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Denmark

Payroll & Employment Law Guide

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Payroll operations through collective agreements, eIncome and fixed employer contributions

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For general information purposes only

Overview

A reference for employing in Denmark

A foreign investor may operate through an ApS, an A/S or a branch of a foreign company. Direct employment without a local entity is also possible. The foreign employer must obtain a CVR or SE number, register as an employer, establish eIncome access and report withholding from the first wage payment.

8%	37h	25 days	DKK 297
LABOUR-MARKET CONTRIBUTION	COMMON COLLECTIVE-AGREEMENT WEEK	STATUTORY ANNUAL HOLIDAY	TOTAL MONTHLY ATP FOR FULL-TIME WORK

WHAT THIS GUIDE COVERS

I	**Setting Up and Doing Business**	A foreign investor may operate through an ApS, an A/S or a branch of a foreign company.
II	**Working Conditions and Leave**	Denmark does not set one statutory figure for normal weekly hours.
III	**Tax and Social Security**	Payroll withholds an 8% labor market contribution.
IV	**Payroll Operations**	For each pay period the employer reports gross pay, labor market contribution, A-tax, ATP, holiday and pension items through eIncome.
V	**Hiring and Termination**	Written terms are required when work averages more than 3 hours over 4 consecutive weeks.
VI	**Compensation and Benefits**	Denmark has no general statutory minimum wage.
VII	**Visas and Work Permits**	EU, EEA and Swiss citizens may work under free movement.
VIII	**Practical Notes and Key Risks**	The Danish model supplements statute through collective bargaining.
IX	**Incentives and Employer Support**	The reference baseline is not one percentage-based employer contribution, but ATP and other fixed funds plus sector-based AES cost.

I

Setting Up and Doing Business

A foreign investor may operate through an ApS, an A/S or a branch of a foreign company. Direct employment without a local entity is also possible. The foreign employer must obtain a CVR or SE number, register as an employer, establish eIncome access and report withholding from the first wage payment.

ENTITY AND REGISTRATION CHAIN

STEP	2026 RULE	AUTHORITY OR CHANNEL
ApS capital	At least DKK 20,000	Danish Business Authority
A/S capital	At least DKK 400,000	Danish Business Authority
VAT threshold	DKK 50,000 over 12 months	Danish Tax Agency
Employer registration	Mandatory with CVR or SE	Virk foreign company form
Digital bookkeeping	Turnover above DKK 300,000 for 2 years	From January 1, 2026

> Verify before payroll
> Verify: Denmark has no separate EOR licensing regime. A foreign employer can register directly. A third party's instruction rights and employer status require separate review under temporary agency rules and labor-hire taxation.

II

Working Conditions and Leave

Denmark does not set one statutory figure for normal weekly hours. Most collective agreements use 37 hours. The statutory framework limits average weekly time including overtime and protects daily and weekly rest. Overtime pay, public holiday treatment and paid parental leave depend on the agreement.

HOURS, LEAVE AND SICKNESS

TOPIC	STATUTORY OR COMMON FLOOR	PAYROLL EFFECT
Normal week	Commonly 37 hours	Check collective agreement
Maximum time	Average 48 hours	Including overtime
Rest	11 hours each day	Plus 24 hours each week
Annual leave	2.08 days a month, 25 days total	Taken over a 16-month period
Parental benefit	24 weeks per parent after birth	11 weeks non-transferable for workers
Sickness benefit	Employer period first 30 calendar days	8 weeks and 74 hours test

> Verify before payroll
>
> Verify: Salary during sickness or parental leave above the public benefit is not uniform. The Salaried Employees Act, collective agreement and individual contract must be read together before payroll.

III

Tax and Social Security

Payroll withholds an 8% labor market contribution. State and municipal taxes are then calculated through the employee's tax card. Employer social cost is not one payroll percentage. ATP, AUB, Barsel.dk, the financing contribution, AES and occupational accident insurance are fixed or sector-linked items.

2026 TAX AND MANDATORY CONTRIBUTIONS

ITEM	2026 VALUE	APPLICATION
Labor market contribution	8%	Withheld before income tax
State tax	12.01% bottom rate	Personal allowance DKK 54,100
Middle and top thresholds	DKK 641,200 and DKK 777,900	Each rate is 7.5%
Additional top threshold	DKK 2,592,700	Rate is 5%
ATP, full-time	DKK 297 total per month	Employer 198, employee DKK 99
AUB and Barsel.dk	DKK 705.25 and 550 per quarter	Per full-time equivalent

> Verify before payroll
>
> Verify: AES and mandatory accident insurance costs vary by activity code and insurer. Do not apply a single employer contribution percentage. Collectively agreed occupational pension is separate from statutory ATP.

IV

Payroll Operations

For each pay period the employer reports gross pay, labor market contribution, A-tax, ATP, holiday and pension items through eIncome. A monthly payslip is standard. Filing and payment timing may vary by employer size. Without a tax card, a foreign worker faces default withholding risk.

PERIODIC PAYROLL CONTROLS

CONTROL	RULE	EVIDENCE
Tax card	Based on CPR or tax number	eTax card
eIncome	Each pay period	Submission receipt
A-tax and labor contribution	Monthly filing and payment	Tax Agency account
Payslip	Monthly standard	Gross, deductions and net
Record retention	General accounting floor 5 years	GDPR period assessed separately
Foreign worker	Tax and social coverage separate	A1 or local registration

> Verify before payroll
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> Verify: A-tax payment dates differ for small and large employers. Import the Tax Agency's annual deadline calendar into payroll and recheck public holiday shifts each month.

