

Preparatory Course for the Nutrition Test



Module TAX

Text for course participants

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Preface

If you are the proprietor of a business, you must observe a number of requirements for preparing financial statements and with regard to paying taxes and duties. This Tax Module gives you an overview of the rules concerning customs, taxes, VAT and duties; and the Module will also offer advice on how to prepare your financial statements.

For instance, you will learn about:

- The importance of keeping your financial records in order;
- Requirements for registration, calculation, notification and payment of taxes, VAT, excise duties and payrolls;
- Taxes and rules that apply to buying and selling soft drinks, candy, chocolate, beer, wine, spirits and tobacco;
- The most important responsibilities in connection with keeping a daily cash register report;
- Information on which tasks you can carry out yourself, and the tasks for which you should consider using external assistance;
- Information on how you are required to file your financial statements and any documentation of purchases and sales;
- Deposits on the packaging of beer and certain soft drinks.



Registration of an enterprise

Before setting up your own business make sure that you meet the following requirements. First, you must register your business with the Danish Commerce and Companies Agency. Upon registration, you must include three general types of information:

- The type of business you wish to set up;
- The type of products and/or services you want to sell, and whether you want to import/export to countries outside the EU;
- Whether you want to employ staff.

Link

At <http://www.webreg.dk> you can register your business, and make changes to your registration (in Danish).

At <http://webregforum.pro.dir.dk/log/eogs/library/startblanket-revideret2-prod-maj06.pdf> you can see the form that you need to complete.

The Danish Commerce and Companies Agency will inform SKAT of your registration.

On the basis of your registration, SKAT will calculate exactly how often you need to pay A taxes (payroll taxes), VAT, excise duties, etc. Accordingly, you are responsible for keeping accounts of income, expenses, VAT, taxes, etc., paying the correct amount to the proper authorities and documenting *everything* for a minimum of five years.

In general, you must comply with a number of regulations, and also be able to provide documentation.

NB!

This material is about the regulations applying to **sole proprietorships** (*enkeltmandsvirksomheder*) which is a special type of business. Different rules apply to other types of business (limited companies, limited liability companies, partnerships and limited partnerships).

**Case: Café Cosmos and the micro brewery ALT**

During this module you will meet the owners of Café Cosmos and the micro brewery ALT.

Café Cosmos is a typical retail outlet that sells food directly to its customers. The brewery ALT, however, is a typical wholesale business that supplies, stores and transports food to other enterprises.

Carsten Bakke is the owner of Café Cosmos. The café is open all hours of the day and seven days a week, and on average has four to six employees. Café Cosmos is renowned for its wide selection of Belgian beer, which Carsten imports through his brother, Peter Bakke who is very well-connected throughout Belgium.

Other than importing Belgian beer, Peter has also started his own micro-brewery. Peter has had good sales of his own beer to cafés and restaurants. Lately, Peter has made an agreement with a local grocery chain. In this connection, Peter has expanded his business and currently employs six people.

In this module, you will be assisting Carsten and Peter in preparing different accounts and paying customs, taxes and duties in the correct way.



Annual statement of activities

An enterprise is required to prepare financial statements that state *all* income and expenses. Every time you sell a product, you must issue an invoice or record the amount in the cash register, making it possible to see what was sold and how much it cost. You must also save the receipts for the products you buy. This is important for your business to be able to calculate income and expenses, as well as taxes, VAT, duties etc.



As the owner of a business, you are obligated to record the income and expenses of your business, and to keep proper accounts for your business. These regulations are laid down in the Danish Bookkeeping Act.

There are no requirements stipulating who must keep the books. For instance, you may choose to keep the daily cash account records yourself, and leave everything or part of the bookkeeping to an accountant or an accounting agency. Many enterprises use an accountant who keeps the numbers in order and prepares the financial statements. This is an assurance to you that the financial statements are properly kept. However, it does not exempt you from knowing about the requirements, and what you should do in order to meet them.

NB!

It might be a good idea to accept free advice from the regional business service centres.
Telephone no.: +45 70 20 10 15.

Proprietary responsibility

Irrespective of the person keeping the accounts, the owner or management of the enterprise *always* has executive responsibility for the work being done correctly. If you choose to let others do the bookkeeping for you, it will therefore be important that the person entrusted with keeping your accounts has taken out indemnity insurance. Registered and state-authorized accountants and members of the Danish Association of Auditors are obligated to take out insurance.

NB!

As the owner you are *always* responsible that the bookkeeping is carried out correctly.

The daily accounts

You or one of your employees will be able to carry out the daily accounts. The most important requirements for the daily accounts are:

- That you must daily keep a cash account record of ingoing and outgoing payments;
- That you must - as far as possible - count and reconcile the cash account record daily;
- That you must immediately record any discrepancies in the cash balance;



- That the cash account records must show any withdrawal or deposit of money made by you as a private individual;
- That you must be able to produce receipts in order to document *all* income and expenses.



Standard bookkeeping is based on a so-called cash approach principle (kasse-/kontant princip). This means that all income and expenses must be entered into and come from your cash register, and that you must keep a cash day book of all movements, enabling you to account for the earnings of your business to SKAT.

Most errors occur when money is taken from the cash register and not registered, e.g. by putting a receipt in the cash register. Another problem that may easily lead to errors is if the cash balance is not calculated and reconciled daily.

In your daily accounts, you can, in principle, settle for:

- Using a *cash register* with a till slip that calculates all ingoing and outgoing payments every day and reconciles your cash in hand.
- A *cash day book* in which you list all ingoing and outgoing payments chronologically according to the time of payment (enclose the till slip).
- Three *ring binders* for your debtors (persons or firms that owe you money), your creditors (persons or firms to whom you owe money) and for the journal vouchers that are placed in the same order as in your cash day book, respectively, in the order of which you or your bookkeeper/accountant registers them.

Definition

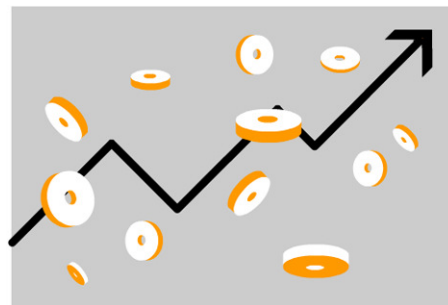
A debtor is a firm or person who owes money to your business, and a creditor is a person or firm to whom your business owes money.



The interim accounts

In addition to the requirements for the daily accounting, there are requirements for calculations and payments that you must make periodically. You can assign this task to an accountant with advantage. Your business is responsible for:

- Ensuring that *once every month*, as a minimum, you report pay, and pay your employees. Moreover, you must calculate income and expenses, check your earnings, and reconcile the cash register, the bank, and any national giros, and finally, calculate any outstanding amounts payable and money due.
- *Once every quarter* you must calculate your VAT - prepare the *VAT accounts* (and make the *payroll accounts* if your business has employees).
- *Once a year* you must compile the complete accounts in a *financial statement*.



Link

At the website of SKAT you can make a calendar tailored for your business with the deadlines for notification and payment.

<http://kalender.toldskat.dk> (in Danish)

SKAT publishes special accounting booklets (in Danish). You can use these if you do not want to incorporate your VAT accounts or your payroll accounts into the standard accounts. The booklets can be acquired from your regional tax centre free of charge.

