

# Executive order number 97 26/01/2023

## Executive order on requirements for digital standard bookkeeping systems

Pursuant to section 15 (2), section 19 (3), and section 33 (3) in Act No. 700 of 24 May 2022 on bookkeeping and after consulting the Customs and Tax administration, the following is stipulated:

### Chapter 1

#### *Scope and definitions*

**Section 1.** This executive order applies to digital standard bookkeeping systems that are marketed in this country to companies covered by section 16 (1) of the Danish Bookkeeping Act, and where the digital standard bookkeeping system must be notified pursuant to section 19 (1) (2) of the Danish Bookkeeping Act.

*Subsection 2* The executive order applies correspondingly to modules and extensions to a digital standard bookkeeping system if

- 1) they perform functions that a digital standard bookkeeping system must support pursuant to this executive order, and
- 2) the company can directly access them in the bookkeeping system.

*Subsection 3.* Subsection 2 applies correspondingly to modules and extensions from a third party if the provider of the digital standard bookkeeping system has entered into an agreement with the third party that the module or extension must be directly accessible in the bookkeeping system.

**Section 2.** In this executive order, a digital bookkeeping system is understood as a digital service or software that contains functions by which companies can record transactions and store the recorded transactions and receipts covered by section 3 of this executive order or at least a full backup copy thereof on a server with a provider or other third party.

*Subsection 2.* In this executive order, cloud-based digital bookkeeping systems is understood as bookkeeping systems that are offered as a service on the internet and where the company records transactions as well as stores recorded transactions and receipts on a server with the provider of the system or with its cloud supplier.

*Subsection 3.* In this executive order, hybrid digital bookkeeping systems is understood as bookkeeping systems that are installed locally in a company and where full backups of the recorded transactions and receipts are performed automatically and on an ongoing basis and stored with a third party.

*Subsection 4.* In this executive order, a standard system is understood as cloud-based digital bookkeeping systems and hybrid digital bookkeeping systems that are offered on uniform terms to an undefined group of companies.

*Subsection 5.* In this executive order, transactions are understood as registrations covered by section 7 (1), in the Danish Bookkeeping Act.

**Section 3.** Receipts, for which storage must be possible in a digital standard bookkeeping system pursuant to this executive order, are understood to mean any documentation for a recorded transaction relating to purchase or sale containing the following information:

- 1) Issue date.
- 2) Type of delivery.
- 3) Amount.
- 4) Sender and recipient, including name, address, and CVR number or SE number.
- 5) Information on the size of the VAT amount.
- 6) Payment information.

*Subsection 2.* Subsection 1 does not apply to receipts from a sales registration system.

*Subsection 3.* Subsection 1 also does not apply to documentation for recorded transactions which are only available in physical form and which are received regarding the purchase or sale of goods and services outside the country's borders.

**Section 4.** When storing a backup copy of recorded transactions and receipts covered by section 3 with a third party, this is understood in this executive order as storage with a party that is not a related party to the company with bookkeeping duties or the person who carries out the bookkeeping for the company.

*Subsection 2.* A related party is defined in accordance with the definition in the international accounting standard IAS 24, as adopted by the Commission in accordance with Regulation no. 1606/2002 of 19 July 2002 of the European Parliament and of the Council on the application of international accounting standards, as well as subsequent changes in the definition adopted by the Commission in accordance with the aforementioned regulation.

## Chapter 2

### *General requirements for digital bookkeeping systems*

**Section 5.** A provider of several standard digital bookkeeping systems where only some meet the requirements in section 15 (1) of the Danish Bookkeeping Act and this executive order must ensure that the system clearly indicates whether it can legally be used as a registered bookkeeping system, in accordance with section 16 (2) no. 1, in the Danish Bookkeeping Act.

**Section 6.** A provider of a digital standard bookkeeping system must ensure that the system meets the requirements in Annex 1 for:

- 1) Information when recording the company's transactions.
- 2) Ensuring audit trails for the company's recorded transactions.
- 3) Storage of receipts documenting the recorded transactions.
- 4) Storage of the company's recorded transactions and receipts covered by section 3 for 5 years.

