

# Denmark

## Transfer Pricing Country Profile<sup>1</sup>

May 2025

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic transfer pricing framework <sup>2</sup> make reference to the arm's length principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The arm's length principle is governed by the <a href="#">Tax Assessment Act (Ligningsloven), section 2</a> .  Guidance on transfer pricing is provided in the Legal Guidance (DJV), section <a href="#">C.D.11</a> . (Transfer Pricing)
2	Does your domestic transfer pricing framework give the OECD Transfer Pricing Guidelines any role or status (e.g. legal binding effect, subsidiary application in the absence of domestic legislation, source of interpretation of domestic legislation and/or treaty provisions, other)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Section 2 of the Tax Assessment Act contains the Danish arm's length provision and in the explanatory memoranda (preparatory legislative work) there is a direct reference to the arm's length principle contained and described in the OECD Transfer Pricing Guidelines (hereafter TPG). The reference is dynamic in the sense that the most recent version of the TPG is applied in Denmark. This understanding has been verified by Danish courts.	Guidance on the role of the OECD TPG in the application of the arm's principle is provided in DJV, section <a href="#">C.D.11.2.1.1</a> (Armslængde-principippet og Transfer Pricing Guidelines).

<sup>1</sup> Information in transfer pricing country profiles is provided directly by jurisdictions. By publishing the transfer pricing country profiles on the OECD website, the OECD does not certify the accurateness of the information provided therein. Importantly, transfer pricing country profiles published on the OECD website are made available to stakeholders for information purposes only, and are not intended to be used in substitution to a jurisdiction's legal instruments, jurisprudence, or administrative guidance or practice nor relied on as an accurate and complete description of domestic law.

<sup>2</sup> For purposes of transfer pricing country profiles, the term "domestic transfer pricing framework" refers to a jurisdiction's domestic legislation, regulations, administrative guidance or practice, jurisprudence or governing general principles in the jurisdiction.

		Transfer pricing rules, guidelines and practice/case law in Denmark are described in The Legal Guidance (DJV). DJV is based on and fully consistent with the guidance provided in the TPG.													
3	<p><b>Does your domestic transfer pricing framework provide for a definition of related parties applicable for transfer pricing purposes? If so, please provide the definition contained under your domestic transfer pricing framework.</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>According to the Tax Assessment Act, section 2, and the Tax Control Act, section 37, control/related parties are defined based on either formal control (&gt;50% shareholding) or actual control (e.g. control based on shareholder agreement).</p>	<p>A common definition of related parties is provided in both the <a href="#">Tax Assessment Act (Ligningsloven), section 2</a>, and in the <a href="#">Tax Control Act (Skattekontrolloven), section 37</a>.</p> <p>Guidance on the definition of related parties is provided in DJV, section <a href="#">C.D.11.1.2</a> (Hvem er omfattet af armslængdeprincippet).</p>												
Transfer Pricing Methods															
4	<p><b>Does your domestic transfer pricing framework provide for transfer pricing methods to be used in respect of transactions between related parties?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1"> <thead> <tr> <th>CUP</th><th>Resale Price</th><th>Cost Plus</th><th>TNMM</th><th>Profit Split</th><th>Other (If so, please describe)</th></tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> </tbody> </table> <p>The approved OECD-methods are to be used in Denmark.</p> <p>However, taxpayers are allowed to use other methods under the guidance in TPG 2.9. but the burden of proof is then on the taxpayer to demonstrate that the other method is more appropriate than the approved OECD-methods for pricing the transaction in question.</p> <p>As also provided for in the TPG, Denmark uses various valuation techniques for determining the arm's length price/value of businesses and (intangible) assets.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<p>Guidance on transfer pricing methods is provided in DJV, section <a href="#">C.D.11.4</a> (Transfer pricing-metoder).</p>
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)										
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>										
5	<p><b>Which criterion is provided for in your domestic transfer pricing framework for the application of transfer pricing methods?</b></p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p>													

