

Doing Business Guide

# Denmark

1st Edition

**Kallermann Revision A/S**

[www.kallermann.com](http://www.kallermann.com)



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# About This Booklet

This booklet has been produced by Kallermann Revision A/S to provide an introduction to foreign investors who are interested in doing business in Denmark.

Its main purpose is to provide an overview of the various aspects that should be taken into account by organisations considering setting up business in Denmark.

The information provided is not exhaustive and – as underlying legislation and regulations are subject to frequent changes – we recommend that anyone considering doing business in Denmark or looking to the area as an opportunity for expansion should seek professional advice before making any business or investment decision.

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While every effort has been made to ensure the accuracy of the information contained in this booklet, no responsibility is accepted for its accuracy or completeness.

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# Facts About Denmark

Denmark is a small country in Northern Europe and part of the Nordic countries: Denmark, Norway, Sweden, Finland and Iceland. Denmark's geographic area covers Jutland (shared border with Germany) and the islands of Funen and Zealand, along with many small islands. Greenland and the Faroe Islands are also part of the Kingdom of Denmark. Both countries are represented in the Danish 179-seat parliament (*Folketinget*) with two seats each, but Greenland in particular has gained more or less full independence from Denmark through the years.

The population of Denmark amounts to 5.6 million, around 2 million of whom are concentrated in the capital Copenhagen and the surrounding area.

Denmark is a constitutional monarchy, where Margrethe II has been queen since 1972. Denmark is a democratic country and since 1849 a free constitution.

In 1973 Denmark became member of the European Economic Community (now known as the European Union/EU), a membership that influences Danish legislation to harmonise with European laws. Denmark is recognised as an EU country that quickly complies with new EU laws.

The currency in Denmark is the Danish Kroner (DKK). Denmark meets the criteria for joining the EU's common currency (the Euro), but has so far decided not to participate. However, since 1999 the DKK has been linked closely to the Euro to ensure a fixed exchange rate.

# The Economy

Denmark has a thoroughly modern market economy. It features a high-tech agricultural sector and an advanced industrial sector with world-leading firms in pharmaceuticals, maritime shipping and renewable energy, fashion, architecture and design. Denmark is an open country that depends heavily on foreign trade.

In 2013 Denmark's GDP per capita amounted to US\$ 58,800, with a total GDP of US\$ 336 billion (ranking 16th and 32nd worldwide, respectively, according to the World Bank Survey 2012).

The labour force amounts to 2.853 million people, with an unemployment rate of 6%.

In recent years, Denmark has been affected by the financial crisis, although not quite as severely as many other countries. The unemployment rate is still lower than the European standards (9.5%); and although there was a 5.8% drop in GDP growth in 2009, this has now stabilised (with increases of 0.6% and 0.4% in 2012 and 2013, respectively) and a growth rate of 1.0% in 2014.

## Why invest in Denmark?

Denmark relies heavily on foreign trade and international cooperation. It therefore pursues liberal trade and investment policies and encourages increased foreign investment.

Many investors have noted the following incentives for investing in Denmark:

- Geographic location – easy access to other Scandinavian and Baltic countries, Northern Germany and Eastern Europe

Well-educated workforce, with English language skills where relevant

- Non-discrimination towards foreign investors
- Subsidised research and development (via tax relief)
- Ownership restrictions apply only to sectors relating to defence/national security
- Highly ranked in terms of economic competitiveness, transport (land, sea, air), energy, telecommunications, product quality, credibility and social responsibility
- Very flexible labour market (the Danish 'flexicurity' model)
- Easy business set-up
- High standard of living: Danes are consistently rated among the happiest people in the world in international quality-of-life indices.

# Legal Structure and Business Organisation

Business can be conducted through a company or partnership, or by an individual acting as a sole trader.

A company is the most common form adopted by foreign investors in Denmark. A company is a separate legal entity and governed under the Danish Corporation Act, 2000 (*Selskabsloven*) as well as its own constitution.

For branch operations, permission by the Danish Business Authority is required for most non-EU/EEA (European Economic Area) residents.

