

Doing Business in Denmark



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Contact Us in Denmark

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Foreword

This publication aims to provide an introduction to conducting business in Denmark, whether that be through establishing a company or branch or in other ways.

Our intention is to provide an overview of the business environment and legal framework in Denmark.

This guide reflects the laws and practices in effect as at December 2025. Readers are encouraged to consult with our professionals in relation to their business operations in Denmark before making any business or investment decisions.

Thank you to Revitax A/S for compiling the information presented in this publication.



Forms of Business Organisations

Business in Denmark can be conducted through companies, by partnerships or by individuals acting as sole traders.

The business of sole traders and partnerships is not distinct from the personal affairs of the proprietor(s). The proprietor has unlimited liability for the debts of their business.

A company – the most common form being a public or private limited company – is a distinct legal entity established to separate its business affairs from the personal affairs of its proprietors.

A company can only cease to exist when it is wound up in line with the legal framework. This means that a company can carry on as long as there are individuals appointed to act on its behalf despite, for example, the death or retirement of an individual.

Investors are free to choose their preferred form of entity.

Most foreign investors prefer to set up a new business under one of the following types of companies, as they are regulated by law:

- public limited company (**Aktieselskab, A/S**);
- private limited company (**Anpartsselskab, ApS**); or
- branch (of foreign limited company).

Other options for establishing a business are outside the scope of this guide.

However, it should be noted that it is also possible to establish an SE company (European company) and an SCE (European cooperative company) in Denmark.

The Danish Business Authority charges a duty for registering a company.

Public Limited Companies (Aktieselskaber)

The liability of each shareholder is limited to either the amount corresponding to the shares subscribed (irrespective of them being fully paid up or not) or alternatively the purchase price of the shares acquired.

A public limited company must have a share capital with a nominal value of at least DKK 400,000. Only 25% or DKK 100,000 of the initial share capital must be fully paid up before registration when the capital is injected in cash. The capital may also be injected in other assets.

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

If the equity of a company represents less than 50% of the subscribed capital, an account of the financial situation and measures to be taken must be given to the shareholders at a general meeting.

The management

The management may consist of either a board of directors (at least three persons) and the managing director(s) (at least one person), or the managing directors overseen by a supervisory board (a minimum of three persons).

Shareholders elect the board of directors at the annual general meeting. The board's primary tasks are to ensure a sound organisation and to set guidelines for the managing director.

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

The board of directors appoints the managing director. The managing director's primary task is the day-to-day management of the company.

Statutory publication

Details of the company must be filed with the Danish Business Authority. Certain company information is publicly available, including:

- company name (including either A/S or ApS);
- company address;
- company activity;
- denomination of the share capital;
- names and addresses of the founders of the company;
- names and addresses of the members of the board of directors and the managing director(s);
- articles of association; and
- the annual report.

Shareholders are recorded in a register at the Danish Business Authority (subject to limited disclosure).



Private Limited Companies (Anpartsselskaber)

In general, private limited companies are regulated by the same laws as described above for public limited companies.

The main differences are:

- A minimum share capital of DKK 20,000 is required. The initial share capital must be fully paid up before registration.
- The management may consist of either a board of directors, a board of directors and the managing director(s) or a board of managing directors.
- A board of directors or a supervisory board is only required if the company employs more than 35 people for three consecutive years and the employees have chosen to be represented on the board of directors or on the supervisory board.

Branches (of Foreign Limited Companies)

Foreign limited companies can carry out activities through a branch in Denmark.

A branch must be registered with the Danish Business Authority, and it must be certified that the foreign company is registered in accordance with the legislation of its home country.

A branch in Denmark is governed by Danish law. The name of a branch must show its status as a branch of a foreign limited company and its nationality. The branch must be managed by a branch manager.

Each year the annual report of the foreign company must be filed with the Danish Business Authority, and this report is publicly available.

Representative Offices

Establishment through a representative office is an option if the activities are limited to being of an 'auxiliary and preparatory nature'. Such activities cannot include any kind of sales activities, nor power to enter into binding contracts on sales on behalf of a non-resident company.

The activities in a representative office could be the gathering of information for the foreign company or maintenance of a showroom. However, where a showroom is maintained, no individual in the representative office can have the authority to enter into contracts.

The foreign company must register the activities of the representative office with the Danish Business Authority and nominate a representative in Denmark. The representative must sign a declaration confirming their status as the representative of the foreign company.

MS Entity

A Danish A/S or ApS and its employees can establish an MS entity (**medarbejderinvesteringsselskab**). For legal purposes, it is a partnership on co-ownership regulated by specific rules. For tax purposes, it is a company. Each employee can invest a maximum of DKK 30,000 of their salary in the MS annually for up to five years.

Accounting Requirements

The board of directors and the managing director are responsible for the maintenance of sound accounting records and for the preparation of annual reports, covering each financial reference period.

The management report prepared by the board of directors and the auditors' report are integral parts of the annual report.

The annual report must be approved by the shareholders at the company's annual general meeting.

The annual report must be filed with the Danish Business Authority without undue delay after approval at the general meeting and no later than six months after the end of the financial year. Governmental and listed companies must file the report no later than four months after the end of the financial year.

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. 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 choose to comply with IAS and IFRS as well.

The Danish Financial Statements Act follows Accounting Directive 2013/34/EU which repeals the EU fourth and seventh accounting directives.

According to the Act, a listed company must prepare an annual report including, as a minimum:

- a statement by the board of directors and the management on the annual report;
- a balance sheet;
- a profit and loss account;
- a cash flow statement;
- disclosures, including disclosure of accounting policies;
- a statement of changes in equity as well as a management report; and
- an auditors' report.

Small and medium-sized companies may be exempt from some of the disclosures. Such companies are free to choose an 'extended review' (which is a review with four extra obligatory actions) or either a review or a statement on accounting assistance. Micro companies as defined in Directive 2012/6/EU may also be exempt from some of the disclosures.

Parts of the following EU directives have been implemented:

- Directive 2011/261/EU on publication of corporate taxes;
- Directive 2014/40/EU on sustainability; and
- Directive 2013/2775/EU on adjustments in seize limits for companies or groups.

Audit Requirements

All limited companies must be audited by an independent auditor (in certain cases, very small companies may be exempt). The auditor is appointed by the shareholders at the general meeting.

During the year the auditor reports to the board of directors. In addition, the auditor provides the shareholders with an auditors' report, which is an integral part of the annual report.

The auditors' report must state whether the annual report complies with the disclosure requirements of the Danish Financial Statements Act and whether it gives a 'true and fair view' of the company's situation at the balance sheet date as well as of the profit or loss in the financial period.

Auditors must comply with the auditing standards published by the Danish Institute of State Authorised Public Accountants and Registered Accountants (**FSR – danske revisorer**), which is a member of the International Federation of Accountants (IFAC). Hence, audits must be performed in accordance with international standards on auditing (ISA).



Bookkeeping Requirements

When doing business in Denmark, bookkeeping must be performed in accordance with the Danish Bookkeeping Act.

In 2026, most businesses are now subject to compulsory electronic accounting records and storage requirements.

Under the Danish Bookkeeping Act, bookkeeping material must be retained for a period of five years.

