



ATLAS

BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

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The Danish economy is a typical example of the Nordic economic model, combining high living standards and low income inequality. In purchasing power parity, GDP per capita is more than 25% higher than the average of the European Union (EU).

'Flexicurity', a portmanteau of flexibility and security, is the corner stone of the Danish economic model combining flexibility in the labour market, social security and an active labour market policy with rights and obligations for the unemployed. It necessitates close co-operation between government, employers and employees on economic policy – roughly two-thirds all workers are members of a trade union.

Even though Denmark has not joined the euro, the country does not have an independent monetary policy. The Danish National Bank maintains a narrow fluctuation band of +/- 2.25% around the euro central rate of DKK 7.46. As a result, Denmark's monetary policy is linked to that of the European Central Bank. In 2021, to better control the krone's peg, the central bank decided to narrow its interest rate corridor, by lowering its key refinancing rate (from 0.05% to -0.35%) and raising the deposit rate (from -0.60% to -0.50%), which is now identical to the ECB's rate.

Household indebtedness is one of the key weaknesses of the Danish economy. At 282%, the household debt to income ratio in Denmark is the highest among OECD countries.

Summary

BNP Paribas presence

BNP Paribas has been present in Denmark since 2006 with a business centre based in Copenhagen. While Denmark is well-served by local banks, many multinational corporations were seeking an international banking partner that can provide pan-European cash management services and international trade finance solutions. BNP Paribas is one of only a few non-Nordic banks with direct access to the local clearing house in Denmark. It is also one of few banks that can include local accounts in Denmark within a pan-European cash pool. BNP Paribas has been recognised by corporate clients as the top international bank in the country and the Nordics (ahead of several local & regional banks).

Currency

Currency

Denmark uses the Danish krone (DKK).

Exchange rates

All exchange rates are to be found at:

[Nationalbankens Statbank - data and statistics](#)

Central Bank

- The Danish central bank is Danmarks Nationalbank (www.nationalbanken.dk).

Bank supervision

- Danish banks are licensed and supervised by the Danish Financial Supervisory Authority (finanstilsynet.dk).

Bank accounts

Resident / non-resident status

- A company is resident in Denmark (i) if it is incorporated in Denmark and registered in the Companies Register as having a Danish place of business or (ii) for foreign companies if they are having their actual place of management in Denmark.

Bank accounts for resident entities

	Within DENMARK	Outside DENMARK
Local Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.
Foreign Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.

Bank accounts for non-resident entities

	Within DENMARK	Outside DENMARK
Local Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.
Foreign Currency	Permitted without restriction, fully convertible.	None, but see reporting regulations below.




Lifting fees

- Banks apply flat-rate fees on payments between residents and non-resident bank accounts.











BNP Paribas Cash Management Capabilities

Collections




Cash collections	
Cheque collections	
Direct debit collections	
Domestic incoming transfers	
Virtual IBAN	

Virtual accounts	
International incoming transfers	
Card acquiring	

Payments

Cash withdrawals	
Cheque payments	
Direct debit payments	
Domestic outgoing transfers	
Commercial cards	
Virtual cards	
International outgoing transfers	
SWIFT gpi	
Real-time international payments through BNP Paribas' network	
Card issuing	

Channels

Local e-Banking	
Global e-Banking - Connexis	
SWIFT/ host to host	

Market overview

Electronic credit transfers are predominantly used by companies to pay suppliers and employees. Debit cards are commonly used by consumers to make retail payments. Contactless payments predominate. Over 86% of all in-store payments in October 2020, were contactless.

The BOKIS banking consortium, offers mobile payments using Dankort, the national payment card. The Dankort app is Dankort's mobile wallet. Other mobile payment schemes include MobilePay, Denmark's most popular mobile wallet, Apple Pay, Google Pay and Samsung Pay.

The Nordic Payments Council's Credit Transfer Scheme entered into effect in December 2020 and its NPC Instant Credit Transfer Scheme in February 2021. The schemes will enable payments to be made in Swedish krona (SEK) and Danish kroner (DKK) between bank accounts across the Nordic countries.