**Section 7.** A provider of a digital standard bookkeeping system must ensure that, at least weekly, the system automatically takes a copy of all the company's recorded transactions and receipts covered

by section 3 (full backup). Furthermore, the provider must, at least daily, take a copy of data that has been changed since the last copy (incremental backup).

*Subsection 2.* The provider must ensure that both the full and the incremental backup copy, pursuant to subsection 1, are stored with the provider or with a third party with appropriate technical and organisational IT security measures that meet the requirements for high IT security, in accordance with section 8, and the requirements for the provision of information, in accordance with sections 10 and 11.

*Subsection 3.* The provider must ensure that, in accordance with subsection 1, at least one full and incremental backup copy must be stored on a server in an EU or EEA country.

**Section 8.** A provider of a cloud-based digital standard bookkeeping system, cf. section 2 (2), must implement appropriate technical and organisational IT security measures at all times to ensure that the system has a high level of IT security at all times in relation to the functions that a digital standard bookkeeping system must support, in accordance with this executive order.

*Subsection 2.* A provider of a digital standard bookkeeping system must carry out a risk assessment aimed at establishing appropriate measures pursuant to subsection 1. The assessment must include the risk of loss of accessibility, authenticity, integrity and confidentiality in the digital standard bookkeeping system. The assessment must take into account any third parties and must be continuously updated in the event of changes to the threat status.

*Subsection 3.* When determining an appropriate IT security level, cf. subsection 1, the following must be particularly taken into account:

- 1) Relevant risks of accidental or illegal destruction, loss or other forms of lack of availability, unauthorised changes and unauthorised access to or misuse of information.
- 2) Relevant risks when processing personal data, including in particular the provider entering into a data processing agreement that meets the requirements of article 28 (3) of the General Data Protection Regulation before establishing a customer relationship.

*Subsection 4.* Appropriate technical and organisational IT security measures pursuant to subsection 1 must, at a minimum, include

- 1) network security,
- 2) access control,
- 3) supplier management,
- 4) backup,
- 5) logging,
- 6) preparedness and restoration as well as
- 7) data protection.

*Subsection 5.* Subsections 1–4 apply correspondingly to a provider of a hybrid digital standard bookkeeping system, cf. section 2 (3), if the backup copy of the company's recorded transactions and receipts is kept with the provider. In other cases, subsection 6 applies.

*Subsection 6.* If a provider of a digital standard bookkeeping system uses a third party to store recorded transactions and receipts as documentation or to store a backup copy thereof, the provider must, by agreement with the relevant third party, ensure that appropriate technical and organisational

measures IT security measures are also carried out to a relevant extent, cf. subsection 1, by the respective third parties.

**Section 9.** A provider of a digital standard bookkeeping system must ensure that the system meets the requirements in Annex 2 for:

- 1) Automatic sending and receiving of e-invoices.
- 2) Option to reconcile the company's bookkeeping with the company's bank account.
- 3) Possibility of accounting according to a standard public chart of accounts that covers annual accounts and VAT.
- 4) Correct bookkeeping through a bookkeeping guide or accounting guide.
- 5) Sharing of the company's bookkeeping data.
- 6) Reporting of annual accounts and VAT.
- 7) Notice on the possibility of registration in Nemhandelsregisteret.
- 8) Registration functionality for Nemhandelsregisteret.

## Chapter 3

### *Storage and provision of information from standard digital bookkeeping systems*

**Section 10.** A provider of a digital standard bookkeeping system must ensure that the storage of recorded transactions and receipts covered by section 3 in a digital standard bookkeeping system is done in a way that the accounting material can be restored and made readable within the deadline pursuant to section 11 (1).

**Section 11.** A provider of a digital standard bookkeeping system must, within a period of 4 weeks from the time of request, make available to an authority recorded transactions and receipts covered by section 3 for a further specified period concerning a company. 1st point similarly applies for a liquidator, curator or reconstructor who has taken the place of management in the company in question.

*Subsection 2.* Access to information in accordance with subsection 1 is conditional on the authority indicating that it has not been possible to have the information made available by the company within the deadline set by the authority pursuant to section 22 (4) in the Danish Bookkeeping Act.

*Subsection 3.* If an authority requests that information in the company's recorded transactions or receipts be selected according to criteria other than temporal delimitation pursuant to subsection 1, the authority must cover the provider's costs in this regard. 1st point similarly applies for a liquidator, curator or reconstructor who has taken the place of management in the company in question.