Most foreign investors prefer to set up a new business as public limited companies (*aktieselskaber*), private limited companies (*anpartsselskaber*) or branches.

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

The Danish Business Authority charges a (small) duty for registering a company.

## Public limited companies (*aktieselskaber*)

The liability of each shareholder is limited to the amount of shares subscribed (regardless of whether these are fully paid up).

A public limited company must have a share capital of a nominal value of at least DKK 500,000. Only 25% or DKK 125,000 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.

## Governance structure

The management may consist of both a board of directors (with a minimum of three people) and the managing director(s) (a minimum of one person), or a board of managing directors supervised by a supervisory board (with at least three members).

The shareholders at the annual general meeting (AGM) elect the board of directors, whose primary task is to exercise overall and strategic management functions, as well as ensuring a sound organisation.

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

There are no requirements regarding the nationality of the board members. Board members may reside anywhere in the world.

The board of directors appoints the managing director. The managing director is responsible for the daily operation of the company.

## Private limited companies (*anpartsselskaber*)

In general, the same laws as described for public limited companies regulate private limited companies. The level of publicly available information is less than the requirements for public limited companies.

The main differences are:

- A minimum share capital of DKK 50,000 is required. Before registration, the initial share capital must be fully paid up
- The management may consist of only one person.

## Entrepreneur companies (*iværksætterselskaber*)

As of 1 January 2014, entrepreneur companies can be formed with a minimum capital of DKK 1. Entrepreneur companies are regulated much like private limited companies. The main difference is restrictions regarding distribution of dividends as long as the equity is less than DKK 50,000.

## Branches (of foreign limited companies)

Foreign limited companies may carry out activities through a branch in Denmark. A branch registered in Denmark acts under Danish law.

A branch must be registered with the Danish Business Authority.

The name of a branch must show its status as a branch of a foreign limited company and the nationality of the foreign limited company.

A branch manager must manage the branch.

The annual report of the foreign company must be filed with the Danish Business Agency each year. The annual report is publicly available.

Only a tax declaration for the branch must be filed with the Danish authorities.

## Representative offices

Establishment through a representative office is an option, if the activities are limited to being of an 'auxiliary and preparatory nature'. The activities cannot include any kind of sales activities, including binding sales contracts on behalf of a non-resident company.

The foreign company must register the activities of the representative office with the Danish Business Authority and designate a representative in Denmark.

# Labour and Personnel

The Danish labour market rules are different in many ways from other European countries. Trade unions and employers' associations have always played a very active and significant role in the development of the labour market. In 1899, the employers' associations formally acknowledged the workers' right to organise trade unions, and, in return, the trade unions acknowledged the employers' right of management.

The 1899 September compromise is still considered the foundation of the labour market today, where the vast majority of employment terms and working conditions are determined by agreement between the labour market parties as opposed to statutory regulations. As a consequence, there is relatively few statutory labour and employment rules in Denmark, and the statutory rules that do exist are often the result of EU legislation.

The Danish labour market is characterised by a high unionisation rate.

## Types of employment

The legal status of the employee is important as rules apply for the engagement. There are three groups of employee, each governed by a different legal framework:

- Executive officers
- Salaried employees (white-collar)
- Workers (blue-collar).

While only a few rules apply to executive officers, white-collar and blue-collar are protected by a number of statutory rules.

When determining the terms of employment, it is therefore necessary to know the statutory rules that must be complied with in order to avoid employment terms that are not in compliance with applicable law.

## Collective bargaining agreements

There are many collective bargaining agreements in force in the Danish labour market. Typically, a collective bargaining agreement applies to a specific area of work, such as office work, technical work or industrial labour. A collective bargaining agreement covers employment terms such as wage, salary, working hours, overtime pay, holidays, pension arrangements and notice periods.

An employer may become party to a collective bargaining agreement in three ways:

- Through membership of an employers' association
- By making a collective bargaining agreement directly with a trade union
- By signing an adoption agreement to the effect that the employer undertakes to comply with the terms and conditions of a specific collective bargaining agreement.



It is important to note that once an employer is party to a collective bargaining agreement, it is very difficult in practice to be released from it.