		<input type="checkbox"/> Other	
		<p>The explanatory memoranda to the Tax Assessment Act, section 2, refers to the arm's length principle as contained and described in the latest version of the TPG.</p> <p>The criterion used in Denmark for the application of transfer pricing methods is fully aligned with the guidance outlined in Chapter II of the TPG.</p>	
6	Does your domestic transfer pricing framework contain specific guidance on commodity transactions?	<input checked="" type="checkbox"/> Yes <p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input checked="" type="checkbox"/> Domestic transfer pricing framework provides for the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <input type="checkbox"/> No	<a href="#">Hydrocarbons Tax Act (Kulbrinteskatteloven)</a>
		<p>Special tax rules govern activities related to the extraction of oil and gas – the Hydrocarbons Tax Act. Under these rules, controlled transactions involving oil and gas are priced using a CUP equivalent method.</p>	
Comparability Analysis			
7	Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Guidance on comparability analysis is provided in DJV, section <a href="#">C.D.11.5</a> (Sammenlignelighedsanalyse).
		<p>The explanatory memoranda to the Tax Assessment Act, section 2, refers to the arm's length principle as contained and described in the TPG.</p> <p>The guidance and standard for performing a comparability analysis in Denmark is fully aligned with the guidance outlined in Chapter III of the TPG.</p>	
8	Is there a preference in your jurisdiction for domestic comparables over foreign comparables?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<p>There is a preference for comparable data including data from transactions on comparable markets.</p>	

		Whether or not a geographic market is sufficiently comparable is determined based on the transactions in question, characteristics of the market and availability of comparable data.	
9	<b>Does your domestic transfer pricing framework permit the use of secret comparables for transfer pricing assessment purposes?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  Secret comparables have not been used for transfer pricing assessment purposes.	
10	<b>Does your domestic transfer pricing framework allow or require the use of an arm's length range and/or statistical measure (e.g. the interquartile range or other percentiles) for determining arm's length remuneration?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Use of range and statistical tools are applied in the pricing of controlled transactions, where the use of such measures is considered appropriate, cf. the TPG.	Guidance on use of arm's length range and/or statistical measures is provided in DJV, section <a href="#">C.D.11.5.9</a> (Tolkning og anvendelse af data til at fastlægge armslængdepriser og vilkår).
11	<b>Are comparability adjustments required under your domestic transfer pricing framework?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Comparability adjustments are required under the circumstances described in the TPG.	Guidance on comparability adjustments is provided in DJV, section <a href="#">C.D.11.5.8</a> (Sammenlignelighedsjusteringer).
<b>Intangible Property</b>			
12	<b>Does your domestic transfer pricing framework contain guidance specific to the pricing of controlled transactions involving intangibles?</b>	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VI of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No  Guidance is provided on the valuation of controlled transactions involving intangibles, which is considered to be fully consistent with the guidance in the TPG on the use of valuation techniques.	Guidance on valuation techniques to be used in controlled transactions involving intangibles is provided in DJV, section <a href="#">C.J.</a> (Værdiansættelse).  Guidance on application of the arm's length principle to transactions involving intangibles is also provided in DJV, section <a href="#">C.D.11.6.</a> (Armslængdeprincippet i relation til immaterielle aktiver ).
13	<b>Are there any other rules outside your transfer pricing framework that are</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<a href="#">Tax Depreciation Act (Afskrivningsloven), section 40.</a>

	<p><b>relevant for the pricing of controlled transactions involving intangibles?</b></p>	<p>Capital gains or losses from the disposal of goodwill, know-how, patents, copyrights, designs or models, trademarks and similar rights are included in the calculation of taxable income, cf. the Tax Depreciation Act (afskrivningsloven), section 40, paragraph 6 in conjunction with paragraphs 1 and 2, and/or the State Tax Act (Statsskatteloven), section 4.</p> <p>Tax Depreciation Act, section 40, paragraph 1, 2 and 6 (Non-official translation), states that:</p> <p>“Paragraph 1. When acquiring goodwill, the acquirer may, with effect from the income year in which a final transfer agreement has been concluded, depreciate the purchase price when calculating the taxable income by up to 1/7 annually.</p> <p>Paragraph 2. When acquiring other intangible assets such as special manufacturing methods or similar (know-how), patent law, copyright and art rights and rights to designs or trademarks... the acquirer may, with effect from the income year in which a final transfer agreement has been concluded, depreciate the purchase price when calculating the taxable income by up to 1/7 annually...</p> <p>Paragraph 6. Gains and losses from sale or disposal of assets covered by paragraph 1 and 2 are included when calculating the taxable income. Gains or losses are calculated as the difference between the sales price and the acquisition price less depreciations...”</p> <p>Moreover, the State Tax Act, section 4 (Non-official translation), reads as follows:</p> <p>“Paragraph 1. Taxable income, with the following exceptions and limitations, is considered to be the total annual income of the taxpayer, whether from this country or not, consisting of money or property of monetary value, such as...”</p>	<p><a href="#">State Tax Act (Statsskatteloven), section 4.</a></p>
<p><b>Hard-to-Value Intangibles</b></p>			
14	<p><b>Does your domestic transfer pricing framework contain guidance specific to hard-to-value intangibles (HTVI)?<sup>3</sup></b></p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow the guidance on HTVI in Chapter VI of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> No</p>	<p>Guidance on the arm’s length principle in relation to hard to value intangibles is provided in DJV, section <a href="#">C.D.11.6.6</a> (Immaterielle aktiver, der er svære at værdiansætte).</p>

