

Legal 500

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Denmark

Investing In

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This country-specific Q&A provides an overview of investing in laws and regulations applicable in Denmark.

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Denmark: Investing In

1. Please briefly describe the current investment climate in the country and the average volume of foreign direct investments (by value in US dollars and by deal number) over the last three years.

Denmark is generally considered a stable and attractive destination for foreign direct investment (FDI), supported by its open economy, strong institutions, predictable regulation, high level of digitalisation, modern infrastructure and flexible labour market. Denmark offers a transparent legal system, a highly educated and English-speaking workforce, and consistent macroeconomic policies, making it appealing to both strategic and financial investors.

Denmark remains appealing to both strategic buyers and financial investors, including private equity funds, despite a global slowdown in investment activity in recent years due to geopolitical tensions and global volatility like the rest of Europe.

The inward stock of FDI has shown consistent growth over the past years:

- 2021: DKK 911 billion (approx. 132 billion US dollars)
- 2022: DKK 1,112.7 billion (approx. 161 billion US dollars)
- 2023: DKK 1,167.9 billion (approx. 169 billion US dollars)
- 2024: DKK 1,175.3 billion (approx. 170 billion US dollars)

For 2025, full-year figures are not yet published. Early indicators suggest FDI flows may be rebounding slightly, but exact 2025 totals remain pending.

2. What are the typical forms of Foreign Direct Investments (FDI) in the country: a) greenfield or brownfield projects to build new facilities by foreign companies, b) acquisition of businesses (in asset or stock transactions), c) acquisition of minority interests in existing companies, d) joint ventures, e) other?

Foreign investors generally use the same transaction structures as domestic investors. The most common

forms of FDI in Denmark include the acquisition of existing businesses, with share deals being the dominant form, both for full takeovers and majority stake purchases.

Asset deals are also used in specific situations but are less common in mid- and large-cap transactions.

3. Are foreign investors allowed to own 100% of a domestic company or business? If not, what is the maximum percentage that a foreign investor can own?

Foreign investors are generally allowed to own 100 % of a Danish company or business. There is no legal statutory cap on foreign ownership. However, specific sectors may be subject to regulatory scrutiny due to national security or strategic interests. These constraints typically take the form of approval or screening requirements under the Danish Investment Screening Act rather than fixed ownership limits.

4. Are foreign investors allowed to invest and hold the same class of stock or other equity securities as domestic shareholders? Is it true for both public and private companies?

Foreign investors in Denmark are allowed to invest in and hold the same classes of equity securities as domestic shareholders. The rights and obligations associated with share ownership are determined by the company's articles of association or any shareholder agreement. This applies equally to both private and public companies.

5. Are domestic businesses organized and managed through domestic companies or primarily offshore companies?

The vast majority of Danish businesses are organised and managed through domestically incorporated companies under Danish law. While some multinational firms may use offshore entities for specific purposes, the predominant business structure in Denmark is the domestic company.

6. What are the forms of domestic companies? Briefly describe the differences. Which form is preferred by domestic shareholders? Which form is preferred by foreign investors/shareholders? What are the reasons for foreign shareholders preferring one form over the other?

Denmark offers several types of legal entities for conducting business, but the two predominant forms used in practice are the Anpartsselskab (ApS), a private limited company, and the Aktieselskab (A/S), a public limited company. Both are governed by the Danish Companies Act and offer limited liability to shareholders, meaning that the owners are not personally liable for the company's debts or obligations.

The choice between an ApS and an A/S typically depends on the company's size, capital needs, governance preferences, and future ambitions such as attracting outside investment or listing on a stock exchange.

The ApS is the most commonly used legal form in Denmark, particularly for small and medium-sized businesses, start-ups, and subsidiaries of foreign companies.

The minimum share capital is DKK 40,000 (approx. 5,800 US dollars). This capital can be provided in cash or certain non-cash assets.

In ApS a single-tier governance structure is sufficient. Only a management board (executive directors) is required. A supervisory board or board of directors is not mandatory.