When entering the Danish labour market, an employer should therefore be aware of the options in relation to the trade unions, and how a possible request for a collective bargaining agreement should be handled.

## Holiday

The Danish holiday system is complex and contains a number of mandatory rules from which deviation cannot be made to the detriment of the employee.

The Holiday Act, 2011 applies to all employees in Denmark except executive officers. For some employees, holiday rules are already specified in the collective bargaining agreement applicable to their type of employment. In such cases, the employees' holiday rights are determined by the collective bargaining agreement and not by the Holiday Act.

All employees are entitled to 25 days' holiday each year. Whether the employee qualifies for paid leave depends on their length of employment.

## Pregnancy and childbirth

A pregnant employee is entitled to absence from work from 4 weeks before the expected birth. After the child is born, the mother is entitled to 14 weeks' maternity leave, during which period the father may take 2 weeks' paternity leave.

After the first 14 weeks, each parent is independently entitled to parental leave for 32 weeks that may be prolonged by up to 14 weeks. Each child birth gives the parents a legal right to 52 weeks' maternity pay from the government.

There is no statutory right to salary during absence due to maternity, paternity or parental leave but the employee is entitled to 50% compensation paid by the state.

Parents salary entitlement during their leave depends on the terms of employment as determined either by individual agreement or collective bargaining agreement.

The rules on leave in connection with pregnancy and childbirth are very flexible, and how the leave is to be taken is largely determined by the parents.

As a result of this flexibility, the rules are highly complex.

## Working time

In Denmark, a normal working week is 37–37.5 hours. The average working week should not exceed 48 hours. Other than this rule, there are no statutory rules on working time.

## Termination of employment

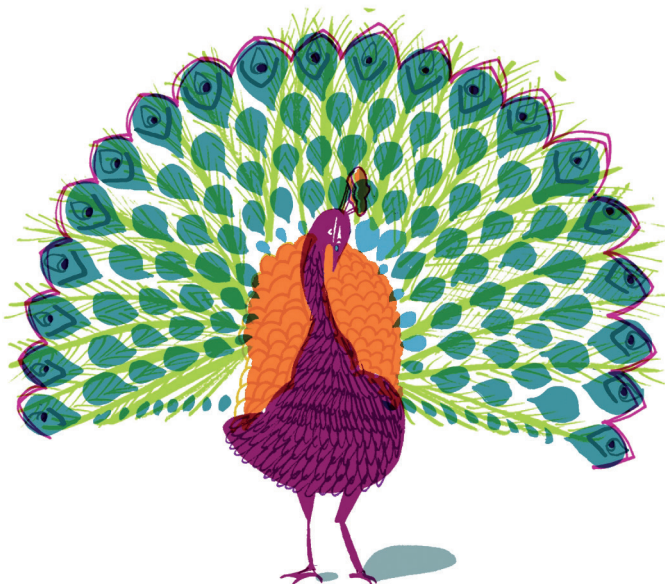
The Danish rules on termination of employment are relatively uncomplicated. The notice period is normally determined by the Salaried Employees Act, 2009 collective bargaining agreement or the individual employment contract.

Salaried employees are entitled to a notice period of 1–6 months, depending on the length of employment.

## Employees' rights in connection with transfers of undertakings

Council Directive 2001/23/EC on the safeguarding of employees' rights in the event of transfers of undertakings (Acquired Rights Directive) has been implemented in Danish law through the Transfer of Undertakings Act, 1979.

The general principle is that all rights and obligations regarding the employees are transferred to/from the transferor or to the transferee along with the business or undertaking. This means that as a general rule, the transferor will be released from their employer duties and the employees will therefore have to present any claim to the transferee even if the claim dates back to a period before the transfer.



# Establishment Procedure

## Incorporating a company

The Companies Act, 2009 governs the incorporation of a public limited company, a private limited company or an entrepreneur company.

A memorandum of association must be prepared and signed by the founders. This must contain draft articles of association, including the following information:

- Name of the company
- Objective of the company
- Share capital
- Share capital rights
- Board of directors
- Annual general meeting
- Financial year.

Most types of business will be well served by adopting a standard set of articles.

