



**SKAT**

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# About tax – if you are resident abroad and work in Denmark

MAY 2011

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# Contents

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<b>SKAT welcomes you to Denmark</b>	<b>4</b>
<b>Tax in Denmark</b>	<b>5</b>
<b>Preliminary income assessment and tax card</b>	<b>6</b>
Changes to the preliminary income assessment	7
More information	7
<b>Deductions to income and allowances from your employer</b>	<b>8</b>
Personal allowance	8
Travel between home and work	8
Food and accommodation	8
Union or unemployment fund membership	9
<b>Calculation of tax</b>	<b>10</b>
Before you return home	10
Tax assessment notice	10
Result of tax assessment notice	11
NemKonto	11
<b>Special rules</b>	<b>12</b>
If you are a transfrontier worker	12
Special tax scheme for foreign researchers and key employees	12
Foreign cars in Denmark	12
<b>Practical information</b>	<b>13</b>
If you move	13
Tax in your home country	13
Health insurance	13
Documentation requirements	13
Changes	13
<b>Checklist</b>	<b>14</b>

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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 straightforwardly and correctly. We have therefore produced this leaflet, which will help you from the moment you contact SKAT until you receive your tax assessment notice.

The leaflet tells you about the most common conditions for salary and wage earners who work for an employer in Denmark for short periods of time, but who are still residents abroad and therefore usually are subject to limited tax liability in Denmark. If you are self-employed or hired out to work in Denmark, other rules apply. Here you should ask SKAT for advice.

If you have any questions, you are always welcome to contact us on telephone no. +45 72 22 18 18.

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# Tax in Denmark

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In Denmark, you pay labour market contributions and provisional tax every time you receive your pay. The amount you pay is based on your income and allowances about which you have informed us. You must pay 8 per cent in labour market contributions of all of your pay, and the 8 per cent is deducted before the other tax is calculated. Your employer deducts the tax and the labour market contributions from your pay.

If your financial affairs are simple, e.g. you receive a salary, daily benefits in the case of unemployment, sickness or maternity/paternity (dagpenge) or have ordinary earned income expenses, you are no longer required to fill in a tax return at the end of the year. This also applies if a tax period begins/ends during the income year (for the sake of personal allowances).

The tax assessment notice shows whether you have paid too much or too little provisional tax. Read more in the section [Calculation of tax](#)

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# Preliminary income assessment and tax card

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So your employer knows what you should pay in provisional tax, he will need information on your withholding rate and any deductions and allowances. He gets this information via a digital tax card. If your employer does not receive a tax card, he must withhold 55 per cent of your pay as provisional tax.

SKAT creates a preliminary income assessment and a digital tax card for you. A preliminary income assessment shows you what we expect you to earn and what you should pay in provisional tax. The digital tax card shows your employer how much of your pay he has to withhold as provisional tax (i.e. withholding rate and deductions and allowances).

But first 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 residence or permanent residence in Denmark and know that your stay will last for more than **three** months.

If you come from an EU/EEA member state or Switzerland, you have to apply for a certificate of registration from the state administration. Other citizens must apply for a work permit from the Danish Immigration Service.

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. You can also contact Citizen Service before your visit for information about which papers the municipality wants you to bring.

## **Personal tax number/tax card:**

When you request a personal tax number, you can choose to do so digitally via E-tax (TastSelv) at [www.skat.dk/borger/blanketter](http://www.skat.dk/borger/blanketter) and fill in the form 04.063 (available in four languages). You can then contact a tax centre or International Citizen Service Centre to obtain a tax card and personal tax number. Please bring the

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papers which are mentioned in the checklist at the back of this leaflet.

You can also send an email with the papers mentioned in the checklist at the back of this leaflet.

If you are in doubt about the questions in form 04.063, you can ask your employer for help or contact SKAT for advice on how to fill in the form.

When SKAT has generated a tax number, or you have received a civil registration number (CPR number) from the municipality, SKAT can create a preliminary income assessment and a tax card for you. But we need some more information from you. This information is specified in the form mentioned above. 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 benefits such as a company 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.

If you do not already have a personal tax number, SKAT will send one to your employer. This allows him to register you in our digital eIncome system (*eIndkomst*).

