



Denmark – Recent developments in International Taxation

TTN Seminar
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Danish corporate taxes

25% CIT

25% VAT

Depreciations – real estate over 25 years

Equipment etc. declining balance
method 25%

Participation exemption – parent subsidiary
directive



Corporate taxes

Danish tax legislation is based on the Worldwide (Global) Income

However, since 2005 Danish CIT is based on Territoriality



Corporate taxes

The taxable base for a Danco will not include foreign

- subsidiaries
- PEs
- real estate

Otherwise worldwide income is included (dividends, royalties, CFC income)



Corporate taxes

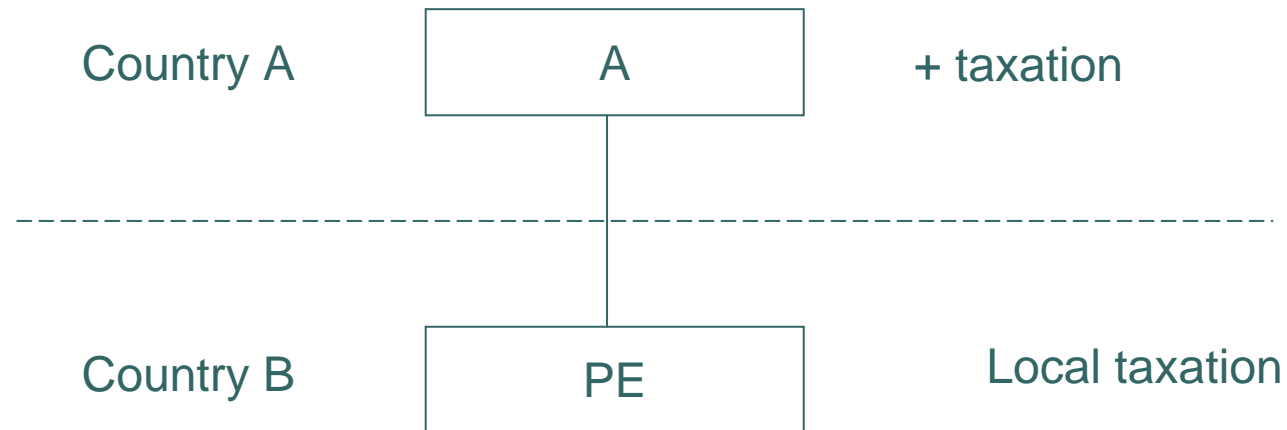
A company may elect group taxation thus including foreign

- subsidiaries,
- PEs
- real estate
- parent company (majority votes/control)

All must be consolidated with the Danco

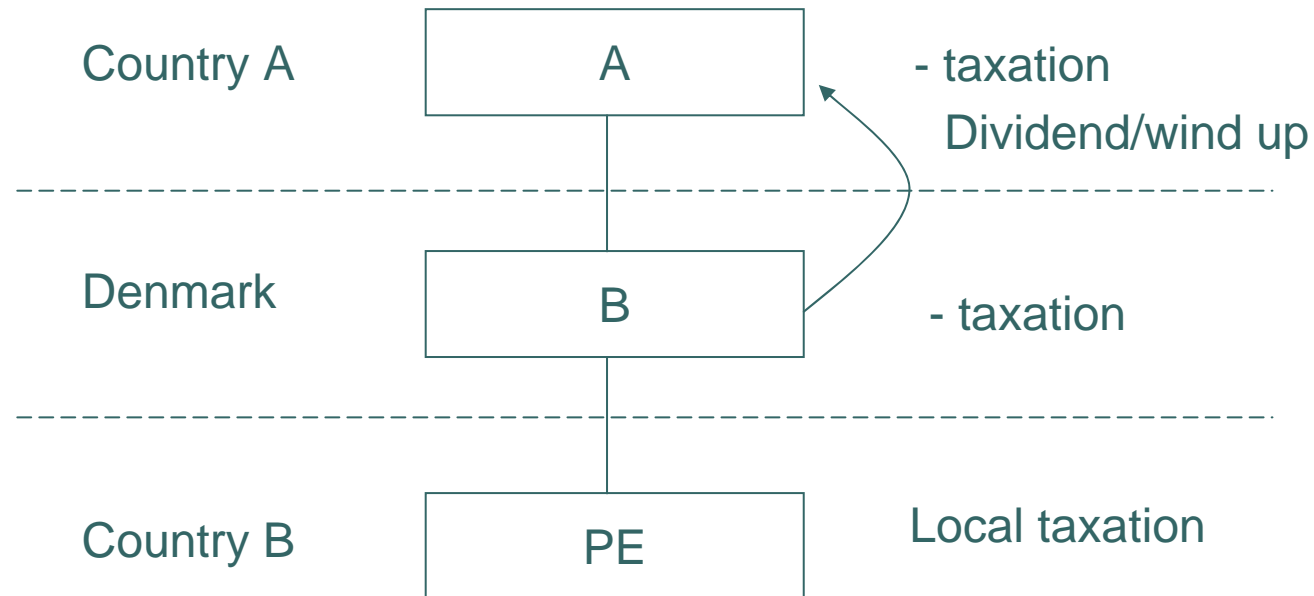


Example





Example continued





Territoriality Principle

Exemptions:

1. Income from international shipping and airtransport
2. Denmark is granted the right to tax and income according to tax treaty



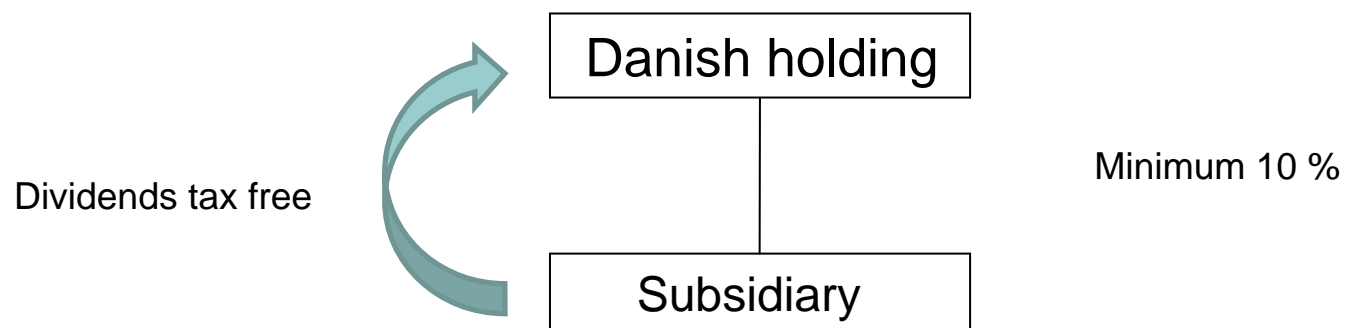
Inbound dividends

Dividends to a Danish holding is tax free provided,

- Parent holds minimum 10% of sub
- Holding period minimum 12 months



Inbound dividends



Subsidiary situated in EU, EEC or treaty country



Danish holding – capital gain on shares

Gain on shares tax free provided
owned minimum 3 years

1 January 2010 – tax free provided Danish
corp holds minimum 10 percent



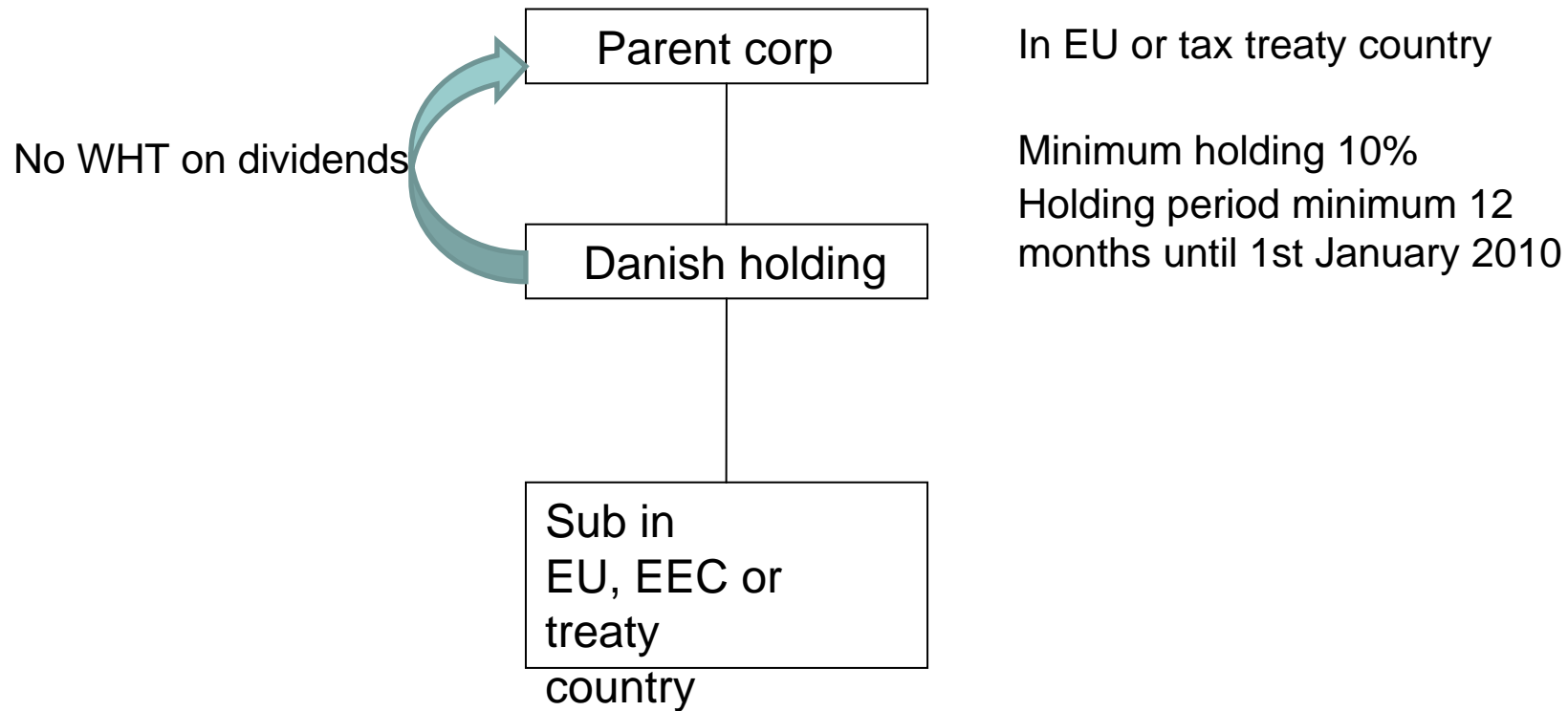