Hard copy and electronic accounting records must be stored in an adequate way to prevent mistakes and misuse and must be readily available to the Danish public authorities should they require access to the records under other legislation. Further, the company must protect bookkeeping records from destruction, removal and misrepresentation.

The storage of electronic accounting records must comply with the following requirements:

- Requirements relating to the registration, documentation and retention period of accounting records, including the ability to retrieve records at any time and provide online access to the records where required.
- Maintenance of either:
 - documentation of the accounting system applied (including system descriptions, codes and related information); or
 - details of the bookkeeping procedures applied (including procedures for ongoing recording of transactions, secure storage of accounting records and assigning responsibilities for this).
- Assurance that the accounting records can be printed in hard copy (paper or microfilm in a readable form) or be made available in another recognised file format.

If the accounting records contain personal data, the processing of such data must comply with the rules of the Personal Data Act.



Establishment

A foreign investor planning to set up a subsidiary in Denmark may either form a new company or purchase the shares in an existing ('shelf') company.

Establishment Procedures

A memorandum of association must be prepared and signed by the founders. The memorandum of association must provide information such as the names and addresses of the founders, the share subscription price, the deadlines for subscription and payment of subscribed capital.

The memorandum of association must contain draft articles of association, including the following information:

- name of the company;
- objective of the company;
- share capital;
- share capital rights;
- management body;
- annual general meeting; and
- financial year.

The final decision to form the company may be made at the shareholders' first meeting. In this case, the shareholders elect the members of the board of directors and appoint the auditor when the resolution to form the company has been passed.

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

A company in the process of incorporation – i.e. a company which has not yet been registered – is not considered an independent entity. Therefore, the founders are liable for the activities of the company.

Upon registration, the company takes over all liabilities, including the liabilities related to activities carried out between the date of founding and the date of registration.



Purchase of Shares in a Shelf Company

Several law firms own registered companies which have not yet carried out any business, i.e. shelf companies.

Immediately after acquiring a shelf company, an extraordinary shareholders' meeting must be held to vote for the necessary changes to the articles of association, to elect new members for the board of directors and to appoint the auditor. The articles of association must be changed in respect of the name, the objectives and often also the financial year. The changes adopted at the shareholders' meeting must be registered with the Danish Business Authority.

The registration must be made online in the Danish Business Authority's digital registration system (only MS entities are exempted).

Registered Branch Office

A registered branch office of a foreign company is entitled to carry out any business activity included in the objectives of the foreign company. The foreign company must register the branch office with the Danish Business Authority. The registration must be made online in the Danish Business Authority's digital registration system.

If the foreign company's home country is within the EU/ EEA, the following documents must be submitted:

- name, registered address and legal form of the foreign company;
- its foundation date, objective and subscription rule;
- its subscribed capital and financial year;
- certification confirming the legal existence of the foreign company in its home country;
- a certified power of attorney to a branch manager; and
- documentation proving the identity of the foreign company's authorised signatory (e.g. passport number).

If the foreign company's home country is outside the EU/ EEA, the following documents may also be required:

- a copy of the foreign company's articles of association; and
- a copy of the foreign company's incorporation certificate.

Choice of Business Form

Commercial considerations should be the primary factor guiding an investor's choice of the business form through which a particular activity is to be conducted.

However, some of the more essential tax aspects, together with other important factors, are briefly listed below.

	Subsidiary	Branch	Representative office
Establishment	Can be bought as a shelf company (i.e. already incorporated) and no restrictions on the nationality of shareholders.	Available to companies resident in all countries.	Only a few formal establishment procedures. The scope of possible activities is rather limited; it cannot engage in sales activities or conclude contracts.
Annual report	Must prepare and file audited annual report.	Must file the audited annual report of the foreign head office.	Annual report is not required.
Changes in structure	Additional formal requirements in respect of changes in capital, capital requirements, winding-up, etc.	Easy to close, capital gains tax may arise on closure (as assets are considered sold/transferred) or if the branch is subsequently converted into a subsidiary (exception possible for branches of SE companies).	Easy to close.
Liability	Liability limited to the subscribed capital.	Head office and branch manager are fully liable for the activities/liabilities of the branch.	Head office is fully liable for the activities/liabilities of the representative office.
Cross-border	Can be used for cross-border activities, e.g. holding company and R&D company.	Cannot be used for cross-border activities.	Cannot be used for cross-border activities.
Dividends	No withholding tax on distribution of profits to corporate 10% shareholder or group company within the EU/EEA or in a tax treaty country (provided the shareholder is the rightful owner). Possible to distribute interim dividends if provided for in the articles of association.	No withholding tax on payment of profits to the head office.	Not applicable – no profit to be distributed.
Transfer pricing	Must comply with transfer pricing regulations similar to OECD guidelines.	Must comply with transfer pricing regulations similar to OECD guidelines.	Not taxable in Denmark.

Corporate Taxation

Tax Rate

Taxable income – including capital gains – is subject to a corporate tax of 22%. The tax rate is identical for public limited companies, private limited companies and branches.

Company Residence and Territoriality

Unlimited tax liability

Generally, a company resident in Denmark is subject to corporate tax on its income and gains from Danish territory and on inbound dividends, interest and royalties.

A company is resident in Denmark for tax purposes if either it is incorporated in Denmark and its effective management is situated within the country, or if it is incorporated abroad and its effective management is in Denmark. Effective management is determined based on the place of the day-to-day business decision-making.

It should be noted that Denmark has implemented the rules on hybrid mismatch in the OECD Multilateral Convention of 24 November 2016 (MLI) with subsequent changes in 2017 (ATAD and ATAD II).

Further, Directive 2022/2523/EU applies. The directive secures a 15% global minimum tax rate on certain large group companies.

Limited tax liability

Foreign companies are subject to limited tax liability either through a branch or a permanent establishment or through withholding taxes on certain types of Danish source income.

Permanent Establishment

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

Denmark can levy tax within the Danish exclusive economic zone.

Non-resident companies are also subject to tax on income from real property in Denmark.

Non-resident companies are obliged to file a Danish tax return to declare such income.

Danish Income Subject to Withholding Tax

Certain types of payments to non-residents are subject to Danish withholding tax, which may be reduced according to a tax treaty or an EU directive.

Outbound dividends

Dividends from Danish companies can be distributed without withholding tax if:

- a. the foreign company qualifies as a company under Danish rules;
- b. the foreign company is the 'rightful owner';
- c. the foreign company directly or indirectly owns 10% or more of the Danish company; and
- d. the distribution of dividends to the foreign company is protected by either the EU Parent/Subsidiary Directive or by one of Denmark's tax treaties.

Similarly, a Danish company can distribute dividends free of withholding tax if:

- a. the foreign company qualifies as a company under Danish rules;
- b. the foreign company is the 'rightful owner';
- c. the foreign company has decisive influence directly or indirectly (e.g. more than 50% of the votes) in the Danish company;
- d. the foreign company is resident in an EU/EEA Member State; and
- e. the distribution would be protected either under the EU Parent/Subsidiary Directive or the relevant tax treaty had there been ownership of at least 10%.