The company can be owned by a single shareholder, and there is no residency requirement for owners or directors. The shareholders are not publicly registered, although beneficial ownership must be disclosed to the Danish Business Authority. The shares are not freely transferable unless otherwise agreed. Many ApS companies restrict share transfers in their articles or shareholder agreements.

An ApS cannot be listed on a stock exchange.

This structure offers simplicity, low entry barriers, and operational flexibility, which makes it a preferred choice for both domestic entrepreneurs and foreign investors setting up a Danish entity.

The A/S is a more formal structure intended for larger or more mature businesses, especially those planning to raise capital from the public or institutional investors.

The minimum share capital is DKK 400,000 (approx. 58,000 US dollars).

A dual-tier structure is required, consisting of a board of directors and an executive management team. Alternatively, a single-tier structure with a supervisory board is allowed under Danish law. Higher governance and disclosure obligations apply. If the company is listed, it must comply with Danish corporate governance codes and public reporting rules. Shares in an A/S are, by default, freely transferable unless otherwise restricted.

An A/S can issue shares or bonds to the public and list on stock exchanges such as Nasdaq Copenhagen.

The A/S format is often preferred by companies that anticipate future capital market activities, want to signal credibility and governance sophistication, or need to attract institutional or international investors.

7. What are the requirements for forming a company? Which governmental entities have to give approvals? What is the process for forming/incorporating a domestic company? What is a required capitalization for forming/incorporating a company? How long does it take to form a domestic company? How many shareholders is the company required to have? Is the list of shareholders publicly available?

Since most businesses are set up in a limited liability company, and these are most relevant for FDI, the below answers relate to this form of legal entity.

Approvals from governmental entities are normally not required, apart from a few specific sectors where there is a requirement for obtaining necessary permits, e.g. insurance, banking and manufacturing of military products.

If the company will engage in activities covered by the Danish Investment Screening Act, investors may need to obtain prior approval from the Danish Business Authority.

What is the process for forming/incorporating a domestic company?

Forming a limited liability company in Denmark is a relatively simple process. The founder(s) must (i) prepare and sign a memorandum of association and articles of association, (ii) deposit the required share capital into a corporate bank account or via an attorney's client

account, and (iii) register the company electronically with the Danish Business Authority, including submission of all required documentation.

Once the Danish Business Authority has approved the registration, the company obtains its Central Business Registration (CVR) number and can begin operations.

In addition, the company must register with the Danish Tax Agency for relevant tax purposes, such as VAT and employment tax if it intends to hire employees, and other applicable taxes depending on the business model. This registration is typically completed online shortly after incorporation and is a prerequisite for commencing taxable activity in Denmark.

It takes approximately 1-4 weeks to form a limited liability company.

8. What are the requirements and necessary governmental approvals for a foreign investor acquiring shares in a private company? What about for an acquisition of assets?

Foreign investors are generally not subject to specific approval procedures solely due to their foreign status. However, under the Danish FDI Act, investments in Danish private companies engaged in certain protection-worthy activities that meet specified thresholds are subject to a mandatory notification requirement. Such investments must be reported to the Danish Business Authority.

If a foreign investor intends to invest through means other than a direct share acquisition, the investor remains subject to the mandatory notification requirement under the Danish FDI Act. This applies if the investor, in whole or in part, will assume control over any aspect of the business or assets involved in the protection-worthy activities. Consequently, the acquisition of assets may fall within the scope of the mandatory notification requirement.

9. Does a foreign investor need approval to acquire shares in a public company on a domestic stock market? What about acquiring shares of a public company in a direct (private) transaction from another shareholder?

Foreign investors are generally not subject to specific approval procedures solely due to their foreign status.

10. Is there a requirement for a mandatory tender offer if an investor acquired a certain percentage of shares of a public company?

Under Danish securities law, there is a requirement to submit a mandatory takeover offer if an investor acquires control over a listed company. This is deemed to occur when the investor, alone or acting in concert with others, obtains 33 % or more of the voting rights in a company whose shares are admitted to trading on a regulated market in Denmark, such as Nasdaq Copenhagen. However, there are exceptions to the obligation to make a mandatory tender offer.

