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SETTING UP BUSINESS IN DENMARK 2025

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General Aspects

Denmark is located in Northern Europe and is part of Scandinavia. Denmark is a modern, high-income country well known for its strong welfare state, innovative economy and high quality of life. Denmark is primarily made up of the peninsula of Jutland (Jylland) as well as the two islands of Funen (Fyn) and Zealand (Sjælland). The Danish Kingdom also includes the Faroe Islands and Greenland, which is the biggest island in the world. The Danish Kingdom holds a strong cultural identity rooted in both tradition and modernity, and the Danes consistently rank among the happiest peoples in the world.

Denmark is surrounded by its neighboring Scandinavian countries, Norway and Sweden to the north. To the south lies Germany being one of Denmark's most important trading partners. With 8,750 kilometers of coastline, Denmark has one of the biggest coastline area ratios in the world. Denmark is surrounded by the Baltic Sea and the North Sea, offering strategic maritime access to Northern and Central Europe and is the foundation for Denmark's rich maritime history.

In 2025 Denmark rounded 6 million inhabitants, 84.6% of these being ethnically Danish while immigrants constitute 15%. Danish is the official language; however, 97% of Danes speak English.

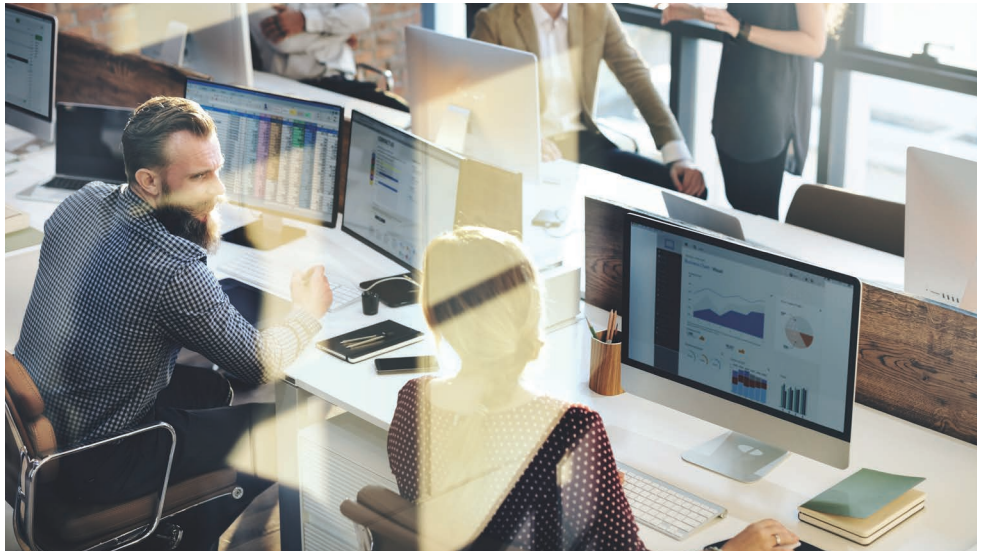
Economy

Denmark offers a business-friendly environment characterized by efficient public services, digital administration, and a skilled, multilingual workforce. Starting a company is straightforward and can be done online through the government's business portal. Corporate taxes are competitive by European standards, and government initiatives support start-ups and green enterprises.

The country is a member of the European Union (though it has opted out of the euro) and part of the Schengen Area, providing access to a large internal market. Danish business culture values openness, trust, and work-life balance, with flat organizational structures and a collaborative management style.

Setting up business in Denmark

Denmark has consistently ranked as one of the best countries in the world to set up business. The fact that the Danish public sector is the most digitalized in the world makes it extremely easy to set up a business. The system is characterized by an easy plug'n'play registration with no notarial deeds or manual treatment.In Denmark, the most common types of companies are ApS (private limited company) and A/S (public limited company). These company structures offer limited liability to owners and are widely used for both small and large businesses.