Electronic banking services are available from almost all banks. There is no national electronic banking standard in Denmark, so companies use banks' proprietary services. Transaction and balance reporting and transaction initiation services are available on a domestic and cross-border basis.

Danish banks use the Nordic Payments Council's Credit Transfer Scheme MIG (Message Implementation Guideline), an XML-based format for payment initiation, cancellation or status reporting. Banks also support the legacy payment formats sometimes with the support of MasterCard Payment Services local legacy formats.

E-Faktura, an online electronic invoice and bill presentment scheme, is increasingly used by Danish companies. Digital banking services are provided by all of the country's banks. More than two million people in Denmark have access to open banking services.

Payment Systems

TARGET2 DANMARK	Type	<ul style="list-style-type: none">• Real-time gross settlement.• Danish component of the pan-European TARGET2 system.
	Participants	<ul style="list-style-type: none">• 30 direct, 39 indirect.
	Transaction types processed	<ul style="list-style-type: none">• High-value and urgent EUR-denominated domestic and cross-border credit transfers.

	Operating hours	<ul style="list-style-type: none"> • 07:00 - 18:00 CET, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	
KRONOS2	Type	<ul style="list-style-type: none"> • Real-time gross settlement.
	PARTICIPANTS	<ul style="list-style-type: none"> • 83 participants. All holders of current accounts at Danmarks Nationalbank must participate in Kronos2.
	Transaction types processed	<ul style="list-style-type: none"> • High-value and urgent DKK-denominated credit transfers. • Net obligations from the Sumclearingen, Intradagclearingen and Straksclearing payment systems.
	Operating hours	<ul style="list-style-type: none"> • 07:00–16:45 CET, Monday to Friday.
		<ul style="list-style-type: none"> • Kronos2 settles payments with immediate finality on a same-day basis. It can also defer payments for up to 14 days (participants with SWIFT).
	System holidays	<ul style="list-style-type: none"> • KRONOS2 is closed at weekends and on all Danish bank holidays.
SUMCLEARING	Type	<ul style="list-style-type: none"> • Multilateral net settlement system. • Sumclearing is divided into two subsystems: • Nets, which clears card payments, direct debits and credit transfers; and • An electronic truncation and clearing system for bank-initiated payments.
	Participants	<ul style="list-style-type: none"> • 50 direct, 25 indirect.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value and non-urgent DKK-denominated credit and debit payments. • Card payments.
	Operating hours	<ul style="list-style-type: none"> • Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	

	System holidays	<ul style="list-style-type: none"> • Closed at weekends and on Danish bank holidays.
INTRADAGCLEARING-EN	Type	<ul style="list-style-type: none"> • Net settlement system.
	Participants	<ul style="list-style-type: none"> • 50 direct, 25 indirect.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value and non-urgent DKK-denominated credit transfers.
	Operating hours	<ul style="list-style-type: none"> • Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Intradagclearing operates four clearing cycles per day – at 01:30, 09:00, 12:00 and 14:00.
	System holidays	<ul style="list-style-type: none"> • Closed at weekends and on Danish public holidays.
STRAKSCLEARING	Type	<ul style="list-style-type: none"> • Real-time settlement system.
	Participants	<ul style="list-style-type: none"> • 50 direct, 25 indirect.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value and urgent DKK-denominated credit transfers of up to DKK 500,000. • MobilePay mobile payments. • Online banking transfers.
	Operating hours	<ul style="list-style-type: none"> • 24 hours, Monday to Sunday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time. As participants fund transfers in advance, transfers can be settled instantly. • Final settlement takes place across participants' central bank accounts via Kronos 2 in six daily cycles.
	System holidays	<ul style="list-style-type: none"> • Straksclearing operates 24 hours a day, 365 days a year

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.