Once this threshold is passed, the investor is required to submit a mandatory public offer for all remaining shares in the company. The purpose of the rule is to protect minority shareholders by providing them with an opportunity to exit the company on equivalent terms to those offered to the controlling investor.

11. What is the approval process for building a new facility in the country (in a greenfield or brownfield project)?

Building a new facility or significantly expanding an existing one in Denmark generally triggers the planning and building permit regime and, where relevant, environmental and sector permits.

The process begins with an assessment of whether the intended development aligns with the applicable municipal and local plans. If the project deviates from the designated land use under the current local plan, the municipality may require amendments or the adoption of a new local plan before construction can proceed.

Once the zoning framework is in place, the applicant must submit a building permit application to the relevant municipal authority. This application must include comprehensive technical documentation, such as architectural drawings, structural calculations, and information related to fire safety, accessibility, and energy performance. The municipality reviews the materials for compliance with the Danish Building Act and relevant technical regulations.

For certain types of developments, especially those involving industrial activity, energy production, waste management, or other environmentally sensitive operations, separate environmental permits may be required. This can include approvals related to emissions, noise levels, or water usage. Larger-scale projects may also be subject to a mandatory Environmental Impact

Assessment under Danish or EU law.

As part of the approval process, public consultation is often required. Neighbours and other stakeholders may be invited to comment, and both the planning and building decisions can be appealed within statutory time limits.

Construction may only commence once the municipality has issued a valid start notification or building permit. Throughout the construction phase, local authorities may carry out site inspections to verify compliance. Upon completion, the project may require a final sign-off or occupancy approval confirming that all conditions and safety standards have been met.

For complex infrastructure projects, such as those in energy, transportation, or telecommunications, the development may also trigger additional regulatory regimes, including foreign direct investment (FDI) screening, sector-specific concessions, or tender requirements (e.g. in offshore wind or energy island projects). Coordination with national agencies may therefore be required in parallel with the municipal process.

12. Can an investor do a transaction in the country in any currency or only in domestic currency? a) Is there an approval requirement (e.g. through Central Bank or another governmental agency) to use foreign currency in the country to pay: i. in an acquisition, or, ii. to pay to contractors, or, iii. to pay salaries of employees? b) Is there a limit on the amount of foreign currency in any transaction or series of related transactions? i. Is there an approval requirement and a limit on how much foreign currency a foreign investor can transfer into the country? ii. Is there an approval requirement and a limit on how much domestic currency a foreign investor can buy in the country? iii. Can an investor buy domestic currency outside of the country and transfer it into the country to pay for an acquisition or to third parties for goods or services or to pay salaries of employees?

Denmark is part of the EU single market and follows a fixed exchange rate policy linking the Danish krone (DKK) closely to the euro, but it does not operate a classic currency-control regime.

Parties are generally free to denominate and settle transactions (including M&A deals, contractor agreements and employment contracts) in any agreed currency, such as DKK, EUR or USD, subject only to standard sanctions and AML rules.

There is no general requirement for approvals from the Central Bank or other authority to pay the purchase price of an acquisition in foreign currency, pay contractors in foreign currency, or pay employees in foreign currency (though for payroll and tax reporting DKK is typically used).

There are no formal limits on the size of cross-border foreign currency transfers for commercial purposes. However, AML/KYC rules require financial institutions to monitor and sometimes report unusual or large transactions.

Investors may freely transfer foreign currency into Denmark or buy DKK outside Denmark and transfer it in, for instance to fund acquisitions, pay suppliers or salaries. The main EU-wide restriction is a cash-transport declaration requirement when carrying EUR 10,000 or more in cash or equivalent instruments across an EU border, which applies equally to Denmark.

There are currently no capital controls limiting how much DKK or foreign currency a foreign investor can purchase in Denmark.

13. Are there approval requirements for a foreign investor for transferring domestic currency or foreign currency out of the country? Whose approval is required? How long does it take to get the approval? Are there limitations on the amount of foreign or domestic currency that can be transferred out of the country? Is the approval required for each transfer or can it be granted for all future transfers?

