International hiring-out of Labour is the term used if the employees of a foreign enterprise are made available to a Danish enterprise for less than 180 days, within a 12 months period, and the employees perform work which forms an integral part of the Danish enterprise.

The foreign enterprise could be a one-man ltd, recruitment/temp agency or any other enterprise. (The invoicing party).

A person will be considered taxable in Denmark if:

- The company validates the qualifications of each consultant
- The company has the day-to-day instruction rights
- The company has permanent employees working with similar projects/tasks
- The company can terminate the contract
- The consultant is working at the company’s premises
- The consultant is using company equipment
- The consultant is paid by the hour/day
- The consultant receives salary from a non-Danish company (own ltd, consultancy broker or agency)

A person, limited taxable under the International Hiring-out of Labour tax, must be registered at Register of Foreign Services Providers (RUT) on or before the first day of work in Denmark, to avoid any fines.

Taxes are based on actual salary and calculated on a fixed tax rate of 35.6%.

Tax calculations, reporting and payment must be carried out and finalized no later than the 10th of the following month.

For further information visit: NorthernPartners.eu/tax