The above exemptions only apply if the Danish distributing company is not considered to be a 'flow-through entity' for Danish tax purposes. In a 'flow-through entity' situation, the exemption only applies if the distribution to the foreign recipient is protected by the EU Parent/Subsidiary Directive.

An exemption also applies to participants in foreign receiving entities considered to be transparent entities under Danish tax rules but included in the list to the EU Parent/Subsidiary Directive – but only if the participants in the foreign entity are not tax residents in Denmark.

This exemption also applies to dividend distributions to a receiving company within an EEA Member State, but only if there is a tax treaty between that EEA Member State and Denmark.

Otherwise, the withholding tax rate in the relevant tax treaty applies.

In general, Denmark withholds 22%. The Danish 22% rate is reduced to 15% if the foreign company is:

- the 'rightful owner';
- directly or indirectly holds less than 10% of the shares in the Danish company; and
- the tax authorities in the state where the 'rightful owner' is tax resident exchange information with the Danish tax authorities under the relevant tax treaty or according to an administrative tax assistance agreement.

If the 'rightful owner' is tax resident outside the EU, the ownership percentage is calculated on an aggregated group company basis and, further, the 'rightful owner' must not have decisive influence over the distributing company (this does not apply if the 'rightful owner' is tax resident within an EEA country that has a tax treaty with Denmark).

A tax treaty may reduce the 15% rate to a lower rate.

The 15% rate on dividends is reduced to 0% if the Danish company is an unlisted company and the foreign company holds less than 10%.

When the outbound dividend is not tax exempt, the Danish company must however withhold tax up front at a rate of 27% (subject to treaty relief) and subsequently reclaim the excess withholding tax from the Danish tax authorities.

A 44% withholding tax rate applies to shareholders resident in a country on the 'EU blacklist'.

Further, it should be noted that Danish anti-avoidance rules may reclassify a capital gain on shares as a dividend distribution subject to Danish withholding tax when a Danish company is liquidated. This reclassification may also apply on an inter-company sale of shares.

Outbound royalties

According to Danish tax law, withholding tax must be paid on all royalties for the use of 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 generally not subject to withholding tax. However, payments for access to know-how may be deemed subject to withholding tax.

The withholding tax rate on royalties is 22%, 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 in respect of literary or artistic work are not subject to Danish withholding tax.

Outbound interest

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

Only interest payments from a controlled Danish company (e.g. ownership/disposal of more than 50% of shares or votes) made to non-resident companies are subject to Danish withholding tax. The withholding tax rate is 22%.

Danish withholding tax does not apply to interest payments on controlled debt to a foreign company or to a foreign associated company if protected by either a tax treaty or the EU Interest/Royalty Directive. Further exemptions may be available.

Denmark has general anti-avoidance rules (GAAR) which also cover transactions under the EU tax directives and the Danish tax treaties. Consequently, the above Danish domestic withholding tax rates may apply to outbound payments of dividends, royalties and interests in cases of avoidance pursuant to the GAAR. Further, Denmark has implemented the MLI with ATAD and ATAD II anti-avoidance tax rules.

Tax Losses

Tax losses incurred in 2002 and later may be carried forward indefinitely. Carry back of tax losses is not possible. Reporting requirements must be complied with. Otherwise, the tax losses are forfeited.

Tax loss carry forwards can only be fully set off in an income year up to a certain amount. In 2026, the limit is DKK 21,830,700. Any excess tax loss carry forwards can only reduce the remaining taxable income by up to 60%. Any excess part of the tax loss carry forwards must be set off in a subsequent income year.

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

The restrictions apply if, at the end of the income year, more than 50% of the share capital/votes are owned by different shareholders than at the beginning of the income year in which the tax loss was incurred. Further, if a company does not have any financial risks in respect of commercial activities at the time of a change of ownership or votes, tax losses are forfeited. The rules do not prevent a tax loss company from changing its activities or type of business. The rules also apply to foreign companies with a Danish permanent establishment.

Special rules apply for group companies (at least 25% shareholding). 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 situations, a tax loss carry forward may also be restricted or forfeited in connection with a capital reconstruction.

Tax losses incurred by a foreign subsidiary or permanent establishment can be offset against Danish profits if they fall under the Danish voluntary international joint taxation scheme or if they arise in a subsidiary or permanent establishment within the EU/EEA, Greenland or the Faroe Islands (provided certain conditions are met).

CFC Taxation (Taxation of Controlled Foreign Companies)

A Danish parent company or a foreign parent company with a permanent establishment in Denmark is subject to CFC taxation on profits from Danish or foreign subsidiaries where the company:

- a. has not opted for Danish voluntary international joint taxation; and
- b. has controlling influence over the subsidiary – either on a stand-alone basis or together with certain individuals or separate legal entities.

Controlling influence means:

- the power to influence (directly or indirectly) more than 50% of votes;
- ownership of more than 50% of shares; or
- entitlement to more than 50% of the profits when the business of the foreign or Danish subsidiary is considered financial (i.e. more than a third of total taxable income consists of taxable financial income).

Where CFC taxation applies, the controlling company is taxable on its (average) direct or indirect pro rata share of the total income of the Danish or foreign company, irrespective of the rules in a tax treaty, if any.

The rule also applies to foreign permanent establishments of a Danish company, if the CFC taxation rules would have applied had it been a company.

Filing a Tax Return

Corporate tax returns must be filed annually, no later than six months after the end of the income year. The final tax assessment is normally issued at the end of October or at the beginning of November.

Payment and Collection

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

The tax paid on account is collected automatically and calculated as 50% of the average corporate tax paid during the last three years.

Special rules apply for companies which did not pay or were not subject to corporate tax in the previous three 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 (voluntary on-account tax exceeding the 20 November payment may be paid no later than 1 February in the following calendar year).

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.

Further, areas targeted for special initiatives are made public annually.

Penalties

A penalty is payable on the late filing of a tax return. Further, interest at a rate of 0.9% per month (2026) accrues daily on any outstanding corporate tax balance.

Such interest charges and fines are not deductible for tax purposes.

Statute of Limitations

The statute of limitations is three years and four months. For transfer pricing adjustments, the statute of limitations is extended to five years and four months. This is also the case with respect to certain tax-exempt restructures.

Calculation of Taxable Income

General Comments

Taxable income is determined based on the result shown in the statutory annual report, adjusted to comply with prevailing tax provisions.

Tax accounts generally determine costs and income when legally incurred. The accruals principle is acceptable in certain situations.

Usually there are adjustments between the profit for accounting purposes and the income for tax purposes. Some of the most common adjustments include non-taxable income, non-deductible expenses, depreciation, provisions for bad debts or obsolescence and provisions made for guarantee purposes.

The tax provisions listed below are those typically applied when determining the taxable income of a company or registered branch office. There are specific provisions for companies engaged in certain business areas such as banking, insurance, investment funds and the oil and gas industry. These particular provisions are not addressed in this publication.

Stock Valuation

Stock and work in progress may – for tax purposes – be stated at the market/replacement cost, at cost based on the FIFO principle or at production cost. The base stock and LIFO methods are not accepted. For each group of stock items, the company may select one of the three methods of pricing. Slow-moving and obsolete stock can be depreciated to the net realisable value on an individual item basis or according to guidelines approved by the Danish tax authorities. Provisions for future losses and general provisions are not considered deductible against taxable income.