Inbound dividends

1st January 2010

~~Holding period minimum 12 months~~

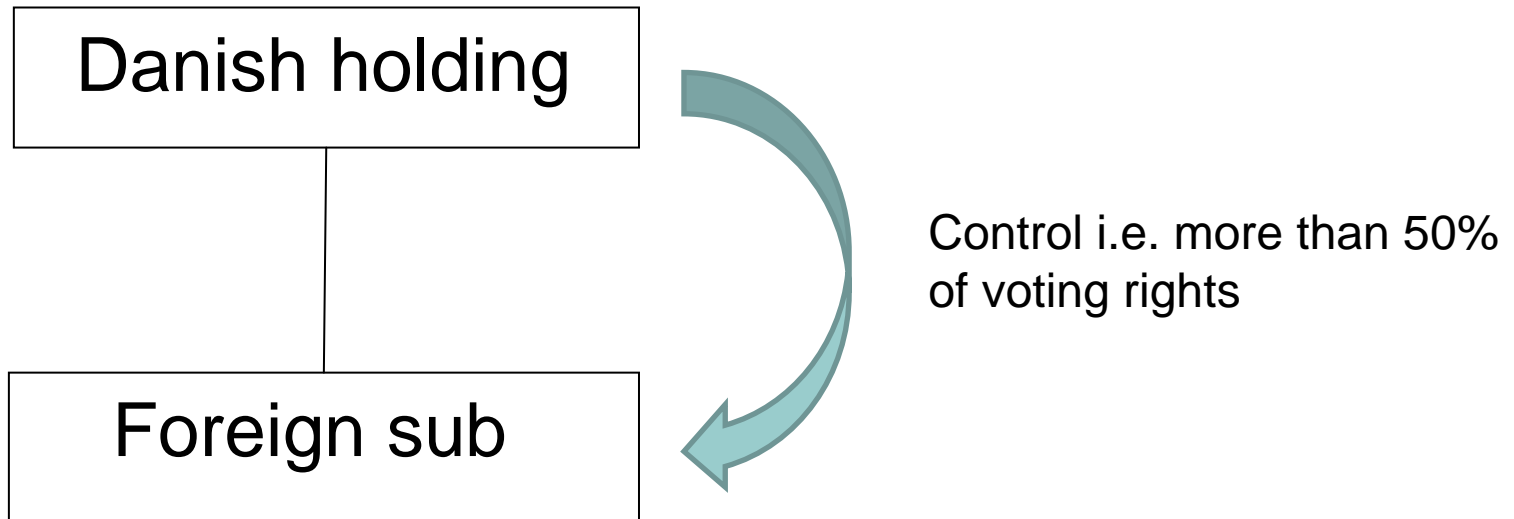


Outbound dividends





CFC regulations



More than 50% of taxable income in foreign sub is financial income, such as interests and royalties



CFC regulations

Resident Parent company liable to tax on determined net financial income of a foreign

Subsidiary
PE

Real estate / property not included in determined CFC income



Danish holding

If you consider establishing a Danish holding company

Please contact



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