



**SKAT**

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# About tax – for people resident abroad and working in Denmark

JANUARY 2008

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# SKAT welcomes you to Denmark

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SKAT would like you to pay your taxes and labour market contributions both easily and correctly. We have therefore produced this leaflet which will help you from the moment you contact SKAT until you submit your income tax return.

The leaflet informs you of the most common conditions for salary/wage earners who work for a Danish employer. If you are self-employed or hired out to work in Denmark, other rules apply. In these cases you should ask SKAT for advice.

If you have any questions, you are always welcome to contact us on telephone +45 72 22 18 18.

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# Tax in Denmark

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In Denmark you pay provisional tax every time you receive your pay. The amount you pay is based on the income and allowances of which you have informed us. Labour market contributions (AM-bidrag) are calculated before allowances. Your employer deducts the tax from your pay.

At the end of the year, you submit an income tax return (selvangivelse) to SKAT in which you state your income and allowances for the year. We then calculate whether the tax you have paid is correct.

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# Tax card

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In order for your employer to know what you should pay in provisional tax, he will need a tax card from you. Otherwise he has to withhold 60 per cent of your pay as provisional tax.

Before you can get a tax card, you need a civil registration number (CPR number) or a personal tax number. If you have previously worked in Denmark, you will already have a CPR number or a personal tax number.

- *Civil registration number (CPR number)*  
If you are a new arrival from another Nordic country, or if you are a citizen of an EU/EEA member state or Switzerland, you must have a civil registration number if you take up permanent residence in Denmark and know that your stay will last for more than **six** months.

If you are a new arrival from other countries, you must have a civil registration number if you take up permanent residence in Denmark and know that your stay will last for more than **three** months. To obtain a civil registration number, you need to contact your local municipality's Citizen Service (Borgerservice). You must remember to bring the papers which are mentioned in the checklist at the back of this leaflet.

- *Personal tax number*

If you do not meet the conditions for being issued with a civil registration number, you must contact SKAT in order to obtain a personal tax number. To obtain a personal tax number, you must remember to bring the papers mentioned in the checklist at the back of this leaflet.

If you are from Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, the Czech Republic, Hungary or from another country outside the EU/EEA, Switzerland or the Nordic countries, you should bring a work permit or a copy of your employer's preliminary approval and notification to the Danish Immigration Service when you want to have a tax card issued.

Before we can give you a tax card, we also require certain information about you. Among other things, we need to know how much you expect to earn during your first year of work in Denmark, and whether you have free benefits such as a free car or free board and lodging. We also need to have information relating to your terms of employment in order to be able to calculate both your tax deductions and allowances.

You therefore need to bring documentation in the form of your contract of employment.

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Once SKAT has the necessary information, we calculate and issue a tax card which your employer can then use. We also ask that you inform us of your employer's name, address and company registration or CVR number (if any) so we can send the tax card directly to him.

### **Changes to your tax card**

The tax you pay in the course of the year is calculated on the basis of the information on the tax card regarding deductions and allowances and withholding rate. If, during the year, your income and/or deductions and allowances change significantly, you might benefit from changing your tax card to avoid paying too little or too much tax in the period.

If you are in doubt about whether to change your tax card, contact SKAT and let us help you assess your situation.

### **More information**

Read more about preliminary income assessment and tax cards in the leaflet *Preliminary Income Assessment 2008*, which you will find at [www.skat.dk](http://www.skat.dk).

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# Deductions to income and allowances from your employer

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You are able to offset certain allowances against your Danish income before your tax is calculated. This might be a personal allowance or a deduction if you have a spouse. You may also be entitled to deductions for expenses which you have paid in connection with your work in Denmark. If your employer has paid the expenses, you cannot also claim a deduction, however. Below is an outline of the most common deductions and allowances.

## **Personal allowance**

The personal allowance is a general allowance to which all salary and wage earners are entitled.

In 2008, the allowance amounts to DKK 41,000. You are only entitled to the full allowance if you work in Denmark for the full year. If the period is shorter, there are certain conditions under which you can obtain a personal allowance – ask SKAT whether this applies to you.