*Subsection 4.* It must be possible to deliver recorded transactions covered by subsection 1 in a structured machine-readable format, and it must be possible to deliver receipts in a readable format.

*Subsection 5.* Subsections 1–4 shall apply accordingly if the provider of the digital standard bookkeeping system stores recorded transactions and receipts or a backup copy thereof on a server with a third party.

## Chapter 4

### *Penal Provisions*

**Section 12.** Non-compliance with Sections 5–11 is punishable by a fine.

## Chapter 5

### *Entry into force*

**Section 13.** The Executive Order enters into force on 1 February 2023.

*Subsection 2.* Sections 5–12 have effect from the 1 November 2023 for digital standard bookkeeping systems that are marketed in this country at the time of entry into force of the executive order.

*The Danish Business Authority on 26 January 2023*

*Katrine Winding*

*/Victor Kjær*

**Requirements concerning recording of transactions and storage of recorded transactions and receipts covered by § 3 in digital standard bookkeeping systems which must be registered with the Danish Business Authority**

1. Information when bookkeeping the company's transactions.

The standard digital bookkeeping system must contain fields for the company to provide information on the following matters when recording each individual transaction:

- a) Transaction date (e.g. payment date, purchase date, etc.).
- b) Amount.
- c) Receipt number.
- d) Transaction text.
- e) Exchange rate on the day of the transaction or other conversion factor if registration is made in a currency other than DKK.

2. Ensuring audit trails for the company's recorded transactions.

The digital standard bookkeeping system must ensure,

- a) that the system assigns a registration date for each recorded transaction,
- b) that the system assigns a consecutive transaction number or ID for each recorded transaction,
- c) that the system assigns initials or similar to the person who has recorded a transaction,
- d) that the system saves changes to the recording, e.g. in that incorrect entries must be corrected with new entries, and
- e) that recorded transactions cannot be changed, backdated or deleted.

3. Storage of receipts covered by section 3.

The digital standard bookkeeping system must support the storage of receipts covered by section 3 which document the company's recorded purchase and sale transactions so that

- a) receipts relating to purchase transactions can be stored digitally in the system, and
- b) receipts relating to sales transactions are either automatically generated in the system and stored digitally or can be stored digitally in the system, e.g. as an image or a scanned file.

4. Storage of the company's recorded transactions and receipts covered by section 3 for 5 years.

The digital standard bookkeeping system must support the storage of the company's recorded transactions and receipts covered by section 3 for 5 years from the end of the financial year the material concerns. For hybrid digital standard bookkeeping systems the

duty to support the storage mentioned only applies to the copy of the transactions and receipts.

The digital standard bookkeeping system must support

- a) that recorded transactions are preserved so that they cannot be changed, backdated or deleted by the company,
- b) that all recorded transactions are stored in a structured and machine-readable format for 5 years from the end of the financial year the recorded transaction relates to, regardless of any termination of customer relations with the company or the company's bankruptcy or forced dissolution,
- c) that all receipts covered by section 3 are kept for 5 years from the end of the financial year that the receipt concerns, regardless of any termination of customer relations with the company or the company's bankruptcy or forced dissolution, and
- d) that encrypted bookkeeping data can be decrypted into a structured and machine-readable format and that encrypted receipts covered by section 3 can be decrypted into a readable format.

The storage obligation according to letters b and c also applies if the company, in connection with switching to a new digital standard bookkeeping system from another provider, has transferred all recorded transactions and receipts to this.

**Requirements for supporting the automation of administrative processes in standard digital bookkeeping systems that must be registered with the Danish Business Authority**

1. The digital standard bookkeeping system supports the automatic sending and receiving of e-invoices via Nemhandel in OIOUBL format<sup>1</sup> in the following way
  - a) the customer can send electronic invoices in OIOUBL format,
  - b) the customer can receive electronic invoices in OIOUBL format,
  - c) the customer can send electronic credit notes in OIOUBL format,
  - d) the customer can receive electronic credit notes in OIOUBL format, and
  - e) the customer can send an application response upon receipt of an electronic invoice
  
2. The digital standard bookkeeping system supports the automatic sending and receiving of e-invoices in Peppol BIS format<sup>2</sup> in the following way
  - f) the customer can send electronic invoices in Peppol BIS format,
  - g) the customer can receive electronic invoices in Peppol BIS format,
  - h) the customer can send electronic credit notes in Peppol BIS format,
  - i) the customer can receive electronic credit notes in Peppol BIS format,
  - j) the customer can send a message level response upon receipt of an electronic invoice, and
  - k) the customer can send an invoice response upon receipt of an electronic invoice.
  