You can also download an electronic accounting booklet on SKAT's website:

<http://www.skat.dk/SKAT.aspx?oID=84335&vID=0> (in Danish)

The most important report of an enterprise is the annual financial statements. The financial statements provide a conclusive picture of the progress of an enterprise in the previous year, and the accounts that must be handed over to the authorities, banks etc. Even though the financial statements are the most important, you must ensure that they are based on daily bookkeeping; something that is hard to do if you have failed to keep daily books in the past year.



Summary invoice and invoice

Any sale covered by the rules on VAT generally requires an *invoice* (in paper or electronically). You must actually issue two copies; one for the customer and one for your own records. Retailers, including food outlets, catering undertakings and restaurants can settle for a simplified invoice or cash receipt.

When your enterprise sells products you can choose not to issue an invoice when the goods are sent to the customers, if there is an ongoing numbered summary invoice accompanying the goods, containing the same information as on the invoice. Once the goods have been delivered, an invoice must be sent, making reference to the summary invoice that was sent together with the goods. Of course, the same applies when your business buys goods.

If goods are returned to you, or if you grant a price reduction after having made an invoice, you must prepare a credit note inclusive of VAT for the customer. A credit note is a voucher with changes to a previous invoice.

An invoice

An invoice can be prepared on paper or electronically, and must as a minimum be issued in two copies; one for the customer and one for your own records.



A standard invoice must contain the following information:

- The date of issue (invoice date);
 - A sequential number, based on one or more series, that uniquely identifies the invoice (invoice number);
 - The supplier's CVR/SE number;
 - The supplier's name and address and the customer's name and address;
 - A description of the quantity and nature of the goods supplied or services rendered;
-
- The date of the completion of the supply of the goods or rendering of the services or the date on which an instalment is paid, provided that such a date has been set and is different from the date of issuance of the invoice;
 - A break-down of the VAT amount payable, any reductions in price, bonus and discounts if these are not calculated in the price per unit;
 - The VAT rate applied;
 - The VAT amount payable.

It may also be practical to write other information such as telephone number, e-mail, bank and/or giro account, terms of payment etc. However, there is no requirement for this information to be stated on the invoice.

An example of an invoice can be seen in annex A.

If an invoice covers both goods or services that are subject to VAT and tax free, you must calculate the sales subject to VAT separately.



A simplified invoice

You can issue a simplified invoice instead of a standard invoice when you supply to other enterprises, and if the invoice total is less than DKK 750. Enterprises which primarily supply private individuals may also issue simplified invoices, if they do not use sales registration systems, e.g. a cash register for printing sales tickets for customers. However, a customer can always ask for a standard invoice to be issued.

A simplified invoice must as a minimum contain the following information:

- The enterprise's name and CVR /SE number;
- A sequential number (invoice number);
- The date of issue (invoice date);
- A description of the supply;
- The VAT amount;

You may indicate the VAT amount by stating that VAT is 20 per cent of the total price, inclusive of VAT (i.e. 25 per cent of the price, exclusive of VAT).

An example of a simplified invoice can be seen in annex B.

NB!

If a customer asks for a standard invoice you are obligated to issue one.

Sales ticket

If you primarily sell to private individuals, you must either issue a simplified invoice or a sales ticket.

A sales ticket must as a minimum contain the following information:

- The enterprise's name or CVR /SE number;
- The date of issue (invoice date);
- A description of the supply;
- The VAT amount.

An example of a sales ticket can be seen in annex C.



Cash report

The daily registration of purchases and sales must be carried out in a cash report/cash day book. There are several reasons why it is important to make the daily cash report:

- It tells you the amount of money that you have spent and how much you have sold;
- It tells you the movements on your bank account or giro account;
- It tells you whether the cash register tallies at closing time.



Therefore the cash report is an important part of the daily work on keeping your accounts. The enterprise is obligated to make daily cash reconciliations.

This calculation must as a minimum show the cash balance (amount of cash in the cash register) when the day starts and ends, and changes in outgoing and ingoing payments that are not related to the sales on which you are liable to pay taxes.

Most people keep their cash reports themselves, and hand them over to an accountant afterwards. The accountant then uses the cash reports as vouchers for the final bookkeeping.

An example of a cash report can be seen in annex D.

The cash report may have vouchers attached, such as invoices or receipts.

Case: The daily cash report

Carsten Bakke is about to make the daily cash report for Café Cosmos. The first 20 cash reports were made by Dorit, who is the girlfriend of one of his friends. She helped him, when he was starting up the café, as he thought that he had plenty of other things to do. In the future though, he or an employee will be doing the daily cash reports.

Dorit has explained to Carsten how he must fill in the cash report, and has given him an example from a previous day that month (annex D).

Help Carsten fill in the day's cash report (annex 1a) on the basis of this information:

This morning there was DKK 3.350 in the cash register.

Carsten has calculated the cash register after closing hours, and it holds DKK 13,432.

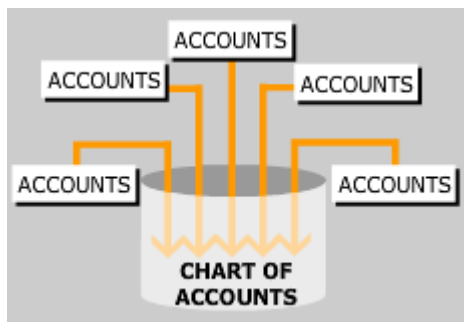
In addition, the following vouchers are in the cash register:

- *A receipt with the text "Withdrawn, private - DKK 350 - Carsten".*
- *A receipt from the bank with the text "Withdrawn DKK 1,500".*
- *A suppliers' invoice for DKK 775 inclusive of VAT for dairy products.*

When you have completed the cash register report, you may compare it to the cash register report in annex 1b.



Chart of accounts



Bookkeeping is done by using a chart of accounts, which includes the accounts of the income and expenses of your business. The chart of accounts divides the financial activities of the enterprise in order to make an assessment easier.

NB!

Ask your accountant to advise you on how to finalise a chart of accounts.

Tax settlement

Once a year, you must prepare annual financial statements which form the basis for your tax calculations. It is important that your accounts are in order and that you pay your taxes and VAT on time; otherwise you might risk having to pay a fine.

It is not easy to keep your accounts, but the basic principle is rather simple. The financial statements must, as a minimum, include the following information:

The income of the business minus the expenses of the business = the profit/loss of the business.

In addition, there are taxes, VAT, excise duties and payrolls.

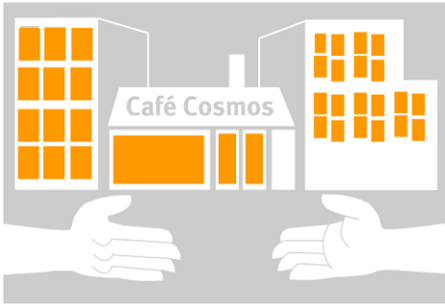


Link

By using the self-help solutions at SKAT for enterprises, you can easily inform SKAT of your A tax, VAT, payroll tax, list information (supply to enterprises in other EU countries) and a wide variety of other information. Choose "Tast Selv" under the menu "Virksomhed".
<http://www.skat.dk/SKAT.aspx?oID=199611&vID=#pos>

An example of annual accounts can be seen in Annex E.

