

Act No 700 of 24 May 2022

Bookkeeping Act

Danish Bookkeeping Act

Part 1

Scope and definitions

1(1) The Act applies to commercial enterprises formed in this country, irrespective of type of ownership or liability, and to commercial activities carried on in this country by enterprises domiciled abroad.

(2) In addition, the Act applies to the following enterprises, organisations, associations and other entities—

(i) enterprises, organisations, associations or other entities that are liable to pay duties or that have full or limited liability to pay taxes in this country, where such entities are not covered by subsection (1);

(ii) enterprises, organisations, associations or other entities which, in order to qualify for direct grants from the Danish government or the European Union, must provide accounting information, where such entities are not covered by subsection (1). The public authority awarding the grant may exempt individual enterprises, organisations, associations or other entities from the Act, wholly or in part. Provided always that where the enterprise, organisation, association or other entity is also covered by paragraph (i), any such exemption is only available subject to agreement with the Danish Customs and Tax Administration.

(3) The Act does not apply to enterprises which—

(i) are subject to the Danish Act on State Accounting etc.; or

(ii) are only subject to accounting rules provided by or in pursuance of the Danish Local Government Act or the Danish Regional Government Act.

2 Sections 19, 20(2), 25(2), 27(2)-(4) and sections 29 and 33(1)(iii) only apply to providers of digital bookkeeping systems.

3 For the purposes of this Act—

(i) “enterprise” means entities covered by section 1(1) and (2);

(ii) “transaction” means an act or operation of financial importance to the enterprise;

(iii) “transaction trail” means the correlation between individual records and an enterprise's financial statements, tax assessment notice or assessment of indirect taxes, statement of account of grants or similar financial statements required by law, or the enterprise's optional financial statements where such statements are not prepared exclusively for the enterprise's own use;

(iv) “audit trail” means information providing verification of the records;

(v) “voucher” means any documentation required for transactions recorded in the bookkeeping process. “External vouchers” means documentation originating from third parties. All other vouchers are to be considered internal;

(vi) “digital bookkeeping system” means a digital service or software whereby enterprises can record transactions and store records and vouchers or, as a minimum, keep a complete backup copy on a server hosted by a provider or another third party;

(vii) “provider of a digital bookkeeping system” means an enterprise which markets or intends to market a digital bookkeeping system in this country on uniform terms to an unspecified group of enterprises;

(viii) “e-invoice” means an invoice or credit note issued, sent or received in a structured electronic format making it capable of being automatically and electronically processed;

(ix) “e-document” means a document sent or received in a structured electronic format.

4 “Accounting records” means—

(i) records, including the transaction trail;

(ii) descriptions of the bookkeeping procedures applied by the enterprise, see section 6;

(iii) vouchers;

(iv) any other information required for the audit trail;

(v) documentary evidence of the information provided in the notes and management's review in the financial statements as well as of accounting estimates and assessments made in the course of the preparation of the enterprise's annual report;

(vi) financial statements and other statements or specifications required by statute as well as optional financial statements presented under the Danish Financial Statements Act and not prepared exclusively for the enterprise's own use;

(vii) where applicable, auditors' records or other similar reporting.

Part 2

General bookkeeping requirements

5(1) The bookkeeping duty under this Act applies to the recording of the enterprise's transactions and the storage of the enterprise's accounting records.

(2) The bookkeeping must be organised and carried out in view of the complexity of the enterprise, the number of transactions and their financial value.

6 Enterprises subject to a bookkeeping duty under section 1(1) and subject to a duty to present an annual report under section 3(1) of the Danish Financial Statements Act, or enterprises whose revenue exceeds DKK 300,000 in two consecutive financial years must, in consideration of section 5(2), prepare—

(i) a description of the enterprise's procedures to ensure that all its transactions are recorded on an ongoing basis;

(ii) a description of the enterprise's procedures to ensure that its accounting records as specified in section 4, paragraphs (ii) and (iv)-(vii) are stored in a secure manner; and

(iii) a description of the employees responsible for the procedures outlined in paragraphs (i) and (ii).

Part 3

Recording of transactions and ongoing reconciliation with cash balances

7(1) Enterprises must accurately record all transactions and must do so as soon as possible after the underlying information is available.

(2) Enterprises which, in view of their complexity and the number and financial value of their transactions, are unable to record each purchase or sale may instead summarise all purchases or sales, based on sales and purchase day books.

8 Enterprises must secure transaction trails by ensuring that transactions recorded under section 7(1) can be traced back to the financial statements, other statements or specifications involved, see section 4(vi), and that the amounts in such statements or specifications can be broken down into their constituent parts.