- High-value and urgent domestic credit transfers can be settled in real time via Kronos2. Urgent interbank credit transfers greater than DKK 1 million can be processed via the Kronos 2 'Transfers via Danmarks Nationalbank' facility.
- High-value and urgent EUR-denominated domestic and cross-border transfers can be settled in real time via TARGET2-Danmark, or by the Euro Banking Association's EURO1 system.
- The ECB T2 payment system is expected to include the Danish krone by November 2025. The Danmarks Nationalbank has also decided to join TARGET Instant Payment Settlement (TIPS) in the coming years. It will then replace the Straksclearing.
- High-value, cross-border credit transfers in domestic and other currencies can be processed via SWIFT, correspondent banking and bank branch networks.
- Low-value (equal to or below DKK 5 million) and non-urgent credit transfers are processed via MasterCard Payment Services before being settled via Sumclearing or Intradagclearing .
- Payments up to DKK 500,000 can be processed via Straksclearing in real time, 24 hours a day, seven days a week. Straksclearing is operated by MasterCard Payment Services.
- SEPA credit transfers can be settled via STEP1 or STEP2 or via correspondent banking networks.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds.
- EBA Clearing has developed and implemented a pan-European platform for instant EUR payments. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- EBA Clearing has launched a pan-European request to pay (R2P) infrastructure solution with the support of 27 payment service providers from 11 countries. The new service is compatible with the SCT and SCT Inst schemes and allows payees to take the initiative to request a specific payment from the payer.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service and is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- Direct debits in Denmark:
- Pre-authorised Supplier Service (LeverandørService) direct debits for companies.
- *Betalingservice* direct debits for low-value recurring payments such as utility bills.
- *Betalingservice web*, an online direct debit service for small companies and organisations.
- Low-value and non-urgent direct debits are settled through Sumclearing.
- SEPA direct debits are available in Denmark and can be settled on a same-day basis via STEP2.

Cheques

- The cheque is not a common cashless payment instrument.

Card payments

- Card payments are increasingly popular, especially for retail transactions. In 2020, card payment turnover was 0.9% lower than in 2019, the first time since 1983 when payment cards were introduced that card transactions have fallen.
- There were 7.8 million debit cards and 1.6 million credit cards in circulation at the end of Q1 2021.
- Dankort is Denmark's national payment card operator. There are three million co-branded Dankort debit cards in circulation.
- Visa and MasterCard-branded credit cards are the most widely issued.
- Contactless debit and credit cards are available. In Q1 2020, there were 23 million contactless payments (27 million in Q1 2020).
- All card payments are processed by Nets (in March 2021, MasterCard assumed responsibility for the operation of Nets' retail payment systems – Sumclearing, Intradagclearing and Straksclearing), with the exception of Visa and MasterCard payments, which are processed by their respective international card schemes.
- Dankort mobile payments are available and are accepted by all merchants currently accepting Dankort cards.
- All cards issued are EMV-compliant.

ATM/POS

- There were an estimated 2,022 ATMs in Denmark at the end of Q1 2021.
- There were 149,600 EFTPOS terminals in Denmark at the end of Q1 2021.
- All payments are settled via Nets.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Pre-paid cards are available.
- The BOKIS banking consortium, comprising 57 small to mid-sized banks and five regional banks, offers mobile payments using Dankort, the national payment card.
- MobilePay is the country's most widely used mobile wallet, with six million users. In 2020, 395 million transactions were made via MobilePay, with a value of EUR 18 billion. Other mobile payment schemes include Apple Pay, Google Pay and Samsung Pay.

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted for residents and non-residents.

Demand deposits

- Demand deposits are available for residents and non-residents.

Time deposits

- Time deposits are available in DKK or major foreign currencies for terms ranging from one day to one year.
- The minimum investment is DKK 250,000.

Certificates of deposit

- Domestic banks issue certificates of deposit with a range of tenors.

Treasury (government) bills

- The Danish government issues Treasury bills (T-bills) with terms of six or nine months (although up to one year is possible).

Commercial paper

- [Commercial paper](#) is issued by companies with a range of maturities. The minimum investment is DKK 1 million.

Money market funds

- Money market funds are available.

Repurchase agreements

- Repurchase agreements (repos) with maturities ranging from overnight to one year are commonly available in Denmark. The minimum investment is DKK 1 million.

