GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

DENMARK

2017 (Second Round)

OECD

Global Forum on Transparency and Exchange of Information for Tax Purposes: Denmark 2017 (Second Round)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

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About the Global Forum

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 140 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, please visit www.oecd.org/tax/transparency.

Abbrevations and acronyms

AML	Anti-Money Laundering
BKA	Bookkeeping Act
CCUA	Consolidated Act on Certain Commercial Undertakings
CDD	Customer Due Diligence
CFT	Countering the Financing of Terrorism
CVR	Central Business Register
DBA	Danish Business Authority
DNFBP	Designated Non-Financial Business and Profession
DTC	Double Tax Convention
EEA	European Economic Area
EOI	Exchange of Information
EOIR	Exchange of Information on Request
EU	European Union
FATF	Financial Action Task Force
FSA	Financial Services Act
FSA	Financial Supervisory Authority
KYC	Know Your Customer
MLA	Act on Measures to Prevent Money Laundering
MLS	Money Laundering Section
OECD	Organisation for Economic Co-operation and Development
PPLCA	Consolidated Act on Public and Private Limited Companies

SKAT	Danish Customs and Tax Administration
TCA	Tax Control Act
TIEA	Tax Information Exchange Agreement
TOR	Terms of Reference
VAT	Value Added Tax

Executive summary

1. This report summarises the legal and regulatory framework for transparency and exchange of information in Denmark as well as the practical implementation of that framework against the 2016 Terms of Reference. The assessment of effectiveness in practice is conducted in relation to a three year period (1 July 2013-30 June 2016). This report concludes that Denmark is rated Largely Compliant overall.

2. Denmark has a longstanding commitment to the international standard of transparency and information exchange and has been able to exchange information with other European Union (EU) member states under the EU Council Directive 77/799/EEC since 19 December 1977. It currently has an extensive network of bilateral agreements comprising 46 tax information exchange agreements (TIEAs) and 70 double tax conventions (DTCs). It is also party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and the Multilateral Nordic Mutual Assistance Convention in Tax Matters (together with the Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden).

Comparison of ratings for Phase 2 Review and current EOIR Review

Element		Combined Report (2011)	EOIR Report (2017)
A.1	Availability of ownership and identity information	LC	PC
A.2	Availability of accounting information	C	C
A.3	Availability of banking information	C	PC
B.1	Access to information	C	C
B.2	Rights and Safeguards	C	C
C.1	EOIR Mechanisms	C	C
C.2	Network of EOIR Mechanisms	C	C
C.3	Confidentiality	C	C
C.4	Rights and Safeguards	C	C
C.5	Quality and timeliness of responses	C	C
	OVERALL RATING	**C**	**LC**

C = Compliant; **LC** = Largely Compliant; **PC** = Partially Compliant; **NC** = Non-Compliant

Developments since last review

3. Since the last review, Denmark has enacted legislation abolishing the future issuance of bearer shares and making it mandatory to register existing minor, as well as significant, possessions of bearer shares on the Register on Bearer Shares (RBS) in order to exercise rights related to the shares.

4. Denmark also introduced additional requirements to hold and register legal ownership information. In 2012, amendments to the Tax Control Act required all companies liable to tax in Denmark to keep (if they were not already doing so) a record of legal owners. The same amendments lowered the threshold of ownership information required to be included in an entity's tax return. Further, in December 2014, Denmark launched a new public register of significant shareholdings (above 5%).

5. In order to implement the 4th EU Anti-Money Laundering Directive, Denmark also passed a new law (Act No. 262 of 16 March 2016) on the registration of beneficial owners in a public register. The new Beneficial Ownership Act introduces obligations for legal persons to obtain and hold information on the entity's beneficial owners (by amending the respective Acts governing each entity) and make the information publicly available through the Central Business Register (CVR). Act No. 262 (the Beneficial Ownership Act) entered into force on 23 May 2017 with the issuance of the new Executive Order on Registration and Publication of Information on Owners (EOR), which includes requirements to register beneficial ownership information in addition to the existing requirements to register legal ownership information. The Beneficial Ownership Register is anticipated to be populated by December 2017.

6. Denmark also updated its AML legislation with a new Act on Measures to Prevent Money Laundering and Terrorist Financing (MLA), which came into force on 26 June 2017.

7. Finally, Denmark recently introduced two new types of companies into its legal system: Entrepreneurial Company (IVS) and Employee Investment Company (MS) (although only for a 3 year test period for the latter). Commercial companies with limited liability (SMBAs) can no longer be created under Danish law.

Key recommendations

8. With respect to element A.1, the new Beneficial Ownership Act 2017, which requires entities to identify and register their beneficial owners with the commercial registry, contains some ambiguities. The Act does not clearly define the nature of the documentation that is required to be retained by the

entity. Further, the Act also allows for the situation where an entity cannot identify its beneficial owners, butit is not clear under what circumstances an entity may fail to identify its beneficial owners. Further, the Danish Business Authority has not yet come up with a detailed plan of supervision of the record-keeping requirements of the new Beneficial Ownership Act or verification of information submitted to the registry. Denmark is therefore recommended to ensure that beneficial ownership information in line with the international standard is available. Denmark is also recommended to develop a plan of oversight of the Beneficial Ownership Act to ensure that information registered and held pursuant to its provisions is accurate and current.

9. Additionally, over the review period, no supervision of entities' record keeping obligations took place. In particular, authorities admitted that the record-keeping requirements of partnerships were not subject to oversight by any regulatory authority. Further, failure to enter legal ownership information upon registration was not punishable over the review period. Accordingly, Denmark is recommended to exercise its enforcement powers as necessary.

10. With respect to element A.3, the definition of beneficial owner under AML, as applies to trustsand foundations does not cover all beneficiaries. Moreover, the AML supervision of banks was not sufficient over the review period. Further, the banking supervisor did not refer to the police all cases where deficiencies were identified, and the AML compliance of banks in Denmark appears to be generally low. Consequently, Denmark is recommended to ensure that the definition of beneficial owner under AML is applied in a manner consistent with the standard and to implement a more rigorous system of oversight of its banking sector.

Overall rating

11. Denmark has been assigned a rating for each of the ten essential elements as well as an overall rating. The ratings for the essential elements are based on the analysis in the text of the report, taking into account any recommendations made in respect of Denmark's legal and regulatory framework and the effectiveness of its exchange of information in practice. On this basis, Denmark has been assigned the following ratings: Compliant for elements A.2, B.1, B.2, C.1, C.2, C.3, C.4 and C.5, and Partially Compliant for elements A.1 and A.3.

12. In view of the ratings for each of the essential elements taken in their entirety, the overall rating for Denmark is Largely Compliant.

13. A follow up report on the steps undertaken by Denmark to address the recommendations made in this report should be provided to the PRG no later than 30 June 2018 and thereafter in accordance with the procedure set out under the 2016 Methodology.

Summary of determinations and factors underlying recommendations

Determination	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities *(ToR A.1)*		
Legal and regulatory framework determination: in place, but needs improvement	The Beneficial Ownership Act contains several ambiguities the interpretation for which may not be in line with the international standard. First, the record-keeping requirements of the Act relate to documentation of the attempts by an entity to identify its beneficial owners and not to the documentation of the identity of the beneficial owners. Second, the Act permits an entity to fail to identify its beneficial owners, but does not clearly elaborate on when this is acceptable. Finally, the Act lacks guidance on what constitutes reasonable measures in identifying beneficial owners. Although these concerns are mitigated by AML rules where applicable, the scope of AML coverage in Denmark cannot be quantified as most entities are not required by law to engage an AML-obliged service provider.	Denmark is recommended to ensure that beneficial ownership information in accordance with the international standard is available.

Determination	Factors underlying recommendations	Recommendations
EOIR rating: Partially Compliant	Legal provisions requiring the registration of owners of bearer shares holding less than 5% of the share capital or voting rights were recently enacted and their implementation could not yet be fully assessed.	Denmark is recommended to monitor the implementation of new legal provisions requiring the registration of minor possessions of bearer shares.
	At the time of the review, although new legal provisions requiring the maintenance and submission of beneficial ownership information had entered into force, Denmark had not yet envisioned a plan of oversight. Further, questions remain as to the accuracy of information collected by entities that are not subject to AML regulations and how such information will be updated.	Denmark is recommended to ensure that information collected pursuant to the Beneficial Ownership Act is accurate and current.
	Over the review period, no supervision of entities' record keeping obligations took place. In particular, authorities admitted that the record-keeping requirements of partnerships were not subject to oversight by any regulatory authority. Further, failure to enter legal ownership information upon registration was not punished over the review period.	Denmark is recommended to more rigorously supervise legal requirements pertaining to ownership information and to exercise its enforcement powers where necessary.
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements *(ToR A.2)*		
Legal and regulatory framework determination: in place		
EOIR rating: Compliant		

Determination	Factors underlying recommendations	Recommendations
Banking information and beneficial ownership information should be available for all account-holders *(ToR A.3)*		
Legal and regulatory framework determination: in place, but needs improvement		
	The definition of beneficial ownership as relates to trusts and foundations (under AML) does not cover all beneficiaries, only "particularly favoured beneficiaries".	Denmark is recommended to ensure that banking information, including information regarding the beneficial owners of accounts, is available for all relevant entities and arrangements.
EOIR rating: Partially Compliant	Over the review period, rules allowing banks to rely on the CDD and KYC of third parties were not sufficiently rigorous. Information collected by third parties was not required to be made immediately available to the relying institution. Since June 2017, Denmark has a new AML law that strengthens introduced business requirements, but such provisions are too new for their application to have been assessed.	Denmark is recommended to monitor new legal provisions relating to third party reliance (introduced business).
	Denmark has a fairly large banking sector in terms of assets. During the period under review, the FSA had only four staff in the unit responsible for AML supervision of banks and conducted only ten on-site inspections over a three year period. Further, serious AML violations were identified, but in only two cases (of repeat offences) were disciplinary actions taken. Among the AML violations identified were those relating to customer identification, record-keeping and correspondent banking.	Denmark is recommended to implement a more rigorous system of oversight of its banking sector.

Determination	Factors underlying recommendations	Recommendations
Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) *(ToR B.1)*		
Legal and regulatory framework determination: in place		
EOIR rating: Compliant		
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information *(ToR B.2)*		
Legal and regulatory framework determination: in place		
EOIR rating: Compliant		
Exchange of information mechanisms should provide for effective exchange of information *(ToR C.1)*		
Legal and regulatory framework determination: in place		
EOIR rating: Compliant		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners *(ToR C.2)*		
Legal and regulatory framework determination: in place		
EOIR rating: Compliant		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received *(ToR C.3)*		
Legal and regulatory framework determination: in place		
EOIR rating: Compliant		

Determination	Factors underlying recommendations	Recommendations
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties *(ToR C.4)*		
Legal and regulatory framework determination: in place		
EOIR rating: Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner *(ToR C.5)*		
Legal and regulatory framework determination:	The assessment team is not in a position to evaluate whether this element is in place, as it involves issues of practice that are dealt with in the implementation of EOIR in practice.	

Preface

14. This report is the second peer review of Denmark conducted by the Global Forum. Denmark underwent a combined Phase 1/Phase 2 review in 2010 (Phase 1 on the legal and regulatory framework and Phase 2 on the implementation of EOIR in practice). This combined report was adopted by the Global Forum in January 2011 (referred to hereinafter as the January 2011 report). The combined review was conducted according to the terms of reference approved by the Global Forum in February 2010 (2010 ToR) and the Methodology used in the first round of reviews (2010 Methodology). The January 2011 report was initially published without ratings of the individual essential elements or any overall rating, as the Global Forum waited until a representative subset of reviews from across a range of Global Forum members had been completed in 2013 to assign and publish ratings for each of those reviews. Denmark's January 2011 Report was part of this group of reports. Accordingly, in 2013, the January 2011 report was re-published to reflect the ratings for each element and the overall rating. Information on the reviews of Denmark are listed in the table below.

Summary of Reviews

Review	Assessment Team	Period under review	Legal framework as of	Date of adoption by Global Forum
January 2011 report	Ms. Aiko Kimura, National Tax Agency (Japan); Mr. Aldo Farrugia, Inland Revenue Department (Malta); and Ms. Rachelle Boyle (Global Forum Secretariat)	1 july 2006-30 June 2009	September 2010	January 2011
EOIR report	Ms. Lela Mikiashvili, Ministry of Finance (Georgia); Mr. Tony Chanter, HM Revenue and Customs (United Kingdom) and Ms. Kathleen Kao (Global Forum Secretariat)	1 July 2013 to 30 June 2016	14 August 2017	3 November 2017

15. The EOIR evaluation is based on the new terms of reference and methodology adopted by the Global Forum in 2015 (the 2016 ToR and 2016 Methodology). The assessment of Denmark's legal and regulatory framework for transparency and exchange of information as well as the

practical implementation of that framework under the 2016 ToR was based on Denmark's EOI mechanisms in force at the time of the review, the laws and regulations in force or effective as of 14 August 2017, Denmark's EOIR practice in respect of requests made and received during the three year period from 1 July 2013-30 June 2016, Denmark's responses to the EOIR questionnaire, information supplied by partner jurisdictions, independent research and information provided to the assessment team prior, during and after the on-site visit.

16. The evaluation was conducted by an assessment team consisting of two expert assessors and a representative of the Global Forum Secretariat: Ms. Lela Mikiashvili, Ministry of Finance (Georgia); Mr. Tony Chanter, Competent Authority (United Kingdom) and Ms. Kathleen Kao (Global Forum Secretariat). The EOIR review included an on-site visit, which took place from 6-9 February 2017 in Copenhagen, Denmark. The assessment team discussed a variety of aspects of Denmark's exchange of information system following a review and analysis of Denmark's Phase 1 and Phase 2 questionnaires, as well as peer inputs submitted by Denmark's primary exchange-of-information partners.

17. This report was tabled for approval at the PRG meeting on 3 October 2017 and was adopted by the Global Forum on 3 November 2017.

18. For the sake of brevity, on topics where there has not been any material change in the situation in Denmark or in the requirements of the Global Forum ToR, the report will not repeat the analysis conducted in the previous evaluations, but will summarise the conclusions of earlier reports and include a cross-reference to the relevant paragraphs.

Brief on 2016 ToR and methodology

19. The 2016 ToR were adopted by the Global Forum in October 2015. The 2016 ToR break down the standard of transparency and exchange of information into 10 essential elements and 31 enumerated aspects under three broad categories: (A) availability of information; (B) access to information; and (C) exchanging information. This review assesses Denmark's legal and regulatory framework and the implementation and effectiveness of this framework against these elements and each of the enumerated aspects.

20. In respect of each essential element (except element C.5 *Exchanging Information*, which uniquely involves only aspects of practice) a determination is made regarding Denmark's legal and regulatory framework that either: (i) the element is in place, (ii) the element is in place, but certain aspects of the legal implementation of the element need improvement, or (iii) the element is not in place. In addition, to assess Denmark's EOIR effectiveness in practice a rating is assigned to each element of either: (i) compliant,

(ii) largely compliant, (iii) partially compliant, or (iv) non-compliant. These determinations and ratings are accompanied by recommendations for improvement where appropriate. An overall rating is also assigned to reflect Denmark's overall level of compliance with the EOIR standard.

21. In comparison with the 2010 ToR, the 2016 ToR includes new aspects or clarification of existing principles with respect to:

- The availability of and access to beneficial ownership information;
- Explicit reference to the existence of enforcement measures and record retention periods for ownership, accounting and banking information;
- Clarifying the standard for the availability of ownership and accounting information for foreign companies;
- Rights and safeguards;
- Incorporating the 2012 update to Article 26 of the OECD Model Tax Convention and its Commentary (particularly with reference to the standard on group requests); and,
- Completeness and quality of EOI requests and responses.

22. Each of these new requirements are analysed in detail in this report.

Brief on consideration of FATF evaluations and ratings

23. The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating the financing of terrorism (AML/CFT) standards. Its reviews are based on a country's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

24. The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as that definition applies to the standard set out in the 2016 ToR (see 2016 ToR, annex 1, part I.D). It is also noted in this paragraph that the purpose for which the FATF materials have been produced (combatting money-laundering and terrorist financing) are different from the purpose of the standard on EOIR (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the terms of reference do not evaluate issues that are outside the scope of the Global Forum's mandate.

25. While on a case-by-case basis, an EOIR assessment may refer to some of the findings made by the FATF, the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership for tax purposes; for example, because mechanisms other than based on AML/CTF exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

26. These differences in the scope of reviews and in the approach used may result in differing outcomes.

Overview of Denmark

27. The Kingdom of Denmark is a Scandinavian nation in Northern Europe home to 5.68 million inhabitants.[1] According to its 1953 Constitution, the Realm of the Kingdom of Denmark consists of Denmark and two self-governing overseas administrative divisions: the Faroe Islands and Greenland. Both the Faroe Islands and Greenland have full autonomy in respect of taxation; consequently, this review focuses solely on Denmark. Danish is the country's official language, but both English and German are widely spoken. The Danish Kronor (DKK) is the official currency.

28. Denmark is separated from Norway and Sweden to the north by the North Sea and the Baltic Sea and bordered to the south by Germany. Denmark is divided into five regions and 98 municipalities. The regions were established in 2007, replacing the former county system (comprised of 13 counties), as part of a programme of Danish municipal reform. Also as part of this reform, 207 municipalities were combined into the 98 that exist today. The regions are not allowed to levy taxes.

Economic background

29. Denmark has a diverse, mixed economy. Denmark has an above-average level of wealth in terms of per capita GDP at purchasing power parity. Danish Gross Domestic Product (GDP) was approximately USD 295 billion in 2015.[2] GDP per capita was USD 52 835 in 2015 (www.focus-economics.com/countries/denmark). Growth rate was 1% of GDP in 2015, 1.3% in 2014 and -0.2% in 2013. Denmark is the 37th largest export economy in the world; it is a net exporter of food and energy, and its principal exports are complex products, including machinery, instruments, and food products. Harvard's Atlas of Economic Complexity ranked Denmark the 20th most complex

1. World Bank country data – Denmark (2015) (http://data.worldbank.org/country/denmark).
2. World Bank country data – Denmark (2015) (http://data.worldbank.org/country/denmark).

economy in the world in 2014. Denmark's main trading partners are Germany and Sweden, followed by Norway, the United Kingdom and the United States.

Legal system

30. The Kingdom of Denmark has been a constitutional monarchy since 1849. The Monarch is sacrosanct (also tax exempt), and appoints and dismisses the Prime Minister and other Ministers. In principle, the monarch holds executive power, as his/her role is strictly ceremonial in practice. The Constitution is part of the supreme law of Kingdom of Denmark, applying equally in Denmark, Greenland and the Faroe Islands. It lays down the framework defining fundamental political principles of governance and establishes the structure, procedures, powers and duties of government institutions. The Constitution divides power into three independent branches: the legislative, the executive and the judiciary.

31. The Head of Government is the Prime Minister who appoints a cabinet, traditionally (since 1974) including both a Minister for Finance and a separate Minister for Taxation. The legislative branch in Denmark consists of a 179 seat Parliament called the *Folketinget* (or the *Folketing*). All members of Parliament are directly elected by popular vote to serve four year terms. Of the 179 members, 175 are elected in Denmark and 2 each in the Faroe Islands and Greenland. Parliament has exclusive jurisdiction to enact tax laws. The Government presents bills to Parliament including "explanatory notes". Such explanatory notes are recognised as a source of proper interpretation of the law and are widely used by Danish courts when interpreting the law.

32. Denmark has an independent judiciary. The Constitution guarantees judges' independence from the Government and Parliament. A judge may be removed from office only by order of the Special Court of Indictment and Revision. The Danish judicial system consists, essentially, of 24 district courts, one maritime and commercial court (with right to appeal to the Supreme Court or to the High Court of Eastern Denmark depending on the case), two high courts (the High Court of Eastern and the High Court of Western Denmark) and one Supreme Court. Denmark has no constitutional court, but issues of constitutional law may be heard by the courts mentioned.

33. The legal system of Denmark relies on a single national law based on civil law. It is commonly characterised as a combined Scandinavian-Germanic civil law system. Generally there is codification of the law, but customary law is also recognised. Major sources of law in Denmark include the 1953 Constitution, acts, executive orders, regulations, precedent, and customary law. Since 1973, Denmark has been a member of the European Union (EU) and a growing proportion of legislation operative in Denmark is now enacted by the EU, although legislation concerning direct taxation is still

enacted at national level. Some EU legislation applies directly without prior sanction by Parliament, while other EU legislation requires implementation into Danish law before taking effect. The European Court of Justice (ECJ) may determine whether Danish statute is in accordance with the EU Treaty and other EU legislation to which Danish statutes are subordinate (primacy of European Union law over national law).

34. Regarding the hierarchy of laws in Denmark, the 1953 Constitution takes precedence over all other statutes and administrative regulations. Administrative regulations must be in accordance with and must have a legal basis in a statute. In accordance with the 1953 Constitution, the domestic hierarchy of laws proceeds in the following order:

i. The Constitution of the Realm of the Kingdom;

ii. Statutes (or laws, or acts – Danish terminology makes no distinction) enacted by Parliament;

iii. Ministerial orders (administrative regulations); and,

iv. Administrative guidances (not necessarily binding).

35. The Constitution permits the Government to enter into international legal obligations, in some instances requiring prior sanctioning by Parliament or by the public through referendum; the latter however is not relevant in relation to taxation matters. There is no provision in the 1953 Constitution about the hierarchy of laws in respect of international obligations.

36. International legal obligations, such as treaties, do not have direct effect in Danish law, and three generally recognised principles apply in order to avoid a discrepancy between Danish law and international law. According to the interpretation rule, if a Danish act can be interpreted in more than one way, an interpretation should be chosen which is in line with Denmark's international legal obligations. According to the presumption rule, there is a presumption that the Danish Government and Parliament did not intend any Danish act to be used in a way that would violate Denmark's international obligations (meaning even if a normal interpretation of an act does not lead to a result that is in line with Denmark's international obligations, the rule should nevertheless apply in such a way that Denmark's international legal obligations are observed). The only recognised exception to the presumption rule is a situation where the Government and Parliament, when adopting a Danish rule, have expressly specified their intention to apply the rule in a manner contrary to an international legal obligation. No such expressions are found in the context of any of the acts relevant to the exchange of information for tax purposes. According to the third principle, the discretionary rule, Denmark's international obligations should be taken into account when relying on discretionary rules so that decisions made are in accordance with these obligations.

Tax system

37. For tax purposes, Greenland and the Faroe Islands are regarded as separate jurisdictions. This means that Danish tax legislation does not apply in these autonomous areas. Tax treaties and the Nordic Mutual Assistance Treaty Convention are in force between Denmark and these two jurisdictions.

38. Denmark's tax revenue consists of several types of taxes: income tax, capital tax on immoveable property, value added tax (VAT) on most goods, tax on labour cost for companies involved in non-VAT activities (e.g. financial companies), excise duties, and customs and import duties collected on behalf of the EU.

39. The Danish income tax system is based on the principles from the first income tax law of 1903. Income taxes are imposed on a worldwide basis. Danish resident individuals are taxed on all income. Income and capital gains of an individual taxpayer are split into three main categories: (1) personal income, (2) capital income and (3) income from shares. Income is taxed on a progressive scale the highest marginal tax rate for personal income being 51.95% (2015-17). In addition to income tax, all wage and self-employed persons must pay labour market contributions. Labour market contributions levied on received income are collected by the employer on an ongoing basis (at 8%).

40. Companies and foundations resident in Denmark for tax purposes are taxed on worldwide income, including income from permanent establishments abroad. The corporate tax rate is 22% (2016). Non-resident individuals and entities are taxed on income from Danish sources (e.g. dividends or royalties and income from employment immoveable property, or a permanent establishment in Denmark). Withholding taxes are imposed at source of income and are often applied to dividends, interest, royalties, rent and similar payments. The rates of withholding tax are often reduced by double taxation agreements.

41. Tax residency for legal entities is based on registration or place of effective management. Pursuant to the Corporate Tax Act, a legal entity will be tax resident in Denmark if it is registered in Denmark or if its place of management is in Denmark. Whether an entity's effective management takes place in Denmark will be determined on an individual basis with a focus on the day-to-day management of the entity.

42. Denmark has adopted the EU Parent-Subsidiary Directive providing for withholding tax exemption of dividends remitted by an EU subsidiary to a Danish holding company. To qualify for holding company status pursuant to this directive, the Danish company must control at least 25% of shares in a EU subsidiary within a minimum 12 month period.

43. Dividends received by a Danish company on subsidiary shares and group shares are generally tax exempt. Dividends paid to a non-resident company are also exempt from withholding tax if they are group or subsidiary shares. Capital gains are included in taxable income and subject to the corporate tax rate of 22%. However, gains derived from subsidiary shares, group shares or unlisted portfolio shares are exempt.

Financial services sector

44. Denmark has a large and sophisticated financial services sector, with assets constituting approximately 600 percent of GDP in 2015. The financial services sector comprises commercial and savings banks, mortgage credit institutions, investment companies, investment management companies, insurance companies, and pension funds. As for the non-banking financial sector, in 2015, Denmark had 90 investment and similar companies (such as hedge funds and special purpose companies), 15 investment management companies, 89 insurance companies (life and non-life), 33 pension funds, and 17 authorised Alternative Investment Fund managers. The insurance sector in Denmark is fairly large, with assets in 2015 of just over 100% percent of GDP.

45. Denmark's banking sector is considered quite large in terms of total assets and is among the largest and most concentrated in Europe, in terms of its proportion to GDP. Consisting of 98 banks and 7 mortgage credit institutions (MCIs), the banking sector collectively accounted for 60% of financial sector assets in 2015 and banks and MCIs respectively held assets of 182% and 184% of Denmark's GDP. Denmark's banking sector is characterised by a few large international groups and a number of small institutions. The large groups account for the majority of total lending. Banks and MCIs are grouped into systemically important financial institutions and non-systemically important financial institutions. Systemically important financial institutions are characterised by undertaking activities that are of significance to the overall economy. The six largest domestic banks (all deemed by Denmark to be systemically important financial institutions) collectively hold assets of about 6 274 billion DKK (EUR 843 billion). The largest of Denmark's banks is Danske Bank Group, representing approximately 45% of the banking sector. Further, the Danish banking sector is dominated by domestic banks: the total assets of the domestic banks makes up 95% of consolidated total assets of all banks operating in Denmark. Out of 98 banks in Denmark, 76 hold only domestic capital and 2 are foreign-controlled banks.

