



Denmark - Civil Law (Scandinavian/German)

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Incorporating a company in Denmark

Denmark taxes

If you want to do business in Denmark, this article will educate you on the tax laws for a LLC (ApS) which is the most common legal entity in Denmark.

Denmark taxes corporate income accrued offshore in the same way that onshore. The usual tax percentage for income earned abroad, from our research, and this is not personal tax advice, is 22%. However, profits of a permanent establishment and real estate outside Denmark are not taxable. Taxes are reasonable in Denmark because the rate which a LLC (ApS) will pay tax is 22%. This ranks Denmark as 88th overall in terms of corporate tax rate worldwide.

The VAT rate in Denmark is 25.00%, that ranks Denmark as 171st when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute DKK 12,722.2 annually to the equivalent of a social security fund and an employee will contribute DKK 1135.8. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 65 hours. Contributing to this is the number of yearly labor tax payments, which is 1 in DK.

Thin capitalization mandates are in effect. This refers to any type of requirements on companies' debt-to-asset ratios. Generally, dividends received by a resident company on subsidiary or group shares are tax exempt. 70% Dividends from unlisted portfolio shares are subject to CIT, dividends from a listed portfolio are fully subject to taxation. A dividend is a distribution of a portion of a company's earnings, passed by the board, to a class of its shareholders. Dividends can be either cash payments, shares of stock, or other property. Capital Gains are included in CIT taxable income. However, gains derived from subsidiary shares, group shares or unlisted portfolio shares may be exempted. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

Dividend payments to non-residents companies are generally subject to a 27 withholding tax, however 5% may be claimed, resulting an effective tax of 22%. If the recipient holds less than 10% of shares and is resident of a country where Denmark has concluded an exchange of information tax treaty, dividends may be subject to a 15% withholding tax. If the shareholder owns more than 10% of shares, dividends may be exempted of withholding tax provided that recipient is resident of EU or a jurisdiction where Denmark has concluded a tax treaty with. Interests are usually exempt of withholding tax, but a 22% tax may apply on interests paid to foreign related entities in certain situations. Payments on royalties to non-residents are usually subject to a 22% withholding tax, unless rate is reduced under a tax treaty. There is no known tax on wealth in Denmark. There are inheritance and real property taxes in DK. There are commonly used research and development tax relief in this country.

The above is not tax or legal advice for your individual circumstances. Incorporations.io can refer you to a tax advisor in Denmark who can give you an answer. Click the free consultation button above.

The vat rate in Denmark is 25% which ranks 171 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✗ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 122 Tax treaties**
- 22% Offshore Tax**
- 22% Corp rate**
- Loss carryback years**
- 25 Corporate time**
- 25% VAT rate**
- 22% Capital gains**

Denmark Legalese

When examining a jurisdiction in which to incorporate, the first thing to look at is the legal code. The underlying law in Denmark is civil law (scandinavian/german) law. You will want to get some local advice as to how to best structure a company in Denmark. E-signatures are allowed.

The letters DK is for Denmark and the most common company type type in Denmark is a LLC.

You should expect a wait time of 1 Week to setup a LLC in DK. The types of consideration you can use to capitalize your legal entity is frequently DKK, USD, and Any legal currency.

Yes, one is allowed to re-domicile a LLC from DK. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in DK by yourself. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is allowed, up to 40% of the total equity of the company.

A LLC is only required to have one director. Furthermore, corporate directors are not permitted. Directors should not have an expectation of privacy, as they are not kept private in Denmark. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for a professional firm which can receive a service of process on behalf of the registered legal entity. Moreover, a company secretary is not always necessary, at least not by law.

There is a requirement to file accounts to relevant authorities. On that note, there is oftentimes a requirement to have these accounts audited.

Overall we think Denmark is a ok option and have given it a score of 58 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 1 Week to form**



DENMARK

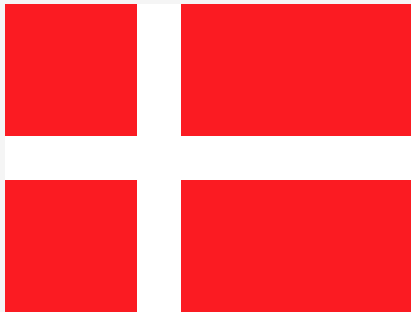
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Country Info



🚩 National Flag of

**Kongeriget Danmark
(dan)**

\$ Currency

DKK

☎ Area Code

+45

🏰 Capital

Copenhagen

✈ Region

Northern Europe

🌿 Native Languages

Danish