<sup>3</sup> In the case of jurisdictions that do not apply the HTVI approach (i.e. they responded “no” to question 14), it is not necessary to respond to the remaining questions in the HTVI section and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

		Guidance on the arm's length principle – including pricing of HTVI – is applicable in Denmark, cf. the Tax Assessment Act, section 2, which contains a direct reference to the TPG in the explanatory memoranda (preparatory legislative work).	
15	<b>If your jurisdiction applies the HTVI approach, what are the conditions for the application of the HTVI approach?</b>	<p>The conditions for applying the HTVI approach in Denmark are those described in TPG 6.186 – 6.195.</p> <p>The HTVI guidelines target the abuse of information asymmetry by taxpayers. Abuse means that relevant information about the value of the intangibles has been withheld from the tax administration in order to reduce the overall tax burden of the MNE group. Therefore, the application of the HTVI rules can generally only have the effect of increasing the overall taxation of the MNE group.</p>	
16	<b>Are transactions falling within the scope of the HTVI approach subject to a transfer pricing analysis different from the one established in Chapters I and VI, or to other compliance requirements specifically applicable to transfer prices (e.g. domestic anti-abuse rules)?</b>	<p>In Denmark, the transfer pricing analysis for transactions falling within scope of the HTVI approach is guided by TPG 6.186 – 6.195.</p> <p>The analysis of HTVI transactions does not differ from the analysis established in Chapters I and VI of the OECD Transfer Pricing Guidelines.</p> <p>Depending on the facts and circumstances, HTVI transfers may be subject to the provisions of the GAAR in Section 3 of the Danish Tax Assessment Act, according to which “...<i>arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuine having regard to all relevant facts and circumstances...</i>” can be disregarded.</p>	<a href="#">Section 3 of the Danish Tax Assessment Act</a> , which has been implemented according to COUNCIL DIRECTIVE (EU) 2016/1164 of 12 July 2016.
17	<b>What is the statute of limitations applicable to transactions falling within the scope of the HTVI approach in your domestic transfer pricing framework? Does this statute of limitations differ from those applicable to other transactions?</b>	<p>The statute of limitations for HTVI transactions is the same as for controlled transactions in general (6 years).</p> <p>The period is extended to 10 years where information has been withheld from the tax authorities intentionally or through gross negligence.</p>	<p>The statute of limitations for transfer pricing adjustments expires in the 6th year after the end of the income year. See <a href="#">section 26(5) of the Tax Administration Act (skatteforvaltningsloven)</a>, cf. <a href="#">subsections (1) and (2)</a>.</p> <p>Further guidance is provided in DJV, section <a href="#">C.D.11.14</a> (Ansættelsesfrist for transfer pricing-sager)</p>
18	<b>Can taxpayers request a bilateral or multilateral advance pricing agreement (“APA”) for transactions falling within the scope of the HTVI approach under your domestic transfer pricing framework?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		Bilateral or multilateral APAs can be requested under the general terms and conditions in Danish double tax treaties.	