## **Travel between home and work**

You are entitled to a transport allowance for travel between your normal residence in your home country and your place of work in Denmark. You are also entitled to a transport allowance for travelling between where you are living in Denmark and your place of work. You are entitled to

the allowance regardless of your means of transportation and regardless of whether you drive alone or with others. The allowance is calculated on the basis of fixed rates which depend on the distance to your place of work. The current rates can always be found under *Satser, beløbsgrænser og taloversigter* at [www.skat.dk](http://www.skat.dk). The rates are fixed for one year at a time.

If your employer pays for your transport, you are *not* entitled to a transport allowance for travelling between where you are living and your place of work.

Under certain conditions you are entitled to an additional allowance if you cross the Great Belt Link or the Øresund Bridge, or if you have to travel by ferry between where you normally live and your place of work in Denmark. The tax centres can provide more information about the bridge and ferry allowances.

## **Food and accommodation**

When working temporarily in Denmark, your expenses for food and accommodation are regarded as expenses connected with your work. Your employer can therefore pay your food and accommodation expenses without you having to pay tax of it. The employer can also choose to pay out tax-free reimbursements to you to

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cover the expenses. Reimbursements for food follow certain standard rates and can be paid out for a maximum of 12 months while you can receive reimbursements for accommodation as long as the work is on a temporary basis. The reimbursements are only tax-free when they do not exceed the following standard rates:

- *Overnight accommodation*

If you find accommodation for yourself, in 2008 your employer can pay you a maximum tax-free amount of DKK 189 per night.

- *Food and drink*

For each day that you stay in Denmark, in 2008 your employer can pay a maximum of DKK 440 per day to cover food and drink without you having to pay tax of it. The reimbursement is calculated for each journey you make to and from your place of residence in your home country, and is calculated for whole days and for each commenced hour. However, this does not apply to days off where you are able to spend the night at your home in your home country.

If you pay for food and/or accommodation yourself, you are entitled to an allowance based on the same rates. You can deduct that part of the total amount for the year that in 2008 exceeds DKK 5,400.

The rates change every year. You can see the rates in the leaflet *Skattesatser; bund-*

*grænser; procenter og fradrag*, which you can find at [www.skat.dk](http://www.skat.dk).

### **Union or unemployment fund membership**

You can normally deduct the membership fees you pay to a union or unemployment fund which is associated with your work in Denmark.

### **Married couple's allowance**

In certain cases, you are entitled to a married couple's allowance. This happens when you can document that:

- you are married
- at the end of the year you can document that you have the same residence in your home country as your spouse
- your spouse does not have income from Denmark and has not obtained a tax reduction through a personal allowance.

The allowance is DKK 41,000 for 2008.

The allowance can be a maximum of 1/12 of DKK 41,000 for each month at the start of which you are liable to be taxed in Denmark. If, for example, you arrive in Denmark on 15 April 2008, your allowance will be calculated from 1 May 2008.

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# Calculation of tax

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## **Before you return home**

If you contact SKAT two weeks before you are due to travel home, we can calculate whether you are entitled to a tax refund or whether you should pay more tax.

If you are entitled to a tax refund, the money will be paid to you after approximately one month if it amounts to at least 20 per cent of your total tax and exceeds DKK 1,000.

## **Remember to submit your income tax return**

It is important that you complete and submit your income tax return to SKAT. And that you do so before the expiry of the deadline which is printed on the front page. Otherwise you run the risk of your tax being increased by up to DKK 5,000.

## **Annual tax statement**

When SKAT receives your income tax return, we calculate the final tax for the year and prepare an annual tax statement for you. If you have paid too much tax during the year, you will receive a tax refund. If you have paid too little, it will be stated on the annual tax statement, which will also tell you when and how you should pay the outstanding tax.

## **NemKonto**

If you are entitled to a tax refund, the amount will be credited to your NemKonto (easy account). If you do not yet have a NemKonto (easy account), we suggest that you open one at a bank.