Finally, SKAT generates your preliminary income assessment and your digital tax card with deductions and allowances and

the withholding rate obtained by your employer via the digital eIncome system.

### **Changes to the preliminary income assessment**

The tax you pay in the course of the year is calculated on the basis of the information on the preliminary income assessment and the tax card regarding deductions and allowances and withholding rate. If, during the year, your income and/or deductions and allowances change significantly, it may mean that you should change your preliminary income assessment to avoid paying too little or too much tax in the period.

If you are in doubt about when you should have your preliminary income assessment changed, you can contact SKAT and let us help you decide what you need to do.

### **More information**

Read more about the preliminary income assessment and tax card in the guides *Provisional tax 2011 (Forskudsskatten 2011)* or *Preliminary income assessment and E-tax card 2011 (Forskudsopgørelse og eSkattekort 2011)*.

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# Deductions to income and allowances from your employer

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You may be able to offset certain deductions and allowances against your Danish income before tax is calculated, for example personal allowances. 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. 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.

The allowance is DKK 42,900 in 2011. You are only entitled to the full allowance if you work in Denmark for the full year. If the period is shorter, you can have your income converted to full-year income and thus become entitled to having a personal allowance deducted from the full-year income. You need to contact SKAT if you wish to use this calculation method.

## Travel between home and work

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

and your place of work. You are entitled to the deduction regardless of which means of transport you use and regardless of whether you drive alone or with others. The deduction is calculated on the basis of fixed rates which depend on the distance to your place of work. You can always see the applicable rates in the guide *Tax rates (Skattesatser)*. 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.

You are normally entitled to a further 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. Your local municipality's Citizen Service (*Borgerservice*) and 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 if the distance to your normal residence is such that you are unable to spend the night at your home. Your employer

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can therefore pay your food and accommodation expenses without you having to pay tax on it. The employer can also choose to pay out tax-free reimbursements to you to 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 can only be paid out when the journey has lasted 24 hours and are only tax-free when they do not exceed the following standard rates:

- *Overnight accommodation*

If you find accommodation for yourself, in 2011 your employer can pay you a maximum tax-free amount of DKK 195 per night.

- *Food and drink*

For each day that you stay in Denmark, in 2011 your employer can pay max. DKK 455 per day to cover food and drink without you having to pay tax on 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 cannot deduct more than DKK 50,000 annually. The rates change every year. You can see the annual amount in the guide Tax rates (Skattesatser).

### **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, if they are not deductible in your home country. As of 2011, the deduction cannot exceed DKK 3,000.

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# Calculation of tax

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## Before you return home

If you contact SKAT immediately 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 approx. one month if it amounts to at least 20 per cent of your total tax and exceeds DKK 1,000 – however, without a so-called interest charge.

## Tax assessment notice

As appears from the section Tax in Denmark, you are not required to fill in a tax return if you have limited tax liability. Instead you can use E-tax at [www.skat.dk](http://www.skat.dk). Go to your tax folder (*skattemappe*) and årsopgørelsen/servicebrev 2011 (tax assessment notice/service letter 2011). Here you can see the information SKAT has received from your employer, among others. (This information is locked). You can enter any information SKAT is missing about you. This information is mentioned in the section Tax in Denmark. You can enter your information as of March. If you are subject to special ‘transient worker rules’ (see the section on Special rules), you can also enter this information. Please follow the instructions in E-tax.

If you believe that SKAT’s information about you is incorrect, please contact your employer/trade union/unemployment fund. At the end of April, you will receive a tax assessment notice provided that you have not opted out of receiving the notice on paper.

If you have not used E-tax, you will receive, at the end of April, a tax assessment notice and a service letter as well as a supplementary form for tax returns for persons with limited tax liability. This will contain information about your salary, daily benefits, trade union fees and membership fees for unemployment funds. If any information is missing, e.g. a deduction or allowance, you cannot enter it until the beginning of May. If you need advice, please contact SKAT on +45 72221818. The supplementary form can be used if you meet the criteria for using the ‘transient worker rule’. Read more in the section Special rules.