In addition, the memorandum of association must include the names and addresses of the founders, the subscription price of the shares, the deadline for subscription and the payment of subscribed capital.

A decision to found a company may be made at the shareholders' first meeting. At the same shareholders' meeting, the board of directors and auditor are appointed.

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

The registration procedure for the formation of a new company only takes a few minutes. The web-based service, <http://www.webreg.dk>, is an effective solution for swift registration.

## Purchase of shares in a shelf company

Several law firms own registered companies that have not yet carried out any business, this is known as a 'shelf company').

However, the registration procedure today is swift and the market for shelf companies is declining.

## Setting up a branch office

A branch office of a foreign company must be registered with the Danish Business Authority by submitting a certificate of legal existence of the company, together with a copy of its articles of association and documentation of authorised signatories.

Depending on the home country of the foreign company, the following documents may also be required:

- A statement from the relevant foreign authority confirming that a Danish company can register a branch in the foreign country (e.g. if the foreign company's home country is outside the EU/EEA)
- A certified power of attorney to a branch manager.



# Taxation System

## 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.

#### Residents

Residents are taxable on their worldwide income and capital gains.

There are no wealth taxes in Denmark.

#### Non-residents

Non-residents are taxed on income and capital gains deriving from sources in Denmark. All other sources of income are not taxed in Denmark.

### General rules

Taxable income is based on gross income less deductions. If the tax return covers less than a calendar year, the income is generally annualised in order to reflect the full effect of the progressive system of taxation. The income tax consists of a three-tier state: income tax, a flat-rate state surtax (the healthcare tax) and a flat-rate local income tax.

### State income tax

Income and allowances are divided into three categories:

1. Personal income – cash salary and fringe benefits, director's fee. Pension contributions can normally be deducted. Limitations apply
2. Capital income – net interest income and net capital gains
3. Share income – dividend, profit/loss from shares.

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

A state tax at the rate of 8.08% (2015) is imposed on the total taxable income exceeding DKK 43,400.

Personal income in excess of DKK 459,200 (2015) plus positive net capital income in excess of DKK 40,000 (DKK 80,000 for spouses) is taxed at an additional 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 across municipalities. The tax is levied on taxable income exceeding

DKK 43,400. The average municipal tax rate is 24.9% (2015). The average church tax is 0.73% (2015).

In addition, a healthcare tax at a flat rate of 4% is imposed on taxable income exceeding DKK 43,400. The tax rates for non-residents are identical to those for residents (the local tax is fixed at an average level).

## Deductions

Payments to Danish insurance companies for pension schemes up to DKK 50,000 are deductible from personal income. Life insurance premiums can be deducted without limitation.

## Personal allowances

A deduction from income tax is granted as a personal allowance to each individual. In 2015 the allowance amounts to DKK 43,400. If a married person cannot utilise the total tax value of the allowance, the balance is transferred to the spouse. Special rules apply to married individuals, who benefit from limited tax liability.

Most business expenses are deductible from personal income.

Interest expenses are deductible from capital income.

Certain transport expenses and alimony are deductible from taxable income. Income relief applies to certain expenses – such as allowances for extra costs of living, subscriptions to professional associations and necessary business literature – if the total amount exceeds DKK 5,700 (2015) per year.

A deduction of a maximum of DKK 25,900 (2015) from taxable income is granted to employed persons and persons with private businesses.

## Tax ceiling

There are two kinds of tax ceiling, to ensure that the total tax payable does not exceed certain percentage limits.

The tax ceiling comprises the total tax amount, except for labour market contribution and church tax. The tax ceiling for personal income is 51.95% and for positive net capital income is 42.0% (2015).

## Tax credits

Tax credits and/or tax exemption can be claimed in respect of income deriving from foreign sources.

## Tax scheme for foreign researchers and key employees

There are favourable rules for foreign researchers and key employees.

When certain conditions are met, foreign employees may choose to be taxed at a flat rate of 26% plus labour market contribution, 31.92%, for a maximum period of 60 months, without deductions of any kind. These months can be distributed across several different work periods.