Costs must include direct costs, e.g. freight, duty, etc. It is possible – but not a requirement – to include overheads.

Inbound Dividends

Dividends received by a Danish company – or by a Danish permanent establishment of a foreign company tax resident within the EU/EEA or a tax treaty country – from Danish or foreign companies are tax free (without any minimum holding period) if:

- a. the receiving company is the 'rightful owner';
- b. the receiving company owns at least 10% of the distributing company;
- c. the distributing company qualifies as a company under Danish rules;
- d. the distributing company is subject to taxation rules and taxed on its net income in its country of tax residency;

- e. the tax authorities in its country of tax residence exchange information with the Danish tax authorities under a tax treaty, international agreement or administrative tax assistance agreement;
- f. the distribution cannot be deducted for tax purposes by the distributing company; and
- g. the distribution cannot be deducted for tax purposes by any underlying company without subsequent taxation in an intermediate receiving company.

Such dividends are also tax free if:

- a. the receiving company is the 'rightful owner';
- b. the receiving company has decisive influence on the distributing company (due to votes, shareholder agreement, etc.) whereby the companies may either be subject to compulsory Danish joint taxation or could participate in voluntary Danish international joint taxation;
- c. the distribution cannot be deducted for tax purposes by the distributing company; and
- d. the distribution cannot be deducted for tax purposes by any underlying company without subsequent taxation in an intermediate receiving company.

A transparency rule applies when determining the qualification of the shares.

Due to general anti-avoidance rules (GAAR) which cover transactions under the EU Parent/Subsidiary Directive and Danish tax treaties, the above tax exemption for inbound dividends may be denied in cases of avoidance pursuant to the GAAR.

Further, the above exemption may be denied under the implemented MLI, ATAD and ATAD II.

Otherwise, dividends are taxable at the corporate tax rate of 22%.

If the shares in the distributing company qualify as portfolio shares (less than 10% ownership in an unquoted company), dividend distributions may be tax exempt if the receiving company is:

- the rightful owner;
- the distributing company qualifies as a company under Danish rules;
- the dividend distribution cannot be deducted for tax purposes by the distributing company; and
- the distribution cannot be deducted for tax purposes by any underlying company without subsequent taxation in an intermediate receiving company.



Capital Gains and Losses

Capital gains and losses are normally treated as taxable income. Such gains and losses are computed in accordance with specific rules. Taxable net gains are included in the ordinary income of the company for each financial period and are subject to corporate tax at the ordinary tax rate of 22%.

In addition to the taxation of particular assets described below, there is also a highly complex set of rules applicable to the taxation of gains and losses on financial instruments, such as bonds, securities, forward contracts, futures and options.

These rules are not described in detail here but the overall principle for general taxation in such areas is the mark-to-market principle.

Shares

Gains

Listed portfolio shares are subject to taxation on the basis of the annual mark-to-market principle (compulsory), whereby increases in value are taxed annually. However, if listed on or after 1 January 2025, the realisation principle can be chosen for seven years from the listing. Other shares may only be taxed when a gain is realised unless the principle of annual mark-to-market taxation is chosen. The corporate tax rate of 22% applies.

Capital gains on unquoted portfolio shares are tax exempt.

A capital gain on shares in qualifying companies is tax exempt where:

- a. there is at least 10% ownership in a company resident in Denmark or in a foreign company qualifying as a company under Danish rules if subject to taxation rules and taxed on its net income in its country of tax residency, provided the tax authorities in its country of tax residency exchange information with the Danish tax authorities under a tax treaty, international agreement or administrative tax assistance agreement; or
- b. there is a shareholding in group companies (decisive influence whereby the companies are either subject to compulsory Danish joint taxation or could participate in voluntary Danish international joint taxation).

A transparency rule applies when determining the qualification of the shares.

Danish anti-avoidance tax rules may reclassify tax-exempt gains as taxable dividend distributions in certain inter-company share transfers.

Further, general anti-avoidance rules (GAAR) also covering the EU Parent/Subsidiary Directive and Danish tax treaties may overrule the tax exemption in cases of avoidance pursuant to the GAAR.

Losses

If a gain on unquoted portfolio shares or on shares in a qualifying company is tax exempt, a loss on such shares is not tax deductible.

If dealing with portfolio shares subject to the principle of annual mark-to-market taxation, losses can be deducted from the company's taxable income.

If dealing with situations where the realisation principle applies, losses can be deducted from taxable gains on other shares. Any excess loss can be carried forward to a subsequent year.

Real property

Gains

Capital gains from the sale of real property are subject to taxation.

When determining a gain, a five-step procedure must be followed:

1. The purchase price and the sales price of the real property are adjusted to cash values.
2. The total amount of tax depreciation and write-offs during the ownership period is calculated.
3. Tax depreciation is recaptured as the lower of: (a) sales price less written-off value; and (b) accumulated depreciation.
4. Depreciation, losses or write-offs, which have not been recaptured, reduce the purchase price when calculating the taxable gain on the property.
5. The taxable gain is reduced, depending on the period of ownership.

A capital gain is taxed at the corporate tax rate of 22%.

However, roll-over relief is available, if a new property is acquired for use by the business prior to the end of the year following the year of disposal.

It may be possible to defer payment of tax on part of a sales sum for a commercial property in Denmark or within the EU/ EEA, the Faroe Islands and Greenland if certain requirements are met (including the issue of a seller mortgage note) – the deferred tax is due for payment in equal instalments for up to a maximum of 10 years following the year of sale.

Losses

Losses from the sale of real property are only tax deductible if the primary object of the company is to trade real property. Losses can be carried forward indefinitely (unless incurred prior to 2002).

If a property is tax depreciable, the difference between the written-down value and the sales price is tax deductible. However, this loss reduces the purchase price when calculating the capital gain. Please see above.

Machinery and equipment

The proceeds from the sale of machinery and equipment are deducted from the depreciation pool.

The concept of the depreciation pool is described below in the section entitled 'Depreciation'. If the depreciation pool becomes negative after the deduction of sales proceeds, this negative amount may be recognised in the same year or deferred to the next year (unless purchases within the year exceed the negative amount).

Goodwill

Capital gains from the sale of goodwill are taxable and losses are tax deductible. Gains and losses must be restated at cash values. Profits and losses arising from the sale of goodwill are calculated as the difference between the cash value of sale proceeds and the written-down value for tax purposes.

Know-how, patents and trademarks, etc.

Gains and losses relating to the disposal of know-how, patents and trademarks, etc. are taxable and tax deductible respectively.

Gains and losses must be restated at cash values.

Profits and losses arising from the sale of such intangible assets are calculated as the difference between the cash value of sale proceeds and the written-down value for tax purposes.

Gains and losses from currency exchange adjustments

Gains from currency exchange adjustments are taxable and losses are deductible. Companies may choose to include gains and losses in the taxable income under the mark-to-market principle if this principle is also chosen for receivables between group companies or payments received for goods and services delivered.