- Reverse repos are also available with a minimum investment of DKK 500,000.

Bankers' acceptances

- Bankers' acceptances are not used in Denmark.

BNP Paribas Trade Finance Capabilities

Trade payments

Documentary credits	✓
Documentary collections	✓

Guarantees

Bank guarantees	✓
Standby letters of credit	✓

Supply chain management

Receivables	✓
Payables	✓
Inventory	✓

Trade channels

Connexis Trade	✓
Connexis Supply Chain	✓
SWIFTNet Trade for Corporates	✓
Connexis Connect	●
Connexis Guarantee	●
SWIFTnet Supply Chain	●

- BNP Paribas provides a comprehensive range of trade finance and supply chain management solutions to the key exporting companies in the Nordics, enabling them to mitigate their payment risk, secure commercial contracts and enhance their working capital needs. Through the bank's trade centre for the Nordics, BNP Paribas provides a single entry point for its customers to manage all their trade finance needs including advice on local guarantee wording.

International trade

General trade rules

- As a member of the EU, Denmark follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Mercosur (the Southern Common Market), Uruguay, Myanmar and the USA. The EU and the UK are discussing their future trading relationship, following the UK's departure from the EU.

Imports / exports

Imports	Cars	Refined petroleum	Packaged medicines	Crude petroleum	Broadcasting equipment	
Primary Import sources	Germany (21.0%)	Sweden (11.0%)	Netherlands (8.0%)	China (7.0%)		
Exports	Packaged medicines	Electric generators	Pork	Refined petroleum	Medical cultures	
Export markets	Germany (14.0%)	USA(11.0%)	Sweden (10.0%)	UK (7.0%)	Norway (6.0%)	Netherlands (5.0%)

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	104,391	112,088	119,384	120,639	118,814
	- services USD m	62,819	70,002	81,431	83,504	72,719
Imports	- goods USD m	86,013	95,887	106,986	102,463	100,606
	- services USD m	60,185	63,115	72,967	75,977	69,724
Current account as % GDP		7.3	7.8	7.5	9.6	8.1

Source: IMF, International Financial Statistics, July 2021.

Trade finance - Imports

Documentation

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to import goods into Denmark from outside the EU:
 - customs declaration
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Import licences

- Import licences are required for items with quantitative restrictions from outside the EU and for items from within the EU that are deemed to be of national interest or of a strategic nature.

Import taxes and tariffs

- Tariffs are set according to the EU customs code for all imports from outside the EU, with higher tariffs for agricultural imports.

Financing requirements

- None

Risk mitigation

- None

Prohibited imports

- Denmark prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Documentation

- Documentation is not required for exports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to export goods from Denmark outside the EU:
 - customs declaration
 - bill of lading
 - packing list
 - certificate of origin (in certain cases)

Export licences

- Licences are required when exporting goods subject to international controls, certain items subject to strategic controls and certain metals in waste or scrap form.

Export taxes and tariffs

- None

Financing requirements

- None

Risk mitigation

- Denmark has implemented the EU directive on export credit insurance.
- EKF is Denmark's national export credit agency, provides state-supported export credit.
- Export credit insurance is also available from private insurance companies.
- Export financing is available privately from commercial banks.

Prohibited exports

- Denmark prohibits the export of certain items in line with EU regulations and UN Security Council resolutions.

Regulatory requirements

Reporting regulations

- Companies are selected by the Danmarks Nationalbank to report annually on transactions between resident accounts and accounts held by non-residents.
- Companies with high volumes of transactions between resident and non-resident accounts are required to report on both a monthly and an annual basis. Some multinational companies are selected to submit a quarterly investment income report.

Reporting method

- Monthly reports of individual transactions must be submitted to the Danmarks Nationalbank by the 10th day of the following month.
- Annual reports of quoted companies must be submitted to the Danmarks Nationalbank by the end of the fourth month of the following year. Non-quoted companies must submit their reports by the end of the fifth month of the following year.
- Quarterly investment income reports must be submitted to Danmarks Nationalbank within two months of the end of that quarter.
- Reports are submitted electronically via Danmarks Nationalbank's online system, FIONA Online.
- Resident entities are responsible for reporting all transactions to the Danmarks Nationalbank.

