



商業信託
Commercial Trust



Country Profile: Denmark

The Facts

Location	Northern Europe, bordering the Baltic Sea and the North Sea, on a peninsula north of Germany (Jutland); also includes several major islands (Sjælland, Fyn, and Bornholm)
Languages	Official – Danish Spoken – English, German, Faroese and Greenlandic
Nationality	Danish
Religions	Evangelical Lutheran (official) – 95% Other Christian – 3% Muslim – 2%
Government	Constitutional Monarchy
Head of Government	Prime Minister
Legislature	Unicameral People's Assembly
Constitutional Document	The Constitutional Act of Denmark
Economy	Denmark has a diverse economy. It has the world's lowest level of income inequality. Denmark's main industries include: petroleum and gas, iron, steel, nonferrous metals, chemicals, food processing, machinery and transportation equipment, textiles and clothing, electronics, construction, furniture and other wood products, shipbuilding and refurbishment, windmills, pharmaceuticals, medical equipment etc. Main export partners are Germany, Sweden, UK, Norway, US, Netherlands and France.
Currency	Denmark Kroner (DKK)
GDP (2012)	Total – DKK 1,819.96 billion Per capita – DKK 326,387 Real GDP growth – -0.4%
Population	5,556,500 (approx.)
Percentage of population	Scandinavian, Inuit, Faroese, German, Turkish, Iranian, Somali
Area	43,094 km ²
Time zone	CET (UCT +1) CEST (UCT +2)
Public Holidays	13
Climate	Temperate

Sources: Central Intelligence Agency, International Monetary Fund, Wikipedia



Denmark

Denmark has one of the best economies in the EU. Although small, it is one of the most competitive economies in the world due to its very efficient workforce, highly developed infrastructure, and extensive welfare system. Denmark boasts a modern economy and is among the world leaders in wireless communications, internet and new media. Business is competitive to other countries, which is a very favorable interest for enterprises looking to invest in Denmark.

Denmark has high industrial productivity and profitability and has one of Europe's most efficient distribution systems. It is self-sufficient in energy as it produces oil, natural gas, wind-energy and bio-energy.

The country's main exports are dairy products, fish, furniture, leather, meat, gas, oil, machinery, chemicals, sugar, equipment and foodstuffs; with the main export partners being Germany, Sweden, the UK and the U.S. Denmark's main imports are machinery, equipment, raw materials, chemicals, grain, foodstuffs and consumer goods; with the main import partners being Germany, Sweden, Netherlands and the UK. 70% of trade flows are within the EU.

Denmark is home to many multi-national companies including Lego and Carlsberg and many international companies such as Dell, Microsoft and Nokia have large global business centers in Copenhagen.

The Denmark Business Climate

The below are some of the main reasons to invest in Denmark:

- **The safe choice:** With bribery practically unknown, Denmark has earned top rankings in the international transparency index for years. The extremely low level of corruption makes Denmark an attractive location for business activities.
- **Lucrative market access:** Easy access to the entire European Union and next day delivery reach of 100 million of the wealthiest consumers in the world.
- **Flexible labor market:** The Danish “flexicurity” model offers a high flexibility in hiring and firing practices. The Danish workforce is among the most productive in Europe and no restrictions apply regarding overtime work, allowing companies to operate 24 hours a day, 365 days a year.
- **Highly qualified and motivated talent pool:** 96 percent of young people complete a secondary education program and 47 percent a tertiary one. English proficiency is in the world's top three. 4 out of 5 speak English and half the Danes speak German.
- **World leader in cleantech, ICT and life sciences:** 20 percent of the electricity used in Denmark is generated by Danish wind power. Danish companies control one third of the global wind market and are the first to exploit 2nd generation biofuels on a commercial basis. The Danish ICT Cluster centers on an advanced high-tech society, featuring a world-class ICT infrastructure and the world's most e-ready population.
- **Cost efficient:** Practically no social contribution costs for employees. Denmark has the lowest office rental and corporate taxes (25 percent) in Scandinavia and below EU average. The salary levels for especially management and scientists are quite competitive.
- **World's best test market:** Not only is Denmark praised as the best test market in the world, it also has world-class IT infrastructure with some of the world's highest ICT penetration rates for mobiles, broadband and PCs.
- **High quality of life:** Danes consistently come out as the happiest people in the world on international happiness indices. Copenhagen is among Europe's 10 most attractive cities (ranking 11th globally). With a residence and work permit you have access to the full range of Danish welfare services, including free medical care and education.

