



# TAX:WATCH

## Do you meet the minimum salary requirement in 2020 for taxation according to the 27-pct. tax scheme for inbound expatriates?

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*A minimum salary requirement must be met when you are taxed on salary from your Danish employer according to the 27-pct. tax scheme for inbound expatriates. The salary requirement is adjusted on a yearly basis.*

By Anders Kiærskou, [æk@bdo.dk](mailto:æk@bdo.dk)

From 1 January 2020, the minimum salary requirement is increased from DKK 66,600 to DKK 68,100 per month.

The minimum salary requirement must be met after deduction of your contribution to “ATP” which constitutes your Danish social security contribution as employee. Your contribution to ATP amounts to DKK 94.65 monthly.

Hence, the monthly minimum salary requirement constitutes DKK 68,194.65 when you are covered by Danish social security.

The minimum salary requirement must be met according to the employment contract as a monthly average during the calendar year. It is generally not sufficient that your employer pays a bonus to you in order for you to meet the minimum salary requirement, if the amount of the bonus is not stated in your employment contract.

If your average monthly salary according to the employment contract does not meet the above stated minimum salary, a solution could be for you and your employer to conclude an addendum to the existing employment contract before 2020 in order for the salary to be raised to meet the minimum salary requirement applicable from 1 January 2020.

### Background

Due to the high rates of individual income taxes in Denmark compared to many other countries, a special Danish tax scheme exist in order for Danish businesses to attract skilled labour from abroad.

This scheme allows employees recruited abroad to relocate to Denmark and be taxed in Denmark on cash salary and certain benefits in kind from a Danish employer at a total flat rate of 32.84 pct. (8 pct. gross tax and 27 pct. tax on the remaining amount).

Certain conditions apply for an individual to be taxed according to the scheme. One condition is that the employee obtains a minimum monthly salary unless he works as a certified researcher. As explained above, the minimum salary requirement is increased slightly each year.

Should you require assistance, BDO can assist you or your employer in all matters related to the Danish 27 pct. tax scheme for inbound expatriates.

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## New documentation requirements from 2020 regarding VAT-exempt EU sales

**From 1 January 2020, the documentation requirements concerning export of goods sold to customers in other EU countries exempt of VAT are tightened - particularly, when the foreign buyer is responsible for the freight.**

By Louise Eide, [ljs@bdo.dk](mailto:ljs@bdo.dk)

Sale of goods to VAT-registered customers in other EU countries can generally be completed without VAT if the seller ensures that the goods sold are actually exported from Denmark and the seller reports the sale to the so-called EU sales list.

With effect from 1 January 2020, documentation requirements within the EU are harmonized. In Denmark, it is relevant both in cases where the seller is responsible for the freight and for purchases where the foreign buyer is responsible for the freight.

### Seller is responsible for the freight

According to the current rules, it is sufficient that the Danish company (the seller) is able to present, for example, an invoice concerning the freight, a consignment note or a statement from a carrier or freight forwarder.

From 1 January 2020, it shall be presumed that the goods have left the country if the seller is able to present two different documents substantiating that the goods have left the country. The documents must be issued by two different parties and must not contradict each other. Sufficient documentation will, for example, be a signed CMR transport document or an invoice from a carrier when supplemented by documentation for payment of the freight expenses or documentation regarding insurance of the transported goods.

### Buyer is responsible for the freight

In cases where the foreign buyer is responsible for the freight and where payment is made for the goods either before or at the time of collection, currently, the Danish company must be able to provide documentation concerning the freight within a period of three months after the end of the month in which the goods are sold.

According to the new rules, it shall be presumed that the goods have left the country when the seller receives a declaration from the buyer confirming that the buyer, or someone on his behalf, was responsible for the freight, no later than the 10<sup>th</sup> of the month following the collection of the goods. The declaration must contain the following information:

- Date of issue
- Name and address of the buyer
- Quantity and nature of the goods
- Date and place of arrival of the goods (destination)
- Registration number (if a vehicle is sold)
- ID of the person (driver) who collected the goods on behalf of the buyer

In addition to the above, the seller must be able to combine the documentation with the documentation requirements mentioned under "Seller is responsible for the freight".

It is important to be aware of the advanced date for obtaining the necessary documentation. Companies that are unable to present the prescribed documentation in a timely manner risk paying Danish VAT concerning the sale which may be difficult to reclaim from the foreign buyer. Consequently, the Danish company may incur a loss, which may be non-deductible for tax purposes. The new rules are also of great importance for the freight forwarding industry.

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