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## Special rules

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### **If you are a transfrontier worker**

If you earn more than 75 per cent of your annual income in Denmark, you can ask to be taxed according to a so-called transfrontier worker rule. As a transfrontier worker, you are basically entitled to the same tax allowances and deductions as people living in Denmark.

### **25 per cent scheme**

If you are a researcher or if you earn more than DKK 65,000 each month, you can possibly be covered by a scheme where you pay 25 per cent in tax as well as labour market contributions.

In both cases you can contact SKAT for more information.

### **Foreign cars in Denmark**

If you use a car in Denmark which is registered in your home country, the Danish rules may mean that you have to pay a special registration tax. However, you can apply to SKAT for permission to drive in Denmark without paying this registration tax. Contact SKAT for more information about the rules or if you have any other questions.

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# Practical information

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## **If you move**

If you change your address in your home country, please let us know. For the purpose of the income tax return and the annual tax statement, you should also inform us of any change of address after you have finished working in Denmark.

## **Tax in your home country**

If the tax authorities in your home country also want to tax your pay from Denmark, you should contact the authorities in your home country. Here the tax can normally be reduced by an amount corresponding to the tax you are obliged to pay in Denmark.

## **Health insurance**

You should contact your local municipality's Citizen Service (Borgerservice) regarding health insurance in Denmark.

# Checklist

When you need...	...you must contact your local municipality's Citizen Service (Borgerservice) and bring:
A civil registration number (CPR number) <i>(If you have previously worked in Denmark, you will already have a CPR number or a personal tax number.)</i>	<ul style="list-style-type: none"><li>• Your passport</li><li>• Documentation that you have a residence in your home country - for example a certificate of residence and certificate of taxes paid</li><li>• A contract of employment</li><li>• A residence or work permit, if possible</li></ul>
When you need...	...you must contact SKAT and bring:
A tax card/personal tax number <i>(If you have previously worked in Denmark, you will already have a CPR number or a personal tax number.)</i>	<ul style="list-style-type: none"><li>• ID with picture – e.g. passport or driving licence</li><li>• A personal ID card (if any)</li><li>• Documentation that you have a residence in your home country – for example a certificate of residence and certificate of taxes paid</li><li>• A contract of employment with information about salary/wages and term of employment</li><li>• Any residence or work permit or a copy of your employer's preliminary approval and notification to the Danish Immigration Service</li></ul>
Allowances for expenses for transport to and from work	<ul style="list-style-type: none"><li>• Statement of the distance in kilometres between home and work and back as well as the number of times you expect to drive back and forth between your home and place of work</li><li>• Statement of the number of kilometres between your place of residence in Denmark and your place of work</li><li>• Documentation for Brobizz agreements (if you have such an agreement)</li></ul>
Allowances for expenses for food and accommodation	<ul style="list-style-type: none"><li>• Contract of employment with information about the term of employment</li><li>• Documentation that you have a residence in your home country - for example a certificate of residence and certificate of taxes paid.</li></ul>
Married couple's allowance	<ul style="list-style-type: none"><li>• Marriage certificate</li><li>• Address certificate that confirms that you are living together – e.g. a family certificate</li></ul>
Allowances for expenses paid to a union or unemployment fund	<ul style="list-style-type: none"><li>• Documentation of membership or payment</li></ul>

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# About tax – for people resident abroad and working in Denmark

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This leaflet is aimed at persons from other countries coming to work in Denmark for a limited period of time. It explains how you obtain a tax card, how tax is deducted from your income and which allowances and deductions you are entitled to.

All SKAT's leaflets and current information can be found at [www.skat.dk](http://www.skat.dk). Some leaflets are also available from the municipal Citizen Service and at many public libraries.

In the event of any updates due to corrections or legislative changes, only the online version of this leaflet will be updated.

You can find further information in the leaflets:

- *Preliminary Income Assessment 2008*
- *Taxation – when moving to Denmark*

You are always welcome to contact SKAT on telephone +45 72 22 18 18 or by email via [www.skat.dk/kontakt](http://www.skat.dk/kontakt). You are also welcome to visit one of our tax centres for help and advice.

**[www.skat.dk](http://www.skat.dk)**

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Published by

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