Selling your business



If you sell your business, possibly with your inventory and furnishings, to a new owner, please note that you may not collect VAT from the sales sum, if the owner is already registered for VAT or will be registering for VAT.

Also remember to give written notification to SKAT that you have sold your business. You must also inform SKAT of the buyer's name and address, and compile a complete list of the value of the inventory and furnishings that might be included in the sale.

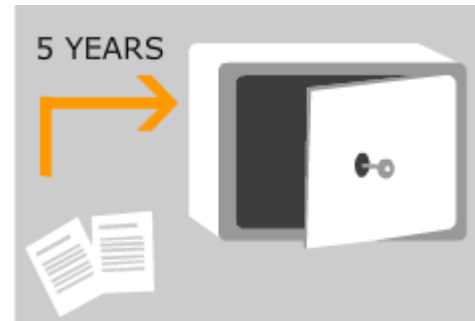
Filing obligation

In order for the authorities to approve your accounts you must keep vouchers of all your expenses and income. It is not enough to register income and expenses in the financial statements. The accounting items must also be documented in the form of vouchers.

You must file your accounts and all the vouchers for five years. You must, for instance, file the accounting material for all of 2005 until and including 31 December 2010, even if you discontinue your business activities before that time.

You are obligated to file your accounting material securely for these five years. It means that you must safeguard records against theft, fire and other premeditated or unpremeditated destruction or disposal.

For instance, if you do part of your accounts on your computer, you should regularly take a back-up copy and save it some place other than on your computer.





SKAT as inspection authority

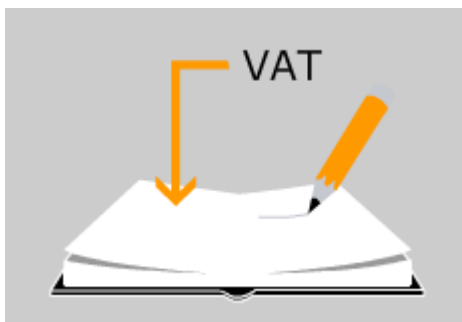
In order for SKAT to check whether the VAT is properly collected, SKAT has the authority to make inspections.

- SKAT has the right to inspect premises used by enterprises (e.g. premises of the shop, production, office and warehouse).
- SKAT is also entitled to examine the enterprise's stock and inventory, business books, vouchers, and other accounting material and correspondence. SKAT can demand that you hand over or send your accounts.
- Moreover, SKAT has the right to check inventories and accounts etc. at enterprises not registered for VAT, that deal with VAT-registered enterprises. Furthermore, SKAT may also obtain information about non-VAT-registered enterprises' sales to or purchases from VAT-registered enterprises.
- Banks etc. must inform SKAT about the financial position of enterprises, if SKAT makes such a request.

This means that you must be aware that you must be able to find all of your accounting material at all times and make this available to SKAT.



VAT



After you have set up your business and start to sell and buy goods, you must settle VAT. As a general rule, VAT must be entered in the books. However, it may be recorded in SKAT's special accounting booklet (available free of charge from the tax regions) or in the enterprise's accounts. SKAT uses the accounts to see whether you have calculated and paid your VAT correctly. Therefore, the following should be included as a minimum:

- An account for VAT on sales (output VAT);
- An account for VAT on purchases (input VAT);
- An account for settlement with SKAT (settlement account).

The enterprise must collect VAT (output VAT) each time that a VAT-registered product or service is sold, and pay VAT (input VAT), when a VAT-registered product or service is purchased from a supplier or wholesaler. The input VAT is usually deductible, however, there are exceptions. Some goods and services are exempt from VAT. This applies to stamps, registration duty on cars etc.

Tax deductions for VAT

You have full right of deduction for VAT on goods or services that you use at your place of business, for instance:

- Goods for resale;
- Materials for manufacturing of goods;
- Packaging and labelling;
- Equipment (purchase, repairs, maintenance etc.);
- Various expenses (advertisements, work clothes, telephone, fuel, cleaning etc.).

Other VAT rules apply to certain goods, such as newspapers and Tips & Lotto (Danish lottery). Your accountant can help you in this regard.

Input and output VAT

In Denmark, the rate of VAT is 25 per cent, and it is imposed on largely all goods and services supplied in Denmark. When you supply goods or a service you must include 25 per cent VAT in the sales price. As the supplier you must charge your customers the VAT.

If you buy a crate of soft drinks and resell it to a customer, your input and output VAT will be as follows:



An example of input VAT:

Purchase of a crate of soft drinks	DKK 50
+ 25 per cent VAT	DKK 12.50
Soft drinks inclusive of VAT	DKK 62.50

The enterprise pays the whole amount of DKK 62.50. SKAT then owes your enterprise DKK 12.50.

An example of output VAT:

Sale of a crate of soft drinks	DKK 100
+ 25% per cent VAT	DKK 25
Soft drinks inclusive of VAT	DKK 125

The customer pays the whole amount of DKK 125. The DKK 25 does not belong to the enterprise. It must be paid to SKAT (And is therefore a debt to SKAT).

Definition

VAT on purchases is also called input VAT. VAT that the enterprise's suppliers charge when buying goods and services subject to VAT.

VAT on sales is also called output VAT. VAT that the enterprise imposes on its customers when selling goods and services subject to VAT.



VAT account

The payment of VAT (VAT settlement) is the difference between output VAT (the amount that the enterprise owes SKAT) and input VAT (the amount that SKAT owes the enterprise). There are different taxation periods and times for payment of VAT. These depend on the sales of the enterprise, and the time which the enterprise has existed. Newly started businesses and enterprises with taxable sales of between DKK 1-15 million per year must calculate VAT on a quarterly basis, and report and pay the VAT not later than one month and ten days after the expiry of the quarterly period. For instance, the VAT for the first quarter (1 January to 31 March) must be reported and paid not later than 10 May.

An example of a VAT settlement:

Output VAT	DKK 25
minus input VAT	DKK 250
	DKK 225 (Amount that the enterprise owes/is owed by SKAT)

In this case, the enterprise will be paid DKK 225 in that the input VAT is higher than the output VAT.

Immediately before the expiry of the enterprise's VAT period, SKAT sends a VAT return (a giro) to be used for reporting and paying VAT. If you do not receive the VAT return you must contact SKAT. You can also pay the VAT online. If you pay your VAT online you will not receive a VAT return but instead an e-mail to remind you.

Link

The self-help scheme of SKAT for enterprises. The scheme describes what you have to do.
<http://www.skat.dk/SKAT.aspx?oID=199611&vID>

You must pay VAT levied on sales (output VAT) irrespective of whether the customer has paid his bill or not, and the input VAT is deductible even if the enterprise has not paid for the goods. In start-ups, the input VAT is often higher than the output VAT for a period of time. SKAT pays the difference (negative VAT). This normally takes place about three weeks after sending in the VAT return.

NB!

If you have neither sold nor purchased any goods or services in a period of time, you must still report your VAT. In this case, you must write DKK 0 in all fields. If you forget you are obligated to pay a fine.