46. The regulator of the financial services sector in Denmark is the Financial Supervisory Authority (*Finanstilsynet*) (FSA), which is responsible for the supervision of banks and other financial institutions. The FSA comes under the responsibility of the Ministry of Industry, Business and

Financial Affairs (*Erhvervsministeriet*). Its supervision can be divided into supervising financial undertakings and the securities markets. The supervision of financial undertakings comprises banks, mortgage credit institutions, insurance companies, pension funds, insurance brokers, investment companies, and investment associations and investment management companies, financial holdings companies as well as the securities areas. Market supervision includes undertakings permitted to operate stock exchanges (securities exchanges), authorised markets, securities brokers, money market brokers, and clearing houses. With respect to banking supervision, FSA carries out both prudential and AML oversight.

Anti-money laundering regime

47. The primary piece of legislation in Denmark's AML/CFT regulatory framework is the Act on Measures to Prevent Money Laundering and Terrorist Financing (MLA) (Act No. 651 of 08/06/2017) (which sets out the basic AML/CFT obligations on financial institutions, DNFBPs, and gambling operators).

48. The primary regulatory bodies involved in AML supervision in Denmark are: the Financial Supervisory Authority (*Finanstilsynet*) (FSA) (responsible for the AML supervision of banks and other financial institutions), the Danish Business Authority (*Erhvervsstyrelsen*) (DBA) (responsible for the supervision of certain designated non-financial businesses and professionals, such as accountants, real estate agents and tax advisors), and Danish Bar and Law Society (responsible for the supervision of lawyers).

49. Denmark's compliance with international AML/CFT standards has been assessed by the Financial Action Task Force (FATF). Denmark has been a member of the FATF since 1991. Denmark underwent its fourth round of mutual evaluations in October 2016, the report for which was published on 7 August 2017. With respect to aspects of the FATF's review that may bear relevance to this report, Denmark received a rating of Low for Immediate Outcomes 3 (supervision) and 4 (preventative measures) and Moderate for Immediate Outcome 5 (legal persons and arrangements). Denmark was rated Partially Compliant for Recommendations 17 (third party reliance), 22 (CDD of DNFBPs), and 24 and 25 (transparency and beneficial ownership of legal persons and arrangements, respectively).

Recent developments

50. Following the review period, Denmark has begun channelling more resources to AML efforts, including by dedicating more staff to supervisory activities. In August 2017, the FSA increased the number of staff in its AML

supervision unit from four to seven and advises that it intends to recruit four additional staff in the near future. However, these additional staff were hired only after the period under review and therefore were not a part of the supervisory scheme described in the report.

51. Denmark also advised that towards the end of 2017, the Danish Business Authority would issue new Guidelines on beneficial ownership, taking into account potential ambiguities and input from industry on where further clarifications were needed.

Part A: Availability of information

52. Effective exchange of information requires the availability of reliable information on the identity of owners and other stakeholders, as well as information on the transactions carried out by entities and other organisational structures. Part A evaluates the availability of ownership and identity information for relevant entities and arrangements (A.1), the availability of accounting information (A.2) and the availability of bank information (A.3).

53. Legal ownership information is available in Denmark with respect to most relevant entities. Requirements to identify beneficial owners exist under company law and AML. Such information is required to be recorded in the public Beneficial Ownership Register and held by entities themselves. Although, in total, these legal provisions create a comprehensive network relating to ownership information, the new Beneficial Ownership Act contains a number of ambiguities that may undermine its effective implementation in line with the standard. Further, vulnerabilities existed in the supervision of legal ownership requirements over the review period and similar concerns exist with respect to the oversight of compliance with the provisions of the Beneficial Ownership Act.

54. Obligations to maintain accounting records, including underlying documentation, in accordance with the international standard are in place in Denmark for all relevant entities and arrangements.

55. Legal obligations for banks to know and identify their customers are largely in place, but supervision of such obligations is weak. Although bank information has been provided in all cases where requested over the review period, the level of oversight of the banking sector in Denmark is not sufficient to ensure that such information will always be available.

A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

56. Denmark's legal framework and the practical implementation of such framework have been assessed for the availability of legal and beneficial ownership information for all relevant entities and arrangements. Recent legislative changes (including the enactment of the Beneficial Ownership Act) have strengthened Denmark's legal framework for the availability of ownership information, but deficiencies with respect to supervision and enforcement could potentially undermine the application of relevant legal provisions.

57. The availability of legal ownership information in Denmark was assessed in earlier reviews under the 2010 Terms of Reference. The January 2011 report concluded that Denmark's regulatory framework for the maintenance of ownership and identity information was largely in place, but deficiencies existed with respect to limited liability companies, associations and partnerships formed under the Commercial Undertakings Act. Additionally, at the time of the 2010 review, public limited companies were still allowed to issue bearer shares and insufficient mechanisms were in place to identify the owners of all bearer shares (namely those below a threshold of 5%). As a result, element A.1 was determined to be "in place, but needing improvement" and rated Largely Compliant.

58. In terms of the availability of legal ownership information, in 2012, Denmark amended the Tax Control Act (TCA) to require all companies liable to tax to register significant shareholders (above 5% of shareholdings) and to keep a list of all owners and members. As part of the same amendment, limited partnerships are now also required to keep a list of all partners.

59. In July 2015, Denmark also amended its legal framework to prohibit the issuance of future bearer shares and to require the registration of existing shares, both minor and substantial. As a result, the Phase 1 recommendation for Denmark to put in place mechanisms to identify minor possessions of bearer shares may be considered fully addressed, although new provisions on the registration of minor shares should be monitored.

60. Denmark's legal and regulatory framework and practices also have been evaluated for the availability of beneficial ownership, a new aspect introduced in the 2016 Terms of Reference. Under the 2016 ToR, accurate and up-to-date beneficial ownership information on relevant entities and arrangements should be available. The 2016 ToR follows the FATF definition of "beneficial ownership", which is the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. The FATF definition also includes those persons who exercise ultimate effective control over a legal person or arrangement.

61. To transpose the EU 4th AML Directive (adopted in May 2015) into Danish law, Denmark passed the Beneficial Ownership Act (Act No. 262) on 16 March 2016 requiring most relevant entities to record and hold information on their beneficial owners. On 18 May 2017, Denmark issued an amended Executive Order on Registration and Publication of Information on Owners (EOR) pursuant to which the Beneficial Ownership Act entered into force. The Act and Executive Order taken together provide for the creation of a Beneficial Ownership Register, which went live on 23 May 2017. However, the business authority has not yet developed a plan for the oversight of the provisions in the Beneficial Ownership Act, particularly as relates to ensuring the thoroughness and accuracy of the information. Denmark is recommended to monitor the implementation and enforcement of new legal provisions relating to beneficial ownership

62. Element A.1 is determined to be "in place, but needing improvement" and rated Partially Compliant. The updated table of determinations and ratings is as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework	The Beneficial Ownership Act contains several ambiguities the interpretation for which may not be in line with the international standard. First, the record-keeping requirements of the Act expressly relate to documentation of the attempts by an entity to identify its beneficial owners and not to the documentation of the identity of the beneficial owners. Second, the Act permits an entity to fail to identify its beneficial owners, but does not clearly elaborate on when this is acceptable. Finally, the Act lacks guidance on what constitutes reasonable measures in identifying beneficial owners. Although these concerns are mitigated by AML rules where applicable, the scope of AML coverage in Denmark cannot be quantified as most entities are not required by law to engage an AML-obliged service provider.	Denmark is recommended to ensure that beneficial ownership information in accordance with the international standard is available.

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Determination: In place, but needs improvement		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice	Legal provisions requiring the registration of owners of bearer shares holding less than 5% of the share capital or voting rights were recently enacted and their implementation could not yet be fully assessed.	Denmark is recommended to monitor the implementation of new legal provisions requiring the registration of minor possessions of bearer shares.
	At the time of the review, although new legal provisions requiring the maintenance and submission of beneficial ownership information had entered into force, Denmark had not yet envisioned a plan of oversight. Further, questions remain as to the accuracy of information collected by entities that are not subject to AML regulations and how such information will be updated.	Denmark is recommended to ensure that information collected pursuant to the Beneficial Ownership Act is accurate and current.
	Over the review period, no supervision of entities' record keeping obligations took place. In particular, authorities admitted that the record-keeping requirements of partnerships were not subject to oversight by any regulatory authority. Further, failure to enter legal ownership information upon registration was not punished over the review period.	Denmark is recommended to more rigorously supervise legal requirements pertaining to ownership information and to exercise its enforcement powers where necessary.
Rating: Partially Compliant		

A.1.1. Availability of legal and beneficial ownership information for companies

63. Jurisdictions should ensure that information is available identifying the owners, both legal and beneficial, of companies. Ownership information should include information on nominees and other arrangements where a legal owner acts on behalf of any other person, as well as persons in an ownership chain.

64. The main pieces of legislation governing the establishment of companies in Denmark are the Act on Limited Companies and Private Limited Companies (PPLCA), or the Companies Act, and the Consolidated Act on Certain Commercial Undertakings (CCUA), or the Commercial Undertakings Act. The Companies Act (PPLCA) governs the creation of public and private limited companies (A/S and ApS), as well as entrepreneurial companies (IVS). The Commercial Undertakings Act (CCUA) governs the creation of certain types of commercial companies, co-operations, and associations (SMBA, FMBA, and AMBA). The various types of companies that may be established in Denmark are described below.

65. Danish law provides for the formation of the following types of companies:

- *Public limited companies (Aktieselskaber, A/S)* – a limited liability company in which the capital is paid by the shareholders and is divided into shares. The shares may be offered to the public. Shareholders are liable only to the extent of their paid share to the company. The minimum share capital of a public limited company is DKK 500 000 (EUR 67 258). As of 16 November 2016, there were 35 671 public limited companies in Denmark.
- *Private limited companies (Anpartsselskaber, ApS)* – private limited companies cannot offer their shares to the public. The minimal share capital is DKK 50 000 (EUR 6 726). As of 16 November 2016, there were 213 234 private limited companies in Denmark.
- *Entrepreneurial Company (IVS)* – a new type of private limited company that has a minimum capital of only DKK 1 (EUR 0.13). An IVS must pay at least 25% of its profits to a bound reserve and cannot pay dividends until the reserve and capital reaches at least DKK 50 000 (EUR 6 726), at which point the IVS can re-register as an ApS. As of 16 November 2016, there were 22 312 entrepreneurial companies in Denmark.
- *Commercial companies, co-operatives, and associations with limited liability (SMBA, FMBA and AMBA*) – formed under the Commercial Undertakings Act, participants are not regulated in how they decide

to organise the association. SMBAs are limited liability companies. FMBAs are commercial associations with limited liability. AMBAs are commercial co-operatives with limited liability. The main distinction between SMBAs and FMBA/AMBAs is that FMBA/AMBAs cannot issue dividend payments. As of 2013, SMBAs are no longer allowed to be established. As of 16 November 2016, there were 351 FMBAs and 565 AMBAs in Denmark. Approximately 800 SMBAs are still in existence.

66. Danish authorities explained during the on-site visit that in 2013, the Danish Business Authority (DBA), the body responsible for overseeing the registration and formation of businesses in Denmark, conducted an evaluation of the various types of entities that may be created under Danish law and concluded that SMBAs were susceptible to fraud due to the opacity of their ownership and control structure and the lack of transparency (e.g. no requirement to register legal ownership information or to file annual reports below a certain annual turnover). As a result, SMBAs are no longer allowed to be formed, although the existing 800 SMBAs are not required to be abolished or converted to another type of company. Of the SMBAs still in existence, 648 are exempted from filing annual reports. FMBAs are still permitted to be formed. To replace the SMBA, Denmark provided for the creation of a new type of company – the IVS – which Denmark regards as more transparent and better regulated as it comes under the requirements of the Companies Act. Over the review period, Denmark received one request pertaining to an SMBA and one pertaining to an FMBA. Denmark was able to respond to the concerning the FMBA, but information on the SMBA was not available as the entity had been compulsorily dissolved due to registration and filing violations.

67. Three types of European companies may operate in Denmark by registering with the Danish Business Authority.

- *European public limited liability company (SE)* – may be formed by at least two existing companies originating in different EU countries. SEs are regulated by the Consolidating Act on the European Company (SE Act). As of May 2016 there were two SEs registered in Denmark.
- *European co-operative society (SCE)* – may be formed by five or more individuals or companies. An SCE must be (i) based in at least two countries within the European Economic Area (EEA) (i.e. the EU, Iceland, Liechtenstein and Norway), (ii) formed under the law of an EU country, and (iii) and governed by the law of at least two different EU countries. SCEs are regulated by the Danish Act on the European Co-operative Society (SCE Act). As of May 2016 there were no SCEs registered in Denmark.

- *European Economic Interest Grouping (EEIG)* – can be formed by companies or individuals in accordance with the laws of an EU country and having its registered office in EU. An EEIG must have at least two members from different EU member states. EEIGs are regulated by the Act on Administration on the European Union's Order on Introduction of European Economic Interest Groupings (EEIG Act). As of May 2016 there were ten EEIGs registered in Denmark.

68. The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies:

Sources of legal ownership information of companies

Type of company	Company law	Tax law	AML law
public limited companies (A/S)	All	All	Some
Private limited companies (ApS)	All	All	Some
Entrepreneurial Company (IVS)	All	All	Some
SMBAs/FMBAs/AMBAs	None	All	Some
European public limited liability company (SE)	All	All	None
European co-operative society (SCE)	None	All	None
European Economic Interest Grouping (EEIG)	All	All	None
Foreign companies	None	All	None

Note: The table shows each type of entity and whether the various rules applicable require availability of information for "all" such entities, "some" or "none". "All" in this context means that every entity of this type created is required to maintain ownership information for all its owners (including where bearer shares are issued) and that there are sanctions and appropriate retention periods. "Some" in this context means that an entity will be required to maintain information if certain conditions are met. "None" indicates that there are no legal requirements under a certain set of regulations (and does not mean that no information is available in fact).

69. Additionally, due to favourable tax rules and Denmark's wide network of DTCs, a large number of holding companies have been established in Denmark. Holding companies are not defined in Danish legislation as a separate type of entity, but can take the form of any of the types of companies permitted under Danish law. A holding company would thus be subject to the applicable rules and obligations for each type of company. In 2015, there were 43 739 holding companies in Denmark.

70. In practice, Denmark has exchanged information on both legal and beneficial ownership, although Denmark's experience exchanging beneficial ownership information is limited. Over the review period, in total, Denmark received 17 requests for ownership information (14 of which related to legal persons, 2 of which related to partnerships (K/S), and 1 of which related to a

foundation). Seven of the 17 requests related to beneficial ownership (including on the ownership structure of entities that were the subject of the request and that of any corporate owners). Denmark was able to provide the requested ownership information in all cases. Over the review period, Denmark also received approximately 12 requests relating to companies that had been dissolved (either voluntarily or involuntarily). Denmark was able to provide the requested information in most cases. In one case, Denmark could not respond as the company in question had been dissolved for non-compliance with filing obligations and such information was not provided to the liquidator. Peers were satisfied with the responses received in all cases.

(a) Legal ownership information for companies

71. Legal ownership information is available in Denmark to a large extent for all relevant entities. Information on the significant shareholders (those with an ownership interest greater than 5%) of most public and private limited liability companies will be publicly available in the company register. Companies required to register this information are also obliged to hold information on all shareholders (both above and below the 5% threshold). Companies liable to tax will also be required to register with the tax authority and provide a degree of legal ownership information in their tax returns; notably, amendments to Denmark's tax legislation cover companies and associations (SMBAs, FMBAs, and AMBAs). Finally, many companies are required to file audited financial statements, which require the services of an AML-obliged service provider (i.e. a chartered accountant).

72. The first round of reviews found that Denmark's legal framework for the availability of legal ownership information was in place for most entities, but lacking with respect to certain limited liability companies and associations, as well as foreign companies. Notably, limited liability companies and associations (SMBAs, FMBAs, and AMBAs) formed under the Commercial Undertakings Act were not required to register ownership information with the DBA or hold such information themselves. Pursuant to the old section 3A of the Tax Control Act, identity information on legal owners who during the year owned 25% or more of the share capital or held 50% or more of the voting rights were required to be included in the tax returns of some SMBAs, but not FMBAs.

73. Since its last review, Denmark has introduced requirements to record significant shareholdings and beneficial ownership information in the public register as well as additional requirements for entities to hold such information. The threshold of ownership information required to be included in the tax return where a company was obliged to report such information was also lowered. As a result, the recommendation relating to legal ownership information gaps for certain associations and undertakings is considered fully

addressed and has been removed. For a more detailed analysis of the availability of ownership information with respect to companies at the time of the first review, refer to paras. 41-83 of the January 2011 report.

74. However, Denmark has a number of shortcomings with respect to its supervision of legal obligations over the review period. Until recently, obligations to enter legal ownership information upon registration were not strictly enforced. Record-keeping requirements for most entities continue to go unsupervised. Denmark is therefore recommended to ensure that such obligations are subject to oversight and to exercise its enforcement powers where needed.

75. Further, the Beneficial Ownership Act only came into force in May 2017 and the register of beneficial ownership information has not yet been populated. As such, no enforcement of new provisions has yet taken place. However, the Danish business authority (as the body responsible for the oversight of the register) has not developed a concrete plan for the oversight of the Beneficial Ownership Register and record-keeping requirements under the Beneficial Ownership Act. Denmark is therefore also recommended to develop a plan of supervision of new legal provisions pertaining to beneficial ownership.

(i) Legal ownership information held by the companies registrar

76. Danish company law is the primary source of legal ownership information for companies. Information on the legal owners of businesses is available in the Central Business Register (*Centrale Virksomhedsregister*) (CVR). The Danish Business Authority (DBA), located in the Ministry of Industry, Business and Financial Affairs, is responsible for maintaining the CVR (previously tasked to the Danish Commerce and Companies Agency). The DBA works closely with the tax administration, the Bureau of Statistics and the Ministry of Labour to manage the register as registration requirements are dispersed throughout multiple pieces of legislation. Most of the data entered into the CVR is available to the public (e.g. basic data on corporate ownership). Non-public information contained in the CVR is accessible by and shared among supervisory authorities.

77. Registration in the CVR is regulated by the Consolidating Act on the Central Business Register (CBR Act), the Executive Order on Notification, Registration, Fees and Publication (EON), and the Executive Order on Registration and Publication of Information on Owners by the Danish Business Authority (EOR).

78. The CVR is the general companies register and the main source of company ownership information. In 2014, the Public Owners Register (POR) (also referred to as the register of significant shareholdings) and the Register of Bearer Shares (RBS) both went live. Since then, the CVR

displays ownership information entered into these registers. The Beneficial Ownership Register, which became operational on 23 May 2017, will also be displayed in the CVR. The Public Owners Register (POR) and the Beneficial Owner Register are both accessible by the public, but the Bearer Share Register (RBS) is not publicly available. Annual reports are also made public through the CVR. Public authorities, such as SKAT, have access to all registers.

79. Companies are able to submit all of the information required by each of the registers on the CVR via a single access point (VIRK, on www.virk.dk), which provides an integrated interface for populating the fields in the individual registers.

80. Information submitted to the DBA is held indefinitely and regardless of whether a company has ceased to exist. Therefore, in principle, legal ownership information of entities that are required to register such information will be available with the DBA. It should be noted, however, that non-compliance with registration requirements is one ground for compulsory dissolution.

Danish companies (A/S, ApS, IVS, SMBA, FMBA, AMBA)

81. Companies formed under the Companies Act (A/S, ApS and IVS), as well as SEs, and the Commercial Undertakings Act (SMBAs, FMBAs and AMBAs) are required to register in the CVR; however, over the review period, no legal requirement to submit ownership information upon registration existed. Registration in the general CVR system requires, *inter alia*: the name, registered address, and purpose of the company, as well as names, CVR numbers,[3] and addresses of promoters, members of the Board, chief executive officers and any auditors (ss. 15(1) and 34(1) EON). Prior to 2014 and the creation of the POR, no ownership information was required to register a company. Changes to a company's registered information must be notified to the DBA no later than two weeks after occurring (s. 18(1) EON). Failure to comply with registration requirements is punishable with a fine, the range for which have not yet been determined by case law as no such fines have been imposed in practice (s. 75(1) EON). As no fines for registration deficiencies have been imposed to date, Denmark is unable to provide the applicable range of fines. A company or undertaking must register with the DBA to have legal personality (i.e. acquire rights or incur debts and obligations, or be a party to legal proceedings other than lawsuits concerning its establishment) (s. 41(1) PPLCA and s. 9(1) CCUA). The DBA maintains all information entered into the public registers indefinitely. For more details on

3. The CVR number is a Danish national identification number for corporate bodies. Individuals are issued CPR numbers. In case of a non-national, the national identification number of the relevant person will suffice.

the registration of companies in the CVR, refer to paras. 47-52 of the January 2011 report.

82. As of June 2016, with the entry into force of the Executive Order on Registration, at the time of registration, companies that have share capital must also register significant shareholders in the POR through the VIRK portal (www.virk.dk). Pursuant to section 55(1) of the Companies Act and section 1 of the EOR, any holder of shares in a company with share capital must notify the company of significant shareholdings (more than 5% of the company's capital or voting rights). Further, any change to a previously notified holding that causes the holding to reach 5, 10, 15, 20, 25, 50, 90 or 100% thresholds or the thresholds of one-third or two-thirds of the company's capital or voting rights must be notified to the company (s. 55(1) PPLCA and s. 1(1) EOR). Such notification must be provided by the shareholder within two weeks of one of the applicable thresholds being reached (s. 1(1) EOR). The acquirer of a registered share cannot exercise the rights of a capital owner unless he/she is listed in the register of shareholders or has notified and documented the acquisition (s. 49(1) PPLCA). The company shall then enter the information in the public register of shareholders as soon as possible after receipt of the notification (ss. 1(1) and 3(1) EOR). If a company with share capital does not receive any notification of owners of capital with significant shareholdings within two weeks of establishment, the company shall note this in the DBA's registration system (s. 3(2) EOR). Violations of the Executive Order on Registration will result in a fine, although the range for this has not yet been determined as no fines have been imposed in practice (s. 11 EOR).

83. The requirements of the Executive Order on Registration have retroactive effect so that companies registered prior to its enactment must fill in information not previously supplied. According to Danish authorities, the deadline for populating the legal ownership fields in the POR was 1 January 2017. Therefore, as of 1 January 2017, it is mandatory to enter legal ownership information to complete registration. If a company does not enter all legal ownership information, it will not be able to proceed with incorporation. The register of significant shareholders is not intended to replace the company's own register of owners. Requirements to register legal ownership information do not apply to companies formed under the Commercial Undertakings Act (SMBAs, FMBAs and AMBAs). However, such undertakings are now required to register beneficial owners pursuant to the Beneficial Ownership Act 2017 (see below section on beneficial ownership).

84. Companies are also able to un-register ownership information from the database (for instance, if ownership changes and the system needs to be updated). If existing ownership information is un-registered and new information is not submitted, a company will receive a notice through the system that the required information is missing and that the company will be

compulsorily dissolved if such information is not provided within four weeks. At present, the DBA has not yet taken any action against companies missing legal ownership information, but the DBA has already begun issuing notices of compulsory dissolution to non-compliant entities.

European companies (SE, SCE, EEIG)

85. Legal ownership information on European public limited companies (SEs) will be available. According to article 10 of the Council Regulation on SE, SEs are to be treated as public limited companies (A/S). The SE Act requires information on the SE's founders, as well as management, must be provided upon registration (s. 17(3)). The Executive Order on Notification further requires the full names, CPR numbers, and addresses of members of the board of directors, chief executive officers, members and any substitute members of supervisory boards (s. 56). However, information on shareholders was not required until the entry into force of the Executive Order on Registration. Changes must be notified to the DBA within two weeks of occurring (s. 62 EON). Since 2015, SEs have also been required by the Executive Order on Registration to register significant shareholdings in the register and hold a register of all owners (s. 1 EOR). Failure to comply with such obligations may result in the imposition of a daily or weekly fine by the DBA, although the range of such fines have not yet been determined as no monetary penalties have been imposed in practice (s. 23(1) SE Act and s. 11 EOR).

86. Similarly, information on the legal owners of European Economic Interest Groupings (EEIGs) is available as it is required upon registration. Pursuant to section 54 of the EON, the full names or company names, legal organisational structure, addresses or registered offices and, where appropriate, registration number and place of business of the members of the EEIG are required to be submitted upon registration. Changes to registered information must be submitted to the DBA no later than two weeks after occurring (s. 55(1) EON). As noted above, failure to comply with registration requirements is punishable with a fine, the range for which have not yet been determined by case law as no such fines have been imposed in practice (s. 75(1) EON).

87. Similarly, information on the legal owners of European co-operative societies (SCEs) is not required upon registration, but may be captured by the new Beneficial Ownership Act 2017. Pursuant to section 63 of the EON, SCEs are required to register in the CVR, but no information on their owners or members is required to be submitted upon registration, particularly as they are not covered by the new Executive Order on Registration requirements to register significant shareholdings. SCEs are covered by the Beneficial Ownership Act, which entered into force on 23 May 2017, to obtain and record information on their beneficial owners. However, the Beneficial

Ownership Act requires only the registration of the ultimate beneficial owner and not the whole ownership chain. Information on individual legal owners may be available with the entity itself, but is not certain due to ambiguities in the law (discussed below under beneficial ownership). Although a gap may exist with respect to all legal owners of SCEs, the materiality of this gap is considered extremely low as there are currently no SCEs in Denmark.

Foreign companies

88. Previously, the availability of legal ownership information for foreign companies was not ensured. At the time of the January 2011 report, legal ownership information of foreign companies with a sufficient nexus to Denmark was not available as it was not required to be provided upon registration or in any filings of companies incorporated abroad. For a more detailed description of the situation as it related to foreign companies at the time of the previous review, refer to paras. 49-52 of the January 2011 report.

89. Foreign companies that are tax resident in Denmark are not required to register with the DBA and therefore the company registry is not a source of legal ownership information for companies with a sufficient nexus to (i.e. effective management in) Denmark. The DBA is responsible only for the registration of representative offices and branch offices (as described in the January 2011 report). Legal ownership information for foreign companies having their effective management in Denmark will be held by SKAT, as discussed below in the section on information available with the tax authority.

90. Over the review period, Denmark had the following numbers of foreign companies (not counting branch or representative offices): 362 in 2013, 937 in 2014, 831 in 2015 and 127 in 2016. Over the review period, Denmark received 25 requests on foreign companies relating to accounting and banking information and was able to respond to all requests.

(ii) Legal ownership information held by the company

91. Pursuant to company law, limited liability companies formed under the Companies Act (A/S, ApS, IVS) and SEs are required to maintain a record of their legal owners regardless of whether this information is entered into the public register (s. 50 PPLCA). The register of owners must contain information on all shareholders at the time of formation. No retention period is specified in the Companies Act, but Danish Authorities advise that the register of owners must be kept during the entire lifetime of the company. The company must maintain the information on the shareholders at all times even if the information is registered in central registers. Companies may choose to keep the register themselves or on the CVR (s. 50(2) PPLCA). The record of shareholders is open to inspection by public authorities and, in the

case of ApS and IVS companies, also to the owners of the company (ss. 51(1) and 51(6) PPLCA). Any contravention of the Companies Act is punishable by a fine, the range for which cannot be determined as such a penalty has not been imposed in practice (s. 366 PPLCA). For additional information on obligations of companies to hold ownership information, refer to paras. 63-72 of the January 2011 report.