19	<b>What measures exist or approaches have been adopted to avoid the use of hindsight (e.g. training of tax administrators, internal circulars/informative notes)?</b>	<p>The use of hindsight for purposes of pricing controlled transactions in Denmark is governed by the guidance provided in the TPG.</p> <p>Transfer pricing staff in the Danish tax administration are highly qualified professionals. Internal instructions, training and knowledge sharing are provided and supported on an ongoing basis.</p> <p>Inappropriate use of hindsight in audits would be detected before issuance of a transfer pricing assessment. TP audits are reviewed and discussed prior to completion.</p>	
20	<b>Is it possible for your tax administration to make adjustments under the HTVI approach in open years amounts pertaining to closed years?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>There is no special statute of limitations for HTVI in Denmark.</p>	
21	<b>Does your domestic transfer pricing framework allow the tax administration to make corresponding adjustments under the HTVI approach in open years for amounts pertaining to closed years?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Corresponding adjustments can only be allowed for closed years if the Danish competent authority agrees to the primary adjustment.</p> <p>See below under “Other Legislative Aspects or Administrative Procedures”</p>	
22	<b>Is it possible for your tax administration to make several adjustments for one single HTVI transaction under the HTVI approach?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>This would not be a typical scenario, but multiple adjustments are possible under the guidance in Chapters I and VI of the TPG.</p>	
<b>Intra-group Services</b>			
23	<b>Does your domestic transfer pricing framework provide guidance specific to intra-group services transactions?</b>	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VII of the TPG? <div style="margin-left: 40px;"> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No </div> <input type="checkbox"/> No	<p>Guidance on the arm’s length principle in relation to intra-group services is provided in DJV, section <a href="#">C.D.11.8</a> (Armslængdeprincippet i relation til serviceydelser).</p>

		The explanatory memoranda to the Tax Assessment Act, section 2 refers to the arm's length principle as contained and described in the TPG. Guidance provided on pricing of intra-group services in Denmark is fully aligned with the guidance outlined in Chapter VII of the TPG.	
24	<b>Does your domestic transfer pricing framework provide for or allow the application of a simplified approach for low value-adding intra-group services?</b>	<input checked="" type="checkbox"/> Yes. If so, does it follow (largely follow) the low value-adding services approach in Chapter VII? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No	Guidance on the arm's length principle in relation to the simplified approach for low value-adding intra-group services is provided in DJV, section <a href="#">C.D.11.8.4</a> (Særligt om interne serviceydelser med lav værdi).
25	<b>Are there any other rules outside your transfer pricing framework for pricing intragroup services?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Tax deductibility of service payments is determined under the conditions provided in the State Tax Act, section 6. Deductible expenses are defined as expenses used to acquire, secure and maintain taxable income. Costs related to stewardship/shareholder interests would typically not be tax deductible in Denmark.	Tax deductibility of costs is governed by the <a href="#">State Tax Act (Statsskatteloven), section 6</a> .
<b>Financial Transactions</b>			
26	<b>Does your domestic transfer pricing framework provide guidance specific to financial transactions?</b>	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter X of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No	Guidance on the arm's length principle in relation to financial transactions is provided in DJV, section <a href="#">C.D.11.10</a> (Særligt om finansielle transaktioner)
27	<b>Are there any other rules outside your transfer pricing framework that are relevant for the tax treatment of financial transactions?</b> <i>(e.g. whether your jurisdiction has implemented the measures in BEPS Action 4 to limit</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Denmark has: a) anti-avoidance rules limiting interest deductions under certain circumstances,	Anti avoidance rules related to financial transactions can be found in the <a href="#">Corporate Income Tax Act (Selskabsskatteloven)</a> and in the <a href="#">Tax Assessment Act (Ligningsloven)</a> :