Deductions

Business expenses

Generally, expenses are deductible if incurred in order to 'obtain, secure and maintain' the income. However, in the income year 2026, a maximum of DKK 8,704,600 in salary expenses per employee can be deducted.

Capital expenditure

Generally, capital expenditure is not deductible. However, minor business assets at a purchase price of less than DKK 16,900 may be deducted. Likewise, a depreciation balance of up to DKK 36,600 may be deducted.

Alternatively, this expenditure can be capitalised and depreciated using the general rules.

Formation costs

Formation costs are neither tax deductible nor amortisable.

Research and development (R&D) costs

R&D costs within most areas are either tax deductible or tax depreciable if certain requirements are met. The tax deduction/tax depreciation percentage for costs paid by the company is:

- in 2026: 114%
- in 2027: 116%
- in 2028: 120%.

The above rates apply on a consolidated basis and from 2026 a ceiling of DKK 1.088 million applies. Any excess costs may be deducted at a rate of 110%.

Further, an annual tax refund – a maximum of DKK 5,500,000 (equivalent to the tax value of R&D losses up to DKK 25 million) – may be granted by the Danish tax authorities (on request). If so, the corresponding tax loss cannot be carried forward to subsequent years. From the income year 2027, the maximum is DKK 35 million.

The Danish tax authorities impose a further limit, such that the annual tax refund cannot exceed the R&D costs incurred by the company.

Computer software

The costs of computer software acquired on or after 1 January 2025 can only be fully deducted if they qualify as R&D costs. Otherwise, they can only be deducted up to DKK 36,600 (2026). Any excess costs should be included in the 25% depreciation pool (declining balance method).

Entertainment expenses

Only 25% of entertainment expenses are tax deductible. The definition of entertainment expenses is very broad.

The rules apply equally to staff entertainment expenses.

Advertising costs are fully tax deductible.

Provisions for bad debts

Recognised losses on accounts receivable are tax deductible.

Provisions for bad debts are tax deductible to the extent that the final losses on specified debtors can be substantiated.

Depreciation

Tax depreciation is calculated according to the rules below, irrespective of the method applied for accounting purposes.

Machinery and equipment

Machinery and equipment may include aircraft, motor vehicles, passenger cars, office machines and office equipment.

Most machinery and equipment are included in one single depreciation balance and are depreciated as a single asset pool up to 25% a year (declining balance method).

However, new green machinery (except passenger cars and ships) bought in the period from 23 November 2020 to 31 December 2022 may be depreciated at a rate of 116% (on a separate balance).

Some brand-new operating equipment acquired in the period from 1 January 2025 to 31 December 2026 may instead be depreciated on a separate temporary balance ending in 2030. On this balance, the acquisition

sum is increased to 108%. The depreciation rate is 25%.

Specific rules apply to any remaining amount with respect to depreciation and sale of the equipment.

Operating equipment with a long economic life, i.e. certain ships, aircraft, trains, drilling rigs, other plant within the hydrocarbon area and some utility plant are depreciated on a separate balance. The depreciation rate is 15% in 2026.

Utility distribution plant, railroad tracks and radio, television and telecommunication distribution plant are depreciated at a maximum rate of 7%.

The depreciation basis at the end of a given year is calculated as follows:

Balance brought forward

- ÷ Sale proceeds during the year
- + Balance transferred from leased assets
- + Cost price of assets acquired during the year
- = Basis for calculating depreciation

Specific rules apply to machinery, equipment and ships used for R&D activities.

Such acquisition costs can be deducted at the following rates:

- 2026: 114%
- 2027: 116%
- 2028 onwards: 120%.

The above rates apply on a consolidated basis and from 2026 a ceiling of approximately DKK 1.088 million applies. Any excess acquisition costs may be deducted at a rate of 110%. Alternatively, the costs may be included in the single depreciation balance and depreciated at a rate of 25%.



Machinery and equipment used for leasing purposes

Leased machinery and equipment cannot be depreciated in the year of acquisition.

Instead, the balance is brought forward to the next year to be depreciated by 50%. In the third year, the balance is transferred to the ordinary balance of machinery and equipment.

Buildings

In general, buildings used for commercial purposes – except office buildings and residential property – are tax depreciable.

Buildings can be depreciated on an individual basis using a straight-line method with an annual depreciation rate of 3%. If acquired before 1 January 2024, the rate is 4%.

Under certain conditions, an office building attached to a depreciable building may also be depreciated.

Under certain conditions, artistic adornment may be depreciated according to the same rules as apply to the adorned building.

Expenses for rebuilding and improvement are deductible, provided that the annual expenses for rebuilding, improvement and maintenance do not exceed 5% of the depreciation basis at the beginning of the year.

Losses on depreciable buildings are deductible, but losses reduce the taxable purchase price of the building when calculating the capital gain.

Amortisation of intangible assets

Intangible assets are generally amortised over seven years. Annual amortisation which is not utilised is not forfeited. Amortisation is made on a straight-line basis and is determined on a cash basis. Amortisation principles vary for the distinct types of intangible assets.

Goodwill

Goodwill acquired in 1998 or later can be amortised over seven years.

Know-how, patents and copyrights

Generally, know-how, patents and copyrights can be amortised over seven years. Specific rules apply if the protection time of the intangible asset is shorter than seven years.

Leasehold improvements

Leasehold improvements can be amortised over the period of the rental contract. However, the annual amortisation cannot exceed 20%. Specific rules apply if the period of the rental contract is unknown.

Inter-company transactions

Payments made from Denmark to a recipient outside Denmark for goods and services are normally deductible for tax purposes, provided that they are charged on 'arm's-length' conditions. Expenses charged from a foreign head office to a Danish branch are generally not recognised for tax purposes. Instead, the Danish branch can deduct a proportional part of the general and administrative expenses of the head office.

Management charges, etc.

The payment of management charges to foreign companies for management services like centralised R&D, advertising and IT are generally deductible for tax purposes, provided that the charges are determined on 'arm's-length' conditions. Part of the management charges may be subject to withholding tax as royalties, if the charges include payments for the right to use technical know-how, etc.

Management charges must be supported by detailed contracts in writing together with the underlying documentation, including the calculation of such charges.

Shareholder loans

Danish taxation may apply to shareholder loans granted to individuals on or after 14 August 2012. If so, the loan is reclassified as either taxable salary or a dividend distribution up front when paid. The term 'shareholder loan' also includes collateral and other dispositions.

Loans from Danish and foreign lending companies to shareholders (individuals) with decisive influence in the company (or to their relatives) are considered to be deemed dividends. Further, any interest thereon is taxable for the company (a taxable contribution). If the shareholder is employed by the company, the amount may instead be reclassified as further salary for them (and treated as a deductible cost for the company).

Inter-company loans

Companies will only be affected by thin capitalisation rules if the equity makes up less than 20% of the balance sheet amount at the end of the income year and the controlled debt exceeds DKK 10 million.

Third-party debt is subject to the rules if the third party has received guarantees, etc. (directly or indirectly) from a group company. The non-deductible part of the interest expense is the part of the controlled debt which should be converted into equity to meet the debt-to-equity ratio of 4:1 (i.e. a minimum of 20% equity).