Legal Forms of Business Entities

Legal form	Feature	Remarks
Private Limited Company (ApS)	Limited liability. Minimum share capital of DKK 20,000.	An ApS can carry out all types of business activities or function as a holding company. Often used for small or middle-sized companies
Public Limited Company (Aktieselskab, A/S)	Limited liability. Minimum share capital of DKK 400,000. May be listed.	Often associated with bigger companies, as the minimum share capital is significantly bigger than an ApS and because it can issue listed shares. An A/S can conduct various activities. In Denmark banks are required to be A/S's.
Branch (Filial)	Company branches out to for example Denmark and opens an office.	Foreign companies can conduct business in Denmark by either registering a subsidiary company in Denmark or operating as a branch. A new branch must register with the Danish Business Authority (Erhvervsstyrelsen) and as opposed to other legal forms, a branch is not allowed to conduct business before registering.
Limited Partnership Company (Partnerselskab, P/S)	Hybrid structure: one general partner (fully liable), the rest with limited liability.	
Sole Proprietorship (Enkeltmandsvirksomhed)	Owned and run by one individual. No legal distinction between owner and business.	
General Partnership (Interessentskab, I/S)	Two or more owners. Unlimited joint liability unless otherwise agreed.	
Limited Partnership (Kommanditselskab, K/S)	At least one general partner (fully liable) and one limited partner (liable up to the investment amount).	
Commercial Foundation (Erhvervsdrivende fond)	Independent legal entity with assets for a specific purpose. No owners or shareholders.	
Cooperative Society with Limited Liability (Andelsselskab med begrænset ansvar, a.m.b.a.)	Owned by members. Used for cooperatives with limited member liability.	
Association with Limited Liability (Forening med begrænset ansvar, f.m.b.a.)	Non-profit or member-driven association with limited liability.	

Organizational Questions

Topic	Feature	Remarks
Commercial Register	All companies (e.g. ApS, A/S, P/S) must be registered with the Danish Business Authority (Erhvervsstyrelsen) via the Central Business Register (CVR).	Registration is not mandatory before commencing business activities, as you have 2 weeks to register. You are able to conduct business before registering. Registration is done digitally via www.virk.dk.
Trade Register Notification	There is no separate trade office in Denmark. Business registration with the CVR automatically notifies the tax authorities and other relevant bodies.	No chamber membership is required. Certain professions may need additional approvals, licenses, or registrations with relevant authorities.
Bank Account	When your company has its CVR-number it needs a bank account (NemKonto). A NemKonto is the account that public authorities use when disbursing money to the company. A "NemKonto", can be a foreign account as long as it meets the requirements for a NemKonto.	For non-resident owners, banks may require detailed documentation for AML purposes. Some banks require a Danish address or representative.
Transfer of goods and machinery	Goods and machinery can move freely within the EU. Imports from non-EU countries are subject to customs duties, VAT, and may require import licenses.	Denmark follows EU customs rules. Certain goods (e.g. agricultural products, chemicals) may be subject to additional EU or national restrictions.
Transfer of capital	Capital can move freely in and out of Denmark under EU law.	No restrictions, but banks must report suspicious transactions under AML legislation. Currency controls do not apply.
Visa and Residence Permit	EU/EEA citizens can live in Denmark without a visa. Non-EU citizens may need to obtain a visa for stays up to 90 days and a residence permit for longer stays.	For business purposes, a Start-up Denmark visa or other business-related permits may apply. Visit www.nyidanmark.dk for details.

Employment

Work permit	Feature	Remarks
Work permit	Citizens in EU as well as Switzerland do not need a work permit in Denmark. However, if an EU/EEA citizen stays in Denmark more than 3 months, they must apply for an EU residence document. Non-EU-citizens must apply for a work permit.	You can apply for a work permit at www.nyidanmark.dk.
Labour market regulation	The Danish labour market is regulated by both labour law and collective agreements and - in the individual employment - by the agreement between the employee and employer. The Danish labour market model is often referred to as the Danish model, which is composed by collective agreements, tripartite cooperation (between state, employer's organisations and trade unions) and a high degree of organization. Core rights include e.g. protection against unfair dismissal, regulated working hours, and equal treatment. There is no statutory minimum wage, and wages are typically set through collective bargaining or - if employment is not regulated by a collective agreement - by individual agreement. The system promotes flexibility for employers and security for employees – known as "flexicurity". Employees must be informed about their working conditions – typically in an employment contract – if the employment exceed one month and 3 hours per week.	
Pension	There are 3 types of pensions: public pensions, individual pensions, and occupational pensions.	To get public pension, which ranges from app. €1,000 to €2,150 monthly, it'is required to have worked and lived in Denmark for 40 years and reached the pension age which in 2025 is 67 years. Employers contribute to occupational pension – called ATP - for almost all their employees. The contribution is app. between € 12 - € 40 per employee.

