



VILSGAARD ADVOKATER

Starting a business



VILSGAARD ADVOKATER

Presenter:

Hans Henrik Bondegaard
hans@vilsgaard.com
Mobil 29 13 32 82





VILSGAARD ADVOKATER

Starting up a business in Denmark.

1.Types of entities

- Sole proprietorship (Personligt ejet virksomhed)
- Partnership (I/S)
- Anpartsselskab
- iværksætterselskab
- Branches

2. Pros and cons

3. Dissolving a company





Enteties



VILSGAARD ADVOKATER

Sole proprietorship

Few rules and regulations

One owner

No capital requirements

The owner is unlimited liable - Every asset of the business is owned by the proprietor and all debts of the business are the proprietor's

The most common Danish business entity.





VILSGAARD ADVOKATER

Partnership

Few rules and regulations

Two or more owners

No capital requirements

The owners are unlimited liable - each partner has unlimited liability for the debts incurred by the business

Sends a strong signal to stakeholders

Unsuited to handle investors





VILSGAARD ADVOKATER

Anpartsselskab

Minimum share capital requirement of DKK 50.000,00

Limited liability – the shareholders is only liable for the share capital, but...

Regulated by Selskabsloven (company act), more administration than a proprietorship and more formal rules.

Usually few owners

Very flexible – easy to manage investors etc.





VILSGAARD ADVOKATER

IVÆRKSÆTTERSELSKAB

Minimum share capital of DKK 1

The capital must however be "adequate" for the company's activities.

You are required to accrue at least 25 percent of your profits each year in the company, and you can not take profits out of the company before you have accumulated equity of 50,000 kroner.

Can be transformed to an ApS when the accrued capital is DKK 50.000

The regulation is the same as for ApS.





VILSGAARD ADVOKATER

Branch

Business entities with limited liability which is similar to the Danish IVS, ApS and A/S can open a branch in Denmark.

Companies situated in EU or the EØS is entitled to open a branch in Denmark

Companies outside of EU may be entitled to open a branch if there is an treaty between DK and the country eg. USA and South Korea.

If no such agreement exists the company is required to file an attest from the home country stating that the company is similar to an ApS or an A/S.

Easy to open a branch in Denmark.

Can easily be closed again.





Pros and Cons



VILSGAARD ADVOKATER

Sole proprietorship and Partnerships

Pros:

- Limited regulation
- Easy to start and close
- No minimum capital requirements
- Can deduct losses in other personal income

Cons:

- Unlimited liability
- Not suited to handle investors
- When selling the business the revenue is taxed as personal income





VILSGAARD ADVOKATER

ApS and IVS

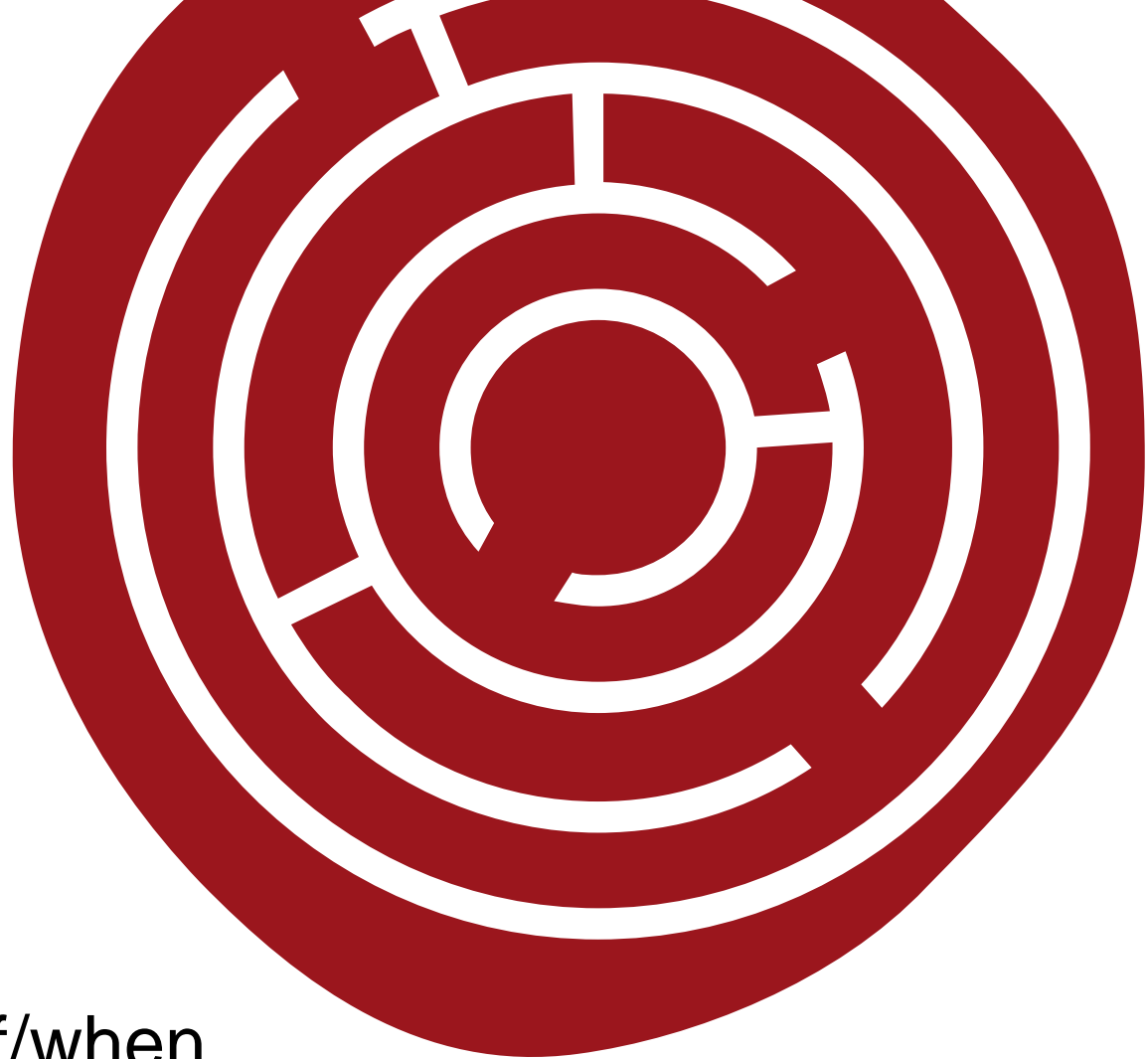
Pros:

- Well suited to handle investors
- Limited liability
- Flexible in regards to starting new business'
- Option of having a holding company
- Easier to manage risks

Cons:

- Capital requirement (not IVS)
- Formal regulation
- Cannot deduct the company's losses in other personal income





What to do if/when
leaving Denmark?



VILSGAARD ADVOKATER

What to do when/if leaving Denmark?

Continue to operate business

- Tax issues can be complicated
- Usually not a viable option if partnership or proprietor

Dissolving a company

- Easy to dissolve a company if done by a payment declaration
 - Liable for any unpaid creditors
- Voluntary dissolution
 - Cumbersome procedure and takes at least 3 months.

Dissolving a proprietorship/partnership

- Online declaration





Q & A