



The ApS in Denmark

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Establishing a company in a foreign country can be challenging in terms of designing the legal structure and organising a streamlined and efficient incorporation process. Alliuris member firms provide corporate legal services, in particular for the formation of companies in their home country.

This article provides a brief overview of the legal form of a limited company in Denmark.

The Anpartsselskab

The Anpartsselskab (ApS) is a highly popular type of limited company with share capital in Denmark, ideal for small to medium-sized enterprises, including foreign investors. Its appeal stems from the simplicity of its structure, a simple registration process, and the limitation of shareholders' liability. Below is a detailed overview of the structure, requirements, and legal obligations associated with the formation of an ApS in Denmark, tailored for international business needs.

Choice of Seat and Place of Incorporation



When incorporating an ApS in Denmark, securing a Danish business address is required and the choice of seat and location is crucial. Denmark offers a stable and business-friendly environment, and the

decision of where to establish the company depends on various factors, including proximity to key markets, workforce availability, and specific local incentives.

Denmark's centralized and streamlined administrative processes make the formation process efficient regardless of the location. While there are no significant regional variations in regulatory requirements, certain municipalities may provide specific

benefits or incentives for companies in particular industries, such as green energy or technology.

Shareholders

An ApS can be established with one or more shareholders, who may be natural persons above the age of 18 years or legal entities. The flexibility of shareholder eligibility extends to non-residents and foreign entities, and there is no requirement for either directors or owners to be tax residents of Denmark, making it particularly attractive to international investors. The appeal is enhanced by the fact that the shareholders' liability is limited to their contribution to the company's (initial) share capital. Denmark generally imposes no restrictions on foreign shareholders, except in industries deemed strategically important (e.g., defense, energy, or technology sectors). In these cases, special permissions or compliance with additional regulations may be required.: Shareholders residing outside Denmark or the EU/EEA may need to appoint a representative in Denmark. This representative acts as a point of contact for legal enquiries.

Management

The management of an ApS typically consists of:

- Board of Directors or Supervisory Board (optional): This optional body provides overall strategic management, oversees the executive management's operations and ensures compliance with legal obligations. While it is not mandatory for ApS companies, larger entities or those with complex structures often appoint a supervisory board.
- Executive Management: An ApS must appoint at least one manager, who handles the company's day-to-day operations. Managers do not need to be Danish residents but must have the legal right to work and reside in the EU/EEA. For non-EU/EEA managers, obtaining work and residence permits is necessary.
- General Meeting: The shareholders' meeting is the supreme governing body of an ApS. At the meeting, shareholders are entitled to vote on key decisions, including changes to the articles of association, appointment of auditors, and approval of financial statements. Annual general meetings are mandatory and must be held within six months after the end of the financial year.

Formation

Incorporating an ApS involves the following key steps:

- Preparation of Articles of Association: These documents outline the company's objectives, share capital, management structure, and other key provisions.

- Online Registration with the Danish Business Authority (Erhvervsstyrelsen): The registration process is digital and efficient, typically completed within a few days.
- Share Capital Deposit: The minimum share capital required to establish an ApS is DKK 40,000, which must be deposited in a corporate bank account before registration.
- Obtainment of CVR Number: Upon successful registration, the company receives a unique Central Business Registration (CVR) number, allowing it to act legally.

Timeline

The formation process for an ApS typically takes 1-2 weeks, provided all documents and requirements are in order. However, delays may occur if additional permits or approvals are needed.

Share Capital

The ApS requires a minimum share capital of DKK 40,000 (20.000 in 2025), which can be contributed in cash or, under certain conditions, as non-cash assets. Non-cash contributions must be independently valued and approved by a Danish auditor. Shareholders' liability is limited to their investment in the share capital, providing a significant advantage for risk management. However, creditors may, under exceptional circumstances, seek to pierce the corporate veil if evidence of fraud or gross mismanagement is found.

Registration with Local Authorities

After incorporation, the ApS must register with the following authorities:

- Danish Customs and Tax Administration (SKAT): For VAT, corporate tax, and payroll tax registration.
- Danish Business Register (CVR): This step is completed during incorporation to receive a CVR number.
- Municipal Authorities: Depending on the industry, additional local permits or registrations may be required.

Tax Registration

An ApS must register for tax purposes with the Danish Customs and Tax Administration. The following tax obligations typically apply:

- **Corporate Income Tax:** The corporate income tax rate in Denmark is 22% of the company's profit.
- **VAT Registration:** Companies exceeding a revenue threshold of DKK 50,000 annually must register for VAT. The standard VAT rate is 25%.
- **Payroll Taxes:** Companies employing staff must register for payroll taxes and labor market contributions.
- **Registration for excise duty** may be required if the company produces goods in Denmark or imports excisable goods.

Anti-Money Laundering Measures

Denmark has stringent anti-money laundering regulations. Companies must maintain detailed records of their beneficial owners and submit this information to the Central Business Register (CVR). This ensures transparency and prevents illicit activities. Banks and other financial institutions are required to perform thorough customer due diligence, which includes verifying the identity of shareholders, ultimate beneficial owners, and managers.

Foreign Investment Control

Denmark generally welcomes foreign investment without significant restrictions. However, sectors such as defense, energy infrastructure, and technology with national security implications may be subject to additional scrutiny and approval. All foreign investments must comply with EU regulations and Danish laws governing competition, data protection, and trade practices.

Customs (Export/Import)

An ApS engaging in import or export activities outside of EU must register for a customs identification number with SKAT. Additionally, companies must comply with EU customs regulations and may benefit from free trade agreements to which Denmark is a party.

Bank Account

Opening a corporate bank account in Denmark is mandatory for an ApS. To do so, the company must provide:

- Articles of association.
- Proof of registration (CVR number).
- Identity documents for shareholders and managers.
- Ultimate Beneficial Owner (UBO) information.

Danish banks perform rigorous compliance checks, including anti-money laundering procedures.

Companies in Denmark are required to have a NemKonto (Easy Account), which is a specific designated bank account to receive payments from public authorities. This NemKonto must be linked to a business account.

Accounting

An ApS must maintain proper accounting records in accordance with the Danish Financial Statements Act. Annual financial statements must be prepared and submitted to the Danish Business Authority.

Audits: While smaller ApS companies may be exempt from audit requirements, larger entities exceeding certain thresholds must appoint an independent auditor.

Corporate Books: Maintaining a clear record of decisions, transactions, and operations is mandatory.

Corporate Tax

Denmark's corporate tax rate of 22% is competitive within the EU. Taxable income includes worldwide income, with provisions to avoid double taxation through Denmark's extensive network of double tax treaties.

Trade and Turnover Tax

The VAT rate in Denmark is 25%, applied to most goods and services. Some sectors, such as exports and certain financial services, are exempt or subject to reduced rates.

Formation Expenses

The costs associated with forming an ApS include:

Legal Fees: Drafting articles of association and other corporate documents may cost DKK 10,000–20,000.

Registration Fees: The Danish Business Authority charges a standard registration fee of approximately DKK 670.

Accounting and Audit Fees: These depend on the size and complexity of the company but generally range from DKK 10,000–30,000 annually.

Staff

Employing staff in Denmark involves registration as an employer and compliance with labor laws and regulations, including collective bargaining agreements, which are common in many industries. An ApS employing workers must also contribute to mandatory labor market insurance schemes and pension plans.

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