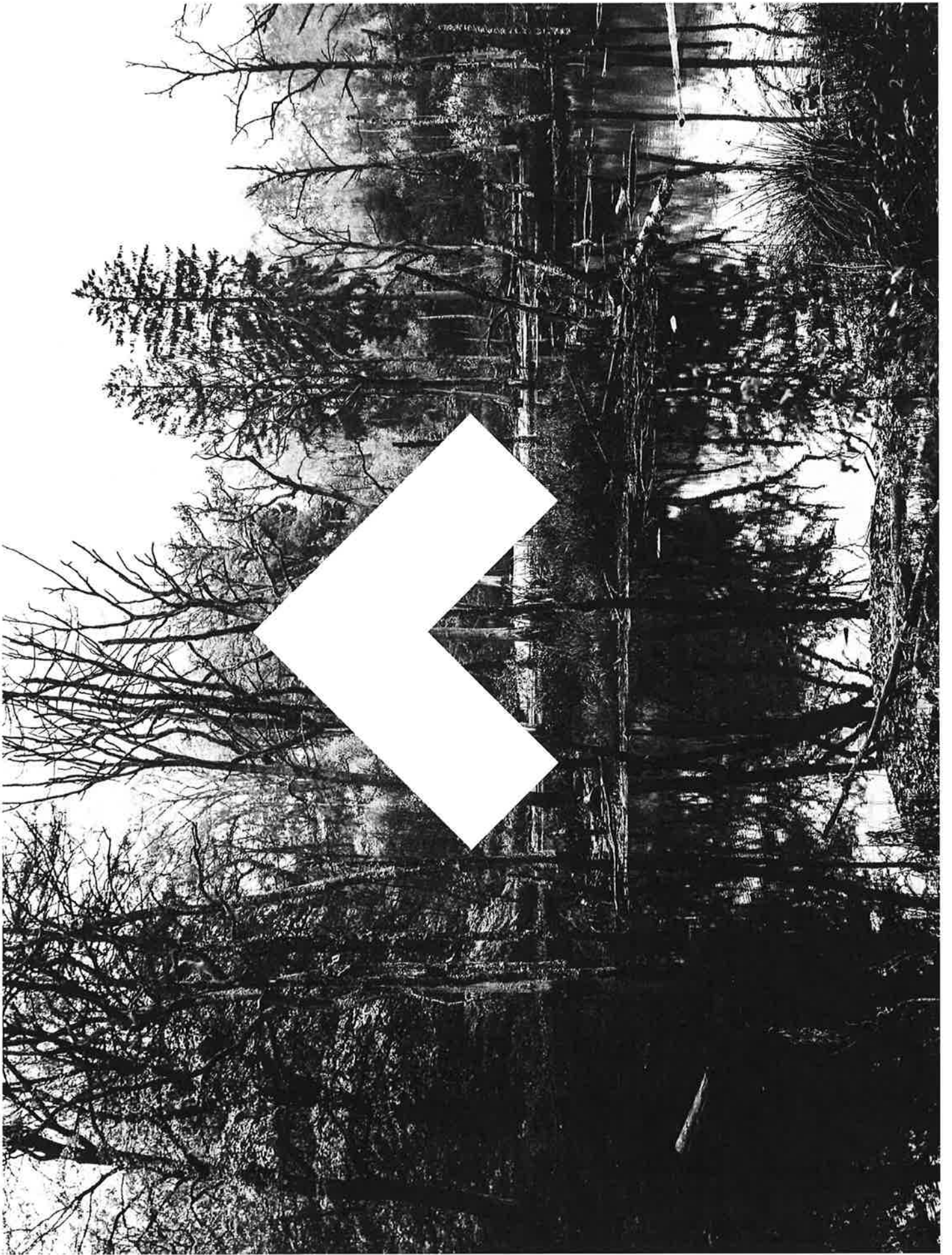


NJORD

L A W F I R M





Establishing a business in Denmark

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The Danish-French Chamber of Commerce