9(1) Enterprises must secure the audit trail by ensuring that transactions recorded under section 7(1) can be substantiated by and make reference to specific vouchers. Each entry must be dated and recorded in the correct chronological order in the books.

(2) Vouchers must include any details required to identify the audit trail, such as transaction date and amount. Where records are based on external vouchers, reference must be made to such vouchers.

(3) Where corrections are made to vouchers and related material, the original content and the change must be clearly identified.

10(1) Transactions recorded under section 7(1) must be entered in the Danish krone, the euro or any other relevant foreign currency.

(2) Where transactions are recorded in a foreign currency, such as the euro, the rate of exchange prevailing at the transaction date or a similar conversion factor whereby the amount can be converted into the Danish krone at any given time must be stated in the accounting records.

11(1) Enterprises must make any reconciliation required to ensure that an up-to-date basis for compliance with statutory reporting requirements is available, such as VAT and tax returns, declaration of duties or annual and interim financial reports.

(2) Such reconciliation must be made by the date of expiry of the time limit for the statutory reporting or declaration.

Part 4

Storing accounting records

12(1) Enterprises must store accounting records securely, see section 4, for five years from the end of the financial year to which the records relate, but see subsection (2).

(2) The storage period set out in subsection (1) does not apply to retailers' till rolls or similar internal vouchers.

13(1) Enterprises must ensure that accounting records are not destroyed, disposed of or corrupted, and such records must also be protected from errors and misuse, but see subsection (2).

(2) Subsection (1) does not apply to records and vouchers stored under section 16(1)(ii).

14(1) Where the bookkeeping duty ceases to apply, the most recent acting management must ensure that the accounting records continue to be stored in accordance with this Part and Part 5.

(2) Where the bookkeeping duty ceases to apply as a result of the dissolution of the enterprise by way of the bankruptcy court, the court may appoint persons other than the most recent acting management as safe keepers of the accounting records.

(3) Where the management resigns for reasons other than those mentioned above, members of the outgoing management must ensure that the accounting records for the period up to the date of resignation are stored in accordance with this Part and Part 5. Where a new management takes over from the outgoing management, the members of the outgoing management must hand over the accounting records to the new management.

Part 5

Requirements for digital bookkeeping systems

15(1) A digital bookkeeping system which is provided or used for bookkeeping under this Act must meet the following requirements—

- (i) support the ongoing recording of the enterprise's transactions, specifying the relevant voucher for each record, as well as support the secure storage of records and vouchers for a period of five years;
- (ii) comply with recognised cybersecurity standards, including for user and access management, as well as ensure automatic backup copies of records and vouchers;
- (iii) support automation of administrative processes, such as automatic transfer and receipt of e-invoices as well as providing the option of classification in accordance with a publicly available standard chart of accounts in registered bookkeeping systems.

(2) After consultation with the Danish Customs and Tax Administration, the Danish Business Authority will lay down rules specifying the requirements for digital bookkeeping systems under subsection (1), including special rules pertaining to specific bookkeeping systems, enterprises or industries.

Requirements for the use of digital bookkeeping systems by enterprises

16(1) Enterprises subject to a bookkeeping duty under section 1(1) and subject to a duty to present an annual report under section 3(1) of the Danish Financial Statements Act, or enterprises whose revenue exceeds DKK 300,000 in two consecutive financial years must in a digital bookkeeping system—

- (i) record the enterprise's transactions pursuant to section 7(1); and
- (ii) store records and vouchers substantiating such records pursuant to section 9.

(2) Enterprises must ensure that the digital bookkeeping system used under subsection(1)

- (i) is registered pursuant to section 20(1); or
- (ii) complies with the requirements set out in section 15 or any rules or regulations issued in pursuance thereof where the bookkeeping system is not registered pursuant to section 20(1).

(3) The Danish Business Authority will lay down rules specifying vouchers to which the storage duty under subsection (1)(ii) applies.

17 Enterprises providing bookkeeping services for other enterprises must also comply with the requirements set out in section 16(1) and (2).

18 After consultation with the Minister for Taxation, the Minister for Industry, Business and Financial Affairs may lay down rules providing that enterprises covered by section 16(1) and section 17 must record their purchase and sales transactions by means of e-invoices as documentary evidence of such transactions.

Requirements for providers of digital bookkeeping systems

19(1) Providers of digital bookkeeping systems must ensure that such systems meet the requirements for digital bookkeeping systems set out in section 15 or any rules or regulations issued in pursuance thereof. In addition, providers must apply to the Danish Business Authority for registration of the systems pursuant to section 20 before marketing the systems in this country.