Your enterprise must pay a fine if the VAT return is submitted after the date of expiry. If the VAT is paid too late you must pay interest for each month starting from the due date. The VAT return must also be submitted even if you cannot pay the full amount due in time.



VAT if you sell your business

If you sell your business note that if the new owner is not already VAT registered or required to be VAT registered, you must calculate VAT on the basis of the sales price. If you do not calculate VAT based on the sales price, you will be liable to the VAT.

VAT if you do foreign trading

If you deal in goods and services across borders special rules apply, that differ, according to whether it is an EU country or third country. If you want to trade with other countries you should therefore examine the relevant rules.

Case: The VAT accounts

It is time for the brewery to prepare its first VAT accounts, and thus also to report output VAT, input VAT and taxes for the January to March quarter.

Peter's accountant has informed him that the brewery has sold VAT-registered goods and services in the amount of DKK 240,000 and bought goods and services in the amount of DKK 262,000 in that particular quarter. Both amounts are inclusive of VAT. Calculate the output and input VAT based on the formula (goods and services subject to $VAT/100 \cdot 20$). Insert the amounts in annex 2 and calculate the amount subject to taxes in total.

Is the brewery required to pay tax or does it actually have a refund from SKAT? What is the amount?

When you have completed the VAT accounts, you may compare it to VAT accounts in annex 2b.

Excise duties

Excise duties are domestic consumer charges that are added to specific goods or services. Contrary to VAT, the charges are unitary taxes which means that the duty is only collected once on the goods' way from producer/importer to consumer, i.e. in the producer, wholesaler or retailer stage.

Excise duties that are charged for environmental reasons are also called environmental taxes, energy taxes or green taxes. Fees under the Environmental Protection Act are also excise duties, and are imposed by SKAT.

Registration with the Danish Commerce and Companies Agency

Enterprises, that import, manufacture or sell goods with excise duties must be registered with the Danish Commerce and Companies Agency. The notification must be made on a form that is available electronically through <http://www.webreg.dk>.

The enterprise registers either as storage holder or receiver of the goods depending on the rules in the relevant Excise Duties Act. Upon registration the enterprise receives a new registration certificate listing the excise duties.

The following goods are covered by an excise duty:

- Batteries (closed NiCd batteries);
- Carrier bags;
- Chocolate and sugar products;
- Cigarettes, cheroots, cigarillos, cigarette paper, chewing tobacco, cigarettes and smoking tobacco;
- Electricity;
- Packaging for some beverages (duty per unit);
- Packaging for some other commodities (weight duty);
- Disposable tableware (cutlery, plates, mugs etc.);
- Gas (LPG and natural gas);
- Incandescent lamps (electric light bulbs etc.) and fuses;
- Coffee and tea;
- Consumption ice-cream;
- Almonds, nuts, seeds etc. (raw material duty);
- Mineral water (soft drinks etc.);
- Solvents, chlorinated;
- PVC foil;
- Spirits;
- Wine and fruit wine;
- Beer.

If you have any doubts as to whether a product is subject to duties, you can obtain detailed information from SKAT who can also tell you about rates of duties and changes in the area of duties.



Buying and selling soft drinks, candy, chocolate, beer, wine, spirits and tobacco

You may only sell soft drinks, candy, chocolate, beer, wine, spirits or tobacco at your food outlet, wholesale business or restaurant if you have paid excise duties, VAT and customs on the goods. Generally, the enterprise that manufactures the goods or buys them abroad must pay excise duties etc.

If you buy soft drinks, candy, chocolate, beer, wine, spirits or tobacco at an enterprise in Denmark, you must make sure that your supplier pays excise duties on the goods when they are delivered to you. If your supplier has not paid the excise duties you become subject to the duties and risks of being fined, if SKAT cannot tell from your accounts who you bought the goods from.

However, if your enterprise buys goods abroad that are subject to duties, your enterprise must be registered with the Danish Commerce and Companies Agency as either storage holder or receiver of the goods. Different rules apply for the two registrations but they can both receive goods from abroad that are subject to duties without having to pay charges immediately after receipt of the goods.

If you are not registered as the receiver of the goods or storage holder, and you buy soft drinks, candy, chocolate, beer, wine, spirits or tobacco abroad you must inform SKAT about your purchase before you collect the goods, or have the goods shipped from abroad.

If your enterprise is registered as the receiver of the goods, you must keep an account which can form the basis for calculating the volume/value subject to duties, i.e. the input of non-taxable goods. The accounts must be kept in the ordinary business accounts on separate purchase accounts for each type of product/rate of duty subject to charges so that the duties for SKAT may be calculated up at the end of every month. You may also make your notification and payment online to SKAT.

However, if you are registered as storage holder, other rules apply. As storage holder, you may import taxable goods and store them without paying taxes until they are resold to the retail trade and consumers. Special rules apply for an enterprise registered as storage holder in relation to the inventory and storage at the stockroom. It is particularly important that you keep taxable and non-taxable goods separate.

Special storage of goods obligation

When purchasing soft drinks, candy, chocolate, beer, wine, spirits and tobacco to be sold at your place of business, you must *always* ensure that the person you buy from, gives you a consignment note, receipt for payment or an invoice at the time of delivery.

With regard to your accounts and records, you must also *always* ensure that you receive an invoice not later than seven days after delivery.

The consignment note, invoice or receipt must include the following information:

- Number;
- Date of issue;
- The name, address and SE/CVR number of the seller;
- The name and address of the buyer;
- Type of product and number;
- The price of the product with and without VAT.

Remember to make copies of the consignment notes, invoices and receipts of the goods that you keep at your place of business. The documents on excise duties must be kept at the place of business for a minimum of three months from the date of issue. After that time they must be kept with your other accounting records for a minimum of five years.

When SKAT comes to visit you one day they must have access to these documents so that they can see who you bought the goods from.

Fines

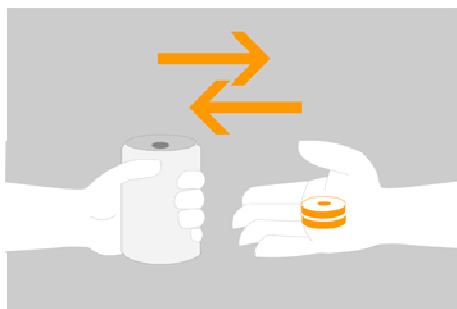
An enterprise can be fined, if it has even small stocks of soft drinks, candy, chocolate, beer, wine, spirits and/or tobacco where excise duties have not been paid, and if the accounts and records are not in order. The fine can be DKK 5,000 for each group of products for which duty has not been paid, and the amounts may be significantly higher if it happens more than once.



Deposits

NB!

This material concerns the rules for those who sell beer and soft drinks to consumers (the retail trade). If you import beer and soft drinks on your own account there is a number of other rules that you must comply with.



Denmark has a compulsory deposit and return system. Packaging for beer and certain carbonated drinks, including soft drinks, alcoholised soft drinks (alcopops), energy drinks and cider is covered by the deposit scheme.