92. The record of shareholders can be kept by the company itself, or the articles may provide that the record is kept by a person appointed by the company, on behalf of the company. According to section 50 (3) of the Companies Act, the name and address of the person responsible for the record of shareholders shall be stated in the articles of associations of the company. The record of shareholders is to be kept within the EU (or the European Economic Area) (s. 51(1) PPLCA). Companies also have the option to maintain their register of shareholders on the CVR (not publicly available beyond what is already contained in the public registers).

93. Further, in 2012, the Tax Control Act (TCA) was amended to require all companies liable to tax in Denmark under section 1(1) of the Corporation Tax Act (CTA) to keep a record of all direct owners of the company. Section 3(A) of the Tax Control Act now requires that the record must include information about name, address, home country and identification number of all owners and members. New owners and members must inform the company of their identity in writing within two weeks of acquiring an ownership interest. Information that is required to be held must be kept at least five years from the end of the income year which the information concerns (s. 3(A)(5) TCA). Failure to comply with obligations under the Tax Control Act is an offence punishable by a fine (s. 14(2) TCA). SKAT also has the ability to impose a daily fine for contraventions of the Tax Control Act (s. 9 TCA). Amendments to the Tax Control Act were introduced to address vulnerabilities identified in the January 2011 report and cover SMBAs, FMBAs and AMBAs.

94. Foreign companies are also required to hold information on their legal owners. Amendments to the Tax Control Act (section 3A) relating to legal ownership information also apply to foreign companies that are covered by section 1(1) of the Corporation Tax Act; therefore, foreign companies with a sufficient nexus to Denmark are required to provide information on owners holding at least 5% of the company's capital or voting rights to SKAT. Foreign companies are also required to hold a register of their members, although not in the EU or European Economic Area.

95. With respect to companies that have been dissolved, either voluntarily or compulsorily, legal ownership information should be available in the possession of the liquidator. In cases of compulsory dissolution for non-compliance with the PPLCA, the DBA will apply to a bankruptcy court for

the winding up of the entity in question (s. 225(1) PPLCA). All cases of compulsory dissolution are carried out through a bankruptcy court. According to section 219 of the PPLCA, during liquidation, one or more of the liquidators will replace the management during the liquidation and take on the responsibilities delegated to management. The explanatory notes to section 58 of the PPLCA provide that, when a company ceases to exist, the latest management registered at the DBA has the responsibility to ensure that ownership information is available five years after the company ceases to exist. Accordingly, the liquidators will assume the responsibility to hold the records of the company for a period of five years following the company's dissolution.

(iii) Legal ownership information held by the tax authority

96. Although the Danish Customs and Tax Administration (SKAT) is not the primary source of legal ownership information for most companies, in some cases, it will hold ownership information that is not already registered with the DBA. Legal ownership information is required for registration in the tax database in cases where an entity registers only with SKAT, and not simultaneously with the DBA.

97. All entities liable to tax are registered with SKAT and this is done contemporaneously with registration in the CVR. SKAT explains that some entities (such as those without a Danish address) cannot be issued a CVR number and therefore are not held in the DBA's database. These entities will be held in SKAT's database, the *Erhvervssystem* (ES). This situation generally arises in the case of a foreign company that does not have a Danish business address.

98. Any individual or entity liable to pay tax in Denmark must file an annual tax return with the customs and tax administration declaring income, regardless of whether the income is positive or negative (s. 1(1) TCA). The Tax Control Act applies equally to those entities formed under the PPLCA, the CCUA, and other enactments. As of 2012, when filing a tax return, all companies required by section 3(A) of the Tax Control Act to maintain information on their owners must disclose information about owners who during the year have held more than 5% of the company's capital or voting rights unless such information has already been registered with the DBA (ss. 3A(7) and (8) TCA).

99. Legal ownership information may also be available pursuant to Danish group relief rules. A company (the parent) is considered part of the same group as another company (the subsidiary) if the parent company has the right to control the subsidiary by making operational and financial decisions. International joint taxation (i.e. joint taxation of foreign group companies) is optional. If opted for, all foreign group companies, as well as

all permanent establishments and real estates, in foreign jurisdictions must be included in the joint taxation and file a joint tax return to SKAT. This applies to foreign parent as well as sister companies. However, only a minority of Danish companies have opted for international joint taxation; for these companies, SKAT will possess legal ownership information on all the companies within the group, including the ultimate parent company.

100. SKAT may also hold legal ownership information of companies where dividends have been disbursed from a subsidiary to a parent company. The rules regarding taxation of dividends require that the dividend-distributing company enclose information on the amount of the dividend and the withholding tax applied (s. 9B(3) TCA). Dividend-distributing companies must also report each recipient of a dividend payment (s. 9B(2) TCA). SKAT confirms that this reporting obligation applies to both shareholders with full tax liability in Denmark and shareholders with limited or no tax liability in Denmark.

101. Identity information on the legal owners of foreign companies is also available in Denmark with the tax authority. Under the Corporate Tax Act (CTA), companies and associations domiciled abroad that have their effective management in Denmark are regarded as resident for tax purposes (ss. 1(1)(2) and (6) CTA). Where a foreign company has its place of effective management in Denmark, it must register with SKAT. The registration process does not include registration of legal ownership of the company (although before approving registration of a foreign company SKAT may request ownership information). However, as companies with Danish tax residence, foreign companies with their effective management in Denmark are covered by the obligation in Tax Control Act section 3A(7) to disclose information in their annual tax return about owners who during the year have held more then 5 % of the company's capital or voting rights.

(iv) Legal ownership information held pursuant to AML

102. Legal ownership information is also available pursuant to AML in some cases. Certain designated non-financial businesses and professions (DNFBPs), such as lawyers, accountants, and other corporate service providers will hold legal ownership information on their clients. There are no specific requirements in Danish law for companies to engage an AML-obligated service provider, but companies that are required to file audited financial statements will have to engage the services of an auditor, who will be subject to customer due diligence (CDD) and Know-Your-Customer rules (KYC) under AML. However, as noted above, the companies that may be required to engage an AML-obliged service provider (e.g. those that are required to file audited financial statements) are, in most cases, those already covered by filing and record keeping obligations. The obligations of DNFBPs

to identify and verify the identity of their customers is discussed below under beneficial ownership.

(v) Enforcement and oversight

103. Record keeping and filing requirements are supervised primarily by the DBA, as the companies registrar, although SKAT supervises the filing and record-keeping obligations of entities with tax liability in Denmark. AML supervision (shared between the DBA, the FSA, and the Danish Bar and Law Society for relevant entities and professionals) is discussed below in the section on beneficial ownership information. With respect to oversight of company law obligations, the DBA will oversee the registration and filing requirements of entities, but does not supervise any record-keeping obligations. The DBA is able to issue fines for non-compliance with some filing deficiencies, such as late filing of the annual report. The DBA has compulsorily dissolved companies over the period under review, but not for registration deficiencies related to legal ownership. In general, the oversight of entities' filing and record-keeping requirements appears to be rather low.

Oversight of legal ownership obligations by DBA

104. The DBA is responsible for overseeing the registration and filing obligations of approximately 300 000 entities. In 2016, the DBA had a total of 511 staff and 46 staff dedicated to various control and regulatory functions. In the AML and company supervision department, the DBA has eight staff. Supervision of commercial foundations has seven staff. The company registration team responsible for overseeing the registration and dissolution of defaulting companies has 17 full-time staff and 2 part-time staff.

105. The DBA reports that its supervision of registered entities is based upon a "risk-based" approach in its categorisation of the various types of filing and registration deficiencies. Most cases of registration will be processed automatically, in which case, the system will cross-check the information submitted upon registration with information already contained in the DBA database. In some cases, the system will generate an "M-code", which sends the entity in question for manual processing. The DBA explains that some M-codes are generated as a matter of course (e.g. for all commercial foundations) and others are generated based on the particular circumstances of an entity's registration (e.g. if it is founded with more than EUR 15 000 000 in registered capital). There are other codes ("K-codes) that do not trigger an immediate action, but that are used to flag unusual factors. These will be factored into the DBA's risk-based approach to which entities should be inspected. For instance, the DBA may inspect a company if, in the normal course of processing the registration, it detects any signs or

red flags that it needs to look into the entity or applicant more closely. The DBA may also begin an examination on the basis of reports from external sources. The DBA explains that the resolution of such instances will depend on the particular circumstances of the case, and any violations detected will be pursued according to the law. Additionally, there are a number of filing and registration deficiencies that will automatically lead to a company being compulsorily dissolved if not rectified. For instance, as of January 2017, un-registering ownership information will automatically result in commencement of dissolution proceedings if not rectified within four weeks.

106. In cases where a company does not or cannot rectify a registration or filing error or deficiency, the DBA may have the company dissolved (s. 17(2) PPLCA, s. 15(c)(2) CCUA and s. 17(2) CFA). To do this, the DBA will refer a company to the bankruptcy court for compulsory dissolution or winding up (ss. 225 PPLCA and s. 21 CCUA and s. 115 CFA). The winding up is then carried out by the court. A company that has been involuntarily wound up may apply to be reinstated, but must do so within three months of dissolution and can only do so if deficiencies have been rectified (ss. 231 and 232 PPLCA). The DBA can also report violations of filing obligations to the public prosecutor's office. Under section 296 of Denmark's Criminal Code, aggravated cases of giving wrong or misleading information about legal persons in connection with filings with relevant authorities or failing to comply with the legislation relating to keeping records of ownership of legal persons is punishable with a fine or imprisonment for up to 18 months. There is no indication that this has occurred in practice over the review period.

107. Over the review period, a total of 7 953 (2.6% of total companies) were compulsorily dissolved by the DBA (2 055 in 2014, 2 429 in 2015 and 3 469 in 2016) for registration and filing deficiencies not related to ownership information, such as failure to register management or auditors and failure to submit annual accounts. These figures do not represent the total number of referrals for dissolution as some companies subsequently rectified their deficiencies prior to being wound up. No compulsory dissolutions have been initiated yet for registration deficiencies relating to legal ownership information. The DBA advises that, to date, it has not imposed any administrative fines for breaches of registration or filing requirements, although it has imposed monetary penalties for other violations of commercial law (e.g. illegal share holder loans). It is for this reason, the DBA cannot provide the applicable range of fines as penalties have not yet been challenged (i.e. tested) in the court system.

108. Although the DBA has developed a detailed system of monitoring filing and registration requirements, it does not monitor the obligations of entities within its purview to maintain records of their owners. Therefore, unless a company is subject to an audit by SKAT, its files will not be

reviewed (although, as discussed below in the section on A.2, the DBA does spot check for compliance with accounting requirements). Although the DBA has sent a large number of companies to be dissolved, the number of sanctions (i.e. compulsory dissolutions imposed) is relatively small compared to the total number of companies (only approximately 2% were wound up).

109. Moreover, over the review period, a number of entities were not in compliance with their registration requirements. The DBA explains that previously, as legal ownership was not required to be submitted upon registration, the fields for legal ownership in the CVR were not required to be populated in order for registration to be completed. The system was not immediately updated to accommodate the new requirements to enter legal ownership information following the creation of the Public Owners Register in 2014; as such, a large number of companies still had not entered their legal ownership information in the CVR, even when registering after the launch of the Public Owners Register.

110. As of November 2015, approximately 42 000 registered companies were still missing legal ownership information. On 10 November 2015, the DBA sent out letters to all companies who had not yet registered their legal ownership information and advising them of the applicable penalties. These companies also received a notice when logging onto the CVR that the requisite ownership information was missing and needed to be registered. According to the DBA, the companies had until 1 January 2017 to register the missing information. At the time of the on-site visit, approximately 21 000 companies still had not filled in their legal ownership information. As of 5 September 2017, only 7 720 (about 2.67%) of companies still had ownership information outstanding. Of the non-compliant companies, ApS and IVS companies were the most prominent, with 5 002 ApS companies and 2 301 IVS companies still in default of registration requirements. No company has yet been penalised for non-compliance with registration requirements, but the DBA reports that compulsory winding up is scheduled to begin in mid-October 2017. The DBA reports that it issued letters to non-compliant companies in mid-September notifying them that should registration deficiencies remain unrectified, they will be sent to the probate court for compulsory dissolution. Entities have been provided four weeks to submit the required information.

Oversight of legal ownership obligations by SKAT

111. SKAT monitors compliance with filing and record-keeping requirements under tax law. For a description of SKAT's audit programme, refer to section A.2 below.

(b) Beneficial ownership information for companies

112. The primary source of beneficial ownership information for companies and other relevant entities in Denmark is the CVR. Prior to 2015, beneficial ownership information was not ensured in respect of most entities, but after the enactment of the Beneficial Ownership Act, all entities will be required to hold and register information on their beneficial owners. Beneficial ownership information may also be available pursuant to AML, as many companies are required to submit audited financial statements. However, the definition of beneficial owner in Denmark's company law and AML rules allow for the scenario where beneficial owners cannot be identified. The circumstances under which this may be acceptable are not further elaborated in the guidance on beneficial ownership issued by the DBA and may be broader than those described in the international standard.

113. As new requirements relating to beneficial ownership entered into force only after the review period, their practical implementation could not be assessed. However, the implementation of the Beneficial Ownership Register has not yet been tested in practice and raises a number of questions, including how the quality of information entered into the register will be assured, how record-keeping obligations will be monitored (as they have not been monitored to date), and how non-compliance with record-keeping obligations will be detected. Of particular concern is the fact that the DBA does not yet have a plan of oversight of the provisions of the Beneficial Ownership Act and of the Beneficial Ownership Register, which launched on 23 May 2017.

114. The following table shows a summary of the legal requirements to maintain beneficial ownership information in respect of companies:

Source of beneficial ownership information of companies

Type of company	Company law	Tax law	AML law
public limited companies (A/S)	All	None	None
Private limited companies (ApS)	All	None	None
Entrepreneurial Company (IVS)	All	None	None
SMBAs/FMBAs/AMBAs	All	None	None
European public limited liability company (SE)	All	None	None
European co-operative society (SCE)	All	None	None
European Economic Interest Grouping (EEIG)	All	None	None
Foreign companies	None	None	All

(i) Beneficial ownership information held by the companies registrar

115. In May 2015, the EU adopted its 4th AML Directive, requiring that "Member States shall ensure that corporate and other legal entities incorporated within their territory are required to obtain and hold adequate, accurate and current information on their beneficial ownership, including the details of the beneficial interests held". To transpose the 4th AML Directive into domestic law, Denmark passed Act No. 262 (the Beneficial Ownership Act) on 16 March 2016 requiring all legal persons to obtain and hold information on the entity's beneficial owners by amending the various enactments governing relevant entities. On 18 May 2017, Denmark also issued an amended Executive Order on Registration and Publication of Information on Owners pursuant to which the Beneficial Ownership Act entered into force. The Act and the Executive Order taken together provide for the creation of a Beneficial Ownership Register, through which ownership information will be publicly available once populated. The Beneficial Ownership Register went live on 23 May 2017 and is expected to be populated by December 2017.

116. The Beneficial Ownership Act is also accompanied by a set of Explanatory Notes and Guidelines on beneficial ownership, published by the DBA on 23 May 2017.The Guidelines are non-binding, but should encapsulate relevant information contained in the Explanatory Notes to the Beneficial Ownership Act (which are binding). Both the Explanatory Notes to the Beneficial Ownership Act and the Guidelines describe the different modalities of beneficial ownership (through direct and indirect ownership, nominee schemes, voting rights, negative control, and control by other means) and provides examples of what types of ownership information should be registered.

117. The Beneficial Ownership Act, which entered into force on 23 May 2017, applies to companies formed under both the Companies Act and the Commercial Undertakings Act. In both cases, the Act applies the definition of "beneficial owner" as "[a] natural person(s) who ultimately owns or controls, whether directly or indirectly, a sufficient part of the equity interests or voting rights, or who exercises control via other means, other than owners of companies whose equity interests are traded on a regulated or similar market that is subject to disclosure requirements consistent with Union law or subject to equivalent international standards". Although what constitutes a "sufficient part" is not defined in the law itself, the Explanatory Notes and the Guidelines state that there is no fixed limit on how large a percentage of votes and capital a person must have in order to be a beneficial owner, but it is assumed that beneficial ownership occurs when a natural person directly or indirectly owns or controls more than 25% of the equity interests or the voting rights in an undertaking (s. 5.1 Guidelines). As such, the 25% threshold is an indication of beneficial ownership. However, the 25% threshold is not determinative in all cases; the Guidelines advise that a person can be

considered a beneficial owner by holding just 15% of the equity interests, for example, if, in addition to this, the person can exercise control by other means.

118. The Beneficial Ownership Act amends both the Companies Act and the Commercial Undertakings Act to require all companies, with the exception of sole proprietorships, to obtain and register information on their beneficial owners. A company shall register the aforementioned information as soon as possible after becoming aware of a person becoming a beneficial owner or after any change to previously registered information (s. 58(a)(2) PPLCA and s. 15(g)(2) CCUA). Failure to do so will result in the imposition of a fine, the range for which has yet to be determined (s. 38 EOR). The obligation to identify and register beneficial owners applies to SMBAs, FMBAs and AMBAs. Danish authorities confirm that only the ultimate beneficial owner (and not the ownership chain) is required to be registered although pursuant to the beneficial ownership Guidelines, an entity should identify the whole ownership chain to arrive at the ultimate beneficial owner (discussed more below in section on beneficial ownership information held by companies).

119. The Guidelines to the Beneficial Ownership Act stipulate that entities are also required to identify those individuals exercising their right through a nominee scheme. However, registration of information on nominees is not required, only the beneficial owner (s. 58(A) PPLCA). Although nominees not acting in a professional capacity are not required by law to be registered, the DBA advises that this is normal business practice as a person may not exercise the rights conferred on an owner of capital unless he/she is registered in the register of owners or has notified and documented the acquisition (s. 49(1) PPLCA).

120. The Beneficial Ownership Act contains some ambiguities the interpretation of which may undermine the availability of beneficial ownership. Primarily, the Explanatory Notes to the Beneficial Ownership Act appears to give entities wide latitude in identifying their beneficial owners, including to what extent such information needs to be updated and the degree to which efforts must be undertaken to identify the beneficial owners. For instance, the Explanatory Notes to the Beneficial Ownership Act state that a company must make "all reasonable attempts" to identify its beneficial owners. According to the Explanatory Notes to the Beneficial Ownership Act, an entity can be understood to have made "all reasonable attempts" if it has done "everything possible to identify its beneficial owners, unless it is deemed unreasonable and inappropriate to go further". Danish authorities attest that the considerations of reasonableness and appropriateness were included so as not to impose too harsh of a burden (administrative or financial) on entities. The DBA explains that the lengths to which an entity can be expected go in identifying its beneficial owners depend on the particular circumstances of the entity (e.g. its size,

resources, etc.). No further guidance is provided on what can be understood as unreasonable and inappropriate. Further, entities are required to update beneficial ownership information "to the extent necessary", depending on the company's specific situation. Although it is understandable that individual companies will vary in the frequency with which they need to update information, companies might benefit from more detailed guidance on how to keep their beneficial ownership information current.

121. Further, the Beneficial Ownership Act allows for an undertaking to fail to identify its beneficial owners. The Guidelines on beneficial ownership state that registration of beneficial owners may lead to three scenarios: (i) the undertaking has beneficial owners; (ii) the undertaking has no beneficial owners; or (iii) the undertaking is not able to identify its beneficial owners. Where there are no beneficial owners, or where no beneficial owners can be identified, registered members of the board of management of the company (or registered members carrying out the day-to-day management) shall be registered as the beneficial owners (s. 58(a)(1) PPLCA and s. 15(g)(1) CCUA). The international standard adopts a methodology for identifying beneficial owners whereby management officials may be considered beneficial owners where no natural person exercises control through ownership (e.g. where ownership interests are so disparate that no individual(s) have a controlling ownership interest) or other means. The Explanatory Notes do provide that there will be specific occasions where a company does not have a beneficial owner defined as a natural person with direct or indirect ownership or control, which is in line with the international standard. However, a company may also fail to identify its beneficial owners after having exhausted all reasonable measures. As discussed above, no additional clarification exists as to what may be considered "reasonable". Therefore, Denmark is recommended to ensure that beneficial ownership information in line with the international standard is available. One way this could be accomplished is by circumscribing the circumstances under which an entity may legitimately fail to identify its beneficial owners.

122. Similarly, European companies (SEs, SCEs and EEIGs) will be subject to the same requirements to identify beneficial owners and provide such information to the DBA immediately after becoming aware of a beneficial owner and any changes thereafter. As with the PPLCA and the CCUA, the Beneficial Ownership Act amends the SE Act, the SCE Act and the EEIG Act in requiring beneficial ownership information to be recorded in the DBA's register as soon as possible after the company becomes aware of a person becoming a beneficial owner or a change in beneficial ownership (s. 17(a)(2) SE Act, s. 14(a)(2) SCE Act and s. 1(a)(2) EEIG Act). Where no beneficial owner can be identified, the registered member responsible for day-to-day management shall be listed (s. 17(a)(1) SE Act, s. 14(a)(1) SCE Act and s. 1(a)(1) EEIG Act) (see also below for additional discussion).

123. Failure to register such information is an offence punishable by a fine (s. 38 EOR). As no companies have yet been sanctioned for failure to register ownership information, the applicable range of fines cannot yet be determined.

124. Information received by the DBA is held indefinitely; as such, in principle, beneficial ownership information for entities that cease to exist (due to liquidation, removal from the register, or any other reason) should be largely available with the DBA. However, the DBA will hold beneficial ownership information on all entities that populate the Beneficial Ownership Register only to the extent required by new legislation. Information on the whole ownership chain or all of the individuals who may be considered beneficial owners may not be available with the DBA as only the ultimate beneficial owner is required to be registered. Further, where members of an entity's management are entered as the beneficial owners, beneficial ownership information may be missing or incomplete. Finally, it should be noted that one of the grounds for removal from the register is failure to register information as required. In most cases, however, beneficial ownership information should be retained by a service provider or liquidator following a company's dissolution (see below).

(ii) Beneficial ownership information held by the company

125. The Beneficial Ownership Act also requires companies to maintain information on beneficial owners for a period of five years following the conclusion of the relationship with the owner. Companies are further required to keep information on any attempts to identify the beneficial owners for a period of five years following the attempt (s. 58(a)(2) PPLCA and s. 15(g)(2) CCUA). The Beneficial Ownership does not clarify or define what constitutes an "attempt", nor does it specify the kind of documentation that must be retained. Danish authorities advise that "attempt" is not meant to be interpreted as CDD or KYC as defined under AML, but rather relates to the steps or efforts taken by the entity in attempting to identify its beneficial owners. Such information is not required to be held in the jurisdiction, but it must be made available to any public authority which considers the information necessary to the fulfilment of its supervisory functions (s. 58(a)(3) PPLCA and s. 15(g)(3) CCUA). No specific individual within the company is identified by the Beneficial Ownership Act as the responsible party for obtaining or keeping the information.

126. European companies are also required to hold information on their beneficial owners for five years after the conclusion of the relationship and keep a record any attempts to identify the beneficial owners for five years following the attempt (s. 17(a) SE Act, s. 14(a) SCE Act and s. 1(a) EEIG Act). Such information is not required to be kept in Denmark, but must be made available to public authorities upon request.

127. Although the Beneficial Ownership Act stipulates that companies should obtain information on their beneficial owners, it does not expressly require that companies must maintain identity information on their beneficial owners. Instead, the Beneficial Ownership Act and the Explanatory Notes require that the steps and measures taken to identify the beneficial owners be maintained. Although a subtle distinction, it is an important one. An undertaking could in theory record all the steps it undertook in investigatng the beneficial owners without actually maintaining a record of such owners. Danish authorities maintain that as the Explanatory Notes requires the identification of the beneficial owner through understanding the corporate structure and ownership chain, the obligation to retain such documentation is implied. Section 5.1.1 of the Guidelines, for instance, states that "[i]n order to be able to assess the identity(ies) of the beneficial owner(s) of an undertaking, the undertaking is required to clarify the entire ownership structure (ownership chain) of the undertaking". However, neither the Explanatory Notes nor the Guidelines expressly requires that the entire ownership chain must be maintained or such documentation preserved. As stated above, Denmark is recommended to ensure that beneficial ownership information in line with the international standard is available, including by clarifying the record-keeping obligations under its purview.

128. As with legal ownership, beneficial ownership information of a company should be available even for those entities that have ceased to exist. As described above, compulsory dissolutions are conducted through the court and with a liquidator. As the liquidator assumes the responsibility of the company's management, he/she will be responsible for maintaining the company's records for a period of five years following the company's dissolution (see above section on legal ownership for more detail).

129. Failure to hold the information required under the Beneficial Ownership Act is an offence resulting in a fine under each of the respective Acts amended by the Beneficial Ownership Act (s. 367(1) PPLCA, s. 23(1) CCUA, s. 132(1) CFA, s. 17(3) SE Act, s. 19(1) SCE Act, and s. 7 EEIG Regulations). As enforcement of the Beneficial Ownership Act has not taken place, the applicable range of fines cannot yet be determined. However, as noted above, in the absence of further clarity on the nature of the information to be held, it is unclear how the compliance of entities with the Act will be measured.

(iii) Beneficial ownership information held pursuant to AML and financial regulations

130. Denmark's AML legislation defines "beneficial owner" as "[t]he person or persons who ultimately own or control the customer, or the natural person on whose behalf a transaction or activity is conducted, including:

(i) the natural person or persons in a corporation, undertaking, association etc. who ultimately, whether directly or indirectly, own or control a sufficient share of ownership or voting rights, or who exercise control by other means, apart from the owners of companies whose shares of ownership are traded in a regulated market or equivalent; (ii) the daily management, if no person has been identified under (i), or if there is doubt as to whether the person or persons identified is/are the beneficial owner(s); (iii) the natural person(s) in a legal arrangement (including a foundation, trust, etc.) who ultimately, whether directly or indirectly, controls or otherwise has powers similar to ownership (e.g. the board of directors, specially favoured persons, or the individuals such as the founder, custodian, or patron, where they exist) (s. 2(9) MLA).

131. Denmark's AML regime covers providers of services to companies when acting in a commercial capacity as, or arranges for another person to act as, the nominee for third parties, unless this concerns a company whose ownership shares are traded in a regulated market or equivalent, which is subject to disclosure in accordance with EU law or equivalent international standards (s. 2(12)(e) MLA). A nominee acting in a professional capacity will therefore be required to register with the DBA as a service provider.