	<i>interest deductions and other financial payments or any similar rules)</i>	<p>b) anti-avoidance rules disallowing deductions for inter-company insurance premiums under certain circumstances; and</p> <p>c) GAAR provisions which may disregard artificial arrangements under certain circumstances.</p> <p>Withholding tax rules on intercompany interest payments may also be relevant to the tax treatment of financial transactions.</p>	<p><a href="#">CITA</a>, section 2, paragraph 1, litra d (withholding tax on intercompany interest payment),</p> <p><a href="#">CITA</a>, section 11 (thin cap),</p> <p><a href="#">CITA</a>, section 11 A (intercompany insurance premiums),</p> <p><a href="#">CITA</a>, section 11 B and 11 C (interest deduction limitations),</p> <p><a href="#">TAA</a>, section 3 (GAAR – artificial/abusive arrangements etc.)</p> <p>Guidance on the above rules is described in DJV, section <a href="#">C.D.2.4.4</a> and section <a href="#">C.I.</a></p>
Cost Contribution Arrangements			
28	Does your jurisdiction allow cost contribution arrangements?	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VIII of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>There are no special tax rules for CCAs in Denmark other than the guidance provided in the TPG. The tax consequences of a CCA are therefore considered on a transactional basis.</p>	Guidance on the arm’s length principle in relation to CCAs is provided in DJV, section <a href="#">C.D.11.9</a> (Armslængdeprincippet i relation til CCA’er)
Transfer Pricing Documentation			
29	Does your domestic transfer pricing framework require the taxpayer to prepare transfer pricing documentation?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <p><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</p>	<p><a href="#">The Tax Control Act (Skattekontrolloven)</a>, section 37-52, requires taxpayers to</p> <p>a) disclose certain information about transfer pricing in their tax returns and</p> <p>b) prepare and submit transfer pricing documentation (master and local file) and</p> <p>c) prepare and submit CbC reports.</p> <p>The specific transfer pricing documentation requirements in Denmark are described in <a href="#">administrative ordinance on the documentation</a></p>

		<input type="checkbox"/> Other (specify):	<p><a href="#">of the pricing of controlled transactions (Bekendtgørelse nr 468 af 19/04/2022 om dokumentation af prisfastsættelsen af kontrollerede transaktioner)</a> and <a href="#">administrative ordinance on country by country reporting (Bekendtgørelse nr 1304 af 14/11/2018 om land for land-rapportering)</a>.</p> <p>Further guidance on transfer pricing documentation requirements is provided in DJV, section <a href="#">C.D.11.13</a>.</p> <p>The Danish transfer pricing documentation requirements are fully aligned with OECD standards as described in TPG chapter V and Annex I-IV to chapter V.</p>
30	<b>Please briefly explain the relevant requirements related to each transfer pricing documentation requirement (i.e. timing for preparation or submission, languages, etc.)</b>	<p>Danish documentation requirements are provided in an administrative ordinance on documentation for the pricing of controlled transactions.</p> <p>The Danish documentation requirements are aligned with the OECD three-tier approach and can be submitted in Danish, Norwegian, Swedish or English language.</p> <p>Submission of transfer pricing documentation is mandatory for fiscal years starting on or after 1 January 2021.</p> <p>The master and local file must be submitted within 60 days after the deadline for filing the corporate income tax return.</p> <p>The Country-by-Country report must be submitted no later than 12 months after the last day of the fiscal year reported for.</p> <p>In a sheet annexed to the tax return, companies must provide standardized information on the nature and extent of their commercial or economic transactions with related parties.</p>	<p>Filing of master and local file is governed by the <a href="#">Tax Control Act</a>, section 37-42, and an <a href="#">administrative ordinance on documentation for the pricing of controlled transactions (Bekendtgørelse nr 468 af 19/04/2022 om dokumentation af prisfastsættelsen af kontrollerede transaktioner)</a>.</p> <p>Filing of country by country reports is governed by the <a href="#">Tax Control Act</a> (Skattekontrolløven), section 47-52, and <a href="#">administrative ordinance on country by country reporting (Bekendtgørelse nr 1304 af 14/11/2018 om land for land-rapportering)</a>.</p>
31	<b>Does your domestic transfer pricing framework provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</b>	<div> <input checked="" type="checkbox"/> Yes           <input type="checkbox"/> No         </div> <p>The penalties for failure to comply with the submission deadline and/or transfer pricing documentation requirements can amount to Danish Krone (DKK) 250 000 (~EUR 33 600) per company per year, plus an additional amount equal to 10% of any income adjustments issued related to non-compliance with the arm's length principle for the fiscal year.</p>	<p><a href="#">Tax Control Act (Skattekontrolløven)</a>, section 84.</p> <p>Further guidance on penalties and sanctions is provided in DJV, section <a href="#">C.D.11.13.1.3.3</a>. (Sanktioner ved manglende eller mangelfuld transfer pricing-dokumentation)</p>