This means that any person who sells beer and certain drinks must charge a deposit on the packaging, and pay back the deposit to consumers who return the packaging. It is punishable for an outlet to not charge a deposit from its consumers.

The objective of the deposit system is:

- to reduce the volume of waste;
- to ensure reuse of the packaging material and protect the environment;
- fair competition, ensuring that the same drinks cannot be bought with and without a deposit.

Packaging is divided into two categories:

- *Return bottles/refillable packaging* (glass and plastic bottles that are washed and refilled with beer and soft drinks);
- *Disposable packaging* (cans as well as glass and plastic bottles that cannot be refilled, but where the material is reused).

You can have your outlet signed up as a return recipient at Dansk Retursystem A/S if you sell beer and drinks covered by the deposit scheme. If your outlet participates in the scheme, you can have disposable packaging collected free of charge, and have deposits from Dansk Retursystem paid out. Returned bottles are collected by the producer/importer which you must also settle the deposits with.

Link

You can read more about the scheme at Dansk Retursystem A/S: www.dansk-retursystem.dk.

Legislation concerning the deposit and return system is laid down in the Statutory Order on deposits and collection etc. of packaging for beer and certain soft drinks which you can find (in Danish) at <http://www.retsinfo.dk/>

Products covered by the deposit scheme

The Ministry of the Environment decides which packaging is covered by the compulsory deposit and return system.

Packaging covered by the system:

- **Beer** with alcohol content of more than 0.5%;
- **Carbonated beverages** (e.g. soft drinks) - alcohol content of 0 to 0.5%;



- **Other fermented beverages** than beer, wine, fruit wine (e.g. apple cider) - alcohol content of less than 10%;
- **Mixed products** based on spirits, wine or other fermented beverages mixed with beverages such as soft drinks, cider, cocoa or juice (e.g. alcopops) - alcohol content of more than 0.5%, but not exceeding 10%.
- **Mineralwater, spring water and water** carbonated or non-carbonated, with or without flavouring
- **Non-carbonated ice tea and ready-made lemonade**

Deposits are not charged on packaging for beverages not covered by the Danish deposit and return system (mineral water is expected to be included in 2007). This means that packaging for e.g. fruit syrup, juice, cocoa, ice tea, wine and spirits is not covered by the compulsory system.

The individual importer or producer fixes the rate of deposits on crates for returned bottles.

What are the outlets required to receive?

Returned bottles/refillable packaging

An outlet is obligated to receive returned bottles sold from the outlet, and must pay the deposits to whoever returns the bottle. You are also obligated to take empty returned bottles that are identical to the bottles that you sell.

This means that you must take bottles of the same material, same volume, same outer diameter and same height as those that you have sold/are selling. That is, bottles that fit into the crates and trays that you get from the producer/supplier.

Disposable packaging

The rules on disposable packaging differ slightly.

The following applies:

- You must take all cans if they are sold at your place of business;
- You must take all disposable glass bottles if they are sold at your place of business;
- You must take all disposable plastic bottles if they are sold at your place of business.

This means that you must take and pay deposits for disposable packaging of the same material as the bottles/cans sold from your outlet, irrespective of shape etc.

Packaging without deposits

It is up to you if you want to take disposable packaging not covered by the return system. This could e.g. be ice tea, foreign cans etc.

Refillable packaging

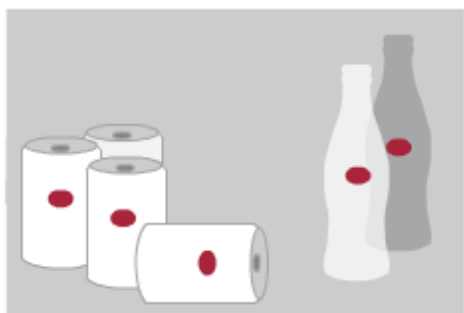
Return bottles/refillable packaging covers those glass and plastic bottles that are collected, cleaned and refilled by the breweries. Return bottles are not labelled with the Danish deposits label but "return bottle" is often stated on the labels.

The importer or the producer is responsible for ensuring that the packaging is collected at the place of sale, and that the packaging is returned for reuse. The place of sale is responsible for sorting returned bottles so that when the supplier comes to pick up the bottles these are standing in the correct way and ready for pick-up.

NB!

Dansk Retursystem A/S only collects disposable packaging and not return bottles. Collection of return bottles must be subject to agreement between the importer or the producer.

Return bottles	Deposit amount
Glass bottles up to 0.5 litres	DKK 1.00
Glass bottles exceeding 0.5 litres	DKK 3.00
Plastic bottles less than 1 litre	DKK 1.00
Exception: Plastic bottles of 0.5 litres	DKK 1.50
Plastic bottles of 1 litre and more	DKK 3.00

Disposable packaging

Disposable packaging includes cans, glass and plastic bottles that are not refilled but collected so that the material can be reused for e.g. new bottles or cans. Dansk Retursystem A/S ensures that the disposable packaging is collected and reused.

The disposable packaging must be labelled with the Dansk Retursystem A/S deposit label.

NB!

Places of sale may *not* label their own goods.

Therefore, you must ensure that the disposable packaging is registered and labelled correctly when you receive it from your supplier (producer or importer). Thus you should ask to see the registration of a packaging certificate of the relevant product. You will be held responsible and subject to a fine if you sell drinks that are incorrectly labelled.

Disposable packaging		Deposit amount
Deposit A	Cans, glass bottles and plastic bottles under 1 litre	DKK 1.00
Deposit B	<i>Exception: Plastic bottles of 0.5 litres</i>	DKK 1.50
Deposit C	Cans, glass bottles and plastic bottles of 1 litre and more	DKK 3.00

Deposit labelling of disposable packaging

Deposit labelling can take place in one of two ways, either by sticking a deposit label on the packaging or by printing the deposit label directly on to the material of the packaging or the original label.

The deposit label consists of the following elements:

- A deposit label with two arrows and deposit A, B or C
- An EAN bar code (used only on the Danish market)



Registration of sales locations with Dansk Retursystem A/S



Registration with Dansk Retursystem A/S is free for a sales location. After registration with the scheme, Dansk Retursystem A/S will collect your empty disposable packaging for free. After counting the packaging, the deposits for correctly deposit-labelled packaging will be paid to the sales location.

Link

Registration of sales locations can be done at the website of Dansk Retursystem A/S:
<http://www.dansk-retursystem.dk/composite-70.htm>
Here you can also read more about the scheme.

NB!

The deposit can only be paid if the deposit label on the disposable packaging is legible electronically on the bar code (and if the disposable packaging complies with the requirements for registration and labelling).

Fines

It is illegal to sell beer and certain soft drinks in disposable packaging that is not registered and deposit labelled in accordance with Danish legislation. SKAT and the Danish police can issue fines/ raise charges for violation of the deposit regulation. The drinks will be seized and the sales location will be ordered to pay a fine if drinks are sold without having been registered and correctly labelled.

This is relevant for:

- disposal packaging such as cans and plastic bottles sold without deposit labels;
- packaging that is wilfully labelled with false or incorrect deposit.



In addition to paying a fine, you must:

- pay all expenses connected to the seizure (transport, storage and administration of seized packaging);
- register with the deposit and return system Dansk Retursystem A/S;
- pay mandatory deposit and fees for all seized packaging.