132. The FSA, as Denmark's financial sector regulator, is responsible for licensing and supervising all entities conducting financial or other regulated activities (a list of which is enumerated in section 5(1) of the Financial Business Act (FBA) and section 1(1) of the Act on Measures to Prevent Money Laundering and Financing of Terrorism (MLA)). The FSA's supervision extends to branches of foreign companies undertaking regulated activities in their home jurisdiction. Entities that are required to register with or obtain a licence from the FSA to operate, or are otherwise covered by Denmark's AML legislation, are subject to additional requirements to identify their beneficial owners (or the beneficial owners of their clients).

133. The FSA will hold beneficial ownership information for some entities carrying out activities in a regulated sector. Entities carrying out activities in the financial sector (such as banks, mortgage credit institutions, investment firms, insurance brokers, etc.) must be licensed by the FSA to carry on business (ss. 7-11 FBA). Other entities carrying out financial activities (such as, *inter alia*, financial leasing, accepting deposits, and other lending activities, as defined in Appendix 1 of the MLA, must register with the FSA to conduct business (s. 48(1) MLA). The FSA will hold beneficial ownership information on entities that are registered with it (licensed entities, which are registered with the DBA, will submit beneficial ownership information upon registration pursuant to company law). To register, companies or undertakings must submit information on their beneficial owners (s. 48(1) MLA). Any changes of beneficial ownership of a registered entity must be promptly reported to the FSA.

134. Lawyers, accountants, corporate service providers and other DNFBPs may also be subject to AML supervision by virtue of their profession or when carrying out certain regulated activities (such as managing client assets, purchasing or selling real estate, establishing companies, or managing or administering foundations or other similar legal arrangements). In such cases, DNFBPs will be required to identify and hold beneficial ownership information on their clients pursuant to the MLA. For instance, where an entity is required to file an audited financial statement, beneficial ownership information should be available with an auditor, who are required to conduct CDD and KYC. Additionally, auditors have a professional duty to verify that the proper identification records are being held and registered by the company; any instances of default identified by the auditor must be reported to the directors and shareholders in the company's annual report. However, Denmark reports that 80 000 companies have opted out of the requirement to have their financial statements audited. Chartered accountants/auditors, corporate service providers and other AML-obliged professionals are supervised by the DBA and lawyers are supervised by the Danish Bar and Law Society (Law Society).

135. Lawyers, service providers and other AML-obliged professionals are required to have knowledge of their customers and to obtain proof of identity before entering into a customer relationship, and should therefore hold beneficial ownership information on their clients (s. 11 MLA). For natural person customers, proof of identity shall include: name, address, CPR number or similar identifying documentation (s. 11(1)1a MLA). For corporate customers, proof of identity shall include: name of the entity, address, CVR number or similar (s. 11(1)1b MLA). Relevant professionals must determine whether the applicant for business is acting on behalf of a third party, and if so, must identify the third party (s. 11(2) MLA).

136. Under certain circumstances, an eligible third party may be relied upon for the KYC and CDD documentation. Third parties that may be relied upon are financial institutions and certain other regulated undertakings, such as banks, mortgage credit institutions, investment firms, and insurance companies. Similar undertakings established in an EU or EEA country, or a similar undertaking in other countries that are subject to requirements to combat money laundering equivalent to requirements contained in the European Parliament's and Council's directive 2015/849/EU of 20 May 2015 may also be relied upon. In such cases, the individual or undertaking to whom the business is introduced retains the ultimate responsibility for producing such documents upon request by a public authority (s. 22 MLA). For a more detailed description of Denmark's AML requirements relating to third party reliance, refer to section A.3 on banking below. All records described in the MLA are required to be kept for a period of no less than five years following the cessation of the customer relationship or the conclusion of the relevant transaction (s. 23 MLA).

(iv) Beneficial ownership held by the tax authority

137. The tax authority is not a primary source for beneficial ownership information for companies as beneficial ownership information is not required for registration in SKAT's database nor is it generally required to be submitted in tax returns. In general, ownership information that may be disclosed to SKAT under specific tax rules (described above) pertains to legal ownership information.

(v) Beneficial ownership information on foreign companies

138. The 2016 ToR requires that where a foreign company has a sufficient nexus to a jurisdiction, including being resident there for tax purposes (for example by having its place of effective management or administration there), then the availability of beneficial ownership information is required to the extent the foreign company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR. Danish law does not contain any requirements for foreign companies to enter into a relationship with an AML-obliged service provider, although where a foreign company is required to submit audited financial statements, it will need to engage a certified public accountant (i.e. auditor). In such cases, ownership information would be ensured through the auditor's AML obligations to identify and verify the identity of the customer.

(vi) Enforcement and oversight

139. Oversight of requirements to hold beneficial ownership information will rest primarily with the DBA and the FSA. As the companies registrar and the body responsible for maintaining the CVR, the DBA is tasked with monitoring the new Beneficial Ownership Register, which went live on 23 May 2017. The DBA also shares responsibility for AML supervision of relevant entities with the FSA. In practice, oversight by neither body during the review period was sufficiently rigorous, nor do the resources dedicated to either body appear to be adequate given the number of regulated undertakings in Denmark.

Oversight of beneficial ownership obligations by DBA

140. As mentioned above, AML supervision of relevant entities and professions in Denmark is shared between the DBA and the FSA (and to a lesser degree, the Law Society).[4] The DBA is responsible for the AML supervision

4. The Danish Gambling Authority (DGA) also provides an additional layer of supervision for casinos, but the DGA's supervision is not assessed for the purpose

of most DNFBPs (such as accountants, real estate agents, tax advisors, and company service providers. In total, as of February 2017, the DBA carries out the AML supervision of about 12 000 undertakings (approximately 5 000 of which are state-authorised public accountants, 7 000 of which are external bookkeepers and tax advisors, and 668 of which are corporate service providers). In 2015 and 2016, although the DBA had total staff of 511, there were only eight staff in its AML/CFT supervision department: one staff member dedicated full-time to regulation, five dedicated full-time to inspection, and one staff member split between both. This represents a more than two-fold increase from 2014, when the DBA had only three staff in its AML/CFT supervision department: one in regulation and two in inspection.

141. The DBA advises that its AML supervision is risk-based. The risk assessments applied by the DBA take into account the different industries as well as the specific businesses involved. Selection of entities for inspection will take into account information from external soures (such as tips from other authorities or third parties) and internal sources (such as information from the DBA's own database and results from previous on-site inspections). An inspection may comprise a desktop review and/or an on-site inspection. The DBA reports that it will conduct a purely desk-based review only when the risk of ML/FT is very low. The inspection will examine whether an entity has in place appropriate AML guidance and internal controls, as well as whether the entity has been following required customer identification and verification procedures and keeping records as required pursuant to AML. An on-site visit will entail a interviewing the entity's staff and sampling of the entity's files. The sample size of files inspected will depend on factors, such as the size of the entity, the knowledge of AML risks demonsrtated during staff interviews, the extent of the customer portolio, etc. Based on the outcome of the inspection, the supervisors will evaluate which entities require a follow-up inspection. The follow-up inspection will include an assessment of the character of violations identified, the nature and extent thereof. The outcome of the follow-up inspection will also determine whether the entity should be reported to the police. The degree of violation and the result of samples taken from the entities customer cases will set the main parameters for this evaluation. Sometimes the AML supervision will be carried out in conjunction with the business supervision. The DBA reports that it does have the power to apply, as a coercive measure, a fine on a non-compliant person or undertaking (s. 14 MLA)although, this has never occurred in practice.

142. The DBA is responsible for the professional and AML supervision of chartered accountants. The DBA checks the general level of quality in all audit firms and that firms have established, implemented and are using an effective management system. The DBA also carries out a sample check of

of this review.

selected declaration tasks to test whether work behind declarations has been carried out in accordance with applicable standards and in compliance with the quality management system of the audit firm.

143. Over the review period, the DBA carried out the following numbers of on-site inspections and desk-based examinations of entities under its purview: 89 on-site and 15 desk-based in 2016; 126 on-site and 24 desk-based in 2015; and, 9 on-site and 4 desk-based in 2014. Of the inspections carried out by the DBA in 2016: 5 public accountants (of 5 000) were inspected; 1 external accountant/tax advisors (of 7 000) were inspected; and, 19 corporate service providers (of 668) were inspected. Based on the on-site inspections and desk-based reviews, the DBA issued 142 orders (to rectify deficiencies) in 2016, 287 orders in 2015 and 19 orders in 2014. The DBA will not carry out a follow up in every case. In cases where a serious risk of money laundering has been found, the DBA will both issue orders to the entity and refer the entity to the police. In cases where risk of money laundering is determined to be high, but not extremely serious, it will follow up on orders issued. In cases where the risk of money laundering is determined to be low, the DBA will not follow up with the entity.

144. The DBA can impose administrative daily or weekly fines for non-compliance with AML obligations, but it has never done so. The DBA can also report defaulters to the police. In 2016, the DBA reported four corporate service providers and one accountant to the police; in 2015, it reported five service providers; and in 2014, the DBA reported four service providers for serious AML violations.

145. Given the large number of entities and professionals subject to the oversight of the DBA, the numbers of inspections and the frequency with which violations are reported to the police is egregiously low. In 2012, the total number of inspections (on-site and desk-based) comprised less than 1% of entities subject to DBA supervision. Taking the total number of entities supervised by the DBA in 2016 as a reference, the DBA inspected only approximately 1.3% of all entities in 2015 and approximately 0.1% of all entities in 2014.

146. The DBA will also be the body responsible for the oversight of the Beneficial Ownership Register. Representatives from the DBA present at the on-site visit admitted that it has not been finally decided how the compliance with the rules on maintaining beneficial ownership information will be monitored, although it is in the process of developing a plan of oversight. The authorities expect that, as with the monitoring of obligations to maintain legal ownership information, there will be no general monitoring of compliance with record-keeping obligations. Non-compliance therefore will be discovered only where a public authority requests and does not receive ownership information. Further, the DBA also notes that the obligations of undertakings under the Beneficial Ownership Act are not to be interpreted as

being equivalent to CDD or KYC requirements contained in Denmark's AML regime (i.e. in the MLA), so it is unclear to what standard the documentation of undertakings would be held. Similarly, the DBA has not yet conceived of the way in which it will monitor the information submitted to the register to ensure that information is both accurate and thorough. It is not clear how the DBA intends to verify that information collected by the entity is correct and comprehensive. The DBA has not yet considered whether, for example, to what extent it will be required to conduct its own CDD and KYC on entities supervised. Given the limited number of resources currently dedicated to overseeing registration and AML obligations, extensive supervision of the new Act may be challenging. Accordingly, Denmark is recommended to ensure that information collected pursuant to the Beneficial Ownership Act is accurate and thorough.

Oversight of beneficial ownership obligations by FSA

147. The FSA is the body responsible for oversight of financial institutions (including banks) with their AML obligations. Over the review period, the FSA had four staff in its AML supervision department responsible for the oversight of a total of 1 103 entities (98 banks, 7 Mortgage Credit Institutions (MCIs), 40 investment firms, 14 investment management companies, 66 insurance companies and pension funds, 2 savings undertakings, 56 providers of payment services and electronic money issuers, 162 insurance brokers, 33 money remitters and 625 agents of foreign undertakings), collectively holding or managing assets exceeding 600% of Denmark's GDP. The FSA is also tasked to work on policy review and development.

148. The FSA's system of verification of beneficial ownership information submitted to it upon registration is as follows. When an entity applies for registration under section 48(1) of the MLA, the FSA conducts a verification check of the beneficial owners by comparing the provided information on the beneficial owner(s) and the information available in the central business register (CVR). If the owner of the entity is a foreign company or person and information is not available on the CVR, the entity will be requested to provide information on the beneficial owners. If an entity fails to provide the required information, it will not be allowed to register with the FSA. Providing services that qualify as regulated activities without a registration is punishable by criminal fine (s. 78(1) MLA). The FSA will report the entity to the police who will take the case to court, in which case a public announcement will be made on the company's website. The sanction against a qualified owner of interests in a financial institution is to revoke/suspend the voting rights linked to the interests acquired (s. 62 FBA). A more detailed description of the FSA's programme of AML supervision is contained below in the section on banking information.

Oversight by Danish Law Society

149. The Danish Bar and Law Society (Law Society) is responsible for the professional and AML supervision of lawyers. The Law Society has a displinary council and disciplinary board that has sanctioning powers. The Law Society also disseminates information on legal and policy developments and issues guidelines on CDD and KYC. Denmark has approximately 6 200 lawyers and of these, approximately 4 500 are covered by AML. The Law Society has five staff responsible for AML supervision, along with other tasks.

150. The Law Society monitors both the bookkeeping requirements and AML compliance of lawyers. Supervision may entail an on-site audit with random sampling for a representative number of cases. During an on-site, the assessor will look through the sample cases to ensure that all information required is present in the file. If deficiencies are identified, the Law Society will send a report. The Law Society notes that in the overwhelming majority of cases (around 99%), lawyers will rectify the deficiency without disciplinary action being taken. Cases of continued default are referred to the disciplinary board, which can issue a warning or a fine, or in the most serious cases, disbar the member. The Law Society reports that compliance has improved in the profession. Previously, there was a relatively high level of non-compliance with AML obligations (around 40%) among lawyers, but now the Law Society reports that non-compliance detected through its programme of supervision is around 22%. Deficiencies are largely in the two categories of internal guidelines (not having updated guidelines) and KYC (not saving the identification documentation). No lawyers were sent to the disciplinary board over the period 2013-15 as all deficiencies were rectified.

151. During the review period, the Law Society conducted AML supervision ofthe following numbers of law firms: 192 in 2015, 162 in 2014, and 138 in 2013. Of the law firms inspected, 13 (7%) were found to have breaches relating to client identification in 2015; 12 (7%) in 2014; and 17 (12%) in 2013.

A.1.2. Bearer shares

152. Until 1 July 2015, public limited companies (A/S) could issue bearer shares up to the whole capital of the company. At the time of the first review, Denmark did not have in place a custodial arrangement or registration system requiring identification of persons holding bearer shares. Only bearer shares representing 5% or more of the company's capital or the company's voting rights were required to be notified to the company (s. 55(1) PPCLA). Owners of bearer shares below a threshold of 5% of the company's capital or voting rights were not required to be identified. As a result, Denmark was recommended to ensure that mechanisms were in place to identify the owners of all bearer shares.

153. Since the last review, Denmark amended the PPLCA to no longer permit the issuance of bearer shares and now has mechanisms in place requiring the registration of all bearer shares, both minor and substantial possessions. All shares issued must now be named (s. 48(2) PPLCA). From December 2014, shareholders holding bearer shares in Danish public limited companies (A/S) or limited partnership companies (P/S) must register their shares in the Register of Bearer Shares (contained in the non-public section of the CVR). Section 57(a)(1) of the Companies Act states that "[a]n acquirer of one or more bearer shares who holds less than 5% of the voting rights of the company's capital, or less than 5% of the company's capital shall be registered in the IT system at the Danish Business Authority by no later than two weeks after the acquisition". Registration shall include information on the date of acquisition, the number of bearer shares and the acquirer's full name, address and civil registration number (CPR number), or, in the case of an undertaking, its name, business registration number (CVR number) and registered office. If the acquirer does not have a civil registration number (CPR number) or a business registration number (CVR number), other information clearly identifying the acquirer must be registered (s. 57(a)(2) PPLCA).

154. Any transfers of bearer shares shall be registered no later than two weeks after such transfer has occurred and will include the date of the transfer (s. 57(a)(3) PPLCA).

155. The acquirer of a bearer share cannot exercise the rights of a capital owner unless he/she is registered in the register of bearer shares or has notified the company and documented the acquisition (ss. 49(2) and 55 PPLCA).

156. Given the foregoing, the recommendation issued at the time of the last review is considered fully addressed and has been removed, although Denmark is recommended to monitor the implementation of new provisions requiring the registration of minor bearer shares.

A.1.3. Partnerships

157. Jurisdictions should ensure that information is available identifying the partners and beneficial owners of any partnership that (i) has income, deductions or credits for tax purposes in the jurisdiction, (ii) carries on business in the jurisdiction, or (iii) is a limited partnership formed under the laws of that jurisdiction.

158. In Denmark, a partnership may be created under the Companies Act (PPLCA) or the Commercial Undertakings Act (CCUA). Denmark allows for the creation of the following types of partnerships:

- *General partnership (I/S)* – governed by the Commercial Undertakings Act, a general partnership is an undertaking in which all partners are

personally and severally liable, without limit, for the partnership's debts and liabilities (s. 2(1) CCUA). A general partnership must have at least two partners. As of 16 November 2016, Denmark had 21 638 general partnerships.

- *Limited partnership (K/S)* – governed by the Commercial Undertakings Act, a limited partnership is an undertaking in which the general partners are personally and severally liable, without limit, for the partnership's debts and liabilities and the limited partners are liable for the partnership's obligations only up to the amount they have contributed (s. 2(2) CCUA). Limited partnerships must have at least one general partner and one limited partner. General partners can be responsible for the management of the partnership. As of 16 November 2016, Denmark had 3 540 limited partnerships.
- *Public limited partnership (P/S)* – governed by the Companies Act, a P/S is a partnership in which the limited partners of the company have contributed a certain capital, which is divided into shares (s. 21 PPLCA). The general partners have unlimited liability and can be represented in the management of the company. For all intents and purposes, a public limited partnership is treated as a company, except that it is a tax-transparent entity. All rules applicable to public limited companies apply to public limited partnerships. As of 16 November 2016, Denmark had 891 public limited partnerships.

159. Partners for all partnerships may be natural or legal persons. Partnerships are not required to have any resident partners.

160. During the three year review period, Denmark received six requests relating to partnerships. Denmark was able to provide all requested information and no peers raised any issues with respect to partnerships.

(a) Legal ownership information for partnerships

161. In most cases, information on the legal owners of partnerships is required be held to varying degrees by the DBA, SKAT and the partnerships themselves. Previously, public limited liability partnerships formed under the Companies Act (P/S) were the only partnerships required in all cases to register in the CVR. Prior to the enactment of the Beneficial Ownership Act, limited partnerships (K/S) and general partnerships (I/S) formed under the Commercial Undertakings Act were only required to register in the CVR under certain circumstances. Following the entry into force of the Beneficial Ownership Act, all K/S and I/S have to register with the DBA according to the rules on beneficial ownership. Additionally, all partnerships generating taxable income must register with the tax authority if not otherwise registered with the DBA. Registration with the DBA and SKAT do not require

information on limited partners. Following amendments to the Tax Control Act in 2012, however, all limited partnerships (P/S and K/S) are required to hold information on all partners.

162. At the time of the January 2011 report, ownership information for all partners in limited liability partnerships was not always available. At the time of the first review, not all partnerships were required to register with the DBA, and for those that were required to register, only information on the fully liable partners was required to be submitted upon registration. No information on partners was required to be included in the partners' annual returns. Since the last review, most limited liability partnerships are now required to register with the DBA and all limited liability partnerships are required to hold legal ownership information on their partners. For a more detailed analysis of partnerships at the time of the first review, refer to paras. 88-98 of the January 2011 report.

163. Legal obligations to register or maintain legal ownership information are now in place for most partnerships, although ownership information for general partnerships (I/S) not generating taxable income may not be available with any public authority or the partnership itself. This is, however, considered a limited gap of low materiality and is mitigated by the new beneficial ownership legislation. Notwithstanding the foregoing, such obligations are not supervised by any public authority. As such, Denmark is recommended to enhance its oversight of record-keeping obligations.

(i) Legal ownership information held by the companies registrar

164. As with other companies governed by the Companies Act, public limited partnerships (P/S) are required to register in the CVR (s. 15 EON) through the DBA's online portal (VIRK, at www.virk.dk). However, a P/S ("partner company") is not required to provide information on all of its legal owners upon registration. For "partner companies", registration requires the full names, positions in the company, addresses, and any contributions of fully liable partners (i.e. general partners) (ss. 15-16 EON and s. 360(1) PPLCA). Information on partners that are not fully liable (i.e. limited partners) is not required, although this information is now required to be held by the P/S itself. Danish authorities confirm registration includes any foreign fully liable partners. In the case of corporate partners, information identifying the company (name, CVR number, registered address) is sufficient. Changes to registered information must be notified to the DBA within two weeks of occurring (ss. 18 and 37 EON). Failure to comply with registration requirements is punishable with a fine (s. 75(1) EON), the range for which has not yet been determined.

165. Over the review period, partnerships formed under the Commercial Undertakings Act (I/S and K/S) were only required to register where all partners are either (i) limited liability companies or (ii) other partnerships, whose general partners are all limited liability companies (s. 2(3) CCUA). In other words, an I/S or a K/S partnership having any partners that are not limited liability companies or partnerships wholly owned by limited liability companies were not required to register with the DBA. Where required, registration of general partnerships (I/S) and limited partnerships (K/S) included submission of the names, addresses and CVR numbers of the liable partners (i.e. general partners) (s. 35(1) EON). No information on limited liability partners was required for registration. Since the entry into force of the Beneficial Ownership Act and the new Executive Order on Registration, all partnerships (including K/S and I/S partnerships) must register beneficial ownership with the DBA. However, as mentioned above, as the Beneficial Ownership Act does not require registration of all owners (only the ultimate beneficial owner), legal ownership information on partnerships will not always be available with the DBA. This information may be held by the partnership itself or with the tax authority (discussed more in depth below).

166. Limited partnerships now have new obligations to register significant shareholdings. All P/S partnerships and registrable K/S partnerships are required by the Executive Order on Registration (and the Companies Act in the case of P/S partnerships) to register significant shareholdings (more than 5% of the company' capital or voting rights) in the POR (s. 55(1) PPLCA and s. 1(1) EOR). As was the situation described above with respect to companies, prior to 2015, legal ownership information was not strictly required to be inputted to successfully register in the CVR. However, all entities are obliged to fill in missing information even if they incorporated prior to the new registration requirements. The deadline for limited partnerships to fill in legal ownership information was July 2016. The Executive Order on Registration does not apply to general partnerships (I/S).

167. Foreign partnerships are under the same registration criteria and obligations as domestic partnerships.

(ii) Legal ownership information held by the tax authority

168. All partnerships (including those formed abroad) that have activities that give rise to tax obligations (e.g. under VAT legislation) must register with SKAT (unless already registered with the DBA). SKAT explains that virtually any commercial activities would give rise to tax obligations and that the primary example of partnerships that do not need to register with the tax authority are those that are established to own, but not to earn income from, property. Registration in the tax database is done in the same way as registration with the DBA (through the VIRK online portal). As with registration in

the CVR, registration in SKAT's *Erhvervssystem* requires identity information (names, addresses and CPR numbers) on all fully liable partners (s. 71(1) EON). Any changes to registered information must be reported to the DBA within two weeks of occurring (s. 71(3) EON). All information registered with the DBA is also automatically transferred to the tax authority's system. According to SKAT's database, the following statistics have been compiled on the registration of partnerships as of the beginning of 2017:

Partnerships registered in Denmark

Type of partnership	CVR registered	Registration with DBA	Registration with SKAT
General partnership (I/S)	21 426	763	20 663
Limited partnership (K/S)	3 615	3 443	172
Public limited partnership (P/S)	891	891	0
Total	**25 932**	**5 097**	**20 835**

169. As a general rule, partnerships are not taxable in their own name. Rather, partners file tax returns on an annual basis on their share of profits. Information on other partners is not required to be included in each partner's tax return. However, as companies, P/S partnerships are required by the recent amendments to the Tax Control Act to include in the annual return identity information on individuals or entities having held at least 5% of the company's capital or having controlled at least 5% of the total voting value in the company in the income year (s. 3A(7) TCA). This requirement extends to K/S partnerships only when they are also required to file tax returns as companies under the circumstances laid out in section 2C of the Corporation Tax Act.

170. Under certain circumstances, a limited partnership will be required to file a tax return containing ownership information in its own name. The Corporation Tax Act (CTA) provides that a K/S owned or controlled above 50% by owners who are tax resident in jurisdictions that treat limited partnerships as non-transparent entities, and which do not have a tax treaty with Denmark, will be subject to the same tax treatment as Danish resident companies and required to file a tax return in the name of the partnership (s. 2(C) CTA). In such cases, identity information on owners owning at least 5% of the partnership's capital, or controlling at least 5% of the voting rights, must be included. Similarly, under the Tax Assessment Act (TAA) where a K/S partnership has more than ten "passive" partners,[5] it must file an annual

5. Previously, favourable tax rules applied to all K/S partnerships regardless of the number of limited partners, but this was changed in 1989. These partnerships sometimes had large numbers of passive partners. Denmark explains that the number of partnerships formed under the old version of the Commercial Undertakings Act diminishes each year and currently stands at about 100.

return containing information on the identity, ownership period and share of ownership for the passive partners (s. 29 TAA). Passive partners are those partners who do not take part in the running of the enterprise to a significant degree (informally designated in practice as those who do not work for the partnership more than 50 hours per month).

(ii) Legal ownership information held by the partnership

171. Requirements for partnerships to hold ownership information on their partners exist for limited partnerships (K/S and P/S). At the time of the January 2011 report, no obligation existed for partnerships formed under the Commercial Undertakings Act to hold information on individual partners. Public limited partnerships (P/S), as companies, were required to maintain a register of owners (i.e. partners) in accordance with section 50 of the Companies Act. In 2012, Denmark amended the Tax Control Act to require all limited partnerships (K/S and P/S) to hold information on their legal owners. Sections 3A(2) and (3) of the Tax Control Act requires K/S and P/S partnerships to keep a list of all general and limited partners. Danish authorities affirm that this responsibility rests on the partnership and not on the individual partners who are not obliged to know the identity of all other partners. With respect to partners who are natural persons, the partnership must record the partner's name, CPR number, country of residence and address. With respect to corporate partners, the partnership must record the name of the company and its registered address. New partners must inform the limited partnership of their identity in writing within two weeks of commencement of ownership.

172. General partnerships (I/S) are not covered by the Tax Control Act and therefore have no obligation to maintain identity information on their owners. Therefore, legal ownership information for general partnerships will be available only when required to be registered with either the DBA or the tax authority under the circumstances described above. However, the materiality of this gap is considered low as it will be mitigated by the Beneficial Ownership Act, which applies to general partnerships.

(b) Beneficial ownership information for partnerships

173. Beneficial ownership information is required to be available for all partnerships under the Beneficial Ownership Act, which requires partnerships to obtain and register information on their beneficial owners in the new Beneficial Ownership Register. However, not all beneficial information may be required to be recorded in the Beneficial Ownership Register and requirements for the partnership to hold such information remain to be clarified.

(i) Beneficial ownership information held by the Companies Registrar

174. Prior to the enactment of the Beneficial Ownership Act and the amended Executive Order on Registration, beneficial ownership information would be available for partnerships only where they were P/S partnerships or registered K/S partnerships and all of their corporate partners were limited liability companies that were required to record their shareholders. However, after entry into force of the Beneficial Ownership Act, all partnerships (including I/S general partnerships), like companies, must obtain and register information on their beneficial owners pursuant to amendments to section 58 of the Companies Act and section 15 of the Commercial Undertakings Act.