V

Hiring and Termination

Written terms are required when work averages more than 3 hours over 4 consecutive weeks. Core information is due within 7 calendar days after work starts and the remaining information within 1 month. For a salaried employee covered by the Salaried Employees Act, probation and notice periods are statutory. Hourly paid or collectively covered workers may follow another regime.

PROBATION, NOTICE AND SEVERANCE

SITUATION	SALARIED EMPLOYEE FLOOR	NOTE
Probation	Maximum 3 months	Employer notice 14 days
Employer notice	1 month in first 6 months	Rises to 6 months with service
Employee notice	Generally 1 month	Contract may extend it
Severance	1 month's pay at 12 years	3 months' pay at 17 years
Pension age	65 to 70 by date of birth	Early retirement is separate
Notice form	Written form recommended as evidence	Cause reviewed separately

> Verify before payroll
>
> Verify: Do not apply the Salaried Employees Act table automatically to every worker. Job type, weekly hours and collective agreement coverage can change notice, sickness salary and severance rights.

VI

Compensation and Benefits

Denmark has no general statutory minimum wage. The operative floor is the applicable collective agreement or individual contract. Collective agreements regulate shift and overtime premiums, pension, holiday and special-day payments in addition to the hourly floor. Gross pay alone therefore does not show total employer cost.

LAYERS OF THE PAY PACKAGE

ITEM	GENERAL RULE	PAYROLL NOTE
Minimum wage	No national statutory floor	Check sector agreement
Thirteenth salary	No statutory requirement	Contract or practice may provide it
Holiday	25 days	Salary plus 1% or 12.5% allowance
Occupational pension	Usually agreement-based	Separate from ATP
Healthcare	Public system is residence-based	No mandatory employer premium
Benefit taxation	Phone, car and housing valued separately	Report through eIncome

> Verify before payroll
> Verify: Even without an existing collective agreement, a union may seek one. Compare pay through the full package, including pension and additional payments, rather than the hourly rate alone.

VII

Visas and Work Permits

EU, EEA and Swiss citizens may work under free movement. An EU residence document is required beyond 3 months. Third-country nationals apply to SIRI for the relevant work and residence permit. High-pay and Fast-track routes also require salary and terms to meet Danish standards.

MOBILITY AND POSTING

SITUATION	2026 RULE	EMPLOYER ACTION
EU, EEA, Switzerland	First 3 months free	Residence document afterwards
Third-country national	Work and residence permit	SIRI application
Pay Limit	DKK 552,000 a year	Equivalent to DKK 46,000 monthly
Supplementary Pay Limit	DKK 446,000 a year	Danish pay standard still applies
Posted worker	RUT regardless of minimum duration	Register before work starts
EU social security	A1 certificate	Does not replace RUT

> Verify before payroll
> Verify: Posting from Türkiye does not automatically fall under the EU A1 regime. Determine social security coverage separately under any applicable bilateral agreement and the actual posting structure.

VIII

Practical Notes and Key Risks

The Danish model supplements statute through collective bargaining. The written contract should clearly state pay, hours, leave, notice and any applicable collective agreement. There is no general Danish-language requirement, but a copy in a language the employee understands is strong practice for evidence and transparency.

OPERATIONAL THRESHOLDS AND EVIDENCE

TOPIC	RULE	CONTROL
Written terms	Over 3 hours on average across 4 weeks	Core terms in 7 days, remainder in 1 month
Health and safety organization	10 or more workers	Representative and manager
Fixed-term renewal	Objective grounds required	Document the chain
Disability employment	No general private-sector quota	Review supported employment
CPR and payroll data	Purpose-limited retention	Access and deletion plan
Collective agreement	Not automatically required by law	Union demand is possible

> Verify before payroll
>
> Verify: Part-time, temporary, trainee and apprentice workers may count toward the 10-person health and safety threshold. Structure the organization according to workplace risk and headcount.

IX

Incentives and Employer Support

The reference baseline is not one percentage-based employer contribution, but ATP and other fixed funds plus sector-based AES cost. Danish schemes reduce the cost of hiring and training defined candidate groups. Applications usually run through municipalities, VITAS, AUB or STAR channels.

2026 EMPLOYMENT AND TRAINING SUPPORT

SCHEME	EMPLOYER BENEFIT	DURATION OR CHANNEL
Private wage subsidy	DKK 96.27 per hour	Generally up to 6 months
Adult apprentice	DKK 45 or 30 per hour	VITAS, apply within 1 month
AUB school period	Wage and travel reimbursement	AUB, up to 80% of travel
AUB employer contribution	DKK 2,821 a year	First and each 50th worker deduction
VEU training support	Reimbursement during paid training	Maximum 37 hours a week
Localisation quota	No general national quota identified	Check sector and permit route

> Verify before payroll
>
> Verify: Eligibility depends on the candidate's unemployment, age, training and municipal status. More than one public subsidy cannot always support the same wage cost. Obtain the award before creating the payroll code.

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DENMARK PAYROLL DOSSIER · 2026



EOR & PAYROLL, HANDLED

Manage Denmark payroll & employment from one center with Datassist.

Tax, contribution, employment and mobility controls must operate on one calendar. Datassist helps international employers coordinate Denmark payroll and employment operations from one center.

Schedule a Meeting →

8%	37h	2026
LABOUR-MARKET CONTRIBUTION	COMMON COLLECTIVE-AGREEMENT WEEK	CURRENT LEGISLATION BASE

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