3. The digital standard bookkeeping system supports the possibility of reconciling the company's bookkeeping with the company's bank account by
  - a) the company importing a CSV file with bank entries into the bookkeeping system,
  - b) the bookkeeping system automatically retrieving bank entries via integration to the company's bank, or
  - c) the bookkeeping system automatically retrieving bank entries via PSD2 services.

The bookkeeping system supports, apart from letter a, b or c, the possibility of reconciling the company's bookkeeping with the company's bank account by

- d) the bookkeeping system ensuring that the bank account is represented in the chart of accounts and that it can be reconciled with the loaded bank entries, and
- e) a clear difference being shown in the bookkeeping system if entered items from the bank are not reconciled.

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<sup>1</sup> The applicable OIOUBL standard is published on the Danish Business Authority's website [www.erst.dk](http://www.erst.dk)

<sup>2</sup> The applicable Peppol-BIS standard is published on the Danish Business Authority's website [www.erst.dk](http://www.erst.dk)



4. The digital standard bookkeeping system supports the possibility of use of a public standard chart of accounts<sup>3</sup> by
  - a) the company using the public standard chart of accounts directly in the bookkeeping system,
  - b) mapping the bookkeeping system's standard chart of accounts to the public standard chart of accounts, or
  - c) the bookkeeping system providing a tool that enables the customer to map their own chart of accounts to the common public standard chart of accounts in a simple way.

The bookkeeping system supports, in addition to point a, b or c, the possibility of using a public standard chart of accounts by:

- d) the bookkeeping system providing a tool that enables the customer to map to standard VAT codes in a simple way.
5. The digital standard bookkeeping system supports correct bookkeeping through the bookkeeping guide or accounting guide via
    - a) a bookkeeping wizard/assistant having been incorporated into the bookkeeping system to help the company record, or
    - b) the bookkeeping system containing accounting instructions and/or linking/referring to accounting instructions/guides from 3rd parties or
    - c) the bookkeeping system having to support the function that users can enter an accounting guide for the individual account.
  6. The digital standard bookkeeping system supports the sharing of the company's bookkeeping data by
    - a) the bookkeeping system making it possible to generate a standard file, as defined by the authorities<sup>4</sup>, and
    - b) the bookkeeping system exporting a standard file, as defined by the authorities, to another provider of bookkeeping systems, and
    - c) the bookkeeping system can load the information included in a standard file defined by the authorities so that it is available to the customer.
  7. The digital standard bookkeeping system supports the reporting of annual accounts and VAT by
    - a) the bookkeeping system creating a CSV file with the companies' bookkeeping data to Regnskab Basis or the annual accounts in XBRL or iXBRL format to Regnskab Special and
    - b) the bookkeeping system can support the reporting of VAT via the Danish Tax Agency's VAT API.

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<sup>3</sup> The applicable standard chart of accounts is published on the Danish Business Authority's website [www.erst.dk](http://www.erst.dk)

<sup>4</sup> The applicable standard file is published on the Danish Business Authority's website [www.erst.dk](http://www.erst.dk)

8. The digital standard bookkeeping system must issue a message to the system's existing customers after the system is registered with the Danish Business Authority and when new customers are registered in the system, alerting them to the possibility to be registered in the NemHandelsregisteret.
  
9. When setting up the system or by direct message to the system's existing customers, the digital standard bookkeeping system must be able to display information about and registration functionality for the NemHandelsregisteret. Customers must be able to indicate that they wish to be registered in NemHandelsregisteret and consent to this and thus be registered therein. The approved bookkeeping system must then handle the registration of the system's customers in NemHandelsregisteret based on the standard functions and requirements in NemHandel in force at any time.