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### **Result of tax assessment notice**

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 tax assessment notice, 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 EasyAccount (NemKonto). If you do not yet have an EasyAccount, SKAT recommends that you open one at a Danish bank and that you keep it one-two years after you have ceased working in Denmark.

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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. Read more in the guide *Limited tax liability – tax return 2010 (Begrænset skattepligtig – selvangivelsen 2010)*.

### **Special tax scheme for foreign researchers and key employees**

If you are a researcher or if you earn more than approx. DKK 70,000 per month, you might be covered by a scheme where you pay 26 per cent in tax as well as labour market contributions for 2011.

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.

Read more in the guide *If you bring a vehicle on foreign number plates to Denmark*. If you are still in doubt, you can contact SKAT on +45 72221818.

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## Practical information

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### **If you move**

If you change address in your home country, please let us know. You should also inform us of any change of address after you have finished working in Denmark, so that we can send you your income tax return and the tax assessment notice.

### **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 on the income in Denmark.

### **Health insurance**

You should contact your local municipality's Citizen Service (*Borgerservice*) if you have any questions regarding health insurance in Denmark.

### **Documentation requirements**

Please note that SKAT can always ask for documentation for the information you have supplied to us on form 04.063. This includes:

- certificate of residence
- contract of employment
- contribution resolutions
- copy of residence or work permit from the Danish Immigration Service or a residence permit from the state administration

### **Changes**

If there have been any changes to the information you have supplied to us, it is important that you contact SKAT.

This may, for example, be:

- if you get married or divorced
- your spouse, boy/girlfriend or children move to Denmark
- you leave Denmark
- you no longer have a residence in your home country

# Checklist

When you need ...	... you must contact your local municipality's Citizen Service ( <i>Borgerservice</i> ) and remember to take:
<p>A civil registration number (CPR number)</p> <p><i>(If you have previously worked in Denmark, you will already have a CPR number or a personal tax number.)</i></p>	<ul style="list-style-type: none"><li>• Passport</li><li>• Marriage certificate (if you are married)</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>• Contract of employment</li><li>• Residence or work permit from the Danish Immigration Service or a residence certificate from the state administration</li></ul> <p>You may want to contact the municipal Citizen Service by telephone or email before arriving in Denmark as the municipalities have different guidelines as to the type of documentation required.</p>

When you need ...	... you must contact SKAT and remember to take:
<p>A tax card/personal tax number</p> <p><i>(If you have previously worked in Denmark, you will already have a CPR number or a personal tax number.)</i></p>	<ul style="list-style-type: none"><li>• Form 04.063 (Information for use on a tax card and possibly a Danish personal tax number)</li><li>• ID with picture – e.g. passport or ID card</li><li>• Marriage certificate (if you are married)</li></ul>
<p>Allowances for expenses for transport to and from work</p>	<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></ul>
<p>Allowances for expenses for food and accommodation</p>	<ul style="list-style-type: none"><li>• Contract of employment with information about the term of employment may be required</li><li>• Certificate of residence, e.g. a family certificate, may be required</li></ul>

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# More information

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

You can also find further information in the guides:

- Preliminary income assessment 2011 (*Forskudsskatten 2011*) and Preliminary income assessment and E-tax card 2011 (*Forskudopgørelse og eSkattekort 2011*)
- Persons with limited tax liability – tax return 2010 (*Begrænset skattepligtige – selvangivelsen 2010*)

- If you work in Denmark and live in Sweden (*At arbejde i Danmark – og bo i Sverige*)
- If you bring a vehicle on foreign number plates to Denmark (*Når du tager et køretøj på udenlandske nummerplader med til Danmark*)

## Contact SKAT

You are always welcome to contact SKAT on tel. +45 72 22 18 18 or by email ([www.skat.dk/kontakt](http://www.skat.dk/kontakt)).

You can also get help and advice from the municipal Citizen Service or one of our tax centres. At [www.skat.dk](http://www.skat.dk), you will find the addresses and opening hours.

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Telephone +45 72 22 18 18

Email via [www.skat.dk/kontakt](http://www.skat.dk/kontakt)

See the addresses of tax centres at [www.skat.dk](http://www.skat.dk)



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