



Have you
considered
your
company's
possibilities in
the Öresund
region?

Differences – Sweden and Denmark

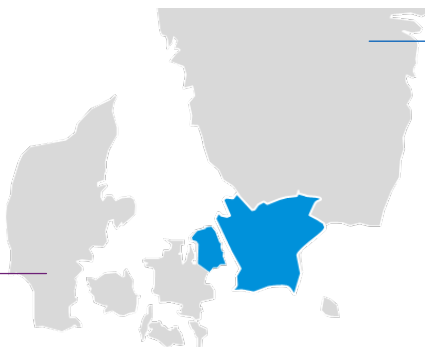
Öresund connects 15 million people from two countries and the Öresund region constitutes 3 million of those people. Many companies consider establishing cross border activities but are concerned about risks of doing so and may miss out on good business opportunities.



A population of
5,7 million

Spans an area of
43 thousand km²

DENMARK - total



SWEDEN, total

Spans an area of
450 thousand km²



A population of
9,8 million

Thus, Denmark has 60% of Sweden's population in less than 10% of the area.

Both Denmark and Sweden have average GDP per capita of approx. EUR 63 thousand, but GDP per capita of the Copenhagen area is EUR 79 thousand, which is approximately 50% higher than the Skåne region with EUR 52 thousand.

The Öresund region has three million inhabitants, including 1,7 million in the Greater Copenhagen area and 1,3 million in the Skåne region. The Danish krone is pegged to the euro as a result of a policy since 1982 when the Danish currency became pegged to the Deutschmark, due to Germany being Denmark's largest trading partner. Therefore, there are no fluctuations to the euro for Danish companies.

The Swedish krona has floated freely since 1992. In the last 20 years, the Swedish krona has fluctuated against the Danish krone in the range of 1,09 -1,56 SEK/DKK. During 2015 to mid 2016, the rate has been average 1,25 SEK/DKK.

Establishment in the Öresund region

When establishing business in Denmark or Sweden, there are important national differences to note as well as questions to consider. Also, there are issues that might not be widely known, but highly important to be aware of. It is KPMG's experience that proper planning and analysis mean a lot to create value. We can advise in areas where we see that common mistakes are made. E.g. our experience tells us that it is important to enter into beneficial rental and employee contracts, such as these types of agreements usually are costly and can be difficult to change after they have been signed.

KPMG's Öresund group

KPMG has established an efficient collaboration between offices in Copenhagen and Skåne region in order to offer the best possible service to companies with activity or ambition on both sides of Öresund.

Our group has more than 15 years of experience in facilitating the establishment of companies on both sides. KPMG offers advisory services across all our competencies, and our staff has good cross border understanding, which eases the step towards an establishment on the other side of Öresund.

Regional differences in the Öresund region:

Despite of many similarities some key factors differ, for instance in Denmark an advantage is the low employer social security contribution and in Sweden an advantage is the low energy taxes.

	Copenhagen (capital region)	Skåne region
Inhabitants (million)	1,7	1,3
GDP per capita* (EUR'000)	79	52
Total GDP of the region (EURmn)	134	68
	Copenhagen (capital region)	Skåne region
Property lease (avg.) (Office)	<i>Copenhagen</i> 100-355 EUR/m2/year (1)	<i>City</i> 90-320 EUR/m2/year (1)
(Warehouse/Industry)	45-110 EUR/m2/year (1)	45-110 EUR/m2/year (1)
Employer social security contribution	Low social costs. Approx. EUR 1.350 pr. employee/year	High social costs. Gross wage + 31,42%.
Cars (Person) (indicative)	Mid size EUR 45 thousand	Mid size EUR 30 thousand
Cars (Van) (indicative)	EUR 23 thousand	EUR 30 thousand
Electricity Tax: (per 100 kWh)	After refund: Prod: 0,05 EUR Room heating/aircon: 5,15 EUR	Prod: 0,05 EUR Other: 3 EUR
VAT	25% on all products subject to VAT	25% or less on all products subject to VAT
Corporate tax 2016	22%	22%

All figures are based on the latest public information, which might not be updated on an annual basis. The Danish krone is fixed to the euro at a rate of 7,45 DKK/EUR. The SEK/EUR exchange rate used is 9,02 SEK/EUR and is the average of the past five years. Figures that are affected by the fluctuation of exchange rates should therefore only be seen as indicative.

Note: (1) Source: Newsec Egeskov & Lindquist A/S

Examples of relevant differences:

- Advantageous tax schemes for employees commuting between Denmark and Sweden. For example, SINK 20 % (2016) concerns individuals who have limited tax liability in Sweden, e.g. who commute on a daily basis from Denmark to Sweden and are covered by Swedish Social Security.
- "Expats" working in Denmark earning more than EUR 8.400 (2016) pr. month can get low personal taxation, an effective tax rate of 32%, for five years.
- For "Expats" working in Sweden with income from SEK 88.600 pr. month or fulfilling certain conditions the income tax will be calculated on only 75 % of the income for three years.
- Swedish employer social security contributions amounts to approx. 31,42% of the employment income and is significantly higher than the Danish employer contribution to social security that amounts to approximately EUR 1.350 pr. employee/year.

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KPMG in Denmark and Sweden has established a customer-focused organisation where innovation and efficiency improvements of customer needs are the aims of our work.

We would like to meet you for a discussion about how your company can receive the counselling it deserves.

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