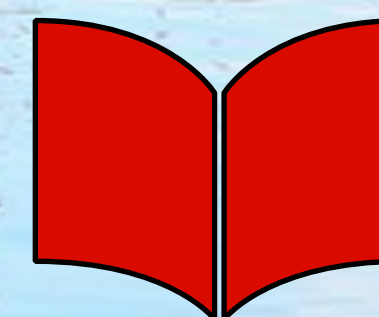




PRIME ADVISORY
NETWORK

COUNTRY REPORT DENMARK



**YOUR WEEKLY REPORT
ON BUSINESS OPPORTUNITIES
ACROSS THE GLOBE**
Issue: 25 20/07/2017

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Prime Advisory Network Ltd of London



Prime Advisory Network is an international and highly professional network, made up of expert accountants, auditors and lawyers qualified to provide a complete consultancy service to companies and groups operating in several fields.

Thanks to a completely innovative communication technology for the management of the client, Prime Advisory Network represents the first “digital” global network of the accountant offices in the world.

Professionals can cooperate worldwide with each other in an integrated way, by managing their clients all over the world and expanding their services and of course growing the number of their customers.

DENMARK IN A NUTSHELL

Geography

Denmark is a Scandinavian country in Europe and a sovereign state. The southernmost of the Nordic countries, it is south-west of Sweden and south of Norway, and bordered to the south by Germany.

The Kingdom of Denmark also comprises two autonomous constituent countries in the North Atlantic Ocean: the Faroe Islands and Greenland.

Economy

Denmark's economy performs notably well in regulatory efficiency. Open-market policies sustain flexibility, competitiveness, and large flows of trade and investment, and the transparent and efficient regulatory and legal environment encourages robust entrepreneurial activity.

Tourism

Danish people are very friendly and this makes it one of the biggest attraction for tourists.

The country is visited by millions of tourists every year, attracted by Tivoli, the Little Mermaid, Legoland, the nordic cuisine and the food culture generally. This and the fact that whatever place in Denmark you want to visit, you will never be too far from the seaside, makes it a great country to visit.

GENERAL INFORMATION

Denmark itself has a total area of 42,924 square kilometers and a population of 5.75 million.

European Denmark consists of a peninsula, Jutland, and an archipelago of 443 named islands, with the largest being Zealand, Funen and the North Jutlandic Island.

The islands are characterized by flat, arable land and sandy coasts, low elevation and a temperate climate.

Banking regulations are sensible, and lending practices have been prudent.

Monetary stability is well maintained, and the judicial system provides strong protection for property rights.