There are no approval requirements for a foreign investor to transfer Danish krone or foreign currency out of Denmark. However, there is a requirement to give notification to the responsible authority when carrying the equivalent of EUR 10,000 or more in cash or equivalent assets when traveling across an EU border.

As Denmark is fully integrated into the EU free movement of capital regime, any introduction of broader exchange controls would require exceptional circumstances and would be expected to be temporary and targeted.

14. Is there a tax or duty on foreign currency conversion?

In Denmark, profits from trading foreign currencies and currency derivatives, such as CFDs, futures and options, are taxed as capital gains.

15. Is there a tax or duty on bringing foreign or domestic currency into the country?

There is no customs duty or specific tax merely for bringing either foreign or domestic currency into Denmark.

16. Is there a difference in tax treatment between acquisition of assets or shares (e.g. a stamp duty)?

Danish tax law distinguishes between share deals and asset deals, and the choice of transaction structure can have significant tax implications for both buyer and seller.

In share acquisitions, capital gains realised by corporate sellers may, under certain conditions, be tax-exempt, for instance if the shares qualify as "subsidiary shares" or "group shares" under Danish tax rules. However, the buyer does not receive a step-up in the underlying tax values of the acquired company's assets. Instead, the existing tax bases, such as depreciable assets, remain unchanged in the hands of the target company.

In contrast, asset acquisitions allow the buyer to allocate the purchase price to specific assets, thereby obtaining a step-up in the tax base and enabling future depreciation or amortisation. The seller, however, is taxed on any gains realised on the assets sold.

Furthermore, where a going concern is transferred, the transaction is typically exempt from VAT.

While there is no stamp duty on shares or other general business assets, the transfer of real estate in Denmark is subject to a registration fee, which is currently DKK 1,850 plus 0.6% of the purchase price or mortgage amount for corporate buyers.

17. When is a stamp duty required to be paid?

Stamp duty is levied on direct transfers of real property, which is currently DKK 1,850 plus 0.6% of the purchase price or mortgage amount for corporate buyers.

18. Are shares in private domestic companies easily transferable? Can the shares be held outside of the home jurisdiction? What approval does a foreign investor need to transfer shares to another foreign or domestic shareholder? Are changes in shareholding publicly reported or publicly available?

Shares in private companies are freely transferable by default. In practice, most private companies have transfer restrictions in their articles of association and/or shareholders' agreements, such as rights of first refusal, pre-emption rights, tag/drag-along and consent requirements.

Can the shares be held outside of the home jurisdiction?

Foreign investors can hold shares in Danish companies from any jurisdiction.

What approval does a foreign investor need to transfer shares to another foreign or domestic shareholder?

Foreign investors generally do not require specific approval to transfer shares to another foreign or domestic shareholder, unless the company is involved in protection-worthy activities. In such a case, approval may be required under the Danish FDI Act.

Are changes in shareholding publicly reported or publicly available?

In Denmark, companies are required to register information about their ownership structure with the Danish Business Authority. Specifically, any person or legal entity that holds 25% or more of the shares or voting rights, or otherwise exercises control over the company, must be registered as a beneficial owner. This register is publicly accessible and forms part of Denmark's implementation of EU anti-money laundering directives.

In addition, all Danish limited liability companies must maintain an internal shareholders' register that records the identity of all shareholders and any pledgees. However, this internal register is not publicly available, and access is limited to competent authorities and shareholders.

19. Is there a mandatory FDI filing? With which agency is it required to be made? How long does it take to obtain an FDI approval? Under what circumstances is the mandatory FDI filing

required to be made? If a mandatory filing is not required, can a transaction be reviewed by a governmental authority and be blocked? If a transaction is outside of the home jurisdiction (e.g. a global transaction where shares of a foreign incorporated parent company are being bought by another foreign company, but the parent company that's been acquired has a subsidiary in your jurisdiction), could such a transaction trigger a mandatory FDI filing in your jurisdiction? Can a governmental authority in such a transaction prohibit the indirect transfer of control of the subsidiary?