Taxation

Topic	Feature	Remarks
Personal income tax	The personal income tax is just one of the primary taxes. The personal income tax ranges from 38-60.5%.	The income tax also includes: • Municipal tax (varies) • Church tax (0.87%) • Labour market contribution (8%) • ATP contribution (the public pension fund) (0-297 DKK monthly)
The middle, top and top-top-bracket tax	As of 2026, Danes are subject to a new tax-reform. The middle-bracket tax is 7.5% , the top-bracket tax is another 7.5% and finally a top-top-bracket tax at 5%. The base amounts are adjusted annually.	
Corporate income tax	The income tax for companies in Denmark is 22 %. The tax covers profit minus deductible expenses.	Corporate tax applies to limited liability companies such as A/S and ApS (see table at the top). Denmark does not have local or regional corporate taxes. However, a special tax applies to financial income, with a tax surcharge of 5% in addition to the corporate tax.
Possibility for additional tax deduction for expenses related to research and development	Since 2018, companies have been able to obtain an additional tax deduction for expenses related to experimental and research activities.	This possibility encourages innovation and development.
Property value tax	You are subject to Danish property value tax, if you own an apartment or house in Denmark, but also if you own one abroad while living in Denmark.	This is a state tax on the value of owner-occupied residential property. Itis based on the official property valuation.
Property tax or land tax	An annual municipal tax levied on the value of land (not buildings). The tax is paid by property owners, and the rate is determined by the local municipality. Applies to both private and commercial properties.	The property tax (grundskyld) is paid annually to the municipality and is based on the value of the land (not the buildings). Rates vary between municipalities. This tax is also separate from the municipality tax mentioned above.
Income from shares	You are taxed on your income from shares. The tax is 27% up to a base amount, which is adjusted annually, and 42% of everything above that.	Share income includes dividends from Danish and foreign companies, as well as gains and losses from the sale of shares
Value added tax (VAT) (Moms)	VAT is a general consumption tax of 25% applied to most goods and services in Denmark. It is collected by businesses on behalf of the government and is included in the final price paid by consumers. Some sectors are exempt or partially exempt from VAT in accordance with EU-law.	VAT exemptions apply to areas such as healthcare, education, and financial services. Businesses with VAT-liable activities must register for VAT and regularly report to the tax authorities.

Excise duties (punktafgifter)	Denmark has a lot of indirect taxes like excise duties. Excise duties are often a political tool primarily used to regulate the usage or consumption of products or service, for example tobacco and alcohol. Some of the excise duties are based on EU regulation, and these will therefore be similar across EU. Excise duties on tobacco and alcohol are examples of EU harmonized taxes. However, a lot of excise duties are national taxes. Excise duties on chocolate, ice cream, coffee, PVC, pesticides and tires are examples of national taxes.	As a main rule, producers of taxable products are required to register for the relevant excise duties. Importers of taxable products can also be required to register and pay excise duties. Further it is relevant to note, that in some excise duty laws a special tax called "cover tax" is also applicable. Products that are notdirectly covered by the law but have a content of taxable products are applicable for "cover tax", e.g. chocolate content in different products. Correct handling of excise duties requires product knowledge.
Payroll tax (lønsumsafgift)	Certain sectors engaged in VAT exempt activities are subject to payroll tax. These sectors are inter alia healthcare, education, sports and cultural activities, insurance and financial services, passenger transport etc. There are different methods for calculating the payroll tax, each with its own basis and applicable rate. The methods used depend on the nature and structure of the business.	The payroll tax is paid based on your workers´ salary or the company's taxable profit or both. It depends.
Energy taxes	Denmark has a lot of different energy taxes, mainly according to EU's energy taxation dirVAT-registered companies in Denmark are entitled to deduction of energy taxes on their energy consumption used for production purposes. In some cases, the CO2-tax is also deductible. Only energy consumption for production purposes is deductible, which means, that energy consumption for heating purposes, production of hot water and motor fuel are not deductible. As ofJanuary 1, 2025, new rules regarding energy taxes and deduction hereof have been implemented. Energy taxation on fossil fuels is increased.	As not all energy consumption is deductible, it is important to classify the consumption correctly and monitor/measure the energy consumption for production purposes. A lot of requirements should be fulfilled, otherwise the Tax Authorities will not acknowledge the deduction, which can have major economic consequences.

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