		Furthermore, the burden of proof shifts to the taxpayer in transfer pricing cases where the required transfer pricing documentation has not been submitted before the deadline.	
32	Does your domestic transfer pricing framework provide for exemption from transfer pricing documentation obligations?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p><i>Small taxpayers</i>, that measured at a group level employ less than 250 employees and either have revenue below DKK 250 million or a balance sheet amount below DKK 125 million, are subject to more limited documentation requirements.</p> <p>Under the limited documentation requirements, small taxpayers are only required to provide transfer pricing documentation for controlled transactions with related parties in jurisdictions with which Denmark has no double tax treaty and which are not members of the EU or EEA.</p> <p><i>Purely domestic transactions</i>, controlled transactions between related parties both resident in Denmark and both taxed under the same tax regime, are exempt from the transfer pricing documentation requirements.</p> <p><i>One-off transactions of insignificant financial value</i> are partially exempted from the documentation requirement. For such transactions, only the type of transaction needs to be identified in the transfer pricing documentation.</p> <p>However, all controlled transactions - including those that are exempt from the transfer pricing documentation requirements, see above - must still be carried out in accordance with the arm's length principle, and a taxpayer may be asked in connection with a tax audit to provide documentation on the arm's length pricing of all its controlled transactions.</p>	<a href="#">Tax Control Act (Skattekontrolloven)</a> , section 40.  Further guidance on limited documentation requirements for small companies is provided in DJV, section <a href="#">C.D.11.13.1.4</a> . (Begrænset dokumentationspligtig (mindre virksomheder) efter SKL § 40)
Administrative Approaches to Avoiding and Resolving Disputes			
33	Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?	Please check those that apply: <input checked="" type="checkbox"/> Rulings <input checked="" type="checkbox"/> Enhanced engagement or cooperative compliance programmes <input checked="" type="checkbox"/> Advance Pricing Agreements (APA) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Unilateral APAs</li> <li><input checked="" type="checkbox"/> Bilateral APAs</li> <li><input checked="" type="checkbox"/> Multilateral APAs</li> </ul>	<a href="#">Denmark's MAP Profile</a>

		<input checked="" type="checkbox"/> International Compliance Assurance Programme (ICAP) <input checked="" type="checkbox"/> Mutual Agreement Procedures <input type="checkbox"/> Other ( <i>please specify</i> ):	
		<p>Rulings: Taxpayers can apply for binding rulings in Denmark on tax related questions, and in principle also questions on transfer pricing. In practice, however, binding rulings are only rarely provided on issues related to transfer pricing.</p> <p>Enhanced relationship programs: Select taxpayers have access to enhanced relationship programs where the reasonableness or risk of applied transfer prices or TP set-ups could be discussed with the Danish tax authorities. Such informal discussions would not have any binding effect on either party.</p> <p>APA and MAP: Information on access to MAP and APA is provided in the Danish OECD dispute resolution profile.</p>	
<b>Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities</b>			
34	<b>Does your domestic transfer pricing framework allow the application of the simplified and streamlined approach for baseline marketing and distribution activities in the relevant Annex of Chapter IV of the TPG?<sup>4</sup></b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other	As of January 2025, the legislative framework for implementing the political commitment is in the process of being drafted and adopted.
		In line with the Inclusive Framework political commitment, Denmark currently only allows for the application of the simplified and streamlined approach for baseline marketing and distribution activities in respect of transactions with wholesale distributors resident in “covered jurisdictions”, cf. the OECD Statement, provided that Denmark has a double tax treaty with the relevant jurisdiction.	
37	<b>Does your jurisdiction respect the outcome of the application of the simplified and streamlined approach by a covered jurisdiction in line with the Inclusive Framework political commitment?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		See response to question 34 above.	

<sup>4</sup> In the case of jurisdictions that do not apply the simplified and streamlined approach (i.e. they responded “no” to question 34), it is not necessary to respond to questions 35, 36 and 38 and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

## Safe Harbours and Other Simplification Measures

39	<b>Does your jurisdiction provide for any safe harbours or other simplification measures in respect of certain industries, types of taxpayers, or types of transactions (not listed in other sections of this questionnaire)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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## Other Legislative Aspects or Administrative Procedures