175. As described above, the Beneficial Ownership Act requires the registration of those partners deemed to be the beneficial owners. The DBA reports that beneficial ownership of partnerships is deemed to be a 25% ownership share, but a partner who exercises control through other means may also be considered a beneficial owner. The Guidelines on beneficial ownership provide that, in determining beneficial ownership, the agreed upon rights of partners and the partnership agreement will determine which partners may be considered beneficial owners. Where a partnership has Danish corporate partners, beneficial ownership information will be available through registration of legal ownership. However, where a partnership has foreign corporate partners, beneficial ownership information for the partnership is not guaranteed to be registered in the Beneficial Ownership Register and would only be ensured if held by the partnership.

(ii) Beneficial ownership information held by the partnership

176. As with companies, partnerships will be required by amendments to the Companies Act and Commercial Undertakings Act to maintain information on beneficial owners, as well as on any attempts to identify such owners, for five years following the termination of the relationship or the attempt to ascertain the owner (s. 58 PPLCA and s. 15 CCUA). Where no beneficial owners can be identified, day-to-day management of the partnership shall be recognised as the beneficial owners (s. 58 PPLCA and s. 15 CCUA).

177. As noted above with respect to companies, the record-keeping obligations of entities under the Beneficial Ownership Act are not entirely clear on the type of documentation that must be kept. In fact, the Act expressly requires only that the steps or attempts taken to identify the beneficial owner (rather than the identity document of the owner(s) themselves) be retained. In the case of partnerships, Danish authorities explain that all partners must be examined in identifying the beneficial owner. This exercise should entail "looking through" each corporate partner to the natural person owners. As noted above, it may be that not all partners are registered as beneficial

owners. Where legal ownership of a corporate partner would not be captured by other registration requirements (e.g. in the case of foreign partners), beneficial ownership information of the partnership would be available only where the partnership has maintained identity documents on all of the partners. Accordingly, Denmark is recommended to rigorously supervise legal requirements (including record-keeping obligations) pertaining to ownership information.

(c) Supervision of partnerships

178. Although legal obligations for partnerships to maintain or make available ownership information are largely in place, such obligations were not subject to adequate supervision over the review period. Authorities revealed during the on-site visit that, over the review period, no public body was responsible for the oversight of partnerships with respect to their obligations to maintain ownership information. As a result, it is not possible to ascertain the degree to which partnerships in Denmark have abided by their obligations under the Companies Act and Tax Control Act to maintain identity information on their partners. The tax authority conjectures that it may be able to assume such responsibility (verifying the maintenance of ownership records) under its audit programme in the future. Moving forward, beneficial information on partnerships that is required to be entered into the Beneficial Ownership Register will be monitored by the DBA once it develops its plan of supervision.

A.1.4. Trusts

179. Jurisdictions should take all reasonable measures to ensure that beneficial information is available in respect of express trusts (i) governed by the laws of that jurisdiction, (ii) administered in that jurisdiction, or (iii) in respect of which a trustee is resident in that jurisdiction.

180. Denmark has not signed the Hague Convention on the Law Applicable to Trusts, but Danish law does not prohibit Danish residents from acting as trustees, protectors or administrators of a trust set up under foreign law. As the concept of trust is not recognised in Denmark, there is no register of trusts. Ownership information for trusts is required to be held by the trustee under both AML and Danish tax law.

181. It is not known how many foreign trusts are administered by trustees resident or domiciled in Denmark. Danish authorities advise that they have not come across any trustees in the course of their tax or AML supervision programmes and that if any foreign trusts are being administered in the jurisdiction, the number would be extremely low.

182. During the three year review period, Denmark received no requests relating to trusts.

(a) Ownership information held pursuant to AML and financial regulations

183. Danish trustees acting on a commercial basis are subject to AML. Pursuant to section 1(1)(18) of the MLA, providers of services for undertakings are covered by Denmark's AML regime. Providers of services of undertakings are defined as a natural or legal person who conducts any of the activities enumerated in section 2(12), including acting as a manager or administrator of a foundation or another similar legal arrangement. The MLA specifically extends this provision to those providing trustee services. There are no restrictions on who may act as a trustee of a foreign trust.

184. Pursuant to section 58 of the MLA, trustees are required to register with the DBA and are therefore subject to the DBA's AML supervision. Trustees are subject to the registration requirements described in Order No. 1197/2008 "Notice of filing and registration of money transfer companies, exchange offices and providers of services to companies in the Commerce and Companies Agency Register". Pursuant to sections 2 and 4 of Order No. 1197/2008, a trustee must submit to the DBA the name, address and identity number of the trustee. Changes must be communicated to the DBA within two weeks of occurring.

185. The definition of beneficial owner in the MLA includes the natural person or persons in a legal arrangement (including a trust) who ultimately, whether directly or indirectly, control or otherwise have powers similar to ownership, including (i) the board of directors; (ii) Specially favoured persons or, insofar as the individuals who benefit from grants have yet to be identified, the group of persons in whose main interest the legal arrangement has been set up or operates; (iii) founder (settlor) However, Danish authorities confirm that specially favoured persons relate to beneficiaries that are "particularly favoured" and not all beneficiaries. Particularly favoured beneficiaries are those receiving a significant portion of payments from the trust.

186. As AML-obliged persons, trustees are subject to the customer identification and verification requirements contained in Denmark's AML legislation as described above (although it is questionable whether, based on the definition provided in the AML Guidelines, whether CDD and KYC measures would need to be undertaken for all beneficiaries). However, beneficiaries to whom disbursements are made must be identified to the tax authority. For a more detailed description of CDD and KYC obligations in Denmark's AML regime, refer to section A.3 below.

(b) Ownership information held pursuant to tax law

187. Some foreign trusts may be registered with the tax authority for tax or VAT purposes. In such cases, although there are no legal provisions specifically addressing what kind of information is required for registration, if information on the settlors, trustees and beneficiaries is not produced when the trustee applies for registration, SKAT will request the information prior to approving the request for registration.

188. Due to amendments in 2012, section 3(A)(1)(4) of the Tax Control Act requires all trustees (whether or not acting in a professional capacity) and administrators of trusts and other similar arrangements to possess identity information on other trustees and administrators, as well as on the settlor and beneficiaries. Trustees of charitable or otherwise non-profit trusts are exempt from to report on possible beneficiaries. Section 3(A) applies only to trustees and administrators domiciled or resident in Denmark or where the business activities of the trustee are carried on from a permanent establishment in Denmark. Section 3(A)(1) equally applies if the trust had no tax liability in a given year.

(c) Supervision of trusts

189. With respect to the obligations under tax law, where a trust has been established as having characteristics to qualify as a taxable entity under Danish tax law (categorised as "foreign, other type"), it would come under the purview of SKAT's audit programme (discussed in depth below in section on accounting requirements). However, Denmark reports that no Danish resident trusts or trustees have been encountered under SKAT's audit programmes.

190. With respect to the AML supervision of trusts, the DBA is responsible for the oversight of trustees in Denmark pursuant to section 57 of the MLA (see above for a description of the DBA's AML supervision of relevant entities and professionals). Where the trustee is a lawyer, supervision will be carried out by the Danish Bar and Law Society. Similar to the experience of the tax authority, neither the DBA nor the Bar and Law Society has not encountered any Danish residents administering foreign trusts in the course of their AML supervision programmes.

A.1.5. Foundations

191. Jurisdictions that allow for the establishment of foundations should ensure that information is available identifying the founders, members of the foundation council, beneficiaries, as well as any beneficial owners of the foundation or persons with the authority to represent the foundation.

192. As explained in the January 2011 report, Danish law provides for the creation of two types of foundations: commercial and non-commercial foundations. Non-commercial foundations are governed by the Foundations Act (FA) and commercial foundations are governed by the Commercial Foundations Act (CFA). Denmark defines a foundation as a legal person that owns capital, which is irrevocably separated from the assets of the founder. A foundation must have a purpose and its management must be separate from the founder. A foundation is regarded as commercial if it transfers goods or intellectual property rights, provides services or similar against which the fund ordinarily receives consideration, sells or rents out real property, or has a controlling influence over a limited company or another form of undertaking (s. 2(1) CFA). For more detailed description of foundations under Danish law, refer to paras. 104-106 of the January 2011 report.

193. With respect to foundations, ownership information is available for the founder(s), members of the foundation council and certain beneficiaries. Prior to the enactment of the Beneficial Ownership Act, the commercial registry would hold information on a foundation's founders and foundation council, but not on the beneficiaries. Ownership information on certain beneficiaries is now required to be registered in the new beneficial ownership register. The tax authority will also have information on beneficiaries to whom disbursements were made. Ownership information on some beneficiaries (who are not considered "particularly favoured) to whom disbursements are not made would not be captured, but this is considered to be a very limited gap.

194. As of 16 November 2016, Denmark had 1 364 commercial foundations and 8 018 non-commercial foundations.

195. During the period under review, Denmark received one request relating to the ownership of a foundation. The requested information was provided to the satisfaction of the peer.

(a) Ownership information held by the companies registrar

196. As the registrar of foundations the DBA will hold ownership information on the founder(s), foundation council and directors, but not the beneficiaries. As with companies, foundations are required to register in the CVR. In line with section 52 of the Executive Order on Notification and section 124 of the Commercial Foundations Act, commercial foundations must provide upon registration, *inter alia*, the name of the foundation, its registered address, its purpose, the statute of the foundation (which will include information on the founder(s)), as well as the full names and CPR numbers (or other identifying documents) of the members of its board of directors (i.e. foundation council), any chief executives, auditors, or proxies. Changes

to registered information must be reported to the DBA within two weeks of occurring (s. 53(1) EON). No information on a foundation's beneficiaries must be submitted upon registration. For more detailed information on the registration of commercial foundations, refer to the January 2011 report, paras. 109-110.

197. The Beneficial Ownership Act, which entered into force on 23 May 2017, amends the Foundation Act and the Commercial Foundations Act to require all foundations, commercial and non-commercial (even those that are exempt from the requirements and financial control in the Foundation Act and the Commercial Foundations Act) to register information on their beneficial owners with the DBA as soon as possible after the foundation becomes aware of a beneficial owner and any changes thereafter (s. 21(a)(2) CFA and s. 4(2) FA). The Executive Order on Registration and Publication of Information on Owners (EOR) requires foundations to register their beneficial owners (as well as information regarding the nature of the beneficial ownership) with the DBA along with the date the beneficial ownership became effective (ss. 13(1) and 29 EOR).

198. A beneficial owner of a foundation is considered to be a natural person who ultimately, directly or indirectly, controls the fund or has other ownership authority, including the board of directors of the fund and particular beneficiaries, or where these are individuals benefiting from the distributions of the fund, persons not yet known to the fund, the class of persons in whose main interest the fund is established or operates (s. 21(b)(1) CFA and s. 5 FA). This definition (read in conjunction with the Guidelines on beneficial ownership, described below) would not appear to cover the founders or all beneficiaries of a foundation.

199. The Guidelines on beneficial ownership define the beneficial owners of a foundation as the foundation's board of directors and natural persons "particularly favoured by the foundation (i.e. recipients of large grants)". The Guidelines state that a specific assessment will be necessary to determine whether someone entitled to receive grants is "particularly favoured" by the foundation. Further criteria are not specified, although the Guidelines provide the scenario of an individual entitled to receive 50% of all grants for a year as an example of a particularly favoured beneficiary. This definition would not cover all beneficiaries of a foundation; however, information on a foundation's beneficiaries will be reported to SKAT where distributions are issued. The board of directors shall also submit a register of any recipient of grants from the foundation to the DBA on a yearly basis (s. 80 CFA). The Guidelines consider that in general, the founder and other donors would not generally be considered beneficial owners of a foundation, although they may be under exceptional circumstances.

(b) Ownership information held by the tax authority

200. As described in the January 2011 report, for both commercial and non-commercial foundations, SKAT holds some information on a foundation's beneficiaries. Distributions to beneficiaries are tax-deductible if the contribution is for the public good or if the beneficiary is a taxpayer in Denmark (s. 4 FA). The board of the foundation must submit, on a monthly basis, information on the contributions to each beneficiary (s. 7(B)(1) TCA). However, the Minister for Taxation may relax the obligation to provide information for certain foundations and associations and in respect of certain distributions (s. 7(B)(5) TCA). Failure to comply with this obligation is punishable with a fine (s. 14 TCA). However, Denmark should still ensure that beneficial ownership information is available for all beneficiaries, regardless of whether disbursements were made.

(c) Ownership information held by the foundation

201. The Beneficial Ownership Act requires all foundations to keep the beneficial owner information for a period of five years after the completion of the relationship (s. 21(a)(1) CFA and s. 4(1) FA). The foundation shall also keep information on any attempt to identify beneficial owners for a period of five years after any such identification attempt (s. 21(a)(2) CFA and s. 4(2) FA). The DBA explains that information on any attempt is not intended to be interpreted as being equivalent to CDD and KYC under Denmark's AML regime. Such information is not required to be kept in Denmark, but must be surrendered to public authorities upon request. Failure to maintain such information as required is punishable with a fine, the range for which has yet to be determined (s. 132 CFA).

(d) Ownership information held pursuant to AML and financial services regulations

202. Persons managing or administering foundations on a commercial basis are covered by Denmark's AML regime pursuant to sections 1(18) and 2(12)(d) of the MLA. As such, they are subject to the customer identification and verification measures and record-keeping obligations under the MLA described above.

203. The definition of "beneficial owner" in the MLA as pertains to foundations is the natural person(s) in a legal arrangement (including a foundation, trust, etc.) who ultimately, whether directly or indirectly, controls or otherwise has powers similar to ownership, including (i) the board of directors; (ii) Specially favoured persons or, insofar as the individuals who benefit from grants have yet to be identified, the group of persons in whose main interest the legal arrangement has been set up or operates; (iii) founder,

custodian and patron, if such exists. Specially favoured persons refer to "particularly favoured beneficiaries" (those that have a legal right to receive a significant share of the foundation's funds). Beneficiaries not considered particularly favoured would not be included in the definition of beneficial owner, although they would identified to the tax authority where disbursements are issued.

(e) Supervision of foundations

204. The DBA is both the registration authority and supervisory authority for commercial foundations. In its capacity as the registration authority, the DBA ensures the registration of lawful management and capital positions and oversees the filing obligations of foundations. The DBA explains that its supervisory authority may be categorised into main areas: (i) authorisation to make changes and extraordinary transactions(those classified as risky transactions for various reasons); (ii) review of foundations on a random and sample basis (review of financial statements, articles of association, and the foundation's management, etc. to ensure that registered information is up to date); (iii) other supervisory matters (e.g. inquiries from third parties and/or the media); and (iv) providing advice and replying to specific inquiries from the foundation, their consultants or other third parties.

205. Over the review period, DBA has inspected between 120 and 200 commercial foundations per year through either random sampling or a risk based approach. Through its process of random sampling, the DBA has found that about 35% of examined foundations had violated one or more provisions of the Commercial Foundations Act or the Financial Statements Act. Through its risk based approach, the DBA has found that about 70% of examined foundations had violated one or more of provisions of the Commercial Foundations Act or the Financial Statements Act. The most frequent violation involving requirements to maintain identity information was the failure to maintain updated information on the management (board, or foundation council) of the foundation. The sanctions available to the DBA depend on the nature and materiality of the violation. In minor cases, the DBA may pronounce criticism of the board of directors. In severe cases, the DBA may displace one or more members the board of directors or appoint a new board of directors. In most cases, the DBA reports that it either orders the violation to be discontinued or requests a new annual account without violations to be submitted. Over the review period, the DBA has not had to impose sanctions on any foundations as all orders have been followed.

A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

206. Obligations to maintain accounting records, including underlying documentation, in accordance with the international standard are in place in Denmark for all relevant entities and arrangements.

207. The January 2011 report found requirements for reliable accounting records, including underlying documentation, to be kept by all relevant entities and arrangements for a minimum period of five years. Element A.2 was determined to be "in place" and Compliant.

208. Denmark's legal framework relating to accounting requirements has not changed significantly since the last review. During the current period under review, Denmark received 133 requests for accounting information (112 of which related to companies, 3 of which related to partnerships (K/S), and 18 of which related to sole proprietorships) and was able to exchange the requested information in all cases. Denmark has also been able to exchange accounting information on companies that have been dissolved, although the exact number of instances cannot be determined. Peers raised no issues with respect to accounting information.

209. The table of determinations and ratings remains as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework		
Determination: In Place		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice		
Rating: Compliant		

A.2.1. Obligations to maintain accounting records

210. Obligations to maintain proper accounting records, including underlying documentation, for a minimum period of five years, exist in Denmark for all relevant entities and arrangements. The primary piece of legislation describing such obligations is the Bookkeeping Act (BA), which applies to all commercial undertakings established in Denmark, as well as all business activities carried out in Denmark by undertakings formed abroad. Danish tax law also contains accounting requirements for entities and arrangements liable to tax. Further, most entities are required to prepare annual financial statements pursuant to the Financial Statements Act (FSA). Such obligations are summarised below; for a more detailed description of accounting requirements in Denmark, refer to the January 2011 report, paras. 133-149.

(a) Commercial law requirements to maintain accounting records

211. Section 1(1) of the Bookkeeping Act states that it "shall apply to commercial undertakings of any nature established in Denmark, notwithstanding ownership or liability, and economic activities in Denmark by undertakings with their registered office outside Denmark". The Bookkeeping Act also applies to all undertakings fully or partially liable to pay tax in Denmark insofar as they are not covered by section 1(1) (e.g. entities established outside of Denmark) (s. 1(1) BA). A commercial undertaking is defined as one carrying out "economic activities, such as offering goods, rights, assets, services or similar, usually in return for remuneration" (s. 2(1) BA). Notwithstanding section 2(1), undertaking will be considered a commercial undertaking if it is covered by the Companies Act, the Commercial Foundations Act, or the Commercial Undertakings Act, or where it is otherwise a business pursuant to Danish legislation irrespective of any exemptions under those Acts (s. 2(2) BA). As noted in the January 2011 report, the application of the Bookkeeping Act is very wide, encompassing all relevant entities and arrangements, including businesses and individuals acting as trustees if they receive remuneration for the service.

212. Bookkeeping shall be planned and executed in accordance with good accounting practices (s. 6(1)). All transactions must be recorded accurately and shall be supported by supporting documentation. As far as is necessary, entries shall be balanced against funds, including cash balances and liquid assets (s. 7 BA). It should be possible to trace all entries to the financial statements, other reporting statements (s. 8 BA). All supporting documentation shall include the information necessary to identify the audit trail, including a clear indication of the transaction date and the amount (s. 9(1) BA). Failure to comply with the provisions of the Bookkeeping Act can result in a fine (s. 16 BA). Although no range of penalties is stipulated in the law, Denmark advises

that in practice, fines have ranged from EUR 800 to 1 300. Additionally, several cases involved terms of imprisonment ranging from 7 to 14 days.

213. All records kept pursuant to the Bookkeeping Act must be stored in an adequate manner for a period of five years from the end of the financial year to which the information pertains (s. 10(1) BA).

214. Additionally, subject to certain exemptions, all limited companies (public or private), limited partnerships, registrable general partnerships, commercial foundations, SCEs, SEs, and associations and co-operatives covered by the Commercial Undertakings Act must prepare a financial report in line with the Financial Statements Act for each financial year (s. 3(1), Council Regulation (EC) No. 2157/2001 of 8. October 2001 on the Statute for a European company and s. 8 FSA). The annual financial report must give a true and fair view of the enterprise's assets, liabilities and equity, financial position and results for the year (s. 11(1) BA). The annual financial report must be audited by an approved auditor, although smaller enterprises (not exceeding two of the three following criteria: (i) a balance sheet total of DKK 4 million (EUR 530 000), (ii) net turnover of DKK 8 million (EUR 1.1 million), and (iii) an average number of 12 full-time employees over the financial year) may be exempt from this requirement (s. 135 FSA) Some smaller companies covered by the CCUA that wish to opt out of filing financial statements altogether must not exceed two of three criteria: a balance sheet total of DKK 7 million (EUR 930 000), net revenues of DKK 14 million (EUR 1.9 million), or an average number of 10 full-time employees over the financial year (s. 4(1) FSA). The DBA reports that approximately 80 000 companies have opted out of the requirement to have their annual financial statements audited. The number of companies that have opted out of filing financial statements altogether is not known. The annual financial report must be filed with the DBA no later than five months after the end of the financial year (s. 138 FSA). Financial statements held by the DBA are publicly available and may be accessed by public authorities. For more detailed information on requirements to prepare financial statements, refer to paras. 136-141. For failure to comply with the requirements in the Financial Services Act, the DBA can, *inter alia*, bring an action against the undertaking, leverage fines, suspend the option (where available) to opt out of having financial statements audited, request the probate court to initiate dissolution proceedings, or refer members of the management to the police.

215. With respect to entities that have been liquidated, struck from the register, or cease to exist for any other reason, accounting information must be preserved by the last acting management or, in the case of entities subject to filing financial statements, will be held by the DBA. Section 13 of the Bookkeeping Act stipulates that if the bookkeeping obligation ceases, the last acting management shall ensure that the accounting material continues

to be stored in accordance with the provisions of the Act. If an undertaking is dissolved through the intervention of the bankruptcy court, the bankruptcy court may decide that parties other than the last acting management are to store the accounting material (s. 13(1) BKA). If a liquidator or service provider is involved in the liquidation, the liquidator has an obligation to keep the information for five years. Information in the DBA's databases is retained indefinitely.

(b) Tax law requirements to maintain accounting records

216. All commercial enterprises are obliged to draft financial statements in order to fill in their tax returns on the basis of such financial statements (s. 3 TCA). On the recommendation of the Tax Assessment Council, the Minister for Taxation may lay down rules regarding the preparation of such financial statements for tax purposes. Pursuant to Executive Orders 2006-06-12 nos. 593 and 594 on requirements for financial statements for tax purposes for large and small businesses, respectively, all legal entities (including foundations) and partnerships liable to tax and with an annual turnover of a certain threshold (generally of DKK 100 million (approximately EUR 13.4 million)) must prepare and submit financial statements with their tax returns.

(c) Enforcement measures and oversight

217. Contravention of record-keeping obligations in particularly aggravating circumstances is punishable under section 302 of the Criminal Code. Sanctions vary from a fine or a term of imprisonment up to four months (in the case of gross negligence) or one and a half years (in cases of intentional violation). In the absence of other more severe penalties under another act, contraventions of the Bookkeeping Act are punishable by a fine (s. 16 BKA). As noted above, in practice, fines have ranged from EUR 800 to 1 300. If accounting material is not stored as required under the act, and if there is reason to believe that there is a danger of abuse, the person with a duty to keep books may, through conviction of criminal offence, have their right to store accounting material abroad suspended for from one to five years from the date of final conviction (s. 17 BKA).

218. The DBA is responsible for monitoring the level of compliance with the obligation to keep accounting records under the Bookkeeping Act (s. 159 FSA). Through random sampling, the DBA selects and checks received annual reports and the accompanying auditor's reports, or exemption statements where applicable in order to ascertain any obvious violations of Danish company law. The DBA also takes enforcement measures where an entity's auditor explicitly or implicitly provides information about non-compliance

with the Bookkeeping Act in the annual report. To ensure compliance with applicable regulations, the DBA can issue guidance, issue a reprimand, or order any errors to be corrected (s. 161 FSA). The DBA may also leverage daily or weekly fines on the members of the enterprise's management if they fail to surrender documents upon request or comply with a request for disclosures (s. 161 FSA).

219. For the financial year 2016, 188 annual financial reports were identified as containing violations of the Bookkeeping Act. The DBA did not issue orders in all cases where violations of the Bookkeeping Act were identified. During 2015, the DBA issued injunctions to cease the violation in 45 cases of non-compliance with the Bookkeeping Act. In 2016, injunctions were issued in 52 cases of non-compliance. Statistics are not available for earlier years. None of the injunctions issued in 2016 led to any reports to the police. No further information on the results of the injunctions was available. The DBA reports that it intends to strengthen its enforcement practices and file police reports in cases of severe violations in the future. The DBA also intends to begin exercising its power to suspend the option for smaller undertakings to opt out of having to audit their financial statements.

220. Contravention of record keeping obligations under tax law is punishable by a fine and may constitute a criminal offence in particularly aggravating circumstances as described above (s. 17(1) TCA). The range of fines cannot be determined as there has been no judicial practice in this area. SKAT may also impose a daily fine (the minimum amount being 1 000 DKK (EUR 134) during which the default continues (s. 9 TCA). Any misrepresentation or provision of misleading information for use for determining whether a person is subject to tax liability, or for tax assessment or tax calculation purposes, with the intention of evading national tax is punishable by a fine or imprisonment for up to one year and six months, unless a higher sentence can be imposed under section 289 (the tax fraud provision) of the Criminal Code (s. 13 TCA). Intentional or grossly negligent provision of incorrect or misleading information for tax purposes is similarly punishable by a fine or imprisonment up of to 18 months unless a higher sentence can be imposed under the Criminal Code (s. 14 TCA). In cases not covered by those provisions, intentional or grossly negligent failure to meet a reporting obligation under the Tax Control Act is punishable under by a fine (s. 14 TCA).

221. SKAT audited 41 049 companies in 2015 and 38 994 companies in 2016. Over the review period, 28 cases have been subject to criminal procedures under section 14(2) of the Tax Control Act, 11 of which led to a court decision and 2 of which resulted in settlements. Fines for non-compliance with mandatory reporting obligations were issued in all 11 cases that went to court. Five of the remaining 15 cases have been "shelved" by SKAT's criminal case units (meaning they were not carried further with a referral

to prosecution). In four of those five cases, SKAT issued a warning to the relevant entity that further offences of the same nature would be considered prima facie evidence of gross negligence. The other ten cases have been referred to prosecution and are in different stages of the judicial system. The average fine for these cases was DKK 5 000 (EUR 672), although fines of DKK 10 000 and 20 000 (EUR 1 345 and 2 690) were also issued. Statistics could not be provided on enforcement actions taken based on the type of entity.

222. SKAT is responsible for monitoring compliance with the obligation to file a tax return under section 1 of the Tax Control Act. Although SKAT does not specifically monitor compliance with the Bookkeeping Act, in the course of conducting an audit, SKAT reports that it will sometimes detect non-compliance with requirements in the Bookkeeping Act. SKAT may make arrangements with an accountant to draft accounts at the cost of the taxpayer in cases where accounts satisfying the requirements for taxation purposes have not been produced (s. 3(D) TCA). In case a satisfactory tax return is not provided, SKAT may impose a surtax and may also on its own accord assess the taxable income of the taxpayer (s. 5 TCA). The compliance rate of filing among legal entities is very high in Denmark (95.4% in 2013, 94.6% in 2014, and 90.6% in 2015).