Government size

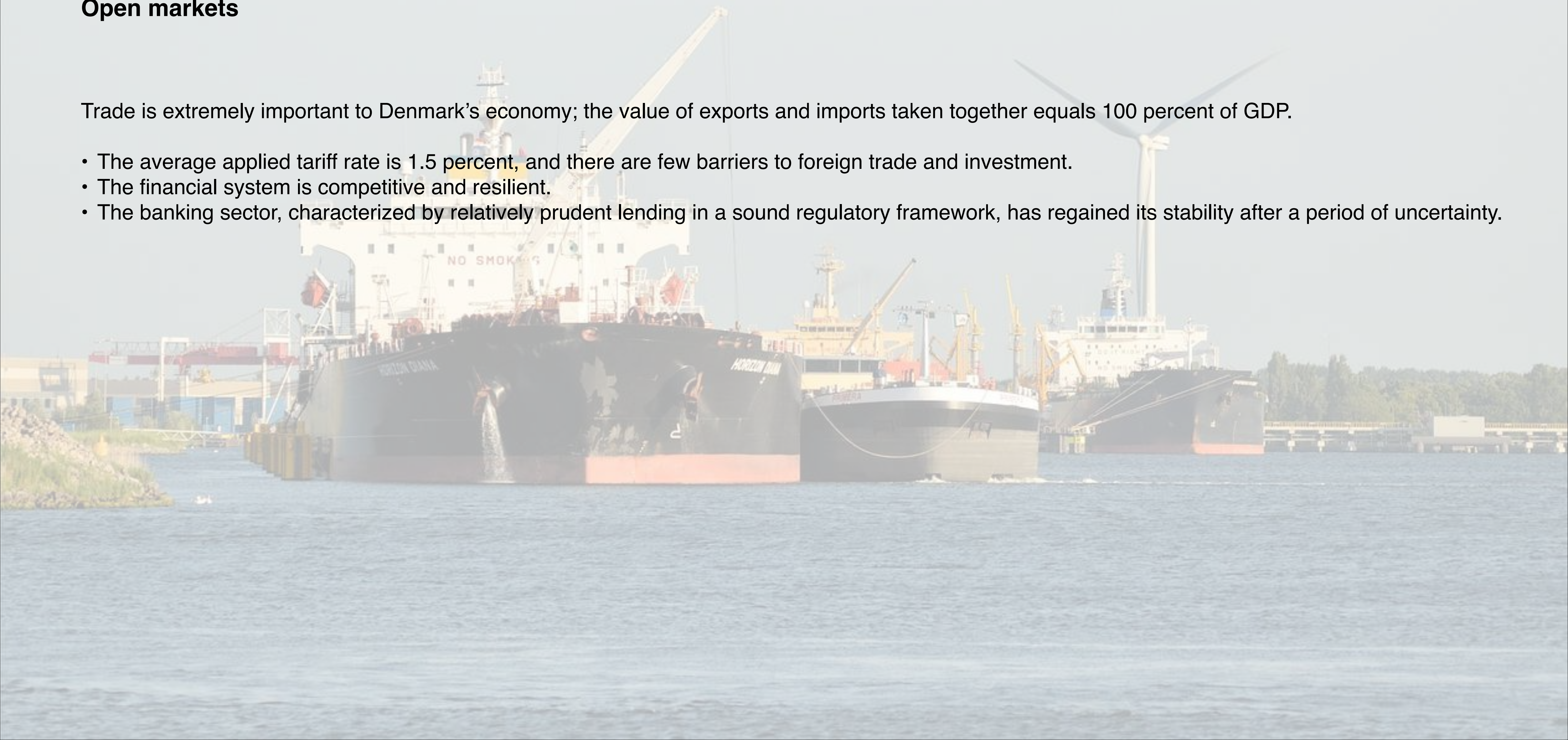
The top personal income tax rate is 56 percent, and the top corporate tax rate is 23.5 percent. Other taxes include a value-added tax and an inheritance tax.

The overall tax burden equals 50.9 percent of total domestic income. Government spending has amounted to 56.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.5 percent of GDP. Public debt is equivalent to 45.6 percent of GDP.

Open markets

Trade is extremely important to Denmark's economy; the value of exports and imports taken together equals 100 percent of GDP.

- The average applied tariff rate is 1.5 percent, and there are few barriers to foreign trade and investment.
- The financial system is competitive and resilient.
- The banking sector, characterized by relatively prudent lending in a sound regulatory framework, has regained its stability after a period of uncertainty.



FOREIGN INVESTMENT

WHY DENMARK

- **Constantly growing economy**

The Danish economy is still valued with the triple A of the international rating agencies. The debt / GDP ratio is 45.2% and the balance of the balance to + 1.3% of GDP.

- **High purchasing power and fair distribution of wealth**

The average income of Danish capita is among the highest in UE.

- **Extremely low corruption level**

The annual report of “International Transparency” has classified Denmark as the first one in a world – wide range for the level of the transparency and lack of corruption.

- **Possibility of access to a wide Scandinavian and Baltic market**

In fact, Denmark has always presented a kind of a bridge for the other Nordic and Baltic markets. As for the huge distribution force and logistic operations of the country, even for other levels of consume that are suggested to be used by the country on the new products and new technology.

WHERE TO INVEST

1. Electric energy, gas, steam and air conditioning (even with renewable sources);
2. Basic pharmaceuticals and pharmaceutical preparations;
3. Provision of water; Sewage networks, waste treatment and sanitation activities;
4. Computer and electronic and optical products; Electro medical appliances, measuring devices and watches;
5. Transport and storage.

WHAT TO SELL

1. Machinery and equipment;
2. Drinks;
3. Articles of clothing (also in leather and fur);
4. Foodstuffs;
5. Vehicles, trailers and semi-trailers.



INCOME TAX

The state income tax has two income brackets (base and top). In 2017 income from 43 442 DKK to DKK 479 600 is taxed at 5.83% and the income above DKK 479 600 is taxed an additional 15%.