Payroll accounts

The main rule of the Danish tax system is that taxes must be paid on all earnings. The tax known as "A-tax" must be paid on earned income. The employer must calculate and pay taxes based on the wage earner's tax card and pay wages to all his employees. All enterprises with employees must make payroll accounts, including sole proprietorships.

Tax and contribution

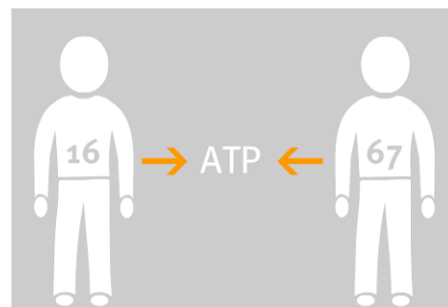
Enterprises must ensure that the following are withheld from wages for all employees before payment:

- Contributions for the labour market supplementary pension scheme;
- Labour market contribution;
- Contribution for Special Pension Savings Scheme (reduced to 0 per cent from 2004);
- "A-tax".

Danish Labour Market Supplementary Pension (ATP)

All enterprises with employees between 16 and 67 years old, must pay ATP contribution for their employees. The amount depends on the number of hours the employee works and whether the person is paid by the month, every 2 weeks, the week or the hour.

ATP is an addition to the ordinary pension and is paid with the pension. The employees must pay 1/3 of the amount themselves, and the employer must pay the additional 2/3 of the amount that is withheld from pay before tax.



Labour market contribution (LM contribution)

Wage earners pay 8 per cent LM contribution. The money from the LM contribution is spent on social benefits such as:

- Daily benefit for unemployed people
- Early retirement allowance
- Maternity leave benefits

Special Pension Savings Scheme (SP)

From 1998 to 2003 wage earners paid 1 per cent of their LM income to the Special Pension savings scheme - SP. The employer must see to it that SP contribution is withheld for all employees under the age of 65. The SP contribution is calculated on basis of the LM income.

However, since 2004 no-one has paid SP contributions, as the scheme has been suspended by the Folketing.

A-tax

A-tax is tax calculated on the primary income, i.e. "ordinary income". The A-tax is calculated on the basis of the wage earner's personal income tax rate.

LM contribution, SP contribution and A-tax must be paid to SKAT not later than the 10th of the following month.

Wage annex

The following is an example of how tax can be calculated on the basis of a payslip. The order is important. First the three taxes are deducted; ATP, LM and SP (the scheme is currently suspended) and subsequently the personal allowance is made and finally the A-tax is calculated:

Holiday pay:	DKK 22,000.00.
ATP:	<u>(-) DKK 74.55.</u>
Primary income:	DKK 21,925.45.
LM contribution (8 per cent of DKK 21,925.45)	(-) DKK 1,754.03.
Special pension saving scheme (1 per cent of DKK 21,925.45)*	<u>(-) DKK 219.25.</u>
A income (personal income):	DKK 19,952.17.
Tax-free allowance per month - according to tax card:	<u>(-) DKK 3,938.00.</u>
Tax basis:	DKK 16,014.17.
40 per cent A-tax (personal income tax rate) on DKK 16,014.17:	<u>(-) DKK 6,405.67.</u>

* Suspended in from 2004 to 2009.

The amounts you deduct, you must report and pay to SKAT every month.

Reporting to SKAT's system: elndkomst

As an employer you must report information on wages and tax to SKAT. You make your report on-line to SKATs central income register: elndkomst.

Every month you must report the following for each of the employees to whom you pay primary income:

- A tax (A-skat)
- LM contribution (AM-bidrag)
- Special Pension saving scheme (SP – currently not active)
- Payable hours last month
- Gross personal income
- Gross holiday pay entitlement
- Adherence to maternity reimbursement fund
- Production unit number (used for automatic calculation of tax-free transport allowance)

You can also find information on each employee's personal income tax rate and tax-free allowance via elndkomst.

Link

Read more about what and how to report income and taxes to elndkomst at SKATs website (in Danish):

<http://www.skat.dk/SKAT.aspx?old=1709234&vld=0>



Case: Wage calculation

After Carsten has tried to organise both the preparation of a cash register report and VAT accounts he decided to look at the wage calculations. All the staff have a personal income tax rate of 40 per cent.

Three employees at the café are paid a monthly wage of DKK 18,300 and two of the employees are paid by the hour and have earned DKK 12,670 and DKK 4,120, respectively. Carsten is paid DKK 22,700.

Assist Carsten in ensuring that the three employees have the correct amounts deducted, in annex 3a:

- Camilla is paid a monthly wage of DKK 18,300 and has an allowance of DKK 4,623.
- Carsten is paid a monthly wage of DKK 22,700 and has an allowance of DKK 4,182.
- Ulrik has earned DKK 4,120 and his allowance has been deducted connection with another job.

As the employer, you must every year and for every employee send an information form to your regional tax centre. Here you must, for instance, disclose how much you have paid in wages, etc. and the amount deducted for A-tax, LM contribution and SP (currently not active) etc. during the year.

When you have completed the wage annex for Carsten and his employees, you may compare it to wage annex in annex 3b.

Possibility of external assistance

In that wages are often a large part of your expenses, and since it is not easy to make correct records it is recommended to acquire external assistance from a bookkeeper, an accountant or a wage agency or certain sector associations, especially if you or any person responsible for the accounts have no experience in the area.

If you already have an accountant he or she can help or appoint a bookkeeper who may keep the payroll accounts.

Link

If you wish to prepare the payroll accounts yourself, you may report through eIndkomst/Letløn.
<http://www.skat.dk/SKAT.aspx?oID=1709234&vID=0>

Even if the task of paying wages is passed on to others, for instance a wage agency, the employer is always responsible for ensuring deduction of A-tax.

Summary and action plan

You have now been given an insight into the most basic areas in the area of taxation that you must comply with as owner of an enterprise.

Of course there are other things to deal with but now you are already well on your way.



Link

When you decide to start your own food outlet, food wholesale business or restaurant, there are two guides in particular that you must read:

- Starting your own business:
<http://www.skat.dk/SKAT.aspx?oID=137721&vID=200629>
- When you buy and sell soft drinks, candy, chocolate, beer, wine, spirits and tobacco
<http://www.skat.dk/SKAT.aspx?oID=159616&vID=0>

SKAT has a special website for entrepreneurs and new enterprises (see under enterprise). In addition, SKAT has a special start folder for entrepreneurs which can be acquired from the regional tax centres.

To help you on your way a little, a small action plan has been prepared for you to work with.

- Notification to the Danish Commerce and Companies Agency at start-up (<http://www.webreg.dk>).
- Notification to Næringsbasen at Danish Commerce and Companies Agency.
- Notification to the Danish Commerce and Companies Agency in relation to selling goods with excise duties.
- Make sure that the way you make up your invoices complies with the legislative requirements.
- Lay down a daily procedure for preparing a cash register report.
- Make an appointment to go and see an accountant (in case of a company or if you want external assistance).
- Make sure that your chart of accounts includes the necessary accounts, for instance accounts for input VAT and output VAT.
- Draw up a standard contract for employees who comply with the legal requirements that you may reuse.
- Prepare an enterprise calendar where you can see when different tasks occur during the year.
- Store all financial records and vouchers for a minimum of five years.