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 employees' averagely monthly salary in cash and certain fringe benefits must be at least DKK 61,500 (2015) after deduction of Danish social security contributions (*idrag/ATP*). This minimum salary is adjusted annually. If the employee has entered into several concurrent contracts of employment with different employers, the special tax scheme for the individual contracts of employment may be used only if all conditions are fulfilled in respect of the individual contract.

It is also possible to combine several consecutive contracts of employment as long as the conditions are fulfilled in each of the individual contracts.

The employers withhold the tax and the labour market contribution as the final settlement of the tax liability. The salaries taxed at 26% are not declared in the employees' tax returns.

On the other hand, under the special scheme, the taxpayer will not have the right to claim deductions or any personal allowance when calculating the tax.

## Taxation of companies

A company resident in Denmark is subject to corporation tax on its income and gains from Danish territory.

A company is resident in Denmark for tax purposes if it is incorporated in Denmark or has its statutory seat (effective management) in Denmark. Due to Danish anti-tax avoidance rules, however, a Danish incorporated group company may be reclassified as a permanent establishment of a foreign company if considered a transparent entity under foreign tax rules.

### 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.

A branch may be reclassified as a company if considered a company under foreign tax rules.

## Permanent establishment

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

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

A declaration of income must be filed with the Danish Tax Authorities.

## Tax rate

Taxable income is subject to a corporation tax of 23.5% (2015). Capital gains are taxed at the same rate. The corporation tax is gradually being reduced from 2014 to 2016: from 2016 onwards, the tax rate will be 22%. This rate is identical for public limited companies, private limited companies and branches.

## Danish income subject to withholding tax

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

## Dividends

The taxation of dividends received by a Danish company and capital gained on shares depends on whether the shares are considered subsidiary shares, group shares or portfolio shares.

- **Subsidiary shares** are shares in which the shareholder directly owns at least 10% of the share capital of the company and the company is Danish; or the company is foreign and the EU Directive or tax treaty between Denmark and the country where the company is resident, waives taxation of the dividend
- **Group shares** are shares in which the shareholder and company are subject to mandatory Danish group taxation (joint taxation) or qualify for Danish International Group Taxation. The basic requirement is that the group parent company controls the majority of the voting power in the Danish and foreign companies
- **All other shares** qualify as portfolio shares.

Dividends from subsidiary shares and group shares can be distributed without withholding tax.

The Danish 27% rate is reduced to 15% under the domestic tax rules if the foreign company holds <10% of the Danish company and the tax authorities in the state of the foreign company exchange information with the Danish tax authorities under the relevant taxation treaty or according to an administrative tax assistance agreement. If the receiving company is tax resident outside the EU, the ownership percentage is calculated on an aggregated group company basis.



The exemptions require that the Danish company can certify that the foreign company meets the conditions prior to the payment of the dividend.

If the requirements are not satisfied, the Danish company must withhold tax on the dividend at a rate of 27% (subject to treaty relief). The foreign company can subsequently reclaim the withholding tax from the Danish tax authorities.

## Royalties

Withholding tax must be paid on 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 not subject to withholding tax. However, payments for access to expertise may be deemed subject to withholding tax.

The withholding tax rate is 25% 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

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

The only exception is that interest payments from a controlled Danish company (>50% of shares or votes) made to non-resident companies are subject to Danish withholding tax (25%).

However, Danish withholding tax does not apply to interest payments on controlled debt to a foreign company protected by either a double taxation treaty or the EU Interest/Royalty Directive.

## Tax losses

Tax losses incurred in or since 2002 may be carried forward indefinitely.

For income years beginning 1 July 2012 or later, tax loss carry-forwards of up to DKK 7.5 million can be set off in an income year. Further tax loss carry-forwards can only reduce the remaining taxable income by up to 60%. Any part of the tax loss carry-forwards, in excess thereof, must be set off in a subsequent income year.

Carry-back of losses is not permitted.

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

Special rules apply for group companies (25% holding of shares). 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 cases, a tax loss carry-forward may also be restricted in connection with a reconstruction of the capital in the company.