223. SKAT's audit programme is as follows. Ordinary audits are conducted to determine whether tax liability has been assessed correctly. Companies are selected for audit through the tax system on an automated basis, depending on the company's risk categorisation and various risk factors that have been flagged. Analysts will then go through the list automatically generated by the system and manually determine which ones should be audited. In the course of an ordinary audit of a company, the assessment team will ask for files, such as annual reports, documents relating to different accounts, and underlying documents.

224. SKAT reports that it doesn't always conduct an on-site exam, but in some circumstances (such as for large companies, complex cases or serious tax offences) they will. In such cases, they generally first write to the company and then either go on-site directly, or will go on-site after soliciting documents for a desk-based exam. In some cases, SKAT will already have received documents form the company but may need to go on-site to ask questions about the documents received. SKAT can also do spot-checks (audits without notice) if there is a specific high risk that has been flagged. During the on-site, the assessment team checks to see whether all correct accounting material is being held in accordance with the law, although this can also be done during the desk-based review.

225. SKAT can also exercise a range of compulsory powers. If the company does not send the requested documents, SKAT is able to make an

assessment based on whatever documentation they have (such as in-house information on VAT and employees, etc.). SKAT also has the ability to impose an administrative daily fine, or refer the taxpayer to the police in which case the taxpayer would incur a criminal fine and possible even a short term of imprisonment (s. 9 TCA). The fine is DKK 1 000 (EUR 134). Statistics on the average amount of fines issued is not available.

226. SKAT reports that 41 049 companies were audited in 2015 and 38 994 were audited in 2016. Presumably all types of entities and arrangements are equally subject to SKAT's supervision of tax filings, although statistics on enforcement actions taken based on the type of entity over the review period were not provided.

A.2.2. Underlying documentation

227. All commercial undertakings covered by the Bookkeeping Act are required to maintain underlying documentation. The Bookkeeping Act defines "accounting material" as:

- Registrations, including the transaction trail (being any correlation between individual entries and the annual financial statements, tax statement, subsidy statements, or similar reporting formats of the party required to do bookkeeping and that must be prepared pursuant to legislation);
- Any descriptions of bookkeeping, including agreements on electronic exchange of data;
- Any descriptions of systems to store and retrieve stored accounting material;
- Vouchers (i.e. necessary documentation pertaining to transactions) and other documentation;
- Other information necessary to secure the audit trail (information certifying the accuracy of the entries);
- Financial statements required pursuant to legislation; and
- Any audit book comments.

228. As concluded in the January 2011 report, the Bookkeeping Act's definition of accounting material would clearly cover underlying documentation reflecting details of (i) sums of money received and expended and the matters in respect of which the receipt and expenditure takes place; and (ii) sales and purchases and other transactions. All records must be kept for a minimum period of five years following the accounting period to which they pertain.

229. As described above, the DBA is responsible for supervising compliance with the record keeping obligations under the Bookkeeping Act and the Financial Statements Act. Entities subject to tax are subject to additional oversight by SKAT. As a part of SKAT's audit programme (as described above), it reviews all the accounting records of the entity, including underlying documentation (such as invoices [e.g. invoices, contracts, documents on costs, etc.] to determine whether the entity is in compliance with tax legislation.

A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

230. Denmark's regulatory framework governing the availability of banking information is largely in place, but contains a gap in its definition of beneficial ownership with respect to trusts and foundations. Further, in practice, banking supervision is very weak. Although Denmark's AML framework requires banks to identify their customers and retain customer identification documents for five years after the customer relationship has ended, or following the completion of the transaction to which the documents relate, these obligations are not adequately overseen by the FSA, Denmark's banking supervisor.

231. The last round of reviews did not raise any concerns with respect to the availability of bank information in Denmark. In the last round of reviews, element A.3 was determined to be "in place" and rated "Compliant". No recommendations were issued in the combined report.

232. Since the last review, Denmark has revised its AML regime to adopt a more risk-based approach and to refine elements of it law (such as introducing requirements for entities to develop compliance programmes and hire compliance personnel), but the AML supervision of the banking sector has declined. During the period under review, the FSA conducted only seven on-site inspections of Denmark's 98 banks, which collectively held assets worth almost twice Denmark's GDP in 2015 and in one year, conducted no inspections of any banks in Denmark due to the low priority of AML supervision. As a result, Denmark is recommended to strengthen its supervision of the AML obligations of its banking sector. As a result, element A.3 is now rated "Partially Compliant".

233. The updated table of determinations and ratings is as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework	The definition of beneficial ownership as relates to trusts and foundations (under AML) does not cover all beneficiaries, only "particularly favoured beneficiaries".	Denmark is recommended to ensure that banking information, including information regarding the beneficial owners of accounts, is available for all relevant entities and arrangements.
Determination: In Place, but needing improvement		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice	Over the review period, rules allowing banks to rely on the CDD and KYC of third parties were not sufficiently rigorous. Information collected by third parties was not required to be made immediately available to the relying institution. Since June 2017, Denmark has a new AML law that strengthens introduced business requirements, but such provisions are too new for their application to have been assessed.	Denmark is recommended to monitor new legal provisions relating to third party reliance (introduced business).
	Denmark has a fairly large banking sector in terms of assets. During the period under review, the FSA had only four staff in the unit responsible for AML supervision of banks and conducted only ten on-site inspections over a three year period. Further, serious AML violations were identified, but in only two cases (of repeat offences) were disciplinary actions taken. Among the AML violations identified were those relating to customer identification, record-keeping and correspondent banking.	Denmark is recommended to implement a more rigorous system of oversight of its banking sector.
Rating: Partially Compliant		

A.3.1. Availability of banking information

234. Jurisdictions should ensure that banking information is available for all account holders. Denmark's AML regime obliges banks and other financial institutions to know their customers and to verify the identity of their customers, but suffers from a lack of precision in some areas. Additionally, Denmark's rules on introduced business over the review period were not sufficiently rigorous. Banks are required to maintain records of their transactions and business relationships for at least five years after the completion of the transaction or the end of the business relationship. However, these obligations are subject to very limited oversight by the financial regulator due in large part to inadequate staffing and resources dedicated to banking supervision. Denmark's legal framework and banking supervision is summarised below. For additional information on the availability of banking information, refer to paras. 148-153 of the September 2011 report.

235. Since the last review, Denmark has amended the MLA to strengthen its AML regime and to change its supervisory approach from a rules-based approach to a risk-based one. Main changes include introducing requirements for entities to develop AML compliance programmes and hire compliance personnel, removing exemptions from performing CDD for certain types of financial products (such as low risk life insurance contracts), and refining requirements relating to politically exposed persons and third party reliance. However, as amendments to the MLA were passed following the review period, their implementation could not be assessed in practice. As a result, Denmark is recommended to monitor new legal provisions, in particular, relating to introduced business. Further, although the amended MLA addressed some deficiencies in the old definition of beneficial owner with respect to trusts and foundations, it still does not cover all beneficiaries of such arrangements. Therefore, Denmark is also recommended to ensure that banking information, including information regarding the beneficial owners of accounts, is available for all relevant entities and arrangements.

236. Over the review period, Denmark received 92 requests for banking information (28 of which related to companies, one of which related to a K/S partnerships, and the rest of which related to natural persons). Denmark was able to respond to all but two requests for banking information to the satisfaction of peers. In two of the requests, the bank was unable to identify the person who was the subject of the request as a client.

(a) General record-keeping requirements

237. In Denmark, banks have general obligations to maintain records pertaining to accounts as well as to related financial and transactional information. The MLA requires banks and other financial institutions to store

identity and "control" information on their customers. Identity information refers to factual information about a person or undertaking and includes details such as name and CVR number (or other national identification number) (s. 30 MLA). Control information refers to the proof of identity documents and other documentation relating to the verification of the customer's identity. With respect to transaction records, documentation that is "important" to the transaction must be kept. Such documentation should include records of correspondence with the customer, account movements, signed documents of a contracting nature, etc. (s. 30 MLA). Previously, copies of identity documents were not required to be maintained, although information relating to the documents had to be recorded. Under the new MLA, both identification and verification documentation must be maintained.

238. Customer identification records must be kept for no less than five years after the cessation of a customer relationship (s. 30 MLA). Documents and records concerning transactions are required to be stored for at least five years after the conclusion of the transaction (s. 30 MLA).

239. Any violations of record keeping obligations under the MLA is punishable by a fine or, in cases of particularly gross, extensive, or intentional violations, up to six months imprisonment (s. 78(1) MLA). The range of fines for such violations cannot be determined as, to date, they have only been sanctioned together with other offences.

(b) Legal and beneficial ownership information on account holders

240. Denmark's AML framework provides general requirements for financial institutions to know their customers and to verify the identity of their customers. Banks are required to know their customers and carry out ongoing customer due diligence. AML laws are accompanied by the Explanatory Notes to the MLA, although on some subjects, it appears that more detailed guidelines would be helpful to the industry.

(i) General customer identification requirements

241. As a general principle, banks must be satisfied that customer is who the customer claims to be. The principle of Know-Your-Customer (KYC) is fundamental to the MLA and is re-iterated throughout the Explanatory Notes to the MLA. The MLA does not explicitly prohibit anonymous accounts, but banks are required to have knowledge of their customers and obtain proof of identity prior to establishing a regular business relationship (s. 10(1) MLA). Customer identification should take place prior to establishing a customer relationship, although verification of the customer's or the beneficial owner(s)' identity may be carried out during the establishment of the business relationship where deemed necessary in order to avoid interrupting the

normal course of business and the risk of money laundering or financing of terrorism is limited. In such cases, the verification of identity information in such cases must be carried out as soon as possible after initial contact (s. 14 MLA). If proof of identity cannot be carried out in accordance with Denmark's AML regime, a regular customer relationship may not be established (s. 14(1) MLA). Banks should also have an understanding of their customers' business (including the purpose of the business and corporate structures, where applicable). For details on identification procedures and methods, refer to paras. 157-158 of the January 2011 report.

242. Banks should also determine whether the customer is acting on behalf of himself/herself or on the behalf of another person. Should a person claim to act on behalf of a customer, or should there be doubts as to whether a person is acting on his/her own behalf, the bank must also identify the person and his/her identity must be verified using a reliable and independent source. Banks must also ensure that natural persons or legal entities acting on behalf of a customer are authorised to do so, unless the person in question is a lawyer appointed in this country or in another EU or EEA country (s. 11(2) MLA).

243. Banks are allowed to verify the identity of low-risk customers with more lenient methods than those applied to normal or high risk customers. Banks may conduct simplified customer due diligence procedures where there is considered to be a low risk of money laundering and financing of terrorism (s. 21 MLA). Clients are considered low risk where the customer is under an obligation to disclose ownership under stock exchange rules ensuring transparency or is a public administrative body (Appendix 2 MLA). The Explanatory Notes to the MLA make clear that even in low risk situations, the bank is not allowed to omit customer identification/verification altogether (s. 21 MLA).

244. For pre-existing customers (established before 2006), if proof of identity does not exist, a bank must collect such information and carry out verification measures within a suitable time and on the basis of a risk assessment. The Explanatory Notes to the MLA explain that a "suitable time" may arise when a "significant change" in the bank's interaction with the customer (e.g. opening additional account, a change in the transaction flow, or a change in income). Banks must ensure that there is no extension of engagement (such as renewing credit or debit cards or providing new services) with existing customers who have not been subject to proof of identity requirements and in a number of cases, the FSA required banks to close the accounts of customers who did not provide the necessary proof of identity within an appropriate amount of time. The FSA maintains that as more than ten years would have passed for pre-existing customers, a bank would have had to have updated its CDD and KYC documents on such customers. However, the MLA does not contain any time limit after such identification and verification documents must be refreshed.

(ii) Requirements to identify beneficial owners

245. As described above, Denmark's AML legislation defines "beneficial owner" as "[t]he person or persons who ultimately own or control the customer, or the natural person on whose behalf a transaction or activity is conducted, including: (a) the natural person or persons in a corporation, undertaking, association etc. who ultimately, whether directly or indirectly, own or control a sufficient share of ownership or voting rights, or who exercise control by other means, apart from the owners of companies whose shares of ownership are traded in a regulated market or equivalent which is subject to disclosure in accordance with EU law or equivalent international standards; (b) the daily management, if no person has been identified under (a), or if there is doubt as to whether the person or persons identified is/are the beneficial owner(s); (c) the natural person(s) in a legal arrangement (including a foundation, trust, etc.) who ultimately, whether directly or indirectly, controls or otherwise has powers similar to ownership, including (i) the board of directors; (ii) Specially favoured persons or, insofar as the individuals who benefit from grants have yet to be identified, the group of persons in whose main interest the legal arrangement has been set up or operates; (iii) founder, custodian and patron, if such exists. The Explanatory Notes to the MLA explain that "particularly favoured beneficiaries" are those that have a legal right to receive a significant share of the foundation's funds. Whether a person qualified for grants is particularly favoured by the foundation must be determined by a specific assessment. Normal grant recipients who are only to receive, or who receive, one or a few grants of limited economic value relative to the foundation's total assets, should not be viewed as beneficial owners. The FSA confirms that this approach to beneficiaries also extends to trusts as they are considered similar legal arrangements under Danish law. Accordingly, Denmark is recommended to ensure that banking information, including on beneficial owners, is available for all relevant entities and arrangements.

246. The Explanatory Notes to the MLA states that reasonable measures should be taken to identify the beneficial owners of a legal entity. The identity of the beneficial owner may be established and verified in various ways, which are described in the Explanatory Notes to sections 11(1) and (3) of the MLA. The MLA Explanatory Notes provide that understanding the corporate structure of an entity is a critical part of identifying relevant beneficial owners, particularly through the element of control. As such, a bank should collect information on the ownership and control structure of corporate customers, with an eye to understanding parties that may have a controlling influence over the entity (s. 11(3) MLA). If the beneficial owner of a customer cannot be identified, then a customer relationship cannot be established (s. 14(5) MLA).

247. The definition of beneficial owner contained in the MLA includes the daily management of an entity if no other individual has been identified or if there is doubt as to the identity of the beneficial owner. The Explanatory Notes state that where a beneficial owner cannot be identified in subsection (a) of the definition, members of daily management may be identified instead. As noted above in section A.1, the range of circumstances under which senior management may be considered beneficial owners under the international standard is quite specific and does not encompass mere inability on the part of a financial institution to find the beneficial owner. Pursuant to the methodology prescribed by the international standard, a financial institution, or other obliged entity, must first attempt to determine whether any natural persons exert control through ownership, and, where ownership interests are too disparate, determine whether any natural persons exert control through other means. The Explanatory Notes to the MLA does not mandate the same sequence as articulated in the international standard, but does capture all of the essential aspects. They state that ownership or control may be direct or indirect and that the starting point should be whether any natural person owns or controls more than 25 percent of the undertaking's shares or voting rights. The Explanatory Notes also provide examples of other forms of control, such as a right to appoint board members (or remove a majority of board members), voting rights, and negative control (such as veto rights). The definition of beneficial ownership for entities other than trusts and foundations may therefore be considered in line with the international standard.

(iii) Reliance on identification measures of other institutions

248. Under certain circumstances, the AML rules in Denmark allow a bank, or other financial institution, to rely on another financial institution for customer verification where the latter institution is introducing a client to the former. Section 22 of the amended MLA allows a bank to rely on an eligible introducer (another financial institution covered by the MLA or an entity subject to comparable AML regulations) if it gathers sufficient information about a third party to be able to claim that the third party meets EU requirements for CDD procedures and storage of information (s. 22(2) MLA). The relying institution must ensure that the third party commits to immediately forward a copy of identity and verification information about the customer or the beneficial owner, as well as other relevant documentation, upon request (s. 22(3) MLA). Notwithstanding the foregoing, the relying institution retains ultimate responsibility for compliance with obligations under AML (s. 22(4) MLA). Prior to 2017 amendments, and over the review period, there was no requirement for the relying institution to be able to immediately obtain the CDD documentation upon request. Previously, the Explanatory Note provided this only as a suggestion. As the new legal provision is too new to have been assessed in practice, Denmark is recommended to monitor its application.

249. Danish banks are also permitted to enter into cross-border correspondent banking relationships with banks located in a foreign jurisdiction. Before entering into such a relationship, a bank must obtain sufficient information about the institution in question to determine the reputation of the institution and to ensure that the relevant institution has in place adequate and effective AML control measures (ss. 19MLA). The bank must also first ensure that the respondent bank has conducted proper CDD and is able to disclose customer knowledge information at the request of the correspondent (ss. 19(1)(4) and 19(2) MLA). Banks shall not enter into a correspondent relationship with a shell bank (s. 20 MLA).

(c) Enforcement and oversight measures

250. The FSA is the banking regulator in Denmark and carries out both the prudential and AML supervision of banks. The FSA is divided into 18 divisions based on the type of entity supervised. As of 2016, the FSA had 55 staff working on the prudential supervision of banks and 4 staff in its AML supervision department (three full time analysts and two managers each dedicated part time to the AML unit). Staff assigned to prudential supervision are not trained on AML issues. Unlike staff dedicated to banking prudential supervision, AML staff are also responsible for the AML oversight of non-banking financial entities. As mentioned above, as of November 2016, the four staff in the AML division were responsible for the oversight of a total of 1 103 entities, including 98 banks.

251. The FSA's supervisions applies a risk based approach and performs a risk assessment on individual banks. With respect to AML risk, the FSA applies a risk matrix, which combines an inherent sectoral score (based on risks posed by the sector) and an entity specific score (based on the institution's risk mitigation and money laundering prevention measures). Scores are updated when they receive information from the bank itself (for instance through a follow-up procedure or questionnaire) or an outside source or other public agency. The FSA advises that it is currently in the process of developing a new risk matrix and scoring system.

252. The examination procedure for the FSA is as follows. The FSA first sends a letter to the bank listing the areas to be examined during the inspection. Areas of inspection are based on various criteria, including, but not limited to, previous experience and the risk profile of the institution. The letter will also request certain documentation in advance of the on-site visit, which will include documentation on their risk assessment policies and internal controls, as well as a list of client files and accounts, management reports, business procedures, internal risk reports, auditors' reports, etc. For smaller banks, the FSA may even ask for files on all of the customers. With the larger banks, the FSA will ask for files of high-risk customers and correspondent

banking accounts. In the cases of bigger institutions, the FSA estimates that, on average, it asks for about 60-80 file samples. The FSA will also ask for the bank's methods relating to the risk classification of its customers. The FSA will then check to see whether the bank has performed the identification checks and verification, and whether up-to-date CDD documentation is being maintained in accordance with the law. Generally, the bank has about two weeks to send the sample files to the FSA in advance of the on-site.

253. After the desk-based review, the FSA conducts an on-site visit, which generally lasts anywhere from one to three days, depending on the size and complexity of the bank and will conclude with an assessment report. The assessment teams usually comprise two to three staff and they interview bank staff at all different levels. In particular, the team will wish to speak with compliance officers and those responsible for risk profiling to assess the bank's system for flagging suspicious transactions or customers in practice and the implementation of procedures to address such risks. After the on-site visit, the FSA will prepare a report that identifies deficiencies. Where violations are identified, the FSA can issue an "order" (or a reprimand). The FSA will give the bank a timeframe for developing and executing an action plan to address the identified deficiencies and to comply with orders issued by the FSA. This timeframe generally ranges from about two to four weeks (depending on scale of improvements required), although banks can be granted extensions for good reason. The institution will be required to present documentation of how it has complied with the FSA's orders. The FSA can impose an administrative daily fine on banks for failing to respond in time, although in practice, this has never happened. The FSA may conduct a desk-based follow-up where needed, but will not conduct a follow-up on-site examination. As such, the FSA does not verify that changes made to a bank's policy are actually followed in practice.

254. The MLA does not prescribe any specific timing for the frequency of full-scope examinations and in practice, over the review period and historically, Group 1 banks (with working capital over 75 billion DKK (EUR 10 billion)) were inspected only once in four or five years and smaller banks even more infrequently. During the on-site visit, the FSA explained that based on a national risk assessment of the financial sector, and given its limited resources, Money or Value Transfer Services (MVTS) were deemed to be at a higher risk of money laundering than banks, and therefore, the AML unit had prioritised the supervision of those entities to the oversight of banks.

255. In the preceding several years, the FSA conducted the following on-site inspections of banks: five in 2013, none in 2014, three in 2015 and two in 2016. Of the inspections in 2013, two were Group 1 banks (with working capital over 75 billion DKK (EUR 10 billion)), two were Group 2 banks

(working capital over 12 billion DKK (EUR 1.6 billion)) and one was a Group 3 (working capital over 750 million DKK (EUR 100 million)) bank. In 2015, the three banks inspected fell into Groups 2, 3 and 4 (with working capital under DKK 750 million), respectively; no bank from Group 1 was inspected that year. Both banks inspected in 2016 were Group 1 banks. As for desk-based reviews, in 2016, the FSA conducted five desk-based inspections of Group 1 banks and three desk-based inspections of Group 2 banks. In 2013, the FSA conducted one desk-based review of a Group 1 bank, three desk-based reviews of Group 2 banks, ten desk-based reviews of Group 3 banks and four desk-based reviews of Group 4 banks. No off-site inspections were carried out in any other year during the review period. In total, the FSA issued 44 number of orders to banks over the review period.

256. The FSA does not have the ability to issue monetary sanctions; however, it can it can remove board members, revoke a licence, or in cases of very grave offences, refer the bank to the prosecutor's office, which may result in the imposition criminal penalties. Over the review period, the FSA has removed a member of a bank's board on five occasions, although it reports that in several other instances, the board member has voluntarily stepped down. The FSA has referred a bank to the prosecutor's office on three occasions.

257. In general, the AML compliance of the banking sector appears to be poor. In 2013, 23 serious AML violations were identified, 9 such grievances were identified in 2015 and 21 were identified in 2016. The FSA issued orders to rectify deficiencies in all cases where violations were identified. Disciplinary sanctions have been issued by the FSA in only very limited circumstances. In 2015 and 2016, the FSA made three referrals to the prosecutor's office. With respect to the two referrals in 2015, both banks were identified as having egregious violations, which were nearly identical to previously identified violations that were not sanctioned or addressed. The two banks that were inspected in 2015 were previously reviewed in 2011. During the first review, with respect to one of the banks, the FSA noted that adequate proof of identity was missing for a large number of customers. At the time of the subsequent review in 2015, the bank was again found to be non-compliant with AML regulations on customer identification and verification and record-keeping. Further, the bank was found to be not in compliance with correspondent banking rules. Similarly, the second bank was also found to be seriously deficient in its customer identification policies in 2011, and again, in 2015. Neither bank was subject to a follow-up procedure following its review in 2011.

258. In conclusion, although Denmark's AML laws relating to customer identification and verification are largely in accordance with international standards, the priority placed on AML supervision of banks has until recently

been low. Further, high-level regulations are not accompanied by more detailed and prescriptive guidelines, which may be one reason for the seemingly poor compliance of Denmark's banking sector with AML rules. Finally, the FSA does not appear to be adequately staffed to carry out a more rigorous supervision programme. Although banking information has been provided where requested, given the current system of supervision and potentially systematic issues with AML compliance among Danish banks, it does not appear that banking information will always be ensured to be available. Denmark is recommended to improve its oversight programme of its banking sector.

Part B: Access to information

259. Effective exchange of information requires that a jurisdiction's competent authority has adequate powers to access and obtain a variety of information that may be relevant to a tax enquiry. Jurisdictions should also have in place effective enforcement mechanisms to compel production of information. Sections B.1 and B.2 evaluate whether the competent authority has the power to obtain and provide information that is the subject of a request under an EOI arrangement from all relevant persons within their territorial jurisdiction and whether any rights and safeguards in place are compatible with effective EOI.

B.1. Competent authority's ability to obtain and provide information

Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

260. Denmark's tax authorities have broad powers to obtain bank, ownership, identity, and accounting information and have measures to compel the production of such information. Denmark's competent authority is empowered to obtain all such information from any person within its jurisdiction who is in possession of the information.

261. The January 2011 report found the ability of Denmark's tax authorities to obtain information for exchange of information purposes to be generally adequate. Element B.1 was determined to be "in place" and Compliant.

262. Denmark's legal framework and practice with respect to its access powers has not changed since the last review. The table of determinations and ratings remains as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework		
Determination: In Place		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice		
Rating: Compliant		

263. The Minster of Taxation is Denmark's competent authority. Pursuant to Ministry of Taxation Notice 1029/2005, the Minister of Taxation has delegated the role of competent authority to SKAT. As such, SKAT is the agency responsible for carrying out the functional duties relating to matters of exchange of information, but the Ministry of Taxation retains authority over general policy matters as well as negotiations of treaties.

B.1.1. Ownership, identity and bank information

264. The tax authority has wide-ranging powers under the Tax Control Act to make enquiries and inspect documents. Section 8Y of the Tax Control Act stipulates that all legislative provisions relating to the obligation to provide information for domestic tax assessment purposes also apply for the purposes of complying with a request for information arising under an EOI agreement. The competent authority's access powers have not changed since the first round of reviews and are summarised below. For a more detailed analysis of the competent authority's access powers, refer to paragraphs 171-183 of the January 2011 report.

265. Denmark reports that for the large majority of cases, a significant amount of information is already in SKAT's own databases due to the tax filing obligations of all entities liable to tax and the automatic reporting obligations of financial institutions. SKAT receives on an automatic basis: identification and transaction details concerning pension schemes (s. 8F TCA); details of interest accrued or paid, from financial institutions and others who receive contributions accruing interest (s. 8H TCA); account holders' identities, from financial institutions and others operation accounts (s. 8J TCA); and details of interest accrued and identification information on

borrowers from anyone who as part of his/her business provides or arranges loans with interest (ss. 8P and R TCA). During the peer review period 43% of requests were answered directly by the Competent Authority itself, because the information (generally relating to taxes paid, tax liability, or ownership information) was already been in the possession of SKAT.

266. As mentioned earlier, SKAT also has access to the all of the DBA's databases and registries, including those not available to the public. Where the information is not already in SKAT's possession, the CVR is one of the main sources of information. The competent authority reports that it will check to see whether the information is available there before seeking it from a third party.

267. SKAT also has a broad range of powers to access information that is in the hands of a third party information holder. Section 8D establishes a general obligation on all public authorities and boards of directors or similar senior management of private legal persons to on request provide SKAT with such data which has been deemed of material importance to the tax assessment. Section 8C establishes an obligation on all self-employed persons to provide information upon request about transactions entered into with other identified business partners. Finally, section 8G stipulates that brokers, lawyers and other personal operators who as part of their enterprise manage funds must submit, upon request by SKAT, information, such as on client deposits and accounts, transactions relating to clients, agreements or contracts, disbursements made and payments received, and any guarantees issued. All legislative provisions relating to the obligation to provide information for domestic tax assessment purposes also apply for EOI purposes (s. 8Y TCA). SKAT advises that neither the taxpayer nor the information holder has to be liable to tax in Denmark for SKAT to exercise its access powers.