Exchange controls

- Denmark has been in the ERM II since 1 January 1999.
- Denmark does not apply [exchange controls](#).

Taxation

Resident / non-resident

- A company is considered to be resident if it is incorporated in Denmark or is managed and controlled in Denmark.

Tax authority

- Danish Customs and Tax Administration (SKAT).

Tax year/filing

- The tax year corresponds to the calendar year, although a company may choose to have a different fiscal year.
- The tax return must be filed within six months of the end of the fiscal year. For income years between 1 February and 31 March, the tax return must be filed by 1 August.
- Companies are required to make two advance payments of tax during the calendar year (on 20 March and 20 November). It is possible to make a voluntary payment in period from 21 November in the tax year to 1 February in the year following the tax year.
- Tax consolidation is mandatory between affiliated Danish companies, branches of foreign companies and Danish real estate owned by non-residents. International tax consolidation is optional for affiliated companies.

Financial instruments

- With certain exceptions, gains and losses on financial instruments are taxed in accordance with the mark-to-market principle. This treatment departs from general principles under Danish tax law, which follow the principle of realisation.

Interest and financing costs

N/A

Foreign exchange

- As a rule, exchange gains and losses on foreign currency are treated separately from the underlying transaction: they are taxed under the mark-to-market principle.
- Currency hedging contracts that are not attached to a specific transaction are treated as financial instruments and are taxed under the mark-to-market principle. If however the currency contract is attached to a specific transaction, gains/losses on the contract are taxed in the same way as the underlying transaction.

Advance tax ruling availability

- In certain cases, taxpayers may request a binding advance statement from the local tax authorities. This statement will not be binding for the tax authorities if the assumptions on which the statement has been based change, for example, if there is a change in legislation, or where incorrect or incomplete information has been provided by the taxpayer. A binding advance statement may be appealed in the same way as a tax assessment.
- Binding advance rulings for five years on specific proposed transactions may be obtained from the local tax assessment office. Persons not subject to Danish tax are also entitled to ask for a binding advance ruling.

Capital gains tax

- Capital gains are included in taxable income and subject to the corporate income tax rate of 22%. However, gains derived from subsidiary shares, group shares, or unlisted portfolio shares are exempt (and losses are non-deductible).

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	None	0% / 27%	None	None
Non-resident entities	0 / 22%	0% / 15% / 27%	0% / 22%	None

- No withholding tax is generally levied on interest paid to residents and non-residents. However, a 22% withholding tax applies to interest paid to foreign related entities in certain situations.
- Dividends paid to a non-resident company are, as a general rule, subject to a 27% withholding tax. For companies, the final rate is 22%, i.e. 5% can be reclaimed.
- The rate is 15% if the recipient holds less than 10% of the company distributing the dividends, and the tax authorities in the country where the recipient is resident are required to exchange information with the Danish tax authorities under an applicable tax treaty or other international treaty or convention, or according to an administrative agreement in tax cases.
- Dividends paid to a non-resident company are exempt from withholding tax if the recipient is the beneficial owner of the dividends and owns at least 10% of the share capital of the payer, and the withholding tax would be reduced or eliminated under the EU parent-subsidiary directive or an applicable tax treaty.
- Certain group-related transfers of shares, where the remuneration is fully or partly not in the form of shares, may trigger Danish withholding tax.
- Dividends paid to a resident company generally are subject to a 27% withholding tax, although 5% may be reclaimed, giving a final rate of 22%. No withholding tax is imposed where a participation exemption applies.

- A rate of 22% (levied on gross payments) applies to industrial royalties paid to non-residents. Non-residents may be eligible for a lower rate of withholding tax, or be able to avoid it altogether, provided that their parent company is located in a country with which Denmark has a tax treaty.

