Order on Driving Licences (kørekortbekendtgørelsen).
STOCK OPTION PLAN	Warrants/stock options are regulated by the Danish Stock Option Act. The main requirement for the act to apply is that the person who is granted warrants/stock options is an employee. Tax exemption can be enforced when certain criteria are met.
ARTICLE 15 OF THE OECD MODEL	

183 days

Present for 183 days or more in a calendar year. Please contact us for more detailed information.

Notion of employer

Existence of a permanent establishment

The definition of a permanent establishment is determined in the tax treaty. The Danish Tax Authorities have increased their attention on a foreign company's creation of a permanent establishment in Denmark. Please contact us for further details.