NB! The requirements are different depending on the sort of enterprise you wish to set up. This material was based on the enterprise form "**sole proprietorship**".

In addition, special activities such as import of goods will result in special requirements for your accounts. Therefore, you should contact SKAT if you have doubts as to how you should comply with the requirements for your enterprise's accounts.



Examples of test questions

- 1. You have received a major shipment of goods. As you must always be able to document your inventory you must also receive a voucher. Which of the following vouchers *cannot* be used in this connection?**
 - a) A note.
 - b) A summary invoice.
 - c) An invoice.

- 2. Is it your responsibility to pay VAT of a sale if your customer does not pay his bill?**
 - a) No, the VAT does not need to be paid if I do not receive payment from my customer.
 - b) Yes, VAT must be paid irrespective of whether my customer has paid his bill or not.
 - c) Yes, but I can postpone the payment of VAT for up to one year if the customer has not paid his bill.

- 3. You recently bought some goods abroad and you must pay excise duties. Who should pay?**
 - a) The enterprise where I bought the goods.
 - b) I have to pay.
 - c) The enterprise where I bought the goods and myself.

- 4. For how long is your enterprise required to store vouchers of revenues and expenses?**
 - a) 1 year.
 - b) 3 years.
 - c) 5 years.

- 5. You have delegated recording of the daily cash report of your business to an employee, and the financial statement to an accountant. In connection with SKAT's inspection a number of serious errors are found in the daily books. Who is responsible?**
 - a) SKAT
 - b) The accountant
 - c) I am

See the correct answers on the last page.

More information

Guidelines

When you consider setting up your own food outlet, food wholesale business or restaurant, there are four guides in particular that you should read:

- På vej mod egen virksomhed (Towards setting up your own business):
<http://www.skat.dk/SKAT.aspx?oID=137721&vID=200629>
- Når du handler med sodavand, slik, chokolade, øl og vin, spiritus og tobaksvarer (Trading in soft drinks, candy and chocolate, beer, wine, spirits and tobacco):
<http://www.skat.dk/SKAT.aspx?oID=159616>
- Moms – fakturering, regnskab mv. (VAT - invoicing, financial statements, etc.):
<http://www.skat.dk/SKAT.aspx?oID=108080&vID=200795>
- Angivelse og betaling (Notification and payment):
<http://www.skat.dk/SKAT.aspx?oID=96638&vID>
- eIndkomst
<http://www.skat.dk/SKAT.aspx?oID=1658059&vID=201633>

It is also possible to obtain a salary accounting booklet from the tax regions. The booklet includes guides as well as forms for keeping payroll accounts.

In addition, SKAT has a special website for entrepreneurs and newly-started businesses (see under enterprise) where you can find the checklist: "Setting up your own business - a checklist". SKAT also has a special start-up file for entrepreneurs, which can be obtained from the regional tax centres.

Reporting and registration online

Notification to the Danish Commerce and Companies Agency if you set up a business must be done on a form that can be obtained at <http://www.eogs.dk>. You can also make digital notification at <http://www.webreg.dk>.

If you need to register that you import, manufacture or sell goods with excise duties, this must take place with the Danish Commerce and Companies Agency. You must use a form of notification that can be obtained electronically at <http://www.eogs.dk> or you can register electronically at <http://www.webreg.dk>.

SKAT's self-service scheme, from where it is possible to report and make payments to SKAT online: <http://www.skat.dk/SKAT.aspx?oID=199611&vID=>

Reports on pay and employees through eIndkomst/Letløn:
<http://www.skat.dk/SKAT.aspx?oID=1709234&vID=0>

Acts and Statutory Orders

In regard to customs, tax, VAT and duties, you must pay special attention to the regulations in:

- The Financial Statements Act



- The Tax Control Act
- The Value Added Tax Act
- The Bookkeeping Act

NB! There are many other acts and regulations that you must comply with.

All relevant acts, statutory orders and guides can be found (in Danish) at the website of Retsinformation, <http://www.retsinfo.dk>, in the library, at bookstores, at associations or at:

Schultz Information
Herstedvang 10-12
2620 Albertslund
Telephone no: 43 63 23 00.

The guides can also be purchased from Danmark.dk's online bookstore
IT and Telecom Agency
Extension: 1881
<http://www.danmark.dk/netboghandel>

Central Customs and Tax Administration
www.SKAT.dk

Danish Commerce and Companies Agency
www.eogs.dk
www.naeringsbasen.dk

Free phone advice

It might be a good idea to obtain free counselling from the regional sector service centres.
Telephone: 70201015.

Setting up a business

www.100svar.dk
www.virk.dk
www.startguiden.dk

Annex A: Invoice

Hans Hansen
Stæremose 2
4700 Næstved

Name of the enterprise
Address of the enterprise
The postal code and city of the enterprise
CVR no: 12345678
Bank: 1232 2028514
Date of invoice: 12-12-2004
Due date of payment: 26-12-2004
Currency DKK
Invoice No.: 201

Invoice

Item no.	Text	Number	Item	Price	Discount	Amount
K 10	Pots	1	set			380.00 380.00
Net:						380.00
VAT (25%):						95.00
Total:						475.00

Default interest 2.0 % per month and charge added to a reminder DKK 100 exclusive of VAT.
Otherwise please refer to the general terms of business of the enterprise. Payable net 12 days.

Annex B. Simplified invoice

Name of the enterprise
Address of the enterprise
The postal code and city of the enterprise
CVR no: 12345678
Bank: 1232-2028514
Date of invoice: 12-12-2004
Invoice No.: 201

Invoice

Item no.	Text	Number	Item	Price	Discount	Amount
K 10	Pots	1	set			380.00 380.00
Net:						380.00
VAT (25%):						95.00
Total:						475.00

Default interest 2.0 % per month and charge added to a reminder DKK 100 exclusive of VAT.
Otherwise please refer to the general terms of business of the enterprise. Payable in cash.

Annex C: Sales ticket

Name of the enterprise
The postal code, address and city of the enterprise
CVR no: 12345678

Soured whole milk	12.25
Fruit/vegetables	16.00
Total:	28.25
Of which VAT (25%):	5.65

Cash	28.25
Change	0.00

Date: 12-12-2004

Annex D: Cash register report

Cash register report No. 7			Movement for the period:	11,187.75	395.00	0.00	3.500.00	0.00	0.00		
			Opening balance for the period brought forward:	1,000.00		20,031.75		0.00			
			Closing balance for the period carried forward:		11,792.75		17,531.75		0.00		
			Balance:	12,187.75	12,187.75	20,031.75	20,031.75	0.00	0.00		
			Cash counted at end of period:	11,831.00		17,531.75					
			Difference for Bookkeeping:	38.25		0.00		0.00			
				Cash			Bank		Giro		
Line	Date	Voucher	Text		A/C	Deposited	Withdrawn	Deposited	Withdrawn	Deposited	Withdrawn
1	01-03	23	Till slip			3,651.00					
2	01-03	24	Withdrawn private - Carsten				50.00				
3	01-03	25	From the bank to the cash register			500.00			500.00		
4	01-03	26	Till slip			4,036.75					
5	01-03	27	From the bank to the cash register			3,000.00			3,000.00		
6	01-03	28	Purchase invoice of cleaning products				345.00				
7											
8											
9											
10											