The limitation will not apply if the company can prove that, at the time the loan is made, similar financing could be obtained with an independent party. In that case, the solvency ratio for the line of business in question will be taken into consideration.

A loss on inter-company accounts receivable is non-deductible except for documented trading losses and losses due to currency fluctuations.

Interest cap rule

An interest cap rule limits the tax deduction of net financial expenses exceeding DKK 21.3 million. Such expenses are tax deductible only to the extent they exceed a cap calculated on the tax value of the company's assets (calculated according to the rule) multiplied by a standard rate (which is revised annually).

Further, an EBITDA (earnings before interest, taxes, depreciation and amortisation) tax rule limits the tax deduction for net financial interest expenses which exceed approximately DKK 22.3 million in proportion to the company's taxable income. Excess interest expenses cannot reduce taxable income by more than 30%. Excess net financial expenses are only deductible against future taxable income.

Transfer Pricing

Danish permanent establishments and Danish companies engaged in transactions with inter alia group companies are obliged to report summary information on these transactions in their tax returns. They are also required to prepare and keep written documentation of the prices and terms determined in their transactions. An exemption to some of these requirements may apply if:

- the non-Danish parties are tax residents within the EU/EEA;
- the controlled transactions (apart from receivables and debts) are less than DKK 500,000; and
- all controlled receivables and debts amount to less than DKK 50,000 at the end of the income year.

Small companies are subject to reduced transfer pricing obligations. A penalty applies if the filing is made late and/or there is no (or insufficient) documentation – in general DKK 250,000 plus 10% of the further assessed taxable income.

Denmark has implemented the OECD country-by-country reporting for groups with a turnover of at least €750 million (on a consolidated basis).

Joint Taxation

In general

The principle of joint taxation should not be confused with the concept of 'filing a consolidated tax return'.

Each separate company under joint taxation must calculate its taxable income or loss on a 'stand-alone basis'. This means that there is no elimination of unrealised profits on inter-company transactions, including sales of fixed assets, etc. For joint taxation purposes, the taxable income or losses of foreign subsidiaries are calculated using the Danish tax rules.

The taxable income or loss of each company in the joint taxation is then added up to determine the joint taxable income.

Where joint taxable income is positive, net tax losses carried forward of up to DKK 21,830,700 can be offset against profits in participating companies. For profits exceeding this threshold, only 60% of the excess profits can be offset against net losses carried forward. Any net tax loss carry forward in excess thereof must be offset in a subsequent income year, provided these companies were all included in the joint taxation at the time when the losses were incurred and that the joint taxation has not subsequently been interrupted.

Compulsory Danish joint taxation

Group companies subject to Danish taxation and Danish permanent establishments of foreign group companies and their real property in Denmark are subject to compulsory national joint taxation in Denmark.

Foreign permanent establishments or real property of Danish group companies and foreign subsidiaries are not included in the compulsory joint taxation (unless certain specific rules apply, e.g. those in connection with CFC income). The definition of a 'group company' is similar to that in the Danish Financial Statements Act and the international accounting standards, and the principle of substance over form applies when determining 'decisive influence'.

Generally, the ultimate Danish parent company becomes the management company of the jointly taxed group. If no such Danish parent company exists, but only sister companies, one of the sister companies becomes the management company.

The management company must pay the tax on the joint taxable income to the Danish tax authorities.

All group companies are jointly liable for each company's share of the total tax on the joint taxable income – either principally or alternatively – and on its Danish withholding taxes on dividends, interest and royalties.

All jointly taxed companies must have the same income year as the management company. This means that in some cases the income year of a new group company may have to be changed. Alternatively, the Danish tax authorities may grant permission to change the income year of the management company.

If the group has not yet existed for a full income year, only the income in the period of its existence is included in the joint taxable income. Consequently, if companies enter or leave the group, income tax returns must be prepared covering the period until the companies enter or leave the group.

Voluntary international joint taxation

A group may choose to enter voluntary joint taxation with foreign group companies and foreign permanent establishments and/or real property. The Danish or foreign ultimate parent company of the group makes the choice.

If a group opts for voluntary international joint taxation, all foreign group companies, permanent establishments and real properties must be included in the joint taxation, i.e. foreign entities 'below' Denmark (e.g. underlying subsidiaries and their permanent establishments in third countries) as well as foreign entities 'above' Denmark (e.g. parent companies and their real property located in third countries).

A single Danish company with, for example, a foreign real property may opt for voluntary international joint taxation with the foreign real property under these rules.

The request for voluntary international joint taxation must be filed with the Danish tax authorities no later than the deadline for submission of the tax return for the first income year.

Electing for voluntary international joint taxation is binding for a 10-year period for the ultimate parent company (however, the joint taxation may be interrupted in a few specific cases). The binding 10-year period is not interrupted by other group companies entering or leaving.

If the foreign ultimate parent company is not subject to full or limited Danish tax liability, the ultimate Danish parent company is appointed the management company of the group. If no such Danish company exists, but only Danish sister companies, one of the sister companies is appointed.

The ultimate foreign parent company is jointly liable with all group companies for the tax share of the joint taxable income relating to foreign entities, but not for the tax share relating to Danish entities. Furthermore, the above-mentioned rules concerning income year, etc. for compulsory joint taxation also apply to group companies subject to voluntary international taxation.

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. Citizenship does not affect tax liability.

Residents are taxable on their worldwide income and capital gains. Furthermore, residents are liable to pay gift tax.

There are no wealth taxes in Denmark.

Non-residents are taxed only on income and capital gains derived from sources in Denmark.

Expatriates with High Salaries

Special legislation applies to foreign employees working temporarily in Denmark.

If they meet certain conditions, they may choose to be taxed at a flat rate of 27% on their gross salary income rather than being subject to the general rules of taxation for individuals (see below). Foreign employees must pay a tax-deductible labour market contribution at a rate of 8%, resulting in a total tax of approximately 33% on the gross salary income:

Labour market contribution	8%
Tax (27% of 92%)	24.84%
Total	32.84%

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 27% taxation may be chosen for an aggregate period of 84 months.



Employees' average monthly salaries in cash and certain fringe benefits must be at least approximately DKK 65,400 after deduction of the Danish social contribution (**ATP bidrag**).

Tax and the labour market contribution are withheld by employers as the final settlement of the tax liability.

Expenses incurred in connection with earning the salary cannot be deducted. A tax loss from another income year cannot be offset against income taxed at 27%. However, it can be offset against other income.

General Rules for Taxation of Individuals

Personal allowances

Individuals are granted a deduction from income tax as a personal allowance. The allowance amounts to DKK 54,100.

If a married person cannot utilise the total tax value of the allowance, the balance is transferred to their spouse. Specific rules apply to married individuals subject to limited tax liability only.

Danish tax computation

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 graduated system of taxation. Income tax consists of a state income tax and a flat rate local income tax.

State income tax

Income and allowances are divided into three categories:

1. Personal income – e.g. cash salary, director's fees, free company car and free telephone (less pension contributions).
2. Capital income – e.g. net interest income and net capital gains.
3. Share income – e.g. dividends, profit/loss from shares.

