

In order to start hiring employees or working in Denmark, you might be considering setting up a subsidiary. While Denmark's subsidiary laws may seem easy to navigate, the time and investment commitment of setting up a subsidiary may not be the best option for your growing business. Learn more about how to set up a Denmark subsidiary and alternative options for expanding your business.

## How to Set up a Denmark Subsidiary

You have two main corporation options in Denmark — an Aktieselskab (A/S) or Anpartsselskab (ApS). A/S is similar to a public limited liability company, while ApS is the equivalent of a private limited liability company. Both are relatively quick and informal to set up. However, most companies choose to set up an ApS.

Deciding between the two depends on the size of your company and your expected activity level in Denmark. Large companies often choose A/S because those subsidiaries get listed on the Copenhagen Stock Exchange. Setting up this type of company takes more time and resources.

Small and mid-sized companies usually choose ApS. These are typically subsidiaries for multinational companies.

## Denmark Subsidiary Laws

Denmark subsidiary laws differ based on which type of company you choose.

A/S companies must invest a minimum of DKK 500,000. The investor does not have to pay the full registered share capital, but the paid-up capital must equal at least 25% of the registered share capital. Each investors' liability is restricted to the value of the shares they purchase.

The law requires A/S companies to utilize a two-tier supervisory system made up of a Board

of Directors and an Executive Board. A minimum of three people must be on the Board of Directors, and one person — typically the CEO — must sit on the Executive Board. Directors do not have to live in Denmark.

ApS companies must invest a minimum of DKK 50,000, and they have the same investment rules as an A/S company. If you choose this Denmark subsidiary setup option, you'll only need a single shareholder from any nationality. Plus, ApS companies can utilize a one- or two-tier system depending on their needs.

Both A/S and ApS companies must submit annual financial statements.

### **Benefits of Setting Up a Denmark Subsidiary**

One benefit is that it is easier to open a subsidiary in Denmark than it often is in other countries. Other advantages include:

- Companies can incorporate online and open their doors within a few hours
- Management does not have any residency requirements
- You can hold shareholder's and board meetings electronically
- You won't need any notarial deeds
- Language requirements are flexible
- You can distribute dividends on an interim basis
- Danish company law is the same as current EU legislation
- There are favorable tax climates

While this might make setting up a subsidiary seem appealing, working with a global PEO makes expansion faster, incurs less risk, and will cost you less. Globalization Partners takes the stress out of your expansion. We hire employees to work for you under our already established subsidiary in Denmark. Then you can get started growing your business even faster than setting up your own subsidiary. With our services, you won't need to worry about meeting all subsidiary laws — we hold all the liability as the Employer of Record.

## What Do You Need?

During the Denmark subsidiary setup process, you will need a digital signature called a NemID. This signature allows business employees to register electronically. You'll also need workmen's insurance as well as a bank account where you can deposit your investment capital.

Before registering your company on your own, it's important to realize you will also need a significant amount of time and money to travel back and forth to Denmark during the process. For many businesses, this isn't an option, as you need to be able to monitor your resources in other countries. By working with a global PEO, you can avoid unneeded travel and expenses.

## Work With Globalization Partners

Work with a global PEO so that you can focus on other vital tasks. Globalization Partners is on your side. Contact us today to learn more about our services.