Agenda

- Advantages and disadvantages
- Types and minimum capital requirements
- Management structure and duties
- Incorporation procedure
- Additional legal documents and issues
- Tax
- Overview and comparison with a branch



Advantages

- Well-functioning public sector and a **stable political environment**
- **Excellent climate and motivation** for doing businesses
- **Low incorporation expenses** (DKK 670 to the Danish Business Authority + fee to adviser(s))
- **Simple and quick** incorporation procedure
 - No notarial deeds
 - Online filing and registration
- Most corporate **documents** may be filed with the Danish Business Authority in **English**
- General- and board **meetings** can be held in **English or French**
- **Annual accounts** may be reported in **English**
- General- and board **meetings** can be held **electronically**
- **Well-functioning infrastructure**



Advantages - continued

- **No residence requirement** for the management
- Registered office in Denmark can be a **c/o address**
- Danish law is **in conformity with current EU legislation**
 - **No work permit** required
- **Internationally oriented** society with a **flexible labour market**
 - Short terms of notice
 - High education standards
 - Good language skills
- **Favourable taxation (26%) for highly salaried incomers**
- **No statutory social contributions** to employees from the employer
- **Low corporate tax rate**
- Tax efficient to establish **Nordic head office** in Denmark compared with other Nordic countries
- **Dividends** are distributable on an interim basis
- Possible to have **co-investors**



Disadvantages

- Minimum share capital requirement
- DKK and not EUR as official currency
 - However, the share capital may be denominated in EUR
- **Certain corporate documents**, including the incorporation documents, must be filed with the Danish Business Authority in **Danish**
- Ongoing adviser costs due to mandatory annual general meetings and audited annual accounts
- The **annual accounts** are **available to the public** – including competitors
- **Shareholders** with more than **5%** of the share capital or voting rights are **available to the public** in the Public Register of Shareholders
- Higher **wages** to employees in Denmark due to fairly high tax on income



Types and minimum capital requirements

A/S
DKK
500,000

ApS
DKK
50,000

IVS
DKK
1-
49,999

NOTE!

- Loss of capital regulation
- Adequate financial resources at all times



Management structure





Management duties

The executive board

- **Day to day-management** (and overall and strategic management and proper organisation of the company's business, if no board of directors)
- **Bookkeeping** in compliance with the provisions of the Danish Bookkeeping Act
- **Proper management of the company's assets**
- **Adequate financial resources** of the company at all times

NOTE!

- Personally liable for damages

The board of directors/supervisory board, if any

- Satisfactory **bookkeeping and financial reporting procedures**
- Adequate **risk management** and internal control procedures
- Receipt of ongoing **information** as necessary about the company's **financial** position
- Proper **performance** of the duties of the **executive** board
- **Adequate financial resources** of the company at all times



Incorporation procedure

- **Memorandum of association including articles of association**
 - Register of (all) shareholders
- Documentation that the **share capital** (including premium, if any) has been paid in
 - Online registration of major shareholders (> 5% of the share capital or voting rights) in the **Public Register of Shareholders**
- **25%** (minimum DKK 50,000) is sufficient if solely cash contribution
 - Online registration of **VAT**, import, export and/or payroll tax, if applicable
- Valuation report if non-cash contribution
 - **Digital mailbox**
- **Registration** with the Danish Business Authority
 - Online - CVR-no. within a day or two
 - Application form - CVR-no. after up to 8-12 weeks



Additional legal documents and issues

- **Authorization**, if needed due to the type of business
- Opening of a **bank account**
- **Specification** of the company name (including company type), registered office and CVR-no. on letters and other **business papers**, including electronic messages, and on the company's **website**, if any
- **Rules of procedure** for the board of directors (or supervisory board), if any
- **Shareholders' agreement** with co-investors, if any
- **Minute books & auditor records**
- **Executive service agreement**
- **Staff employment contracts**
- **Business lease agreement or online registration of a deed** in the land register, **unless only a c/o address** as company address
- **Taking out relevant insurances**
- **Protection/registration of intellectual property rights**, if any