## **Taxation of controlled financial companies (CFCs)**

CFC taxation rules apply for financial companies controlled by a Danish company. A company is defined as a financial company if more than 50% of the income and at least 10% of the assets are financial. When a company commands the majority of the voting rights in a subsidiary, it is regarded as a controlling company.

The consequence of CFC taxation is that the controlling company is taxable for its (average) direct or indirect pro rata share of the total income of the Danish or foreign company, irrespective of the rules in a double taxation treaty, if any. The rule also applies to the permanent foreign establishments of a Danish company, if it would have been included in the CFC taxation had it been a company.

## **Filing a tax return**

Corporation 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 in October or November.

## **Payment and collection**

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

The tax paid on account is calculated based on 50% of the average corporation tax paid during the last 3 years.

Special rules apply for companies that did not pay, or were not subject to, corporation tax in the previous 3 years.

Companies may voluntarily pay additional on-account tax. Such payments must be made no later than 20 March and 20 November of the income year.

Since 2013 there has been a public register where all company tax payments can be viewed by the public.

## **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.

## **Penalties**

A penalty is payable for the late filing of a tax return. An interest of 0.5% per month on overdue corporation tax is charged on the outstanding balance.

Interest charges and fines related to late filing or payment are not deductible for tax purposes.

### Statute of limitations

The statute of limitations is 3 years and 4 months; for transfer pricing adjustments and certain tax-exempt restrictions, this is extended to 5 years and 4 months.

### VAT and duties

#### VAT

VAT is imposed on goods and services at a rate of 25%.

A number of business activities are exempt from VAT, strictly within the areas of healthcare, banking and insurance.

A refund of Danish VAT is available for foreign companies not registered for VAT in Denmark.

#### Duties

A number of goods and services are charged with duties, such as energy, alcohol, chocolate, insurance and tobacco. The tax rates are specific to each area and subject to frequent changes.



# Banking and Finance

## Banking

Denmark has an extensive, well-developed banking system.

The Danish financial sector is relatively large and provides services to customers in Denmark and abroad.

Two large bank conglomerates, Danske Bank and Nordea, dominate the Danish banking market. Foreign banks have free access to the Danish financial market and a range of foreign banks are represented in Denmark.

## Mortgage credit institutions

Mortgage credit institutions provide the most real estate finance in Denmark.

Mortgage loans are granted to finance new buildings, for the upgrade and extension of existing buildings and to acquire existing buildings.

The loans normally have a repayment period of 20–30 years and are offered with a flexible or fixed interest rate. These rates are usually very competitive compared with other types of financing.

Mortgages are registered on the borrower's real estate to serve as security for the loans.

## Stock exchange

The Copenhagen Stock Exchange is a part of a Nordic alliance that includes the stock exchanges of Helsinki, Stockholm, Riga, Tallinn and Vilnius.

# Statutory and Reporting Requirements

## Accounting requirements

All limited companies incorporated in Denmark must file an annual report including financial statement and notes to the Danish Business Authorities no later than 5 months after the end of the financial year. Government agencies and listed companies must file the report no later than 4 months after the end of the financial year.

The shareholders must approve the annual report at the company's AGM before filing.

## 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, 2013 (based on EU 4th and 7th directives). In addition, the annual report must comply with Danish accounting standards. If a company is listed, the annual report must comply with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Non-listed companies may also choose to comply with IAS and IFRS.

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

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

Small and medium-sized companies may be exempt from some of the disclosures.

## Audit requirements

In general, limited companies must prepare audited financial statements. However, small limited companies are allowed to present and file unaudited financial statements, if for two consecutive accounting periods they fail to meet two of the following conditions:

- A balance sheet total of DKK 4 million
- Revenue of DKK 8 million
- Average number of full-time employees equals 12.

Auditors must comply with the auditing standards published by the Danish Institute of State Authorised Public Accountants (*FSR-Danske revisorer*), which is a member of the International Federation of Accountants (IFAC). The audit must be performed in accordance with the International Standards on Auditing (ISAs).

# Incentives for Investments and Grants

The financial system in Denmark is well developed, with a wide range of sources of finance including public incentives, private investors, banks, venture capitalists and institutional investors.