Setting up a Business in Denmark

There is a number of advantages to set up a business in Denmark:

- Quick, informal and cost-efficient establishment procedures
- Online registration of new companies means you're ready to do business within a few hours
- No resident requirements for management, including members of the Executive Board (CEO), Board of Directors or Supervisory Board Shareholders and board meetings can be held electronically
- No notarial deeds
- Flexible language requirements; registration of corporate documents of limited liability companies, "A/S" (Ltd.) and "ApS" (LLC), in Swedish or Norwegian language is possible as an alternative to Danish, and some documents may be registered in English
- Dividends can be distributed on an interim basis
- Danish company law is in conformity with current EU legislation
- It is tax efficient to establish your business in Denmark compared to other Nordic countries

For the company formation in Denmark it is necessary for the articles of association to be drafted, as well as the specimen signatures, the passport copies or the special forms from the company registration office in Denmark. All procedures must be fulfilled in front of a public notary. Company formation in Denmark also requires the existence of a registered office and a bank account. It is also recommended that a local accountant is hired after the company has been formed. The below procedures are required for incorporation in Denmark:

- Company registration is an important step in the process of incorporation. As a matter of fact company registration in Denmark is mandatory in order for the company to activate legally. No requirements are usually made regarding the shareholders' nationality or the nationality of the director appointed when starting a company in Denmark.
- Company registration in Denmark cannot be performed without having a registered office in Denmark. A legal representative can be appointed by power of attorney to complete the procedure of company registration in Denmark if the shareholders live abroad and are not able to come to this country.
- Company registration in Denmark involves VAT registration, too. The Danish trade register informs the tax authorities whenever a new company is started in Denmark, therefore the founder must go to an office and provide the required information in order to register for VAT purposes. Registration for VAT is only mandatory for companies that perform activities which are subject to VAT in Denmark.
- After the company registration in Denmark is completed, the company might need some employees. Employers can choose from a highly qualified workforce in Denmark, but it is better to register with company accounts in job websites or collaborate with recruitment agencies in order to get some help in the selection of the candidates. It goes without saying that the standard of living is rather high in Denmark, and as a consequence, so are the salaries. Before opening a company in Denmark, you should know that the average wage per month is around 3,200 EUR.

Types of Business Structures in Denmark

The choice of corporate form is highly dependent on the type of business activities to be performed in Denmark. The below provides a brief overview of the main corporate forms in Denmark:

- **Sole Trader:** This type of business is set up and carried out by a sole proprietor and is commonly used by small businesses when starting a business in Denmark. It is the simplest way to set up a new business as there is little formal filling and requirements when expanding a business in Denmark. They are able to trade once they have the correct local permits. Unfortunately the owner is subject to unlimited liability and should there be debt on the company the owner own personal assets are at risk.



- **General Partnerships:** General Partnerships Whether as two individuals or as legal entities, a general partnership is a contract of association in order to operate a business based on commercial principles. It must be registered in the register of commence. As part of a general partnership business it can incur liabilities, be sued and take legal action; however it does not have its own legal personality. Each partner is subject to tax, and is personally liable for any business debts. This means if a debt occurs they will be responsible to pay that back with their own assets.
- **Limited Partnership:** A Limited Partnership Once again this type of partnership has two kinds of partner. Each partner is taxable and it must also be registered in register of commence. However in this case only one partner is will be personally liable for the business debts, and without limitation. The other partner will only be liable for to the extent of their capital contribution i.e. the amount of money they have invested in the business.
- **The Civil Law Partnership:** This is a partnership of two or more partners who combined their funds for a common purpose. This is not entered in the register of commence, however partners are still liable for taxation and are also liable with their own personal assets if any business debts should occur. This type of partnership is commonly used by businesses such as law firms as the partners of the civil law partnership represent themselves to third parties.
- **Public Limited Company or stock corporation (Aktieselskab - A/S):** This can be formed by one or more person, with at least one being a resident of Denmark, an EU national resident in another member state or a resident of an EEA country.
- **Private Limited Company (Anpartsselskab - ApS):** Small and middle-sized companies. Often used as fully owned subsidiary by international enterprises due to less formalities. This only requires one person to set up and who need not be a resident of Denmark. This type of company is suited to businesses that have only a few proprietors and can have an unlimited number of shareholders.
- **Branch:** A foreign company may establish a branch in Denmark, provided that the foreign company is registered in its home country. Companies resident outside the EU are a must obtain permission from the Minister of Industry. Permission is normally granted if Danish companies can obtain permission to set up branches in the corresponding foreign country (reciprocity).
- **Representative Office:** In the initial stages of a foreign corporation's establishment of a more permanent business, a representative office is often used. Such an office provides the foreign company with a physical presence in the market place without the commitments and administrative requirements for a Danish company or branch. The main objective for a representative office is to provide marketing and sales assistance to the products and/or services offered by the foreign corporation to its Danish customers. Legally, a representative office is not defined or regulated. It is however, important to notice that the company is considered having a representative function only, meaning that no sale must be concluded by the office and the representatives in Denmark. A representative office in Denmark is defined in accordance with the OECD model tax treaty.

Taxation

The principal direct tax affecting companies in Denmark is the corporate income tax. The most important indirect taxes are value added tax (VAT), transfer tax, real estate tax, stamp duties, and 'green' taxes. Other taxes include withholding tax on dividends and royalties, social security contributions and hydrocarbon tax. Denmark does not levy a branch profits or remittance tax.

Denmark has transfer pricing, thin capitalization and controlled foreign company rules, which are strictly enforced. Denmark has an extensive network of tax treaties that aim to eliminate double taxation.

