

## BEPS Actions implementation by country

### Denmark



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On 5 October 2015, the G20/OECD published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. The output under each of the BEPS actions is intended to form a complete and cohesive approach covering domestic law recommendations and international principles under the OECD model tax treaty and transfer pricing guidelines. The G20/OECD output broadly falls into the following categories:

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OECD categorisation	Definition
Minimum standard	All G20/OECD members are committed to consistent implementation
Revision of existing standard	
Common approach	Common approaches to facilitate convergence of national practices
Best practice	Guidance drawing on best practices

It is now for governments to digest and introduce the necessary legislation. The table below sets out a summary of the expected local country implementation and timing in Denmark.

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Action	OECD categorisation	Notes on local country implementation	Expected timing
VAT on business to customers digital services (Action 1)	Common approach	The EU VAT directive applies and is already implemented into domestic law.	1 January 2015
Hybrids (Action 2)	Common approach	<p>As an EU member state, Denmark is subject to the two EU anti-tax avoidance directives (ATAD and ATAD 2) and, therefore, is required to implement the directives into its domestic law. The ATAD and ATAD 2 include anti-hybrid rules that cover hybrid mismatches between EU member states, and between EU member states and non-member states, respectively. Member states are required to adopt the domestic legislation necessary to comply with the directives by 31 December 2019 (with an extension until 31 December 2021 for the reverse hybrid provisions).</p> <p>No changes are expected because existing domestic tax law already addresses the proposals.</p>	N/A
CFCs (Action 3)	Best practice	No changes are expected because existing domestic tax law already addresses the proposals.	N/A
Interest deductions (Action 4)	Common approach	As an EU member state, Denmark is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes an interest limitation provision to discourage artificial debt arrangements designed to minimise taxes, although a transition period may apply for member states that already have national, targeted rules for preventing BEPS that are equally effective as Action 4. The transition period lasts until 31 December 2023.	Not yet known

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Denmark already has existing domestic tax law addressing interest deduction limitation. However, it is expected that Denmark may adjust the current EBIT-rule to be aligned with the new EBITDA rule included in the ATAD.

Harmful tax practices (Action 5)	Minimum standard	No existing regimes are considered to fall within the scope of "harmful tax practices".	N/A
Prevent treaty abuse (Action 6)	Minimum standard	No changes are expected because existing domestic tax law already addresses the proposals.	N/A
Permanent establishment status (Action 7)	Revision of existing standard	No changes are expected because existing domestic tax law already addresses the proposals.	N/A
Transfer pricing (Actions 8-10)	Revision of existing standard	The proposed changes will be implemented retroactively in Denmark on the basis that the proposed changes under Actions 8-10 are considered a "clarification" of the existing OECD guidelines.	Not yet known
Disclosure of aggressive tax planning (Action 12)	Best practice	No legislation in relation to Action 12 is being considered. Disclosure requirements may be introduced as part of the implementation of Action 13.	Not yet known
Transfer pricing documentation (Action 13)	Common approach	New legislation addressing transfer pricing documentation requirements has been enacted. The tax authorities will issue/update detailed administrative guidance biannually.  Companies can choose between the revised or the previous documentation requirements for income year 2016. The revised documentation requirements are mandatory as from income year 2017	Revised statutory order on transfer pricing documentation was issued on 4 May 2016. The effective date of the statutory order is 1 July 2016 and applies to income years beginning on or after 1 January 2016.

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CbC reporting (Action 13)	Minimum standard	CbC reporting requirements have been introduced, with the first CbC report to be filed by the end of 2017 for fiscal year 2016 (assuming a calendar year) (Danish ultimate parent companies, as well as appointed surrogate companies).	1 January 2017
		Denmark has signed the CbC multilateral competent authority agreement for the automatic exchange of CbC reports.	
Dispute resolution (Action 14)	Minimum standard Complemented by best practice	Denmark has not yet committed to mandatory arbitration. See note below.	Subject to implementation of the multilateral instrument (MLI)
Multilateral Instrument (Action 15)	Applicable across all four categories	Denmark follows the OECD Inclusive Framework on BEPS and generally intends to follow international standards, although no official statements have been made regarding the MLI. Unofficial notes indicate that the Ministry of Taxation may have some reservations about committing to mandatory arbitration.	Not yet known

### Unilateral BEPS Actions

No developments to note.

### Other Tax Developments

No other tax developments to note.



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