(2) A provider of a digital bookkeeping system must make the enterprise's records and vouchers pursuant to section 16(1)(ii) available to public authorities and a liquidator, trustee in bankruptcy or reconstruction administrator who has replaced the management in the enterprise concerned.

(3) The Danish Business Authority may lay down rules specifying the manner in which the information pursuant to subsection (2) is to be made available.

20(1) The Danish Business Authority controls whether registered bookkeeping systems meet the requirements set out in section 15 or any rules or regulations issued in pursuance thereof. If so, the Danish Business Authority will enter the bookkeeping systems in a public register.

(2) When a bookkeeping system has been registered pursuant to subsection (1), the provider must ensure that the system continues to meet the requirements set out in section 15 or any rules or regulations issued in pursuance thereof, including in connection with updates and changes to the bookkeeping system.

(3) A bookkeeping system that fails to meet the requirements set out in section 15 or any rules or regulations issued in pursuance thereof cannot be registered. Where a bookkeeping system for which application for registration has been filed with the Danish Business Authority fails to meet the requirements set out in section 15 or any rules or regulations issued in pursuance thereof, the Authority will specify a time limit for rectification of the application. Registration cannot take place until the application has been rectified.

(4) The Danish Business Authority may lay down specific rules for the filing of applications and the subsequent registration of digital bookkeeping systems pursuant to subsections (1)-(3).

21 After consultation with the Danish Minister for Taxation, the Danish Minister for Industry, Business and Financial Affairs may lay down rules for the transfer by digital bookkeeping systems of records and vouchers to a government data entry point via the public digital infrastructure for the exchange and storage of e-documents and vouchers, specifying the purposes, period and manner in which such records and vouchers may be used by public authorities.

Part 6

Control of compliance

22(1) An enterprise must make accounting records available to any public authority which has powers under this Act or other statutes to control the compliance of the enterprise.

(2) For the purpose of complying with subsection (1), the public authority may order the enterprise to—

(i) hand over specific accounting records;

(ii) hand over such accounting records free of charge in a recognised file format;

(iii) convert transactions recorded in a foreign currency, including the euro, to the Danish krone; and

(iv) ensure that the accounting records, with the exception of external vouchers, are translated from Danish into English free of charge.

(3) Subsections (1) and (2) will also apply where the accounting records are stored with a third party.

(4) The public authority will specify a time limit for compliance with a requirement under subsections (1) and (2).

Bookkeeping controls

23(1) The Danish Business Authority will carry out risk-based controls of compliance with the provisions of this Act or any rules or regulations laid down in pursuance of this Act with respect to—

- (i) enterprises covered by the Financial Statements Act which have not filed their first financial statements, see the Financial Statements Act, section 138(1), second sentence; and
- (ii) enterprises which have opted out of having an audit conducted, see the Financial Statements Act, section 135(1), third sentence.

(2) Where requested to do so by the Danish Business Authority, an enterprise covered by subsection (1), its current management or auditors or its previous management or auditors, must provide any information or accounting records required to enable the Authority to carry out the controls set out in subsection (1).

(3) The Danish Business Authority may order an enterprise covered by subsection (1) to file an audit report which confirms compliance with this Act or any rules or regulations laid down in pursuance thereof, issued by a state-authorized public accountant. The Danish Business Authority will specify any matters that should be included in the audit report.

(4) The Danish Business Authority will specify a time limit for receipt of information and accounting records under subsection (2) and audit reports under subsection (3).

Controlling users of digital bookkeeping systems

24(1) The Danish Business Authority will carry out risk-based controls of enterprises using a digital bookkeeping system that is not registered under section 20(1) to ensure compliance with section 15 or any rules or regulations issued in pursuance thereof. Section 23(2)-(4) will also apply to controls under the first sentence.

(2) The Danish Business Authority may use the services of external consultants when controlling the compliance of an enterprise's digital bookkeeping systems etc. under subsection (1).

Controlling providers of digital bookkeeping systems

25(1) The Danish Business Authority will carry out risk-based controls of the compliance by providers of digital bookkeeping systems with their duty under section 19(1) to apply for registration of digital bookkeeping systems and of the continued compliance by digital bookkeeping systems registered under section 20(1) with the requirements set out in section 15 or any rules or regulations issued in pursuance thereof.

(2) If requested to do so by the Danish Business Authority, providers of digital bookkeeping systems must provide the Authority with any information required to carry out the controls under subsection (1).