268. When SKAT has to collect information from a third-party information holder (including the taxpayer), it can approach the information-holder directly. SKAT can do this as a desk-based review (sending a letter) or via an on-site visit (by sending a tax officer to collect the information via an audit). If necessary, SKAT can also send a request to a local tax office to fulfil. The local tax office will apply the same access powers as described above. The notice to the information holder will indicate that the information is requested pursuant to an EOI request and the requesting jurisdiction. The notice will also include a statement that the requesting jurisdiction has done everything its powers to collect the information before making the requests. SKAT generally gives a timeline of about 7 to 14 days for the information holder to produce the information before it exercises its compulsory powers (in the form of daily fines).

269. As noted above, SKAT's electronic databases contain a significant amount of bank account information obtained from Danish financial

institutions under reporting obligations contained in the Tax Control Act. To the extent the requested information is not available through automatic filings, SKAT may contact the bank or other financial institution in the same manner as for any other type of information. SKAT advises that, in fact, on average, the response times for requests for bank information are shorter than those for other types of information.

270. Where a request does not name the taxpayer, SKAT must obtain prior consent from the Tax Assessment Council. Generally, this process does not require a hearing, just the submission of an application by the competent authority. The competent authority explains that the usual procedure is that a request from the tax authority will be noted on the agenda and is usually approved as a matter of course, although in theory, the members of the Tax Council are authorised to pose questions to the tax administration on its application. The competent authority has never had to apply to the Tax Assessment Council on a matter related to EOI, although SKAT has applied to the council for matters related to domestic tax purposes.

271. In practice, Denmark has not encountered any problems during the review period with its ability access ownership, identity or bank information.

B.1.2. Accounting records

272. For the purposes of accessing information, the Tax Control Act does not distinguish between ownership and identity information and accounting information. SKAT can access accounting information to the same extent and in the same manner as with respect to ownership and identity information described above. SKAT advises that in many cases, accounting information will have been disclosed in financial statements, which most entities are required to file.

273. Where SKAT has to request accounting records from a third party information holder, it will do so pursuant to sections 6 and 6A of the Tax Control Act. Subject to section 6 of the Tax Control Act, any business operator that keeps accounts, regardless of whether or not the business operator is subject to the obligation to present financial statements in accordance with applicable legislation, is obliged, if so requested by SKAT, to submit its accounting records with vouchers for previous financial years and the current financial year as well as other documents which may be of significance for the tax assessment. Section 6A requires any party that is subject to a reporting obligation to keep on file the basis for the information to be reported in accordance with the provisions set out in the Bookkeeping Act. At the request of SKAT, the party subject to a reporting obligation must submit the records that form the basis of the information to be reported.

274. If SKAT approaches a record keeper for accounting information, but the record keeper does not have the information it is obligated to keep, SKAT will contact the DBA to report a possible breach of the Bookkeeping Act. The DBA will then follow up on the possible non-compliance. SKAT itself does not have powers to pursue a breach of the Bookkeeping Act.

275. In practice, there has been no instance during the review period where Denmark was unable to obtain accounting information to fulfil a request for information. Denmark received 133 requests for accounting information and was able to exchange the requested information in all cases. Peers raised no issues with respect to accounting information.

B.1.3. Use of information gathering measures absent domestic tax interest

276. The concept of "domestic tax interest" describes a situation where a contracting party can only provide information to another contracting party if it has an interest in the requested information for its own tax purposes. The first round of reviews concluded that Denmark has no domestic tax interest with respect to its information gathering powers. Denmark's legislation continues to contain no domestic tax interest requirement to fulfil an EOI request and no issues have been raised in the current review period.

ToR B.1.4. Effective enforcement provisions to compel the production of information

277. Jurisdictions should have in place effective enforcement provisions to compel the production of information. SKAT has powers to compel production of information from taxpayers and third party information holders. SKAT's compulsory powers are summarised below; for a more detailed description of enforcement provisions, refer to paragraphs 186-189.

278. As described in the January 2011 report, Denmark has a range of compulsory powers. SKAT has the power to compel production of information from natural and legal persons, as well as powers of discovery and inspection. Further, SKAT can compel production from taxpayers and third parties of any document deemed relevant. SKAT can also seek permission from a court to gain admittance to the premises of the person who keeps the information and audit the material (ss. 6(4) and 6A TCA).

279. Intentional or grossly negligent provision of incorrect or misleading information for tax purposes is punishable under by a fine or imprisonment up to 18 months unless a higher sentence can be imposed under the tax fraud provision (section 289) of the Criminal Code (ss. 13 and 14 TCA).

280. Further, SKAT may impose a daily fine for non-compliance with a notice to produce information (s. 9 TCA). The daily fine will be at least DKK 1 000 (EUR 134) and will last for as long as the default continues. SKAT advises that it is also theoretically possible to apply a fine under section 14(2) of the Tax Control Act (which is currently used when employers do not report income of employees). In practice, SKAT has never taken steps to impose such a fine, preferring rather to apply the daily fine under section 9 of the Tax Control Act.

B.1.5. Secrecy provisions

281. Secrecy provisions in a jurisdiction should not impede the exchange of information and appropriate exceptions should be allowed where information is sought in connection with a request for information under an EOI agreement. No secrecy provisions exist under Danish law to prohibit or restrict the disclosure to tax authorities of accounting, ownership and identity information for EOI purposes.

(a) Bank secrecy

282. Denmark's legal framework contains financial secrecy and confidentiality rules, but these rules do not impede effective exchange of information. The Financial Business Act contains restrictions on the disclosure of confidential information by financial institutions except for due cause (ss. 117-123 FBA). Denmark advises that "due cause" includes compliance with AML requirements. Financial institutions are thus required to provide the FSA and DBA information necessary for those agencies to carry out their supervision. The FSA is authorised to share such information domestically with other public authorities (s. 56 MLA). SKAT may also access information that would normally be subject to secrecy provisions under section 8D of the Tax Control Act. SKAT advises that this provision would prevail over any financial secrecy provisions. SKAT has never declined to provide information on the basis of secrecy.

(b) Professional secrecy

283. Danish law does not contain any specific professional secrecy provisions, although certain professions (such as accountants/auditors and attorneys) are subject to a general duty of confidentiality. The Code of Conduct of the Danish Bar and Law Society states that "[i]t is therefore of paramount importance that a lawyer can receive information about matters which his clients would not confide in others, and that such information can be disclosed to a lawyer in the strictest confidence. A lawyer shall respect the

confidentiality of all information that becomes known to him in the course of his professional activity."

284. Confidentiality provisions may be lifted by the court pursuant to section 170 of the Administration of Justice Act (refer also to para. 192 of the January 2011 report). Danish authorities also maintain that professional secrecy with respect to attorneys relates only to the provision of legal advice and court proceedings and do not extend to information related to financial or other business matters that a lawyer might be involved in with a client. Denmark has never declined to provide information on the basis of professional secrecy.

B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

285. Application of rights and safeguards in Denmark do not restrict the scope of information that the tax authorities can obtain. Danish law does not contain any requirement to notify a taxpayer who is the subject of an EOI request.

286. In the first round of reviews, all applicable rights and safeguards were deemed compatible with the international standard and element B.2 was determined to be "in place" and "Compliant".

287. There has been no change in the applicable rules or practice since the last review. Therefore, the table of determinations and ratings remains as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework		
Determination: In Place		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice		
Rating: Compliant		

B.2.1. Rights and safeguards should not unduly prevent or delay effective exchange of information

288. Rights and safeguards applicable to persons in the requested jurisdiction should be compatible with effective exchange of information. Danish law does not contain a requirement to notify a taxpayer who is the subject of an EOI request, but if the taxpayer is the information-holder from whom the information is sought, he/she will be informed in the notice to produce the information that such information is sought pursuant to an EOI agreement. However, the competent authority will seek permission from the treaty partner before requesting the information from the taxpayer in all cases. Denmark's legislative framework pertaining to rights and safeguards (including appeal rights) has not changed since the last review. No issues pertaining to notification rights and safeguards were identified in the last or current review. A summary of relevant rights and safeguards is presented below; for a more detailed assessment, refer to paragraphs 196-199 of the January 2011 report.

289. As described in the January 2011 report, where information is not already in the possession of the tax administration, the competent authority's usual practice is to seek the information directly from the taxpayer, or the taxpayer's service provider, in the first instance. The notice to produce information must contain the legal basis for the competent authority's request (i.e. a reference to the relevant EOI agreement and treaty partner), as well as a general description of the information sought; therefore, where the taxpayer is the information-holder, in effect, he/she will be notified about the request. To guard against notifying a taxpayer where a requesting jurisdiction does not want the taxpayer to be notified, Denmark will always seek the permission of the treaty partner before seeking the information from the taxpayer. If the treaty partner asks for the taxpayer to not be notified, the competent authority will pursue the information through other avenues (i.e. from other sources). Denmark has not experienced any problems with this approach, nor have peers indicated any issues in this regard over the review period.

290. Should a taxpayer wish to appeal a decision made by SKAT, the Tax Administration Act (TAA) contains detailed provisions. In general, persons wishing to complain about a decision made by SKAT may do so to the Tax Appeal Board or the National Tax Administration (s. 35(f) TAA). Administrative appeals of this nature must be lodged within three months of receipt of the decision (s. 35(a)(3) TAA). Appeals of decisions by the Tax Appeal Board or the National Tax Administration may be made to either a district court or one of the two High Courts, depending on the size or the importance of the case. Similarly, the appeal must be made within three months of the decision being issued (s. 48(3) TAA). An appeal would not suspend the EOI request except under extraordinary circumstances (e.g. the

taxpayer is able to show prima facie lack of relevance of the EOI and potentially irreparable damage to the taxpayer). Should an appeal be granted suspensive effect, a fast track appeals procedure is available. Decisions are made available to the general public in anonymised form and thus will not include any identifiable tax information or confidential information, such as the EOI request. The decision received by the taxpayer will likewise not include confidential information. No EOI actions taken by SKAT have yet been appealed before a Danish court. For more information about Denmark's appeal process, refer to paragraphs 198-199 of the January 2011 report.

291. The 2016 ToR also requires that notification rules should permit exceptions from time-specific post-exchange notification. As Danish law does not contain any notification requirements, no issue exist with respect to time-specific post-exchange notification.

Part C: Exchanging information

292. Sections C.1 to C.5 evaluates the effectiveness of Denmark's EOI in practice by reviewing its network of EOI mechanisms – whether these EOI mechanisms cover all its relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether it respects the rights and safeguards of taxpayers and third parties and whether Denmark could provide the information requested in an effective manner.

293. Denmark has a broad network of EOI agreements comprised of 115 bilateral agreements (69 DTCs and 46 TIEAs) and 2 multilateral agreements. As a Member of the European Union Denmark also applies Council Directive 2011/16/EU of 15 February 2011 on administrative co-operation in the field of taxation and repealing Directive 77/799/EEC. The Directive applies to exchange of information on request as from 1 January 2012. Since the first round review, the number of Denmark's EOI partners has increased by 36 jurisdictions to reach a total of 136 partners. Of its 115 bilateral agreements, 113 are in force, of which 99 are in line with the standard. Denmark's application of EOI agreements in practice continues to be in line with the standard and does not unduly restrict exchange of information, as has been confirmed by peers.

294. Rules governing confidentiality of exchanged information in Denmark's EOI agreements and domestic law continue to be in line with the standard. These rules are properly implemented in practice and no issues relating to confidentiality have arisen during the period under review.

295. Denmark's legal framework and practices concerning rights and safeguards of taxpayers and third parties are in line with the standard, as was the case in the first round of reviews. No issues have arisen in practice.

296. With respect to the exchange of information in practice, Denmark's response times to EOI requests over the period under review has been generally good. Over the review period, Denmark answered 61.7% of requests in 90 days and 74.1% of requests in 180 days. Further, Denmark's EOI unit is well-organised and appropriately staffed to handle the volume of requests received. Procedures and guidelines are in place to facilitate the effective exchange of information.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

297. Exchange of information mechanisms should allow for exchange of information on request where it is foreseeably relevant to the administration and enforcement of the domestic tax laws of the requesting jurisdiction. All of Denmark's EOI agreements provide for exchange of information in line with the international standard. Of Denmark's 113 bilateral agreements in force, 99 are in line with the standard.

298. Denmark's network of EOI agreements comprises 115 bilateral agreements (69 DTCs and 46 TIEAs), the Multilateral Nordic Mutual Assistance Convention on Mutual Administrative Assistance in Tax Matters (the Nordic Convention), and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Multilateral Convention).

299. Denmark has been a party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Multilateral Convention) since 16 July 1992. The Multilateral Convention has been in force in Denmark since 1 April 1995. The amended Convention entered in force on 1 June 2011 for Denmark after its signature of the Protocol in 2010.

300. The table of determinations and ratings remains as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework		
Determination: In Place		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice		
Rating: Compliant		

C.1.1. Foreseeably relevant standard

301. Exchange of information mechanisms should allow for exchange of information on request where it is foreseeably relevant to the administration and enforcement of the domestic tax laws of the requesting jurisdiction. The

international standard for exchange of information envisages information exchange upon request to the widest possible extent, although it does not condone "fishing expeditions".

302. In a number of Denmark's agreements, the alternative wording of "necessary" is used in place of "foreseeably relevant". Further, agreements with the United States and Bermuda use the wording "relevant". Denmark confirms that such wording is consistently interpreted in the same way as "foreseeably relevant".

303. The old 1986 DTC with the former Union of Soviet Socialist Republics is still in force with respect to Belarus and contains wording that the competent authorities of the contracting states shall exchange information within the limitations imposed by their national laws. As was concluded in the last review, although Denmark would benefit from clarifications to this language, no issues have arisen with respect to this agreement. Nonetheless, Denmark is recommended to bring this agreement in line with the standard.

304. During the peer review period, Denmark did not refuse to answer any EOI requests on the basis of lack of foreseeable relevance although in one instance it provided only a partial response. Denmark did, however, request (and receive) clarifications in a number of cases where information was missing or unclear.

305. None of Denmark's EOI agreements contains language prohibiting group requests, nor is any such provision is contained in Denmark's domestic law. Denmark interprets its agreements and domestic law as permitting the competent authority to provide information requested pursuant to group requests in line with Article 26 of the OECD Model Tax Convention and its commentaries. In such cases, the competent authority states that it would apply to the Tax Assessment Council for permission to obtain the request information. During the period under review, Denmark received no group requests.

C.1.2. Provide for exchange of information in respect of all persons

306. For exchange of information to be effective it is necessary that the obligation to provide information is not restricted by the residence or nationality of the person to whom the information relates or by the residence or nationality of the person in possession or control of the information requested.

307. In the January 2011 report, most of Denmark's agreements specifically provided for exchange of information with respect to all persons. However, ten of Denmark's agreements limited the application of the treaty to residents of the contracting states. However, all ten agreements contain

language that Parties shall exchange such information as is necessary for carrying out the provisions of domestic laws of the Contracting States (which would apply to non-residents as well as residents). As such, these agreements are considered in line with the standard and do not appear to impose any restrictions on effective EOI.

C.1.3. Obligation to exchange all types of information

308. Sixty-six of Denmark's bilateral agreements include the wording of Article 26(5) of the OECD Model Tax Convention, which states that a contracting state may not decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

309. Fifty of Denmark's agreements do not contain such a provision. Thirty-four of the 50 agreements are with jurisdictions in which the Multilateral Convention is in force. Of the sixteen agreements that would not be covered by the Multilateral Convention, five do not have restrictions in their domestic laws on the type of information that can be exchanged. The remaining 12 agreements without a provision parallel to Article 26(5) are with Bangladesh, Belarus, Bulgaria, Egypt, Montenegro, Sri Lanka, Tanzania, Thailand, Trinidad and Tobago, Venezuela, Vietnam and Zambia. Of these, one (Trinidad and Tobago) has restrictions in its domestic laws on the exchange of bank information. The remaining 11 agreements are with counterparts who have not been assessed by the Global Forum (although it should be noted that Bulgaria is a signatory to the Multilateral Convention); therefore, no information is available on whether access to ownership, accounting and banking information is possible in those jurisdictions for purpose of EOI. As a result, it is not possible to confirm whether these agreements are to the standard. Denmark should continue to work with its EOI partners to ensure that its EOI relations are to the Standard.

310. Denmark has not encountered any difficulty obtaining any particular type of information, including bank information. Denmark has received and exchanged information for 92 requests for bank information. Further, no issues were raised by peers.

C.1.4. Absence of domestic tax interest

311. EOI partners must be able to use their information gathering measures even though invoked solely to obtain and provide information to the requesting jurisdiction. At the time of the January 2011 report, 74 of Denmark's 93 agreements did not contain such a provision. The January 2011 report noted that Denmark's domestic legislation did not contain any

domestic tax interest requirements, but such requirements might exist in the laws of treaty partners. However, no issues arose in practice. All of Denmark's new agreements include the provision contained in paragraph 26(4) of the Model Tax Convention, which states that the requested party "shall use its information gathering measures to obtain the requested information, even though that [it] may not need such information for its own tax purposes". **Nonetheless, Denmark should continue to work with its EOI partners to ensure that its EOI relations are to the Standard.**

C.1.5. Absence of dual criminality principles

312. There are no dual criminality provisions in any of Denmark's EOI agreements. Denmark has never declined a request on the grounds of a dual criminality requirement.

C.1.6. Exchange information relating to both civil and criminal tax matters

313. All of Denmark's exchange agreements do not distinguish between civil and criminal matters as far as EOI is concerned. At the time of the last review, the only agreement that distinguished between civil and criminal matters was with Switzerland, but a protocol incorporating the language of Article 26 of the OECD Model Tax Convention and allowing for exchange of information in both civil and criminal tax matters has entered into force. In practice, Denmark answered all requests received during the period under review, whether they related to civil or criminal tax matters.

C.1.7. Provide information in specific form requested

314. None of Denmark's EOI agreements prevent the exchange of information in the form requested, as long as such exchange is consistent with Denmark's administrative practices. In practice, no partner has requested that information be provided in a specific form during the period under review.

C.1.8. Signed agreements should be in force

315. Denmark's EOI network consists of 117 agreements in total (115 bilateral agreements and 2 multilateral), containing 70 DTCs, 46 TIEAs, the Nordic Convention and the Multilateral Convention. Out of these 117 agreements, 115 are in force. In respect of one of the two bilateral agreements not yet in force, Denmark has completed all the steps on its end necessary for ratification and is waiting on ratification by the treaty partner, while the other agreement, signed in February 2017, has been ratified by the treaty partner but awaits ratification on the Danish side.

Bilateral EOI mechanisms

A	Total Number of DTCs/TIEAS	A = B+C	115
B	Number of DTCs/TIEAs signed (but pending ratification), i.e. not in force	B = D+E	2
C	Number of DTCs/TIEAs signed and in force	C = F+G+H	113
D	Number of DTCs/TIEAs signed (but pending ratification) and to the Standard	D	2
E	Number of DTCs/TIEAs signed (but pending ratification) and not to the Standard	E	0
F	Number of DTCs/TIEAs in force and to the Standard	F	99
G	Number of DTCs/TIEAs in force and not to the Standard	G	1
H	Number of DTCs/TIEAS in force but cannot be determined whether to the standard	H	11

C.1.9. Be given effect through domestic law

316. For information exchange to be effective, the parties to an EOI arrangement must enact any legislation necessary to comply with the terms of the arrangement. Denmark has enacted all necessary legislation comply with the terms of its agreements. DTCs are required to be approved by Parliament. After the bill has been passed by Parliament, it must be approved by the Queen and then published in the official Gazette. After publication in the Gazette, a note is sent through diplomatic channels to the treaty partner stating that Denmark has completed all of its procedures to bring the agreement into force in Denmark. Ratification procedures in Denmark are usually carried out within 18 months. Denmark does not need to obtain consent from Parliament to enter into a TIEA.

317. Of agreements signed by Denmark after 2011, in only one instance did the domestic procedures on Denmark's end take longer than 18 months. In this case, Denmark sent the note to its treaty partner after two years and five months as it had delayed ratification until it was certain that the treaty partner would also be able to ratify the agreement.

C.2. Exchange of information mechanisms with all relevant partners

> The jurisdiction's network of information exchange mechanisms should cover all relevant partners.

318. Denmark has a broad network of EOI agreements, covering 136 jurisdictions through 70 DTCs, 46 TIEAs, the Nordic Convention and the Multilateral Convention. Since the last review, Denmark has expanded its EOI network from 100 partners to 136 partners. Denmark's EOI network encompasses a wide range of counterparties, including all of its major trading partners and all Nordic countries. Denmark reports that the Nordic tax jurisdictions have a long tradition on co-operation within the area of taxation including EOI. This covers both requests and spontaneous information, conducting audits on a

simultaneous basis and presence in tax examinations abroad. The Nordic countries also co-operate in the sharing of knowledge and best practices.

319. The last round of reviews did not identify any major issues with the scope of Denmark's EOI network or its negotiation policy or processes. Element C.2 was deemed to be "in place" and Compliant in the previous phase of reviews.

320. Since the last review, Denmark's treaty network has been broadened from 100 jurisdictions to 136 due to both the expansion of Denmark's network of bilateral treaties as well as through the increase in the number of parties to the Multilateral Convention. Since the last review, Denmark has entered into 27 new bilateral agreements, composed of 21 TIEAs and 6 DTCs.

321. Denmark has been active in expanding its EOI network over the years and has never refused to enter into an EOI agreement. Denmark is recommended to continue to develop its exchange of information network with all relevant partners.

322. The table of determinations and ratings remains as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework		
Determination: In Place		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice		
Rating: Compliant		

C.3. Confidentiality

> The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

323. A critical aspect of the exchange of information is the assurance that information provided will be used only for the purposes permitted under the relevant exchange mechanism and that its confidentiality will be preserved.

To this end, the necessary protections should exist in domestic legislation and information exchange agreements should contain confidentiality provisions that set out to whom the information may be disclosed and for what purpose the information may be used. Confidentiality rules should apply equally to information received in a request and information exchanged pursuant to an EOI agreement.

324. The first round of reviews found that all of Denmark's agreements except for two had confidentiality provisions in accordance with the standard. Further, Denmark's domestic legislation was also found to contain confidentiality protections.

325. Denmark's legal framework and EOI practice with respect to confidentiality have not changed since the last review. All agreements signed by Denmark since the last review contain confidentiality provisions that ensure that the information exchanged will be treated as secret and will be disclosed only to persons authorised by the treaties.

326. The table of determinations and ratings remains as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework		
Determination: In Place		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice		
Rating: Compliant		

C.3.1. Information received: disclosure, use and safeguards

327. As was the case at the time of the first rounds of reviews, all of Denmark's information exchange agreements, with the exception of that with Belarus (under the old 1986 Soviet DTC), contain provisions ensuring that the information exchanged will be disclosed only to persons authorised by the treaties and which are in line with Article 26(2) of the OECD Model Tax Convention or Article 8 of the Model TIEA. The competent authority is aware that careful consideration has to be given to exchanges taking place

under the old 1986 Soviet agreement and no issues have arisen in practice. Nonetheless, Denmark is recommended to bring this agreement in line with the standard.

328. Denmark's domestic legislation providing confidentiality safeguards has not changed since the last review. Such protections are summarised below; for a more detailed analysis of Denmark's domestic legislation in this regard, refer to paragraphs 255-262 of the January 2011 report. The Public Administration Act imposes a duty of professional secrecy on all public officials. Article 17 of the Tax Administration Act stipulates that all information relating to legal entities or an individual's personal or economic circumstances in SKAT's possession must be kept confidential and cannot be divulged unless allowed by the person who provided it. Further, Denmark's Criminal Code establishes that it is an offence for anyone holding public office or function to unlawfully disclose confidential information (s. 152).

329. With respect to incoming requests, the EOI request letter and supporting documentation are protected by confidentiality rules and cannot be disclosed to the taxpayer or the information holder. Neither the taxpayer who is the subject of an inbound EOI request or a Danish taxpayer information holder has rights to access the file created by an EOI request.

330. With respect to outbound requests, during an investigation, the taxpayer under investigation has the right, upon request, to be presented to all information and documents forming a part of the decision concerning his tax assessment. Documents the taxpayer under investigation is entitled to view include the outgoing request and reply received from the requested jurisdiction, but not the requested competent authority's letter. Should the taxpayer demand to see the correspondence from the requested jurisdiction, SKAT advises that its practice is to provide the taxpayer with a redacted copy of the competent authority letter (with permission from the requested jurisdiction). In one case, the taxpayer has brought an administrative challenge before the Tax Commissioners for unrestricted access to the correspondence with the treaty partner. This case is ongoing.

331. In cases of unauthorised or unlawful disclosures of confidential information, SKAT may exercise certain disciplinary sanctions, such as formal warnings, notification of termination of employment or instant dismissal. These powers do not allow for the imposition of penalties. All potential breaches must be reported to the Security Department, which is also responsible for carrying out an investigation. On the basis of the results of an investigation, the Human Resources Department will decide on an action to be taken, such as disciplinary sanctions and/or reporting to the police. Finally, in all cases the incidents are evaluated to see if any mitigation actions are to be implemented. Penalties for breaching secrecy rules are also contained in article 152 of the Criminal Code, which provide that a person may be sentenced to a fine or imprisonment

not exceeding six months, or up to two years in case of aggravating circumstances. Article 152 applies to employees of the tax authority, as well as to third-party contractors, and also applies to any breach of the duty of secrecy committed after the person concerned has concluded service or work.

332. Further, Denmark has safeguards in place in its EOI practice to ensure the confidentiality of information received through the context of an EOI request. Pursuant to the Public Administration Act, all public officials are subject to a duty of professional secrecy. For monitoring confidentiality breaches, the tax authority has a number of security controls in place to enable detection of unauthorised access to information, including the review of access logs by a security unit, and the continuous monitoring of the internet and the darknet (to scan for any leaked information).

333. Electronically stored data files are subject to data protection measures. Denmark has a strict policy regarding access rights to information systems and authentication of users. Access is granted only to persons with matching job descriptions (i.e. role-based access) and is divided into normal and privileged access. All access rights are reviewed twice per year and when a person changes roles. All user access and use is logged and audited to detect unauthorised access.

334. Similarly, EOI files stored in hard copy are protected by physical security measures. Access to the premises of the Competent Authority is limited to those with access cards and a pin-code. Unescorted visitors and contractors are not allowed access to parts of the building where EOI information is kept. In all buildings where confidential tax information is kept, SKAT has established access control systems, which automatically log entries into the building. Logs are kept on a dedicated computer in a secure place with limited access and are periodically reviewed.