Other taxes include Municipal income tax, currently in the range of 23% - 28%, though on average 24.09%, and a state tax, in the range of 8% to 15%. A Health contribution tax (3% (2016), 2% (2017), 1% (2018), 0% (2019)) apply on all income above the tax free allowance in 2014 merged with the regular income tax by one percent per year.

From 1 January 2019 there will be no health tax as it will then have been phased out, by then being part of the income tax that everyone pays. Under the Danish tax system, it is possible for a high-wage earner to pay up to 51.5% of their total income after gross tax, giving a total of 57% of total income.

Land value tax

The Danish municipal property tax is a land value tax, which taxes the base value of the land according to either:

- The total value of the property is less than the value of improvements or
- The value of the property last fiscal year, altered by a growth / decline percentage.

This base land value is taxed between 1.6 and 3.4% in 2013, although some individual properties may pay more or less.

Proceeds from selling one's home - if there is any home equity - are not taxed, as the marginal tax rate on capital income from housing savings is around 0 percent.

Local income tax and other income tax

The local income tax varies from municipality to municipality. The highest local income tax in 2009 is 27.80% and the lowest is 22.70%.

The regional health care tax was 8% when it was introduced from January 1, 2007. It is set and handled by the central government, as the regions have never had the right to levy taxes independently of the counties.

This tax will be phased out by 1 January 2019.

Maximum income tax level

The sum of all income tax percentages (municipal income tax, state income tax and health care contribution in the Regions) can't exceed 51.5%.

On top of the other taxes, members of the Danish National Church pay an additional 0.4% to 1.5% church tax. The rate depends on the municipality.

While the church is a state institution, the church tax does not count towards the maximum 59% marginal tax, and one can be exempted from paying this tax by opting out of being a member of the state church.

VAT in Denmark

Denmark has a non-deductible value added tax (VAT) of 25%. The tax is subject to the European Union's Value Added Tax Directives.

In Denmark, VAT is generally applied at one rate, and with few exceptions it is not split into two or more rates as in other countries, where reduced rates apply to essential goods such as foodstuffs.

The current standard rate of VAT in Denmark is 25%.

VAT in Denmark is one of the highest rates, alongside Norway and Sweden. A number of services have reduced VAT, for example public transport of private persons, health care services, publishing newspapers, rent of premises, and voluntary VAT registration, as well as travel agency operations.

Why You Should Choose to Invest Denmark

Strong Points

Good access to the European market, a long history of industrial production and the quality of the labor force are part of the positive factors of the Scandinavian state's main advantages are:

- A skilled and multilingual workforce;
- Political stability;
- A high purchasing power;
- Well developed infrastructures;
- Great flexibility;
- One of the most advanced telecommunication infrastructures in Europe. The country is a world leader in the use of PCs, Internet and Broadband; and
- A relatively low company taxation rate (25%). Additionally, expatriates can benefit from a special tax regime.

Weak Points

The country's main weak points are:

- A relatively high income tax rate
- A limited domestic market
- An economic system that is too dependent on international economic fluctuations

Government Measures to Motivate or Restrict FDI

The laws and regulations implemented by the Government in recent years are orientated towards more openness and are non-discriminatory. The Danish Government has concentrated its efforts on the improvement of general investment conditions and on reducing structural obstacles to market access. Significant progress has been made in privatization, de-monopolization and competitiveness.

According to the Danish Competition Act, companies must receive permission by the EU commission for large-scale mergers and takeovers. In the eyes of investors, Denmark has the advantage of being strategically geographically situated. It is a natural doorway to Scandinavian countries and the Baltic region.

The Danish Government has also set up an investment promotion website for the purpose of attracting potential investors.

The right partners for you in Denmark. Meet our members!

STUDIO BOLOGNINI

With their office in Copenhagen, they offer assistance in Denmark for company formation, opening bank accounts, accountancy, employment assistance, advisory and consultancy.



Help us create a bigger community!

By joining Prime Advisory Network, you open to the world your own studio. It means choosing to operate globally. Without distinction of flag, religion or culture.

Together with accountants and lawyers from around the world can help create a more united world.

If you have colleagues interested to expand internationally, send us their contact details and we will explain them how Prime Advisory Network can be a powerful tool for their growth.

CONNECTED



Our Growth

Our network is growing rapidly. Coverage shown is from July 2017.



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