



This publication describes the general rules for taxation of members participating in staff association activities. Moreover, the situation where employees participate in various employer contributed activities in the staff association is also described in the below.

Taxation and reporting of employee benefits

It is the employer's obligation to report employee benefits, where the value of the individual benefit exceeds the general trifle threshold of DKK 1,200.

Regarding activities in for example a staff association and/or benefits provided/ distributed from a staff association, it is, however, essential for the tax treatment to determine whether the rules for employee benefits are to be applied.

When are the rules of employee benefits to be applied

If the employer makes a significant contribution or otherwise has direct significant influence on the association, the activities and/ or any possible distributions from the associations will be comprised by the general rules for taxation and reporting of employee benefits.

If a significant contribution is not made and if the employer does not have any significant influence, the activities and possible distributions must be treated for tax purposes in the same way as activities in other associations.

Significant contribution

The contribution is regarded as significant, if the employer:

1. Pays a significant share of the expenses (i.e. more than the employee's contribution), or
2. Pays a significant amount per employee.

According to the Danish Ministry of Taxation, it is not a significant contribution, if the employer makes contributions that currently do not exceed DKK 1,500 per employee per year, and if the employee pays an equivalent amount.

If an employee participates in several staff associations at the same workplace, an assessment must be made of the total contributions that the employer makes on average per employee to all the associations that an employee participates in.

In cases where the contribution is considered significant, it is important to be aware that it is not the employer contribution itself that the employee is subject to pay tax of, but the activities that each employee participates in,

that must be assessed in regard to tax liability/ tax exemption.

Significant influence

Even if the contribution from the employer is not significant, the staff association rules must still be applied, if the employer has significant influence on the association.

If the employer has direct and significant influence on the activities taking place in the association (e.g. through influence on the board), or if the employer – through a significant contribution – can decide which events are arranged, this can also cause the activities in the staff association to be comprised by the employee benefit rules.

Staff associations – with significant employer influence

The activities in which the employees participate – and the benefits that the employees receive from such a staff association – are considered to be contributed by the employer and must, therefore, for tax purposes be treated as a standard employee benefit.

Tax liability may be applicable, for e.g. exercise and sports activities – which take place outside the workplace – as well as distribution of art.

Taxation of an objective market value must take place, and the employer has duty to report, if the value of the benefit exceeds DKK 1,200.

The employee can deduct the annual own employee contribution/membership fee in the taxable value.

However, some activities may be tax-exempt if comprised by the standard rules for general employee welfare. Activities such as participation in social events as for example the annual general meeting, wine tasting, summer parties, company excursions or running events.

Staff associations – without significant employer influence

The activities in which the employees participate – and the benefits that the employees receive from such a staff association – are not considered employee benefits and are for tax purposes to be compared to activities and benefits in other independent associations.

In practice, the members are not taxed of activities for which an association has incurred expenses, if they have been incurred as a part of the association's work and in compliance with the purpose pursuant to the articles (and the association's purpose is not to obtain a financial benefit for the members).

Thus, the situation is the same as for example a standard sports club, and typical expenses would be:

- Initial fee for a tournament.
- Meals to a reasonable extent.
- Transport.
- Clothing as part of and for the use at events.
- A coach.
- Leasing of facilities.

However, situations and activities that are subject to tax exist, regardless of whether the association is linked to a workplace – such as for example distribution of art. The employee can deduct the annual employee contribution/membership fee in the taxable value.

Taxation of a subjective value must take place, and the employer does not have an obligation to report the amount to the Danish Tax Agency. It is the employee, who must file a potential taxable value of received distributions.

Participation in activities can in certain situations be subject to tax – and in other situations tax-exempt

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