335. Denmark's hiring and staff policies also account for confidentiality considerations. SKAT checks the criminal record of applicants as part of the general recruitment procedure. Background checks are also carried out on contractors. All staff and consultants are informed as part of the recruitment process of the strict duty of confidentiality and sign a non-disclosure agreement. Details of the duties of confidentiality are described in SKAT's Code of Conduct. Further, all staff and contractors must undergo training on confidentiality. When an employee or contractor terminates service with SKAT, his/her manager is responsible to ensure that all access privileges are revoked and all keys, badges and other physical items are collected from the employee/contractor. Access to electronic systems is similarly revoked upon an employee's departure.

C.3.2. Confidentiality of other information

336. Confidentiality rules should apply to all types of information exchanged, including information provided by a requesting jurisdiction in a request, information transmitted in response to a request and any background documents to such requests. The confidentiality provisions in the agreements and in Denmark's domestic law do not draw a distinction between information received in response to requests or information forming part of the requests themselves. The Danish authorities confirmed that in practice they consider all types of information relating to a request confidential.

C.4. Rights and safeguards of taxpayers and third parties

> The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

337. The international standard allows requested parties not to supply information in response to a request in certain identified situations where an issue of trade, business or other secrey issue may arise. As an example, an information request can be declined where the requested information would disclose confidential communications protected by the attorney-client privilege.

338. The last round of reviews concluded that Denmark's legal framework and practices concerning the rights and safeguards of taxpayers and third parties are in line with the standard and element C.4 was determined to be "in place" and Compliant. No recommendations were issued in the combined report.

339. There has been no change in this area since the last review. The table of determinations and ratings remains as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework		
Determination: In Place		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice		
Rating: Compliant		

ToR C.4.1. Exceptions to requirement to provide information

340. In line with the Model Tax Convention and the Model TIEA, Denmark's agreements provide that parties are not obliged to provide information that would disclose any trade, business, industrial, commercial or professional secret, or information the disclosure of which would be contrary to public policy.

341. With respect to privilege, as discussed in section B.1.5, no case arose during the period under review where a person refused to provide the requested information due to professional privilege. Denmark has never declined to provide information based on trade secret. However, in two instances, Denmark provided partial responses to requests that, in the opinion of the Danish competent authority, implicated trade secret. In both cases, the parties did not ultimately resolve the question of whether the information requested was indeed subject to trade secret and both requests were closed in due course by the requesting jurisdiction.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

342. In order for exchange of information to be effective, jurisdictions should request and provide information under its network of EOI mechanisms in an effective manner. In particular:

- *Responding to requests*: Jurisdictions should be able to respond to requests within 90 days of receipt by providing the information requested or provide an update on the status of the request.
- *Organisational processes and resources*: Jurisdictions should have appropriate organisational processes and resources in place to ensure quality of requests and quality and timeliness of responses.
- *Restrictive conditions*: EOI assistance should not be subject to unreasonable, disproportionate, or unduly restrictive conditions

343. In the first round of reviews, Denmark's response times to requests were deemed to be adequate (most requests were answered within 90 days). Denmark's competent authority also had sufficient resources to carry out its EOI duties. However, over the last review period, the competent authority only provided status updates when the treaty partner requested one. Accordingly, Denmark was recommended to implement procedures that would allow it to routinely follow up on progress answering requests.

344. Since the last review, Denmark has implemented new procedures that allow for it to better track the progress of requests; however some issues with respect to status updates still remained over the review period. The table of determinations and ratings is now as follows:

Legal and Regulatory Framework		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of the legal and regulatory framework	This element involves issues of practice that are assessed in the Phase 2 review. Accordingly no Phase 1 determination has been made.	
Determination: In Place		
Practical implementation of the standard		
	Underlying Factor	**Recommendation**
Deficiencies identified in the implementation of EOIR in practice	The competent authority did not provide status updates in all cases of requests taking longer than 90 days to answer.	Denmark should provide status updates in all cases where requests take longer than 90 days to fulfil.
Rating: Compliant		

C.5.1. Timeliness of responses to requests for information

345. The international standard requires that jurisdictions be able to respond to requests within 90 days of receipt or provide status updates on requests taking longer than 90 days.

346. Denmark's response times to EOI requests over the period under review has been generally good. Over the period under review (1 July 2013-30 June 2016), Denmark received a total of 545 requests for information. For these years, the number of requests Denmark received and the percentages of requests answered in 90 days, 180 days, one year and over one year are tabulated below.

Statistics on response time

	2013-14		2014-15		2015-16		Total	
	Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received	181	33.2	151	27.7	213	39	545	100
Full response: ≤ 90 days	133	73.5	83	54.9	120	56.3	336	61.7
≤180 days (cumulative)	158	87.3	112	74.2	135	63.3	405	74.3
≤ 1 year (cumulative)	178	98.4	134	88.7	176	82.6	488	89.5
> 1 year	3	1.7	16	10.6	35	16.4	54	9.9
Status update provided within 90 days (for responses sent after 90 days)	0	0	0	0	19	38	19	3.5

	2013-14		2014-15		2015-16		Total	
	Num.	%	Num.	%	Num.	%	Num.	%
Declined for valid reasons	0	-	0	-	0	-	0	-
Requests withdrawn by requesting jurisdiction	0	-	0	-	0	-	0	-
Failure to obtain and provide information requested	0	-	0	-	0	-	0	-
Requests still pending at date of review	0	-	1	4.6	2	0.9	3	03.6

Notes: Denmark counts each written request from an EOI partner as one EOI request even where more than one person is the subject of an inquiry and/or more than one piece of information is requested.

The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

347. Over the three year period under review, Denmark responded to 61.7% of requests (336 requests) within 90 days, 74.3% (405 requests) within 180 days, and 89.5% (488 requests) within a year. Fifty-four requests (9.9% of requests) took more than a year to be answered. SKAT reports that 88% of requests where the information was already in its possession were answered within 90 days. Where information was not in SKAT's databases and had to be sought from an external source, only 35% were fulfilled within 90 days. At the time of the review, 3 requests (0.58% of requests) were still pending. All three pending requests have passed the 90 day mark. SKAT did not decline any requests over the period under review.

348. The competent authority advises that most requests taking more than 180 days to answer had to be forwarded to an auditor to seek the information from the taxpayer or for an audit to be undertaken. The competent authority generally gives the auditor about one month to respond with the requested information unless the request is urgent (in which case the auditor would be provided less time to obtain the information). In the past, some delays were associated with requests that required the assistance of an auditor due to the workload of the auditors. However, since January 2017, SKAT revised its processes so that a different audit department (with more staff) has been assigned to assist in EOI requests.

349. Overall, peers were satisfied with Denmark's response times and quality. One peer noted that responses taking more than 180 days to answer were voluminous and the timeframe for responding was to be expected given the complexity of the request

350. SKAT does not keep a record of the number of requests where clarification was sought; however, SKAT advises that in most cases, clarifications sought relate to the connection between the taxpayer who is the subject of a request and Danish tax rules, as well as how the requested information will impact the tax assessment. SKAT can recall five cases over the review period where it requested clarification from the treaty partner.

351. Over the peer review period Denmark did not systematically provide status updates for requests taking longer than 90 days to answer, as was noted by some peers in their inputs. During the first two years, SKAT did not provide any status updates to peers. Given its limited resources, SKAT previously decided to rather apportion all resources towards fulfilling requests as preparing updates was considered an administrative burden. Towards the end of the review period, however, SKAT developed a new procedure that placed more emphasis on the provision of status updates and therefore began regularly updating treaty partners. SKAT advises that, under this new procedure, generally a status update will be sent a week before the expiration of the 90 day period. If any information is available at the 90 day mark, SKAT will provide a partial response. However, even in the last year, there were six requests taking more than 90 days where SKAT did not provide a status update. Denmark is therefore recommended to ensure that it provides status updates for all requests taking longer than 90 days to fulfil.

C.5.2. Organisational processes and resources

352. The last round of reviews found Denmark's organisational processes and the level of resources available for the exchange of information to be satisfactory. The organisation and training of staff carrying out EOI are summarised below; for a more detailed description of Denmark's resources dedicated to EOI, refer to paragraphs 275-286.

(a) Resources and training

353. As described above in section B.1, Denmark's competent authority is SKAT. The staff that carry out exchange of information duties are attached to the Anti-Fraud department. The last round of reviews found Denmark's organisational processes and the level of resources available for the exchange of information to be satisfactory. The EOI staff that handle EOI requests on a day-to-day basis are based in Aarhus. They are supported by a unit in Copenhagen dealing with legal and policy issues.

354. At the time of the January 2011 report, the EOI unit had four staff handling requests concerning direct taxes. The EOI unit now has four staff handling requests for information concerning direct taxes and one head of unit. All staff generally come from a tax accountant background (all of the current staff used to be auditors) and tend to already have had experience within the tax administration. As of September 2016, the EOI unit has had an additional four persons working on EOIR and spontaneous exchange concerning VAT, direct taxes, and excise duties. Denmark reports that EOI is a priority in the tax administration.

355. EOI staff do not receive any special EOIR training prior to taking up duties. The competent authority advises that new staff receive on-the-job training and learn through knowledge sharing by the more senior staff. EOI staff also attend external trainings (such as those hosted by the OECD and Global Forum). The competent authority also has a checklist detailing what information should be contained in an EOI request.

(b) Incoming requests

356. When SKAT first receives a request, it will create a new file and file it electronically in its electronic database (described below). The EOI officer in charge of the request will send an acknowledgement within seven days if he/she is satisfied that the request meet all requirements (legal basis, foreseeable relevance, etc.). If the officer is not satisfied, he/she will send a request for clarification without acknowledgement of the request (because sending the acknowledgement will start the "clock" on the timeline of answering the request). Once the acknowledgement is sent, the officer will look to see what kind of information is requested, and whether such information is already contained in SKAT's own databases. SKAT's electronic system contains a register of all Danish taxpayers, individuals and companies imported from the DBA's database, as well as information received from employers, banks, and other public authorities. If the information needs to be sought from a taxpayer, the officer will ask the audit department to perform an audit. SKAT advises that there is now an entire unit in the audit department (comprised of eight staff) to assist the competent authority in EOI matters. For the specific procedures followed by SKAT to access the various types of information, refer to above section B.1.

357. SKAT uses an electronic system to log and track requests. When receiving a request, from an EOI partners' competent authority or from a Danish tax officer, all documents are saved into SKAT's electronic document and record system. Once a request is scanned into the system, it will be assigned a document (case) number. Once a case is opened, it is categorised based on nature of the request (upon request, automatic, spontaneous), whether it is incoming or outgoing, and the name of the requesting jurisdiction. The competent authority also tracks information on the timeline for responding to the request. It is additionally possible to insert other descriptions, which might be useful in order to track a special kind of case or information. The electronic tracking system allows the competent authority to extract various types of information, such as progress in ongoing cases, requests received or sent during a specific period, replies received and sent, and requests handled per officer. The list will show the date of receipt of the request, and whether the case has passed the time limit. All cases which have passed the limit of 90 days and 6 months are flagged for attention.

358. Concerning requests where the competent authority is not able to provide the requested information themselves and assistance is required from other parts of the tax administration, then an assessor will be appointed to take action to collect the information from the taxpayer or others in possession of the information. To this purpose, the competent authority has a contact person to whom all requests are forwarded who will take the action needed to collect the requested information, either by collecting the information himself or by allocating the task to another tax assessor.

359. Nothing in Denmark's processes or procedures precludes the possibility of answering a group request. Over the review period, Denmark did not receive any group requests.

(c) Outgoing requests

360. The 2016 ToR also addresses the quality of requests made by the assessed jurisdiction. Jurisdictions should have in place organisational processes and resources to ensure the quality of outgoing EOI requests. Over the review period, Denmark sent 450 requests, 12 of which required further clarification.

361. SKAT procedure for sending requests is as follows. Tax auditors wishing to send a request for information will send the request to the Danish competent authority's mailbox, which can be accessed by all the staff in the EOI team. All requests will be carefully examined by one of the team members to establish whether the request meets all requirements necessary to request information from an exchange partner. This assessment includes a consideration of whether the request is supported by a sufficient legal basis, contains any identity information about persons under investigation, and includes all necessary and relevant background information, including the tax purpose for which the information is sought and why the information is needed. The competent authority will make sure that all possible domestic means of investigation have been exhausted by the auditor and that the request meets the standard for foreseeable relevance. In case the request is not complete or does not fulfil all requirements, the competent authority will contact the auditor and provide any help needed in order to complete the request. After completing the request, it will be submitted to the competent authority of the jurisdiction requested. Outbound requests are also logged in SKAT's electronic tracking system.

362. The manner by which the competent authority transmits a request will depend on whether the request is being sent to an EU state or a non-EU state. Requests sent to EU member states are sent using the CCN mail (the secure mail system used by members of the EU). When sending requests to jurisdictions outside the EU, the competent authority can use ordinary mail or courier, encrypted email, encrypted VPN transmission, or un-encrypted

email. SKAT advises that whenever possible, it tries to avoid using ordinary mail or courier due to the cost and slowness of this method of transmission. For non-sensitive communications not containing any confidential information, SKAT will use unencrypted email.

363. SKAT does not have a formal procedure for responding to requests for clarification. If a treaty partner seeks clarification, the tax officer who transmitted the request will be responsible for replying to the request for clarification. On average, response time for providing clarifications is 23 days. The longest time required to provide a clarification has been 115 days and the shortest time has been 2 days. Four requests were withdrawn by Denmark following a request for clarification.

364. Peers were also generally positive about the quality of requests sent by Denmark. Peers noted that Denmark was co-operative and communicative throughout the process and that all requests for clarification were answered. Peer input did not indicate any trend or pattern of deficiencies in Denmark's outbound requests and in all cases noted that foreseeable relevance was demonstrated.

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI

365. Exchange of information should not be subject to unreasonable, disproportionate or unduly restrictive conditions. There are no factors or issues identified in Danish law that could unreasonably, disproportionately or unduly restrict effective EOI.

Annex 1: Jurisdiction's response to the review report[6]

Denmark highly appreciates the work done by its Assessment Team in preparing the evaluation of Denmark.

Denmark consents with its report and will work on the implementation of the recommendations made.

6. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

Annex 2: List of jurisdiction's EOI mechanisms

1. Bilateral international agreements for the exchange of information

No.	EOI partner	Type of agreement	Date signed	Date entered into force
1	Andorra	TIEA	24 Feb 2010	13 Feb 2011
2	Anguilla	TIEA	02 Sept 2009	11 Mar 2011
3	Antigua and Barbuda	TIEA	02 Sept 2009	23 Feb 2011
4	Argentina	DTC	12 Dec 1995	04 Sept 1997
5	Aruba	TIEA	10 Sept 2009	01 Jun 2011
6	Australia	DTC	01 April 1981	27 Oct 1981
7	Austria	DTC	25 May 2007	27 Mar 2008
		Protocol	16 Sept 2009	01 May 2010
8	Azerbaïdjan	DTC	17 Feb 2017	Not yet in force
9	Bahamas	TIEA	10 Mar 2010	09 Sept 2010
10	Bahrain	TIEA	14 Oct 2011	05 Sept 2012
11	Bangladesh	DTC	16 July 1996	18 Dec 1996
12	Barbados	TIEA	03 Nov 2011	14 June 2012
13	Belarus	DTC	21 Oct 1986	28 Sept 1987
14	Belgium	DTC	16 Oct 1969	31 Dec 1970
		Protocol	07 July 2009	18 July 2013
15	Belize	TIEA	15 Sept 2010	09 Mar 2011
16	Bermuda	TIEA	16 April 2009	01 Jan 2010
17	Botswana	TIEA	20 Feb 2013	14 May 2015
18	Brazil	DTC	27 Aug 1974	05 Dec 1974
19	British Virgin Islands	TIEA	18 May 2009	15 April 2010
20	Brunei Darussalam	TIEA	21 June 2012	17 April 2015

No.	EOI partner	Type of agreement	Date signed	Date entered into force
21	Bulgaria	DTC	02 Dec 1988	27 Mar 1989
22	Canada	DTC	17 Sept 1997	02 Mar 1998
23	Cayman Islands	TIEA	01 April 2009	06 Feb 2010
24	Chile	DTC	20 Sept 2002	21 Dec 2004
25	China (People's Republic of)	DTC	16 June 2012	28 Dec 2012
26	Chinese Taipei	DTC	30 Aug 2005	23 Dec 2005
27	Cook Islands	TIEA	16 Dec 2009	05 Oct 2011
28	Costa Rica	TIEA	29 June 2011	5 Mar 2014
29	Croatia	DTC	14 Sept 2007	22 Feb 2009
30	Curaçao	TIEA	10 sept 2009	01 June 2011
31	Cyprus[a]	DTC	11 Oct 2010	18 May 2011
32	Czech Republic	DTC	25 Aug 2011	17 Dec 2012
33	Dominica	TIEA	19 May 2010	01 Feb 2012
34	Egypt	DTC	09 Feb 1989	12 April 1990
35	Estonia	DTC	04 May 1993	30 Dec 1993
36	Former Yougoslav Republic of Macedonia	DTC	20 Mar 2000	14 Dec 2000
37	Georgia	DTC	10 Oct 2007	23 Dec 2008
38	Germany	DTC	22 Oct 1995	25 Dec 1996
39	Ghana	DTC	20 Mar 2014	03 Dec 2015
40	Gibraltar	TIEA	02 Sept 2009	13 Feb 2010
41	Greece	DTC	18 May 1989	18 Jan 1992
42	Grenada	TIEA	19 May 2010	14 Feb 2012
43	Guatemala	TIEA	15 May 2012	Not yet in force
44	Guernsey	TIEA	28 Oct 2008	06 June 2009
45	Hong Kong (China)	TIEA	20 Aug 2014	04 Dec 2015
46	Hungary	DTC	27 April 2011	15 July 2012
47	India	DTC	28 Dec 1985	29 April 1986
48	Indonesia	DTC	18 Dec 1985	29 April 1986
49	Ireland	DTC	26 Mar 1993	08 Oct 1993
50	Isle of Man	TIEA	27 Oct 2007	26 Sept 2006
51	Israel	DTC	09 Sept 2009	29 Dec 2011

No.	EOI partner	Type of agreement	Date signed	Date entered into force
52	Italy	DTC	05 May 1999	27 Janvier 2003
53	Jamaica	DTC	16 Aug 1990	10 Oct 1991
54	Jamaica	TIEA	04 Dec 2012	13 Oct 2013
55	Japan	DTC	03 Feb 1968	26 July 1968
56	Jersey	TIEA	28 Oct 2008	06 June 2009
57	Kenya	DTC	13 Dec 1972	15 Mar 1973
58	Korea	DTC	11 Oct 1977	08 Jan 1979
59	Kuwait	DTC	22 June 2006	02 Oct 2013
60	Latvia	DTC	10 Dec 1993	27 Dec 1993
61	Liberia	TIEA	01 Nov 2010	18 May 2012
62	Liechtenstein	TIEA	17 Dec 2010	07 April 2012
63	Lithuania	DTC	13 Oct 1993	30 Dec 1993
64	Luxembourg	DTC	17 Nov 1980	22 Mar 1982
		Protocol	04 June 2009	12 April 2010
65	Macao (China)	TIEA	29 April 2011	15 Oct 2011
66	Malaysia	DTC	04 Dec 1970	04 June 1971
67	Malta	DTC	13 July 1998	28 Dec 1998
68	Marshall Islands	TIEA	28 Sept 2010	03 Dec 2011
69	Mauritius	TIEA	01 Dec 2011	01 June 2012
70	Mexico	DTC	11 June 1997	22 Dec 1997
71	Monaco	TIEA	10 June 2010	02 Oct 2010
72	Montenegro	DTC	19 Mar 1981	10 Jan 1982
73	Montserrat	TIEA	22 Nov 2010	21 Oct 2011
74	Morocco	DTC	08 May 1984	25 Dec 1992
75	Netherlands	DTC	01 July 1996	06 Mar 1998
76	New Zealand	DTC	10 Oct 1980	22 June 1981
77	Niue	TIEA	19 Sept 2013	22 Feb 2014
78	Pakistan	DTC	22 Oct 1987	22 Oct 1987
79	Panama	TIEA	12 Nov 2012	28 Dec 2013
80	Philippines	DTC	30 June 1995	27 Dec 1996
81	Poland	DTC	06 Dec 2001	31 Dec 2002
		Protocol	07 Dec 2009	25 Nov 2010
82	Portugal	DTC	14 Dec 2000	24 May 2002

No.	EOI partner	Type of agreement	Date signed	Date entered into force
83	Qatar	TIEA	06 Sept 2013	11 April 2014
84	Romania	DTC	13 Dec 1976	28 Dec 1977
85	Russia	DTC	13 Dec 1996	27 April 1997
86	Saint Kitts and Nevis	TIEA	01 Sept 2009	01 April 2011
87	Saint Lucia	TIEA	10 Dec 2009	08 Oct 2011
88	Saint Vincent and the Grenadines	TIEA	01 Sept 2009	01 April 2011
89	Samoa	TIEA	16 Dec 2009	22 Mar 2012
90	San Marino	TIEA	12 Jan 2010	23 April 2010
91	Serbia	DTC	15 May 2009	18 Dec 2009
92	Seychelles	TIEA	30 Mar 2011	28 July 2012
93	Singapore	DTC	03 July 2000	22 Dec 2000
		Protocol	25 Aug 2009	08 Jan 2011
94	Sint Maarten	TIEA	10 Sept 2009	01 June 2011
95	Slovak Republic	DTC	05 May 1982	27 Dec 1982
96	Slovenia	DTC	02 May 2001	03 June 2002
97	South Africa	DTC	21 June 1995	21 Dec 1995
98	Sri Lanka	DTC	22 Dec 1981	23 Feb 1983
99	Switzerland	DTC	23 Nov 1973	15 Oct 1974
		Protocol	21 Aug 2008	22 Nov 2010
100	Tanzania	DTC	06 May 1976	31 Dec 1976
101	Thailand	DTC	23 Feb 1998	11 Feb 1999
102	Trinidad and Tobago	DTC	20 June 1969	17 May 1971
103	Tunisia	DTC	05 Feb 1981	28 May 1981
104	Turkey	DTC	30 May 1991	23 June 1993
105	Turks and Caicos Islands	TIEA	07 Sept 2009	25 June 2011
106	Uganda	DTC	14 Jan 2000	08 May 2001
107	Ukraine	DTC	05 Mar 1993	20 Aug 1996
108	United Arab Emirates	TIEA	04 Nov 2015	15 Feb 2017
109	United Kingdom	DTC	11 Nov 1980	17 Dec 1980
110	United States	DTC	19 Aug 1999	31 Mar 2000
111	Uruguay	TIEA	14 Dec 2011	7 Jan 2013

No.	EOI partner	Type of agreement	Date signed	Date entered into force
112	Vanuatu	TIEA	13 Oct 2010	09 Sept 2016
113	Venezuela	DTC	03 Dec 1998	21 June 2001
114	Viet Nam	DTC	31 May 1995	24 April 1996
115	Zambia	DTC	13 Sept 1973	18 Oct 1974

Note: a. Footnote from Turkey: The information in this document with reference to "Cyprus" relates to the southern portion of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

2. Convention on Mutual Administrative Assistance in Tax Matters (amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the amended Multilateral Convention).[7] The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the international standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The amended Multilateral Convention was opened for signature on 1 June 2011.

Denmark signed the Multilateral Convention on 16 July 1992 and it entered into force for Denmark on 1 April 1995. The amended Convention entered in force on 1 June 2011 for Denmark after its signature of the Protocol in 2010.

7. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

Currently,[8] the amended Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Argentina, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Barbados, Belgium, Belize, Bermuda (extension by the United Kingdom), Brazil, British Virgin Islands (extension by the United Kingdom), Bulgaria, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curacao (extension by the Netherlands), Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Guatemala, Guernsey (extension by the United Kingdom), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Japan, Jersey (extension by the United Kingdom), Kazakhstan, Korea, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Moldova, Monaco, Montserrat (extension by the United Kingdom), Nauru, the Netherlands, New Zealand, Nigeria, Niue, Pakistan, Panama, Poland, Portugal, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Tunisia, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Kingdom and Uruguay.

In addition, the following are the jurisdictions that have signed the amended Convention, but where it is not yet in force: Bahrain, Burkina Faso, Dominican Republic, El Salvador, Gabon, Jamaica, Kenya, Kuwait, Morocco, Philippines, Turkey, United Arab Emirates, and the United States (the 1988 Convention in force on 1 April 1995, the amending Protocol signed on 27 April 2010).

8. As of 7 September 2017.

Annex 3: List of laws, regulations and other material received

Tax laws

Income Tax Act

Tax Control Act

Corporation Tax Act

Company laws

Consolidated Act on Public and Private Limited Companies (PPLCA)

Consolidated Act on Certain Commercial Undertakings (CCUA)

Beneficial Ownership Act 2017

Commercial Foundations Act

Financial sector regulation and AML laws

Act on Measures to Prevent Money Laundering (MLA)

Financial Statements Act

Financial Business Act

Accounting regulations

Bookkeeping Act

Annex 4: Authorities interviewed during on-site visit

Danish Custom and Tax Administration (SKAT)

Ministry of Taxation

Financial Supervisory Authority (FSA)

Danish Business Authority (DBA)

Financial Intelligence Unit (FIU)

Private sector practitioners

- Finance Denmark (Danish Bankers Association)
- Danish lawyers (Danish Bar and Law Society)
- Danish Auditors (Danish Federation of Accountants)

Annex 5: List of in-text recommendations

The assessment team or the PRG may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, there may be a concern that the circumstances may change and the relevance of the issue may increase. In these cases, a recommendation may be made; however, such recommendations should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be mentioned in the text of the report. A list of such recommendations is presented below

- **Element C.1.1:** The old 1986 DTC with the former Union of Soviet Socialist Republics is still in force with respect to Belarus and contains wording that the competent authorities of the contracting states shall exchange information within the limitations imposed by their national laws. Denmark is recommended to bring this agreement in line with the standard.
- **Element C.1.3:** Fifty of Denmark's agreements do not include the wording of Article 26(5) of the OECD Model Tax Convention, which states that a contracting state may not decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person. Denmark is therefore recommended to work with its EOI partners to ensure that its EOI relations are to the standard.
- **Element C.1.4:** A number of Denmark's agreements still do not contain a provision that EOI partners must be able to use their information gathering measures even absent a domestic tax interest. Denmark is therefore recommended to work with its EOI partners to ensure that its EOI relations are to the standard.
- **Element C.2:** Denmark is recommended to continue developing its exchange of information network with all relevant partners.
- **Element C.3:** Denmark's agreement with Belarus does not contain a provision ensuring that information exchanged will be disclosed

only to persons authorised by the treaties in line with Article 26(2) of the OECD Model Tax Convention or Article 8 of the Model TIEA. Denmark is therefore recommended to work with its EOI partners to ensure that its EOI relations are to the Standard.

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GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request DENMARK 2017 (Second Round)

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