40	<b>Does your domestic transfer pricing framework allow downward corresponding adjustments in the absence of a mutual agreement procedure (e.g. unilateral corresponding adjustments)?</b>	<div style="display: flex; flex-direction: column; align-items: flex-start;"> <div style="margin-bottom: 10px;"> <input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No         </div> <div> <p>A downward transfer pricing adjustment in Denmark is premised on a corresponding upward adjustment in another jurisdictions, cf. the Tax Assessment Act (Ligningsloven), section 2, paragraph 6.</p> <p>Downward corresponding adjustments can be allowed without a mutual agreement procedure (e.g. as a unilateral corresponding adjustment) if sufficient documentation for the foreign upward transfer pricing adjustment has been provided and the Danish Tax Agency approves of the foreign tax authority's decision.</p> <p>Taxpayers may apply for an extraordinary reassessment under Section 27(1)(4) of the Tax Administration Act. This provision ensures that a taxpayer can obtain a corresponding adjustment after the normal time limit has expired, if the request for adjustment is a direct result of the foreign tax authority's decision. The conditions for extraordinary reassessment are that the Danish Tax Agency approves the foreign tax authority's decision, that the request is made within six months of the foreign tax authority's decision, and that the derivative claim arising from the corresponding adjustment has not lapsed after the 10-year time limit in Section 34a(4) of the Tax Administration Act.</p> </div> </div>	<p>The <a href="#">Danish Tax Administration Act</a> (Skatteforvaltningsloven), section 27(1)(4).</p> <p>Further guidance on statutes of limitations is provided in DJV, section <a href="#">C.D.11.14</a> (Ansættelsesfrist for transfer pricing-sager)</p>
41	<b>Does your domestic transfer pricing framework allow or require taxpayers to make year-end adjustments?</b>	<input type="checkbox"/> Yes. Year-end adjustments are required. <input checked="" type="checkbox"/> Yes. Year-end adjustments are allowed. <input type="checkbox"/> No	

		Year-end adjustments are allowed in Denmark to the extent that such adjustments are considered in accordance with the guidance provided in Chapter III of the TPG.	
42	<b>Does your domestic transfer pricing framework provide for secondary adjustments?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  Secondary adjustments are made to the extent that such adjustments have tax consequences - withholding tax, taxable dividends, etc.	Guidance on secondary adjustments is provided in DJV, section <a href="#">C.D.11.16</a> (Sekundære justeringer og betalingskorrektion)
<b>Attribution of Profits to Permanent Establishments</b>			
43	<b>Which version of Article 7 of the OECD Model Tax Convention on Income and on Capital do your tax treaties contain?</b>	<input checked="" type="checkbox"/> Article 7 as it read before 2010.  <input checked="" type="checkbox"/> If so, please indicate in how many treaties: Please see the response below <input checked="" type="checkbox"/> Article 7 as it reads after 2010.  <input checked="" type="checkbox"/> If so, please indicate in how many treaties: Please see the response below <input type="checkbox"/> Other (please provide additional details)	
		The wording of article 7 in most of Denmark's actual double tax treaties (about 80) corresponds to the pre-2010 version of Article 7 in the OECD Model Tax Convention. Only two of the double tax treaties are based on the post-2010 version of Article 7.	
44	<b>For tax treaties containing Article 7 as it read before 2010, does your jurisdiction apply the authorized OECD approach (AOA)?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please explain the approach used and which tax treaties are concerned)	
		Where the wording of Article 7 in a tax treaty corresponds to the pre-2010 version of Article 7 in OECD's Model Tax Convention, the AOA from 2008 will be applied, cf. the comments to article 7 of the OECD MTC 2008, and the 2008 Report on the attribution of profits to permanent establishments.	

45	<b>Does your domestic transfer pricing framework contain specific guidance for the attribution of profits to permanent establishments of non-resident entities? If so, please provide a summary of the main features of this guidance.</b>	<input checked="" type="checkbox"/> Yes, they follow the AOA as described in the 2008 Report on the Attribution of Profits to Permanent Establishments <input checked="" type="checkbox"/> Yes, they follow the AOA as described in the 2010 Report on the Attribution of Profits to Permanent Establishments <input type="checkbox"/> Yes, they do not follow the AOA (please provide a summary of the main features of these rules) <input type="checkbox"/> No	Guidance on attribution of profits to permanent establishments is provided in DJV, section <a href="#">C.D.11.11</a> (Armslængdeprincippet i relation til faste driftssteder)
<b>Other Relevant Information</b>			
46	<b>Other legislative aspects or administrative procedures regarding transfer pricing</b>	N/A	
47	<b>Other relevant information</b> (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire</i> )	N/A	

For more information, please visit: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing/transfer-pricing-country-profiles.html>