Denmark has a corporate tax rate of 25 percent and key employees and researchers recruited abroad pay a lower individual tax for the first 5 years. Foreigners living and working in Denmark also benefit from the Danish welfare system. The advantages of Danish Corporate Taxation rules:

- Corporate tax rate of 25 percent, which is below the average in Europe. The effective rate is less, as business expenses and depreciations are tax deductible
- Virtually no social security contributions for employers as opposed to many other countries
- No capital duty, share transfer duty, nor wealth taxes
- Dividends may generally be received/distributed without tax
- Unlimited loss carry forward

A special taxation scheme is available for high salaried expats. The scheme enables the expat to pay a reduced income tax of 26 percent for up to 5 years.

Investment Incentives in Denmark

Companies in Denmark benefit from a wide range of financial incentives and programs for funding. The financial system in Denmark is well-developed with a wide range of sources of finance, from public incentives and private investors to banks, venture capitalists and institutional investors.

Denmark supports free trade and welcomes foreign investors. Denmark also aligns with EU directives on free and fair competition within the European Union. All companies registered in Denmark – both Danish and international – are free to apply for the financing and incentives available. Denmark has comprehensive programs for funding and financial incentives mainly focused on research & development (R&D) activities as well as attractive tax rules for expatriates and in relation to R&D.

In general, all sectors can apply for funding and financial incentives for research & development. In addition, particular funding is available for the following sectors: Biotech, pharmaceuticals, medico, life science, environment, energy, ICT, food, agriculture and transportation.

Some of the tax incentives are:

- The purchase price of machinery, equipment and ships acquired for R&D purposes may be deducted in full in the year of acquisition
- A full deduction may be claimed in the year of acquisition of all types of intangibles acquired for R&D purposes
- A full deduction in the year of acquisition is generally available for patents and know-how, irrespective of the economic life or the amount of purchase price
- Depreciation on assets acquired for R&D purposes may be commenced before the start-up of the business in which the result of the R&D will be used
- A special tax credit is available for R&D activities which enables companies to obtain a refund of negative tax relating to R&D activities (up to DKK 1.25 million)
- A temporary measure allows new machinery and equipment to be depreciated in an amount equal to 115% of the purchase price. The super depreciation applies only to the acquisition of newly manufactured (i.e. not used) machinery and equipment acquired on or after 30 May 2012 and up to 31 December 2013. Items outside the scope of the super deduction include cars, ships and certain leasing equipment, as well as machinery and equipment with a very long useful life, such as aircraft, oil rigs, power stations and railway facilities
- A free trade zone is available in the port of Copenhagen (Københavns Frihavn). This is the only true free trade zone in Denmark, although storage facilities providing duty-free storage may be available elsewhere.



Immigration and Visa Requirements

In order to do business or to work in Denmark persons who hold foreign passports must have residence and work permits. Depending on your citizenship different rules apply:

- Non-EU nationals must acquire both a residence and a work permit prior to arrival in Denmark
- EU nationals may enter and work in Denmark without permits for up to three months
- Citizens of the Nordic countries may enter and work in Denmark without any permit.

Anyone taking up residence in Denmark must register with the National Register(Folkeregisteret). Once registered, you will automatically join the National Health Service. You will receive a CPR number and a National Health Insurance Certificate (Sygesikringsbevis), which gives you access to free medical treatment.

Citizens from outside the EU must submit an application for residence and work permits to the Danish diplomatic or consular missions in the country where the applicant has had permanent and legal residence during the last three months. Only in exceptional cases will it be possible to submit an application in Denmark and only if the applicant already has legal residence in Denmark. The application must contain documentation of the contract of employment, including position and terms of employment, i.e. salary, working hours and a detailed description of the work. Only people with special qualifications may expect to obtain residence and work permits, e.g. researchers, managers, certain consultants and instructors, specialists (engineers, doctors, nurses, athletes/coaches and architects) as well as persons establishing new businesses in Denmark. The permit can be issued 30 days after receipt of the application provided that all relevant documentation is submitted with the application and that the applicant possesses special qualifications.

Banking Requirements

In order to open a corporate bank, you will need to complete an application form and is return to the Danish bank with a reference/recommendation from your local bank in your home country. The completed request must be accompanied by the following documents:

- Power of attorney, filled in and signed
- Copy of certificate of registration (name, registration number, and address)
- Copy of memorandum and articles of association
- Copy of minutes of company's board meeting specifying the persons authorized to sign for the company
- Copies of valid passport(s) of the beneficial owner(s) and of the person(s) authorized to sign for the company and act on behalf of the company
- The company's latest annual accounts and other general information on the company's line of business
- An indication of the number and size of the expected transactions on the account.

Often, your local bank, a notary public, a Danish representation of the Danish Ministry of Foreign Affairs or an international branch of a Danish bank will be required to certify the enclosures. When your bank certifies the enclosures, it must verify that the documents are authentic and the most recent. The verification from your bank should be signed in accordance with your bank's list of authorized signatures

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