Denmark has had a dedicated Investment Screening Act in force since 1 July 2021, introducing an FDI regime that has both mandatory and voluntary elements. Mandatory filings apply to investments by foreign investors in Danish companies engaged in particularly sensitive or critical activities, such as (i) critical infrastructure, defence, dual-use products, (ii) certain IT and cybersecurity functions, (iii) handling of certain sensitive personal or location data and (iv) critical technologies and strategic raw materials.

With which agency is it required to be made?

To the Danish Business Authority.

How long does it take to obtain an FDI approval?

The average processing time for a pre-screening is approximately 45 calendar days, calculated from the date when the Danish Business Authority confirms that the request is deemed complete.

Should the Danish Business Authority determine that the case falls within the mandatory filing regime, the average processing time increases to approximately 145 calendar days.

Under what circumstances is the mandatory FDI filing required to be made?

All investments, both domestic and foreign, directly or indirectly, in companies engaged in protection-worthy activities under the Danish FDI Act, and meeting specified thresholds, are subject to mandatory notification requirements.

Under the Danish FDI Act, protection-worthy activities are defined as those involving;

- companies in the defence sector;

- companies with IT security functions or handling classified information;
- companies producing dual-use products;
- companies within other critical technologies not covered above;
- companies within critical infrastructure;
- companies, public authorities, and institutions related to critical infrastructure.

If a mandatory filing is not required, can a transaction be reviewed by a governmental authority and be blocked?

If the Danish Business Authority has reason to believe that an investment may adversely impact Danish national security, it is authorised to review the transaction, regardless of whether a formal notification is required.

If a transaction is outside of the home jurisdiction (e.g. a global transaction where shares of a foreign incorporated parent company are being bought by another foreign company, but the parent company that been acquired has a subsidiary in your jurisdiction), could such a transaction trigger a mandatory FDI filing in your jurisdiction?

This will trigger the mandatory notification requirements under the Danish FDI Act.

Can a governmental authority in such a transaction prohibit the indirect transfer of control of the subsidiary?

An investment in a non-Danish parent company that has a subsidiary in Denmark that conducts protection-worthy activity will be subject to the mandatory notification requirements under the Danish FDI Act as an indirect investment. As a result, the Danish Business Authority may prohibit the transfer of control of the subsidiary.

20. What are typical exit transactions for foreign companies?

The most common exit transactions for foreign companies in Denmark are trade sales to an industrial or strategic buyer, secondary sale to another private equity, recapitalisation combined with reinvestment alongside a new majority owner and an IPO.

21. Do private companies prefer to pursue an IPO? i. on a domestic stock market, or ii. on a foreign stock market? iii. If foreign, which one?

Private companies in Denmark consider Nasdaq

Copenhagen or Spotlight in Sweden as the natural home market due to their access to local investors.

However, in certain cases, particularly where the company has a strong international profile or global investor base listing on a foreign exchange may be preferred. In such cases, Nasdaq in the U.S. is often considered the most attractive venue, especially for growth-oriented or tech-driven companies seeking broader visibility and access to U.S. capital markets.

22. Do M&A/Investment/JV agreements typically provide for dispute resolution in domestic courts or through international arbitration?

These agreements often stipulate dispute resolution through arbitration following the procedural rules and guidelines set forth by the Danish Institute of Arbitration.

23. How long does a typical contract dispute case take in domestic courts for a final resolution?

A typical commercial dispute will generally take approximately two years in the district court and approximately another year in the appeal court. It should be noted that the time spent up until a final resolution varies, depending on the complexity of the case, the specific district court handling the case and the responsible judge involved.

Arbitration normally takes approximately one year to reach a final resolution.

24. Are domestic courts reliable in enforcing foreign investors rights under agreements and under the law?

Yes.

25. Are there instances of abuse of foreign investors? How are cases of investor abuse handled?

There is no systemic pattern of abuse of foreign investors in Denmark.

26. Are international arbitral awards recognized and enforced in your country?

Foreign arbitral awards are generally recognised and enforced in Denmark.

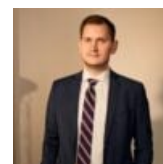
27. Are there foreign investment protection treaties in place between your country and major other countries?

Denmark has signed a broad range of bilateral investment treaties and international agreements aimed at protecting foreign investments.

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