

# ESTABLISHING A BUSINESS IN DENMARK



*Establishing a business in Denmark is easy and quick. A company can be set up and ready to do business within a few hours. There are few formalities and everything can be done on-line.*

## **Key facts about setting up a business in Denmark:**

- Quick, informal and cost-efficient establishment procedures
- Online incorporation of new companies 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
- Shareholder's and board meetings can be held electronically
- No notarial deeds
- Flexible language requirements - registration of corporate documents of limited liability companies (A/S, ApS and P/S) in Swedish or Norwegian language is possible as an alternative to Danish, and some documents may be registered in English

## **Establishing a business and choice of corporate form**

The choice of corporate form is highly dependent on the type of business activities to be performed in Denmark. This factsheet provides a brief overview of the main corporate forms in Denmark. *(See next page)*

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## **The Danish business environment**

"Denmark's regulatory environment allows the processes of business formation and operation to be among the world's most efficient and dynamic. The business framework is highly conducive to innovation and productivity growth"

*The Wall Street Journal and the Heritage Foundation<sup>1</sup>*

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1. Denmark scored 99.7 out of a possible maximum of 100 in the category "Business Freedom" in the 2011 Index of Economic Freedom by The Wall Street Journal and The Heritage Foundation.

## Corporate forms – Overview

	A/S	ApS	Branch	Representative Office
<b>Application</b>	Middle-sized and large companies. Only an A/S may be listed on the Copenhagen Stock Exchange.	Small and middle-sized companies. Often used as fully owned subsidiary 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.	Often used in the initial stages of establishing a more permanent business in Denmark.
<b>Registration</b>	Must be registered at the Danish Commerce and Companies Agency.	Must be registered at the Danish Commerce and Companies Agency.	Must be registered at the Danish Commerce and Companies Agency.	No requirement for corporate registration at the Danish Commerce and Companies Agency. Registrations for other purposes may be required.
<b>Capital requirement</b>	Min. DKK 500,000. It is optional to choose not to fully pay in the share capital. The paid in share capital shall then be at least 25 % of the registered share capital.	Min. DKK 80,000. It is optional to choose not to fully pay in the share capital. The paid in share capital shall then be at least 25 % of the registered share capital/ minimum DKK 80,000.	No minimum capital requirements.	None.
<b>Liability</b>	Limited to the value of shares subscribed.	Limited to the value of shares subscribed.	The head office of the branch is fully liable.	The foreign entity is fully liable.
<b>Management</b>	Mandatory two-tier system. A Board of Directors of minimum 3 persons, and an Executive Board of at least 1 member (CEO). (The Board of Directors may be substituted by a Supervisory Board).	Optional one- or two tier system. Minimum one member of the Executive Board (CEO). In addition a Board of Directors or a Supervisory Board may be appointed.	At least one branch manager must be registered.	No requirements.
<b>Place of management</b>	No requirements apply as to the residency of the members of the Executive Board, the Board of Directors and the Supervisory Board.	No requirements apply as to the residency of the members of the Executive Board, the Board of Directors and the Supervisory Board.	No requirements apply as to the residency of the branch manager.	No requirements.
<b>Accounting</b>	Annual financial statements audited by an accountant. (Audit may be optional).	Annual financial statements audited by an accountant. (Audit may be optional).	Not required to prepare financial statements for the branch. A copy of the financial statements of the head office must be filed.	No requirements to prepare annual financial statements.
<b>Tax</b>	Corporate income tax rate of 25%.	Corporate income tax rate of 25%.	Income from permanent establishment in Denmark is subject to a corporate tax rate of 25%.	For tax purposes a representative office is not considered a permanent establishment, provided the business is generally of preparatory or auxiliary nature.
<b>Incorporation</b>	Must be registered at the Danish Commerce and Companies Agency.	Must be registered at the Danish Commerce and Companies Agency.	Must be registered at the Danish Commerce and Companies Agency.	No requirements.
<b>Corporate law</b>	The Danish Companies Act.	The Danish Companies Act.	The Danish Companies Act.	No corporate regulation of representative offices.

Source: Rønne & Lundgren, Law Firm

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