Tax

- **Low corporate tax rate**
 - 2015: 23.5%
 - from 2016 onwards: 22%
- **Optional international joint taxation**
- **Transfer pricing** documentation
- **No double taxation avoidance agreement** between Denmark and France
- **Taxation of capital gains** on shares in a Danish company sold by French shareholders depends on French tax law
- **Danish withholding tax on dividends** to
 - French parent companies owning at least 10% of the share capital: none according to the EU Parent Subsidiary Directive
 - Other French companies and persons: 27%
- **Danish withholding tax on royalty payments** to
 - French associated companies owning at least 25% of the share capital: none according to the EU Interest-/Royalty Directive
 - Other French companies and persons: 22%
- **No Danish withholding tax on payment of fees for services**



	Public limited liability company (A/S)	Privat limited liability company (Aps)	Branch
Application	Middle-sized and large companies. May be listed on a stock exchange.	Small and middle-sized companies. Often used as fully owned subsidiaries by international enterprises due to less formalities.	Used for carrying out business activities in Denmark, which are included in the objectives of the head office.
Corporate documents	<ul style="list-style-type: none"> Memorandum of association Articles of association Valuation report, if non-cash contribution Register of Shareholders Rules of procedure of Board of Directors or Supervisory Board 	<ul style="list-style-type: none"> Memorandum of association Articles of association Valuation report, if non-cash contribution Register of Shareholders Rules of procedure of Board of Directors or Supervisory Board, if any 	Power of Attorney from the head office to the branch manager to bind the branch and thereby the head office Head office documentation: <ul style="list-style-type: none"> Official proof of the legal existence Memorandum of association Articles of association Updated transcript from the relevant register of companies
Registration with the Danish Business Authority	Online.	Online.	Online.
Capital requirement	Minimum DKK 500,000. At least 25% (and the full premium, if any) paid in.	Minimum DKK 50,000. At least 25%/minimum DKK 50,000 paid in.	N/A.
Liability	Limited to the value of shares subscribed.	Limited to the value of shares subscribed.	The head office of the branch is fully liable.
Management	Mandatory two-tier system.	Optional one- or two tier system.	At least one branch manager (employed by the head office).
Place of management Registered office	No requirements. Required to have a registered office in Denmark.	No requirements. Required to have a registered office in Denmark.	No requirements. Required to be operated from an address in Denmark.
Accounting	Audited annual report must be filed. (Audit may be optional).	Audited annual report must be filed. (Audit may be optional).	Branch accounts must be kept. A copy of the annual report of the head office must be filed.
Tax	Corporate income tax rate of 23.5% (reduced to 22% in 2016).	Corporate income tax rate of 23.5% (reduced to 22% in 2016).	Income from permanent establishment in Denmark is subject to a corporate tax rate of 23.5% (reduced to 22% in 2016).

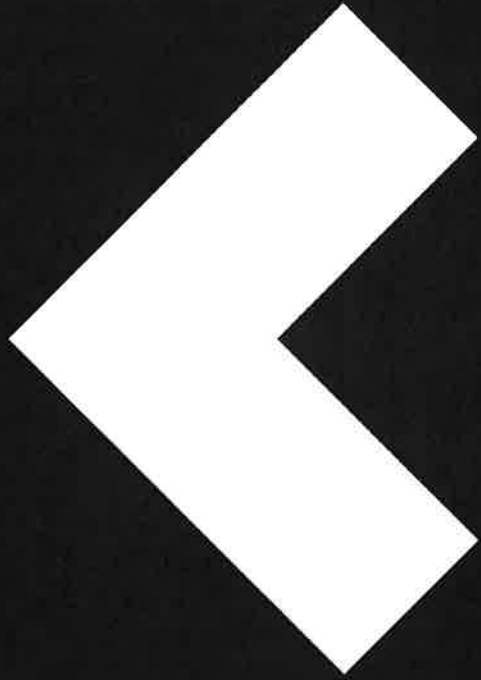


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