Tax treaties / tax information exchange agreements (TIEAs)

- Denmark has approximately 80 active double tax treaties.
- Denmark, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, has signed a multilateral co-operation agreement with 30 other countries ('the MCAA'). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).
- With country-by-country reporting, tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA started in 2017–18 on 2016 information.
- The OECD MLI entered into force for Denmark on 1 January 2020.

Thin capitalisation

- Interest deductions and other financing expenses may be limited by three sets of rules:
- Thin capitalization rule applying a debt:equity ratio of 4:1;
- The asset test limits the deduction of interest expense to 2.7% of the tax basis in the assets; and
- The EBITDA test limits the deduction of interest expense and depreciation to 30% of taxable income before excess interest expense and depreciation.

Net financing expenses

- In addition to the thin capitalisation rules, net financing expenses may also be restricted under the 'asset test' and the 'EBIT model test', which apply to both inter-company debt and debt owed to unrelated third parties. Three tests have to be made to determine the deductibility of net financing expenses, which are applied in the following order:
 - The thin capitalisation test;
 - The asset test; and
 - The EBIT model test.

- Under the asset test, net financing expenses exceeding DKK 21.3 million are deductible only to the extent that the expenses do not exceed a cap calculated as a standard rate of return (currently 3.2%) on the tax base of the group's assets minus certain of its financial assets.
 - Net financing expense for these purposes would include the aggregate of (in terms of tax value):
 - Interest income and interest expenses;
 - Commission for loans;
 - Capital gains and capital losses on claims, debt and financial contracts;
 - The interest income and interest expenses component of financial leasing arrangements; and
 - Taxable gains and deductible losses on shares, as well as taxable dividends.
- The following, however, would be excluded from net financing expenses:
 - Losses and claims forming part of a financial trading activity;
 - Gains and losses on borrowings if the taxpayer is trading in claims or is conducting a financing business and the debtor is not an affiliated company; and
 - Gains and losses on financial contracts used to hedge operating income and expenses, unless the taxpayer is trading in financial contracts or is conducting a financing business and the counterparty is not an affiliated company.
- The cap on net financing expense is then calculated on the basis of the taxable value of all assets less shares, claims, financial contracts and cash. However, 10% of the tax basis of shares held in directly owned affiliates not forming part of a Danish tax consolidation is included in the tax basis. The inclusion of shares held in directly owned foreign affiliates will be phased out by 2.5% annually over the years 2010–17. Tax loss carry-forwards are normally recognised as an asset. Restricted net losses on claims and debts can be carried forward and deducted in net gains on claims and losses in the following years.
- Net financial expenses restricted under the asset test are not eligible to be carried forward to future years.
- According to the EBIT model test, if the deductible net financial expenses exceed 80% of the EBIT, the excess net financial expenses are not deductible in that tax year but are eligible to be carried forward to future years.
- Affiliated companies covered by tax consolidation must, according to the rules, calculate taxable income and net financing expense on an aggregate basis. The DKK 21.3 million ceiling is calculated on a group basis.

Transfer pricing

- The transfer pricing rules apply to transactions with affiliated companies. Controlled transactions are subject to the arm's length principle.
- Denmark generally follows the OECD transfer pricing guideless.
- For income years starting on or after 1 January 2021, transfer pricing documentation must be submitted to the tax authorities no later than 60 days after the due date for filing the annual corporate income tax return.

- The Danish tax authorities can require certain businesses that are obliged to prepare transfer pricing documentation to obtain an assurance report from an independent auditor.
- Multinational groups with a consolidated turnover of at least DKK 5.6. billion must prepare and submit a country-by-country (CbC) report to the Danish tax authorities.

Stamp duty

- The registration of the transfer of certain assets is subject to a duty of 0.6% to 1.5% plus a fee of DKK 1,750.

Cash pooling

- Denmark has no specific rules relating to [cash pooling](#) arrangements. However, the [cash pooling](#) arrangement should be based on the arm's-length principle, and proper [transfer pricing](#) documentation must be prepared.

Financial transactions / Banking services tax

- Denmark has no specific financial transactions and/or services tax.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com).



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world