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

Income exceeding DKK 54,100 is subject to:

- local tax at a rate of 25% (an average);
- church tax at a rate of 0.867% (an average);
- state tax at a rate of 12.01%; and
- intermediate personal income tax at a rate of 7.5% on income between DKK 641,200 and DKK 777,900 where personal income plus positive net capital income exceeds DKK 55,000 (DKK 110,000 if married).

In addition, the following taxes apply:

- top personal income tax at a rate of 15% on personal income between DKK 777,900 and DKK 2,592,700; and

- top-top personal income tax at a rate of 5% on personal income exceeding DKK 2,592,700.

The tax rates for non-residents subject to limited tax liability are identical to the state tax rates for resident individuals. A fixed local tax rate also applies, whereby the tax burden is almost identical to that of residents.

Deductions

Contributions to Danish social security (ATP), the labour market and Danish pension schemes are deductible from personal income as well as certain business expenses. However, a deduction for payments to Danish pension schemes can only be made up to DKK 68,700. Premiums to life insurance schemes are unlimited.

Interest expenses are deductible from capital income.

Certain transport expenses and alimonies are deductible from taxable income. Earned income relief is granted if the total amount exceeds DKK 7,600 in 2026, covering expenses like an allowance for extra costs of living, subscriptions to professional associations and necessary business literature.

Furthermore, a deduction up to a maximum of DKK 63,300 is available as an employment allowance for employment expenses.

Tax credits

Individuals subject to Danish full tax liability are entitled to claim tax credits and/or tax exemption in respect of income derived from foreign sources.

Share income tax

Dividend income and net capital gains on shares are taxed separately and at different flat tax rates. Net share income up to DKK 79,400 in 2026 (if married, DKK 158,800) is taxed at a rate of 27%, with any excess net share income taxed at 42%.

Employers can offer tax-favourable employee share schemes to their employees. The tax benefits only apply if certain conditions are met and employers have reporting obligations with respect hereto.

Inheritance tax

Inheritance from a deceased person who was resident in Denmark at the time of their death is subject to inheritance tax, divided into two categories.

Estate tax is levied at a flat rate of 15% of the value exceeding DKK 392,300 and is calculated on the value of the whole estate.

An additional tax of 25% is levied on the value received by recipients who were not closely related to the deceased. Thus, the total effective tax rate is 36.25%.

Certain amounts are exempt from inheritance tax, e.g. inheritance and insurance amounts accruing to a deceased person's spouse.

Gift tax

Individuals who are closely related to the donor can receive gifts without tax, if the cumulative value of all donations for one calendar year does not exceed DKK 80,600.

The spouse of a child or stepchild can receive gifts tax free, if the cumulative value of all donations for one year does not exceed DKK 28,200.

Gifts to spouses are tax free.

Gift tax is charged at a flat rate of 15% and is only imposed on the part of the annual value of gifts exceeding the tax-free limits.

There is an additional tax on gifts to step-parents and grandparents on the annual value of the gifts exceeding DKK 80,600. The additional tax is calculated at a flat rate of 25%, resulting in a total effective tax rate of 36.25%.

Gifts to other relatives or unrelated parties are treated as ordinary taxable income.



Value Added Tax

Denmark applies the system of value added tax (VAT) established by the EU. Denmark imposes VAT on imports and taxable deliveries of goods and services at a standard rate of 25%.

In principle, VAT applies to all transactions unless they are either outside the scope of the Danish VAT legislation or specifically exempt from VAT (such as healthcare, education, rental of apartments, sale of real estate, insurance, etc.)

The general threshold for Danish domestic businesses for VAT registration purposes in Denmark is DKK 50,000 (approximately €6,700).

An application for VAT registration must be filed with the Danish Business Authority ([Erhvervsstyrelsen](#)):

Erhvervsstyrelsen
Langelinie alle 17
DK- 2100 Copenhagen Ø.

There is no registration threshold for foreign businesses becoming liable to register for Danish VAT. In general, such businesses are liable to register for VAT purposes as soon as they initiate VAT-liable activities in Denmark.

They must apply for registration for VAT no later than eight days before the initiation of VAT-liable activities in Denmark.

Some business activities are exempt from VAT, including hospital, medical and dental care, insurance, banking and certain financial activities.

Entrepreneurs supplying taxable goods or services (including branches or agencies of non-Danish companies) must register for VAT unless the reverse charge mechanism can apply.

A refund of Danish VAT is available for foreign companies not registered for VAT in Denmark. In order to obtain a Danish VAT refund, businesses from other EU countries must apply via the website of the tax authorities in their home country. A company which is established outside the EU and carries out business in Denmark may be required to register for Danish VAT purposes through a resident VAT agent.

VAT return and deadlines

Businesses must either file VAT on a monthly basis, a quarterly basis or twice a year. Turnover determines whether a business must file monthly, quarterly or half-yearly. The deadline for filing and payment of VAT is 60 days after the VAT period (quarterly and half-year returns). Monthly VAT declarations must be filed and paid no later than the 25th of the month after the VAT period.

Distance Selling – Sale of Goods to Private Customers

Distance selling is when a company/business established and VAT-registered in another EU Member State sells goods to private customers in Denmark (e.g. via the internet) and handles the shipment or

transportation of the goods (directly or indirectly). Where such sales exceed €10,000, the company/business is required to register for VAT in Denmark, charge 25% Danish VAT on the sales and pay over the VAT to the Danish tax authorities.

However, if the goods sold are subject to certain excise duties (such as alcohol, alcoholic beverages, fabricated tobacco and energy products), the company/business must always register in Denmark and pay over the Danish VAT.

Specific rule for real estate

In general, the supply of real estate (land and buildings) is exempt from VAT and, as a rule, the supplier will not be able to deduct any input VAT related to the sale. However, the supply of land for development and new buildings is subject to VAT. If the sale is subject to VAT, costs related to the sale can be deducted.

Specific rule for foreign tourist buses

Due to a change in the Danish VAT Act, foreign bus operators providing tourist transport in Denmark need to register for Danish VAT and pay over VAT in accordance with the general rules of the Danish VAT Act.

Educational services

From 1 January 2026, the VAT rules on training and teaching have changed to comply with practice at the EU Court of Justice. Sales of training in fitness centres have become subject to Danish VAT. Similarly, sales of professional training which is not business related have become subject to Danish VAT as well.

Package tours

Businesses established in Denmark selling package tours to other EU countries are subject to Danish VAT on their profits. There is no requirement for foreign business selling package tours to Denmark to register for – and pay – Danish VAT.

Change of Danish VAT practice

In Danish practice, interest has previously not been charged on the late payment of VAT and duties. This has now changed and interest of 0.9% is imposed at the beginning of each month.