(3) The Danish Business Authority may use the services of external consultants when controlling the compliance of a provider's digital bookkeeping systems etc. under subsection (1).

Part 7*Remedies for non-compliance*

26 (1) In connection with controls of compliance with the provisions of this Act or any rules or regulations issued in pursuance thereof, the Danish Business Authority may—

- (i) complain of a breach;
- (ii) order the rectification of an error; or
- (iii) order that the breach be discontinued and that such discontinuance be confirmed by the enterprise filing an audit report issued by a state-authorized public accountant.

(2) The Danish Business Authority will specify a time limit for compliance with an order under subsection (1)(ii) and (iii).

27(1) Where, irrespective of an order having been issued under section 26(1)(ii) or (iii), an enterprise fails to bring its bookkeeping system into compliance or replace it with a compliant bookkeeping system, the Danish Business Authority may order the enterprise to use a digital bookkeeping system registered under section 20(1).

(2) Where, irrespective of an order having been issued under section 26(1)(ii) or (iii), the provider of a digital bookkeeping system fails to register a bookkeeping system under section 19(1) or modify its system to bring it into compliance with the requirements of section 15 or any rules or regulations issued in pursuance thereof, the Danish Business Authority may prohibit the continued marketing of the digital bookkeeping system until the order is complied with.

(3) In case of faults or defects that could pose significant security risks to the enterprise's bookkeeping, the Danish Business Authority may order the provider to warn enterprises covered by section 16(2)(i) that use the bookkeeping system in question of such risks.

(4) Subsection (2) will also apply where a provider fails to comply with a request for information under section 25(2) by the Danish Business Authority. Where a provider persistently fails to meet the Danish Business Authority's request for information, irrespective of a prohibition on marketing under subsection (2), section 29(1) will apply correspondingly.

Compulsory dissolution or deregistration

28 (1) The Danish Business Authority may apply to the bankruptcy court for the dissolution of an enterprise in accordance with the law applicable to the enterprise, if it fails to—

- (i) file information or accounting records under section 23(2);
- (i) file an audit report under section 23(3); or
- (iii) comply with an order issued under section 26(1)(ii) or (iii) in connection with controls carried out under section 23.

(2) The Danish Business Authority may remove a branch of a foreign enterprise from the Authority's IT system in any of the circumstances mentioned in subsection (1)(i-iii).

(3) Where the circumstances mentioned in subsection (1)(i-iii) apply to a partnership or limited partnership, the Authority may remove the partnership or limited partnership from the Authority's register.

(4) The Danish Business Authority may make a decision in accordance with subsections (1)-(3) where in connection with controls of compliance under section 23 an enterprise or a branch of a foreign enterprise fails to comply with a requirement under section 23(2) or (3) or an order issued under section 26(1)(ii) or (iii) by the deadline specified by the Authority, see section 23(4) or section 26(2).

29(1) Where, in carrying out controls of compliance under section 25(1), the Danish Business Authority finds that a registered digital bookkeeping system fails to comply with the requirements under section 15 or any rules or regulations issued in pursuance thereof and where, irrespective of having been ordered to do so, the provider fails to bring the bookkeeping system into compliance, the Authority may remove the bookkeeping system in question from the register, see section 20(1), second sentence. If so, the provider must notify any enterprises covered by section

16(2)(i) that use the bookkeeping system that the system is no longer registered under section 20(1).

(2) A provider intending to re-introduce a digital bookkeeping system on the market which has been removed under subsection (1), must apply for registration of the bookkeeping system under section 19.

Part 8

Communication

30(1) The Danish Business Authority may lay down rules specifying that written communication to and from public authorities concerning matters covered by this Act or any rules or regulations issued in pursuance thereof must be in digital form.

(2) The Danish Business Authority may lay down specific rules with respect to digital communications, such as the use of specific IT systems, specific digital formats, digital signatures and similar aspects.

(3) A digital message is deemed to have reached its addressee as soon as it is accessible.

31 Where a document issued by persons or bodies other than a public authority is required — under this Act or any rules or regulations issued in pursuance thereof — to be signed in person, such requirement can be met by using a technique ensuring unambiguous identification of the individual who issued the document. The Danish Business Authority may lay down specific rules to this effect.

Part 9

Right of appeal

32(1) Decisions made by the Danish Business Authority under this Act or any rules or regulations issued in pursuance thereof may be appealed against to the Danish Commerce and Companies Appeals Board not later than four weeks after notice of such decision has been served on the party concerned, but see subsection (2).

