

## Danish LLPs

### General background

LLPs requiring registration at the *THE DANISH COMMERCE AND COMPANIES AGENCY: (DCCA)*

A Danish LLP need only register with the DCCA if it has got a Capitalised Company as a partner. Otherwise there is no need for registering the LLP unless it must register for VAT. At the same time it need not file financial statements.

A Danish LLP can be formed by two foreign resisted companies. They may be offshore companies. If none of the two partners are Danish entities there must be a Danish connection at the time of incorporation. That connection is established if the General Partner Company has employed a Danish Director or if it can be justified that the company has Danish Clients.

Otherwise the LLP cannot be registered with DCCA.

If the Company is incorporated as a shelf LLP and a new Director is later appointed for the General Partner Company the LLP will maintain its registration with the DCCA. Hence it is possible to get a registered LLP with only foreign Partners (Companies).

*Certain Danish LLPs do not need to be registered in the Danish COMMERCE AND COMPANIES AGENCY: (DCCA)*

It is important to note that the registration of a corporate entity with the DCCA is purely for the purpose of filing yearly accounts with the Agency

Danish LLPs will therefore only have to be registered with DCCA if they have got a capitalised company as a partner. (Companies which inter alia are included in the 2<sup>nd</sup> and 12<sup>th</sup> EU Companies Directives)

If a Danish SMBA company is appointed partner of the Danish LLP or if the partner is an individual then it will be deregistered in the DCCA but will still exist as a independent legal entity. If anonymity is an issue, this method can be used to avoid any information being available in a Public Registry.

If the Company is not registered for VAT in Denmark, the registration of the company is totally gone but it still exist as a legal entity.

## **Taxation**

Danish LLP's are as a general rule transparent and hence not taxed of their profits. There are two exceptions:

### **– Exception 1**

If more that 50% of capital is owned bya Company located in a tax heaven the LLP will be taxed as a normal Danish company at 25%

The following companies are not considered located in a tax heavens:

- Companies from other EU countries
- Companies located in a country with whom Denmark has a tax treaty
- Companies located in Jurisdictions with whom Denmark has an Exchange of Information Agreement (i.e. most offshore jurisdictions including BVI, IOM, Jersey, Guernsey etc. and soon also Bahamas, Bermuda and may be the Seychelles just to mention a few).

It is important to note that if the LLP is considered an independent legal entity (i.e. no transparency applies) then the LLP can benefit from the EU legislation and be part of tax free restructuring.

### **– Exception 2**

If more than 50% of the Capital in the LLP is held by legal persons residing in Countries where no transparency rules apply then the LLP will be taxed as a normal Danish company at 25%

LLPs are treated like normal Companies in Greece and Malta. They do not benefit from any transparancy principles. If, say a Greek company holds more than 50% of the Capital in a LLP, then LLP will be taxed as a normal Danish company in Denmark at 25%.

#### **Contact us**

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