Withholding Taxes

Country	Dividend		Royalty	Interest**
	Individuals, companies	Qualifying companies*		
Algeria	5/15% ^{y)}	0%	10%	0/8%
Argentina	10/15% ^{a)}	0%	3/5/10/15%	12%
Armenia	15/5/0% ^{u), v)}	0%	5/10%	0/5/10%
Australia	15%	0%	10%	10%
Austria	0/15% ^{b)}	0%	0%	0%
Azerbaijan	5/15% ^{r)}	0%	5/10%	10/8%
Bangladesh	10/15% ^{b)}	0%	10%	10%
Belarus ^{q)}	15%	0%	0%	0%
Belgium	0/15% ^{a)}	0%	0%	10%
Brazil	25%	0%	15/25%	15%
Bulgaria	5/15% ^{a)}	0%	0%	0%
Canada	5/15% ^{a)}	0%	0/10%	10%
Chile	5/15% ^{a)}	0%	2/10%	4/5/10%
China	5/10% ^{a)}	0%	10% ^{o)}	10%
Croatia	5/10% ^{a)}	0%	10%	5%
Cyprus	0/15% ^{b)}	0%	0%	0%
Czech Republic	15%	0%	10%	0%
Egypt	15/20% ^{a)}	0%	20%	15%
Estonia	5/15% ^{a)}	0%	0%	10%
Faroe Islands	0/15% ^{c)}	0%	0%	0%
Finland	0/15% ^{c)}	0%	0%	0%
France	0/15% ^{x)}	0%	0%	0%
Georgia	0/5/10% ^{b), e)}	0%	0%	0%
Germany	5/15% ^{b)}	0%	0%	0%
Ghana	5/15% ^{b)}	0%	8%	8/0%
Greece	18%	0%	5%	8%
Greenland	0/15% ^{a)}	0%	10%	0%
Hungary	0/15% ^{a), b)}	0%	0%	0%
Iceland	0/15% ^{c)}	0%	0%	0%
India	15/25% ^{a)}	0%	20%	10/15%
Indonesia	10/20% ^{a)}	0%	15%	10%
Ireland	0/15% ^{a)}	0%	0%	0%
Israel	0/10% ^{b)}	0%	0%	5%

Country	Dividend		Royalty	Interest**
	Individuals, companies	Qualifying companies*		
Italy	0/15% ^{a)}	0%	5%	10%
Jamaica	10/15% ^{a)}	0%	10%	12.5%
Japan	0/15% ^{s)}	0%	0%	0/10% ^{†)}
Kenya	20/30% ^{a)}	0%	20%	20%
Korea rep. (South)	15%	0%	10/15%	15%
Kuwait	15% ^{p)}	0%	10%	0%
Latvia	5/15% ^{a)}	0%	5/10%	10%
Lithuania	5/15% ^{a)}	0%	5/10%	0/10%
Luxembourg ^{h)}	5/15% ^{a)}	0%	0%	0%
Macedonia	5/15% ^{a)}	0%	10%	0%
Malaysia	0%	0%	10%	25%
Malta	0/15% ^{a)}	0%	0%	0%
Mexico	0/15% ^{a)}	0%	10%	5/15%
Montenegro ^{m)}	5/15% ^{a)}	0%	10%	0%
Morocco	10/25% ^{a)}	0%	10%	10%
Netherlands	0/15% ^{b)}	0%	0%	0%
New Zealand	15%	0%	10%	10%
Norway	0/15% ^{b)}	0%	0%	0%
Pakistan	15%	0%	12%	15%
The Philippines	10/15% ^{a)}	0%	15%	10%
Poland	0/5/15% ^{a), i)}	0%	5%	5%
Portugal	0/10% ^{f)}	0%	10%	10%
Romania	10/15% ^{a)}	0%	10%	10%
Russia ^{d)}	N/A	N/A	N/A	N/A
Serbia	5/15% ^{a)}	0%	10%	10%
Singapore	0/5/10% ^{a), i)}	0%	10%	10%
Slovak Republic	15%	0%	5%	0%
Slovenia	5/15% ^{a), i)}	0%	5%	5%
South Africa	5/15% ^{a)}	0%	0%	0%
Spain ^{d)}	N/A	0%	N/A	N/A
Sri Lanka	15%	0%	10%	10%
Sweden	0/15% ^{b)}	0%	0%	0%
Switzerland	0/15% ^{b)}	0%	0%	0%
Taipei (Taiwan)	10%	0%	10%	0/10%
Tanzania	15%	0%	20%	12.5%
Thailand	10%	0%	5/15%	10/15%
Trinidadand Tobago ^{d)}	N/A	N/A	N/A	N/A

Country	Dividend		Royalty	Interest**
	Individuals, companies	Qualifying companies*		
Tunisia	15%	0%	15%	12%
Turkey	15/20% ^{a)}	0%	10%	15%
Uganda	10/15% ^{a)}	0%	10%	10%
Ukraine	5/15% ^{a)}	0%	10% (5%)	0/10%
United Kingdom	0/15% ^{a)}	0%	0%	0%
United States	0/5/15% ^{j), b)}	0%	0%	0%
Venezuela	5/15% ^{a)}	0%	5/10%	0/5%
Vietnam	5/10/15% ^{k), l)}	0%	5/15%	10%
Zambia	15%	0%	15%	0/10%

- a) Lower rate at 25% ownership.
- b) Lower rate at 10% ownership.
- c) Zero rate at 10% ownership.
- d) The tax treaty has been cancelled.
- e) Zero rate at 50% ownership.
- f) Zero rate if the EU Parent/Subsidiary Directive applies.
- g) Lower rate at 50% of the votes.
- h) The treaty does not apply to 1929 Luxembourg holding companies.
- i) 5% rate if paid to approved entity.
- j) Zero rate at 80% of the votes.
- k) 5% at 70% ownership/an investment of US\$12 million.
- l) 10% rate between 25% and 70% ownership.
- m) The tax treaty with the former Yugoslavia.
- n) 10% at 25% of the votes.
- o) Of either gross amount or 70% of gross amount.
- p) Zero rate at 25% ownership for at least one year.
- q) The tax treaty with the former USSR.
- r) 5% at 20% ownership and an investment of at least €1 million (or similar amount).
- s) Lower rate if distributing company cannot deduct distribution for tax purposes and there is 10% ownership for at least six months before decision on distribution.
- t) 10% only applies to certain interests.
- u) Zero rate at 50% ownership and an investment of at least €2 million (or similar amount in Danish or Armenian currency).
- v) 5% at 10% ownership and an investment of at least €100,000 (or a similar amount in Danish or Armenian currency).
- x) 0% at 10% direct ownership for at least 365 days.
- y) 5% at 15% direct ownership for at least 365 days.

* According to domestic rules, either a 10% direct ownership is required or the distributing company must be a group company. A transparency rule may apply.

** According to domestic rules, withholding tax on interest only applies to interest payments from a controlled Danish company to a foreign company. 'Control' is defined as ownership of more than 50% of the share capital or votes. No withholding tax applies if the foreign company is protected by either the EU Interest/Royalty Directive or a tax treaty with Denmark (reduction/waiver) or if the foreign company is controlled by a Danish company or by another foreign company in a tax treaty country imposing CFC taxation on the received interest or if the receiving foreign company is taxed thereon at a rate equivalent to at least three-quarters of the Danish corporate tax rate.

Appendix

Useful Links and Reference Websites

Danish Business Authority	https://danishbusinessauthority.dk
Danish Institute of State Authorised Public Accountants and Registered Accountants	https://www.fsr.dk
Danish Tax Authorities	https://skat.dk/en-us/businesses
Invest in Denmark portal	https://investindk.com





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