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Denmark – Inflation Adjustments for Individual Income Tax Brackets, Allowances

by Per Oertoft Jensen, KPMG, Copenhagen (KPMG in Denmark is a KPMG International member firm)

The Danish Ministry of Taxation has published adjustments to certain income tax rates, thresholds, allowances, etc. that are subject to annual inflation adjustments.¹ These include the minimum salary requirement for the flat rate expatriate tax regime (the special researcher/expert tax regime).² In the income year 2013, the amount was gross DKK 69,300 per month after the deduction of employee contributions to the Danish mandatory labor market supplementary pension saving scheme called “ATP,” which was DKK 90 per month.

The 2014 minimum salary requirement will be DKK 70,600 after ATP.

When measuring whether the minimum salary requirement is met, the taxable value of certain benefits-in-kind is also included.

The minimum salary requirement must be met *in average* per month in each calendar year and it must be *guaranteed* according to the employment contract/assignment letter – i.e., a performance bonus that is not guaranteed does not count when measuring whether the minimum salary requirement is met, though such bonus will be taxed at the rates in the special expatriate tax regime, if all conditions for using this tax regime are met, including the minimum salary requirement.

For further details on the conditions for using this tax regime, please [Taxation of International Executives - Denmark](#), a publication of the KPMG International member firm in Denmark.

Personal Income Tax Table for Residents and Nonresidents

Taxable Income Bracket 2014			Taxable Income Bracket 2013		
From DKK	To DKK	Marginal Tax Rate Including Labor Market Tax*	From DKK	To DKK	Marginal Tax Rate Including Labor Market Tax*
0	46,521	8	0	45,652	8
46,521	488,152	approx. 42	45,652	457,608	approx. 42
488,152	and over	55.6	457,608	and over	55.6

* Without voluntary church tax of an average of 0.74 percent and based on an average municipality tax rate. The marginal tax rate may vary approximately + 1-2 percentage point depending on which municipality the taxpayer lives in.

Taxation is based on categories of income. For example, interest is classified as investment income, and employment income is classified as personal income. Different tax rates apply to the different categories.

Footnotes:

1 For the announcement of these and other related changes (in Danish), see:
<http://www.skm.dk/skatteomraadet/talogstatistik/skatteberegning/9757.html> .

2 For related coverage of recent changes to the expatriate tax regime, see [Flash International Executive Alert 2013-113](#) (12 August 2013).

* * * *

DKK 1 = EUR 0.134

DKK1 = USD 0.178

DKK 1 = GBP 0.1125

DKK 1 = SEK 1.17

Save the Date!

KPMG's 2013 Global Mobility Forum will be held in Barcelona, Spain from 8-10 October 2013, at the Hilton Diagonal Mar Hotel.

The 2013 Global Mobility Forum is designed to provide insights, leading practices, and ideas to help turn marketplace challenges into opportunities. We have invited corporate professionals – with experiences ranging from international human resources and tax, to immigration and employment law – to join together and discuss new strategies for integrating global mobility and talent management.

Please 'Save the Date' in your calendar today and join us in Barcelona, Spain, at KPMG's 2013 Global Mobility Forum. We have planned a fantastic line-up and look forward to seeing you there!

For more information, please visit <http://www.kpmg.com/GLOBAL/EN/SERVICES/TAX/GLOBAL-MOBILITY-FORUM/Pages/default.aspx> and/or contact your local KPMG IES/People Services professional.

The information contained in this newsletter was submitted by the KPMG International member firm in Denmark. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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