(2) Decisions made under sections 28 and 29(1) cannot be appealed against to any other administrative authority.

Part 10

Penalties

33 (1) Unless a more severe penalty is provided for by other statutes, a penalty payment is imposed on any person who—

(i) breaches section 7(1), sections 8 and 9, section 12(1) and sections 13 and 14;

(ii) breaches section 16(1) and (2) and section 17;

(iii) breaches sections 19 and 20(2); or

(iv) fails to comply with an order under section 26(1)(ii) and (iii).

(2) When imposing a penalty under this Act, the enterprise's revenue, and the seriousness and duration of the breach as well as whether the breach has been persistent must be taken into account. In the case of especially serious or persistent breaches of section 7(1), sections 8 and 9, section 12(1), sections 13 and 14, section 16(1) and (2) and section 17, a higher penalty will be imposed.

(3) Administrative rules or regulations issued under this Act may provide for the payment of a penalty for non-compliance with such rules or regulations.

(4) Companies and other corporate entities (legal persons) may incur criminal liability under the provisions of Part 5 of the Danish Criminal Code.

(5) The limitation period for criminal liability is five years.

Part 11

Commencement and transitional provisions

34(1) Sections 1 to 14, 18, 21 to 23, 26, 28, 30 to 35, 37 and 38 come into force on 1 July 2022.

(2) Sections 15 to 17, 19, 20, 24, 25, 27, 29 and 36 come into force on a date to be appointed by the Danish Minister for Industry, Business and Financial Affairs after consultation with the Danish Minister for Taxation. The Minister may specify that the provisions will come into force in stages; including that section 16(1) and (2) will come into force on different dates for different enterprises, depending on their reporting class under the Financial Statements Act or their revenue thresholds.

(3) The Danish Minister for Industry, Business and Financial Affairs may lay down rules specifying the date on which the registration duty under section 19(1), second sentence, will take effect for existing providers of digital bookkeeping systems.

(4) Until section 16(1) comes into force pursuant to subsection (2), section 6(ii) will apply to accounting records under section 4(i) and (iii).

35 The Act on Bookkeeping, see Consolidation Act No 648 of 15 June 2006, is repealed.

Part 12

Amendments to other legislation

36 The Financial Statements Act, see Consolidation Act No 838 of 8 August 2019, as amended by section 1 of Act No 642 of 19 May 2020, Act No 741 of 30 May 2020 and section 4 of Act No 568 of 10 May 2022, is amended as follows—

1. After section 138, insert before the heading of section 139—

»**Section 138A** (1) When filing its annual report, the enterprise must provide the name and CVR number of the provider of the digital bookkeeping system it is or has been using in the financial year under section 16(2)(i).

(2) Where the enterprise has been using a bookkeeping system under section 16(2)(ii) which is not registered under section 20(1) of the Danish Bookkeeping Act, the type of system must be disclosed. Where the enterprise keeps a complete backup copy of records and vouchers on a server hosted by a third party, this must be disclosed along with information identifying the third party concerned.

(3) Information under subsections (1) and (2) is not made public.

(4) The Danish Business Authority will lay down specific rules for the filing of information to which the storage duty under subsections (1) and (2) applies.«

37 The Danish Act on Approved Auditors and Audit Firms, see Consolidation Act No 25 of 8 January 2021, as amended by section 32 of Act No 1436 of 29 June 2021 and section 9 of Act No 2601 of 28 December 2021, is amended as follows—

1. In section 29(6), for »section 42« substitute »section 42(1)«.
2. In section 38 insert as subsection (3)—
»(3) During an inspection visit the Danish Business Authority may obtain relevant accounting records from the auditor's firm or audit firm's client concerning audit reports filed under section 1(2). The auditor's or audit firm's client must allow the Danish Business Authority access to the material.«
3. In section 42(1)(i) for »section 38« substitute »section 38(1)«.
4. In section 42, insert after subsection (1)—
»(2) The Danish Business Authority may impose daily or weekly penalty payments on any person who fails to meet a request for accounting records under section 38(3).«
Accordingly, subsections (2) and (3) will become subsections (3) and (4).
5. In section 42(3), which will become subsection (4) for »and (2)« substitute »and (3)«.

Part 13

Territorial provisions

38 This Act does not extend to Greenland and the Faeroe Islands but may by Royal Decree be brought into force in Greenland subject to any amendments necessitated by the specific conditions prevailing in Greenland. The Act may come into force in stages.

Made at Amalienborg, 24 May 2022