Annex E: Financial statement

Income statement for the period from 1 January to 31 December. 2004		
Costs		Income
Cost of sales	750,000	Sales 1,250,000
Promotion expense.	50,000	Interest income 2,500
Cost of premises	75,000	
Cars' operating expenses	0	
Other costs	120,000	
Interest expense	12,000	
Total costs	1,007,000	Total income 1,252,500
Profit	245,500	
	1,252,500	

Annex 1a: Cash register report - blank

Cash register report No. 7				Cash		Bank	
			Movement for the period:				
			Opening balance for the period brought forward:				
			Closing balance for the period carried forward:				
			Balance:				
			Cash counted at end of period:				
			Difference for Bookkeeping:				
						Cash	
Line	Date	Voucher	Text	Deposited	Withdrawn	Deposited	Withdrawn
1	01-03						
2	01-03						
3	01-03						
4	01-03						
5	01-03						
6	01-03						
7							
8							

Annex 1a: Cash register report – filled in

				Cash		Bank					
				Deposited	Withdrawn	Deposited	Withdrawn				
Cash register report No. 7				Movement for the period:				11206,50	1125,00	0,00	1500,00
				Opening balance for the period brought forward:				3350,00		62537,00	
				Closing balance for the period carried forward:					13431,50		61037,00
				Balance:				14556,50	14556,50	62537,00	62537,00
				Cash counted at end of period:				13432,00		61037,00	
				Difference for Bookkeeping:				0,50		00,00	
								Cash		Bank	
				Line	Date	Voucher	Text	Deposited	Withdrawn	Deposited	Withdrawn
1	01-03		Till slip	9706,50							
2	01-03		Withdrawn private - Carsten		350,00						
3	01-03		From the bank to the cash register	1500,00			1500,00				
4	01-03		Invoice – dairy products		775,00						

Annex 2a: VAT accounts - blank

VAT return

Enterprise:

Central Business Register (CVR) number:

Name:

Address:

VAT period:

Output VAT _____

+ VAT on supplies etc. purchased abroad _____ = _____

Deduction Input VAT _____

Oil duty and bottle gas duty _____

Electricity duty _____

Natural gas and city gas duty _____

Coal duty _____

CO2 duty _____

Water duty _____ = _____

Duty amount total _____ = _____

Annex 2b: VAT accounts – filled in

VAT return

Enterprise: Mikrobryggeriet ALT

Central Business Register (CVR) number: xxxx

Name: Peter Bakke

Address: Xxxx XXXXXXXXX

VAT period: January-March

Output VAT 240,000

+ VAT on supplies etc. purchased abroad _____ = _____

Deduction Input VAT 262,000

Oil duty and bottle gas duty xx

Electricity duty xx

Natural gas and city gas duty xx

Coal duty xx

CO2 duty xx

Water duty _____ = xx

Duty amount total _____ = -4,400 (refund from SKAT)

Annex 3a: Example of wage calculation - blank

Name:

Holiday pay entitlement:	DKK.
Danish labour market supplementary pension:	<u>DKK.</u>
Primary income:	DKK.
Social security contributions (8 per cent)	DKK.
Special Pension Savings Scheme (1 per cent)*	<u>DKK.</u>
A income (personal income):	DKK.
Tax-free allowance per month - according to the tax card:	<u>DKK.</u>
Taxation basis:	DKK.
X per cent A-tax (tax rate) of the taxation basis:	<u>DKK.</u>
Net pay (basis minus A-tax + allowance):	DKK.

Name:

Holiday pay entitlement:	DKK.
Danish labour market supplementary pension:	<u>DKK.</u>
Primary income:	DKK.
Social security contributions (8 per cent)	DKK.
Special Pension Savings Scheme (1 per cent)*	<u>DKK.</u>
A income (personal income):	DKK.
Tax-free allowance per month - according to the tax card:	<u>DKK.</u>
Taxation basis:	DKK.
X per cent A tax (tax rate) of the taxation basis:	<u>DKK.</u>
Net pay (basis minus A tax + allowance):	DKK.

Name:

Holiday pay entitlement:	DKK.
Danish labour market supplementary pension:	<u>DKK.</u>
Primary income:	DKK.
Social security contributions (8 per cent)	DKK.
Special Pension Savings Scheme (1 per cent)*	<u>DKK.</u>
A income (personal income):	DKK.
Tax-free allowance per month - according to the tax card:	<u>DKK.</u>
Taxation basis:	DKK.
X per cent A tax (tax rate) of the taxation basis:	<u>DKK.</u>
Net pay (basis minus A tax + allowance):	DKK.

* Suspended in 2006, 2007, 2008, and 2009.

Annex 3b: Example of wage calculation – filled in

Name: Camilla

Holiday pay entitlement:	18,300 DKK.
Danish labour market supplementary pension:	<u>-74,55 DKK.</u>
Primary income:	18,225,45 DKK.
Social security contributions (8 per cent)	-1,458.00 DKK.
Special Pension Savings Scheme (1 per cent)*	<u>- DKK.</u>
A income (personal income):	16,767.45 DKK.
Tax-free allowance per month - according to the tax card:	<u>-4,623.00 DKK.</u>
Taxation basis:	12,144.45 DKK.
X per cent A-tax (tax rate) of the taxation basis:	<u>-4,857.78 DKK.</u>
Net pay (basis minus A-tax + allowance):	7,286.67 DKK.

Name: Carsten

Holiday pay entitlement:	22,700 DKK.
Danish labour market supplementary pension:	<u>-74,55 DKK.</u>
Primary income:	22,625.45 DKK.
Social security contributions (8 per cent)	-1,810.00 DKK.
Special Pension Savings Scheme (1 per cent)*	<u>- DKK.</u>
A income (personal income):	20,815.45 DKK.
Tax-free allowance per month - according to the tax card:	<u>-4,182.00 DKK.</u>
Taxation basis:	16,663.45 DKK.
X per cent A tax (tax rate) of the taxation basis:	<u>-6,653.38 DKK.</u>
Net pay (basis minus A tax + allowance):	9,980.07 DKK.

Name: Ulrik

Holiday pay entitlement:	4,120.00 DKK.
Danish labour market supplementary pension:	<u>-74,55 DKK.</u>
Primary income:	4,045.45 DKK.
Social security contributions (8 per cent)	-323,64 DKK.
Special Pension Savings Scheme (1 per cent)*	<u>- DKK.</u>
A income (personal income):	3,721,81 DKK.
Tax-free allowance per month - according to the tax card:	<u>-0.00 DKK.</u>
Taxation basis:	3,721.81 DKK.
X per cent A tax (tax rate) of the taxation basis:	<u>-1,488.72 DKK.</u>
Net pay (basis minus A tax + allowance):	2,23.09 DKK.

* Suspended in 2006, 2007, 2008, and 2009.

Answer to test questions: 1:a, 2:b, 3:b, 4:c, 5:c Annex A: Invoice