All companies registered in Denmark both Danish and international, are free to apply for the financing and incentives available.

## Research and Development (R&D)

Denmark has comprehensive funding programmes financial incentives focused on R&D, as well as attractive tax rules in relation to R&D.

In general, all sectors can apply for funding and financial incentives for R&D. Special funding is also available for the following sectors: biotech, pharmaceuticals, medical, life sciences, environment, energy, Information Computer Technology, food, agriculture and transportation.

## Danish Growth Fund

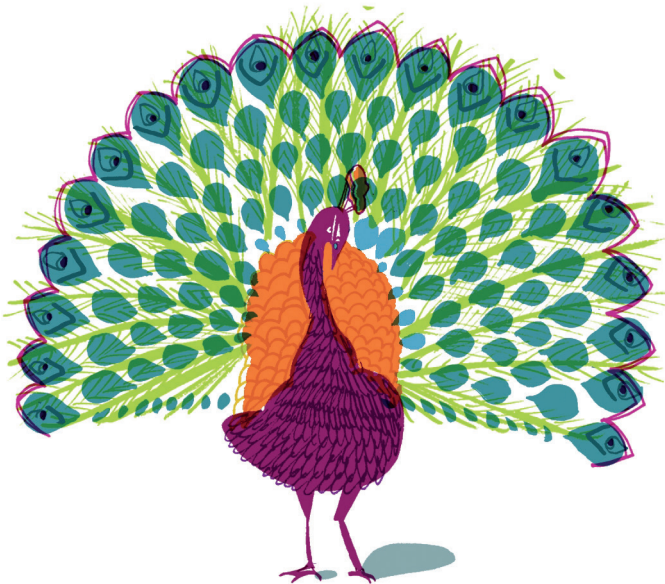
Public funding (loan, guarantees or equity) is available through the Danish Growth Fund (*Vækstfonden*), a state investment fund that contributes to the creation of new companies by providing capital and expertise. Since 1992, the Danish Growth Fund has co-financed (together with private investors) growth in over 5,000 Danish companies, with a total commitment of more than DKK 12 billion. The Danish Growth Fund invests equity and provides loans and guarantees for small as well as medium-sized enterprises, in collaboration with private partners and Danish financial institutions.

# Agencies Providing Assistance for Entrepreneurs

General assistance for entrepreneurs is offered by five regional public institutions (*Væksthuse*), usually free of charge.

For more specialist help in areas such as growth, export, innovation and technology, medical supplies, electronics, assistance in finding relevant business partners and EU grant applications, 42 public institutions offer assistance through the public institution Companies register (*Erhvervsstyrelsen*).

For further information, see [www.vaekstguiden.dk](http://www.vaekstguiden.dk).



# Expatriate Living

## Work permits and visa requirements

### Nordic citizens

Citizens of Finland, Iceland, Norway and Sweden can freely enter, reside and work in Denmark. They are not required to hold any kind of permission.

### EU/EEA citizens and Switzerland

EU/EEA citizens, as well as citizens of Switzerland, can reside in Denmark under the EU regulations on the free movement of persons and services. These citizens reside freely in Denmark for an initial period of up to 3 months, which can be extended for up to 6 months for those seeking employment.

If the stay exceeds the 3- or 6-month limit, then proof of registration/residence is required. Unlike other permits, a proof of registration or proof of residence is simply proof of the rights already held according to the EU regulations on the free movement of persons and services.

No working permit is required.

The provisions also relate to the EU/EEA citizen's immediate family and dependants. However, they must hold a valid visa, if they are citizens of a country with a visa requirement for Denmark.

### Others – citizens from countries outside the Nordic region or the EU/EEA

Citizens from other countries will also need to apply for a visa, although citizens from some countries are exempt (see full list at [www.newtodenmark.dk](http://www.newtodenmark.dk)).

Residence and work permits can be issued to foreign nationals, allowing them to live and work in Denmark for a specified period of time, if certain requirements are met.

A distinction is made between salaried work and self-employment. Normally, however, a residence and work permit is required in order to engage in either activity.



## The Next Step

Contact Kallermann Revision A/S to discuss your needs.

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