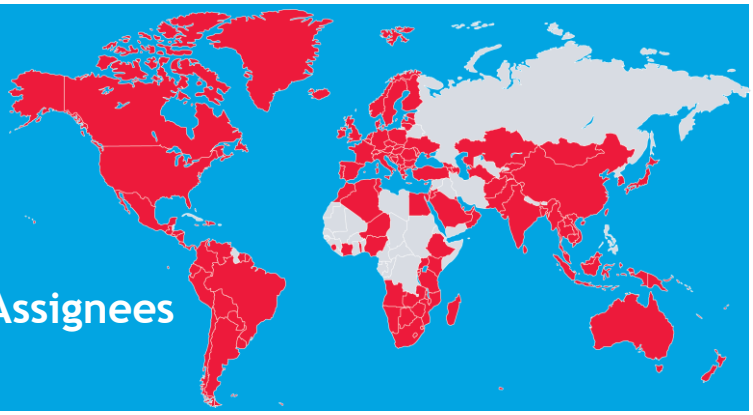
EXPATRIATES
Denmark
Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE

A resident of Denmark must file a Danish tax return on annual basis and report the worldwide income. Denmark allows tax credit for taxes paid on income from abroad.

A non-resident of Denmark is only taxable on Danish-source income and must file an income tax return for calendar years where such income is earned. Danish-source income includes typically income from a permanent establishment in Denmark, salaries paid for work physically performed in Denmark, directors' fees, rental income, and sale income from the real property situated in Denmark, dividends, royalties, and other similar income paid from Danish payees or corporations.

An individual is no longer considered to be a resident of Denmark when he/she has sufficiently severed their residential ties to Denmark (e.g., spouse and dependents, permanent home, social and economic ties, etc.), whether by domestic fact or by using the treaty tie-breaker rules.

Denmark has tax treaties with a variety of countries, most of which define tie-breaker tests to determine the residency of taxpayers considered residents of multiple countries.

Link to all Danish double taxation agreements

https://www.skm.dk/love/internationalt/dobbeltbeskatningsoverenskomster/#/?page=1

If the Expatriates neither have a home or income in/from Denmark, he/she are not liable to pay tax to Denmark, and do not have to declare or pay tax to Denmark.

BREAKING RESIDENCY – EXIT PROCEDURES

Breaking residency depends on, whether the expatriate still have a home in Denmark or running business in Denmark.

If the individual sell his/her home or terminate the lease on rental home, the individual will no longer be subject to full tax liability to Denmark.

If the expatriate still keep the home in Denmark but rented out, the rental agreement has to be non-terminable for at least three years, in order to cease the full tax liability to Denmark. The individual will then be subject to limited tax liability on property and rental income.

Denmark levies a "departure tax" on residents when they cease Danish tax residency. This is a deemed disposition of certain taxable assets. The deemed sale occurs at fair market value on the date residency ceases. Departure tax is due on the same day as other final taxes in the departure year. A tax return must be filed on at latest on the 1 July in the following calendar year.

As there may be departure tax administered on unrealized gains, it is possible to file an application to defer payment of the tax until such time as the assets are sold. It may be necessary to post security for this purpose. Only applications within the filing deadline 1 July will be considered.

In all subsequent years, a form 04.065 must be filed within the deadline 1 July.

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INCOME TAX RATES 2023

	Tax rate
AM contributions	8.00 %
Bottom-bracket tax	12.09 %
Top-bracket tax on personal income	15.00 %
Municipal tax (average)	25.00 %
Church tax (average)	0.70 %

SOCIAL SECURITY Contributions

The main rule is, that while working and living in Denmark, all individuals will be covered by Danish social security.

Employees and the self-employed do not automatically have the right to Danish social benefits when working abroad.

The employer, the employee or the self-employed can apply to retain Danish social security if it concerns work in one or more of the other EU/EEA countries or in one of the countries with which Denmark has entered into an agreement on social security with.

REGISTRATION/FORMALITIES

The expatriates have to deregister the leave from Denmark to the Civil Registration System (CPR) if:

- Away from Denmark for more than 6 months. Holidays in Denmark during the stay abroad, will not interrupt the 6-month period.
- Away from Denmark for less than 6 months and the expatriates sublet or hire out the Danish accommodation while abroad.
- It is recommended to inform the Danish tax authorities about a bank account that can be used for refunds of taxes and other public subsidy. (Nemkonto) Bank accounts from abroad can also be used.

For further information and to register for future updates contact expat@bdo.global

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