

Executive Order No 97 of 26 January 2023

Danish Ministry of Industry, Business and Financial Affairs

Executive Order on Requirements

Executive Order on Requirements for Standard Digital Bookkeeping Systems

Pursuant to sections 15(2), 19(3) and 33(3) of Act No 700 of 24 May 2022 on Bookkeeping, and after consultation with the Danish Tax and Customs Administration, the following is provided:

Part 1

Scope and definitions

1(1) This Executive Order applies to standard digital bookkeeping systems marketed in this country to enterprises covered by section 16(1) of the Danish Bookkeeping Act and where the standard digital bookkeeping system must be registered pursuant to the second sentence of section 19(1) of the Act.

(2) The Executive Order also applies to modules and extensions for standard digital bookkeeping systems where—

(i) these provide functions that a standard digital bookkeeping system must support in compliance with this Executive Order; and

(ii) the enterprise has direct access to the modules and extensions via the bookkeeping system.

(3) Subsection (2) also applies to modules and extensions provided by a third party where the provider of the standard digital bookkeeping system has contracted with the third party that there must be direct access to the module or extension from the bookkeeping system.

2(1) For the purposes of this Executive Order, “digital bookkeeping system” means a digital service or software that allows enterprises to record transactions as well as store the recorded transactions and vouchers covered by section 3 of this Executive Order or, as a minimum, store a complete backup copy on a server hosted by a provider or another third party.

(2) For the purposes of this Executive Order, “cloud-based digital bookkeeping system” means a bookkeeping system that is provided as an online service that allows an enterprise to record as well as store recorded transactions and vouchers on a server hosted by the provider of the system or the provider's supplier of cloud-based solutions.

(3) For the purposes of this Executive Order, “hybrid digital bookkeeping system” means a bookkeeping system installed locally at an enterprise, where, as a minimum, a complete backup copy of recorded transactions and vouchers is made automatically on a regular basis and stored with a third party.

(4) For the purposes of this Executive Order, “standard system” means cloud-based and hybrid digital bookkeeping systems which are offered on uniform terms to an unspecified group of enterprises.

(5) For the purposes of this Executive Order, “recorded transaction” means records covered by section 7(1) of the Danish Bookkeeping Act.

3(1) For the purposes of this Executive Order, “vouchers capable of being stored in a standard digital bookkeeping system” means any documentary evidence of recorded purchase or sales transactions that includes the following information—

- (i) the date of issue;
- (ii) the type of supply;
- (iii) the amount;
- (iv) the sender and recipient, including name, address and CVR number and/or SE number;
- (v) the VAT amount; and
- (vi) payment details.

(2) Subsection (1) does not apply to till rolls from a sales recording system.

(3) Subsection (1) does also not apply to documentation of recorded transactions that exists in physical form only and that has been received for the purchase or sale of goods and services abroad.

4(1) For the purposes of this Executive Order, “storage with a third party of a backup copy of recorded transactions and vouchers covered by section 3” means storage with a party other than a related party of the enterprise which is subject to a bookkeeping duty, or the party carrying out the bookkeeping on behalf of the enterprise.

(2) “Related party” is defined as specified in the international accounting standard IAS 24 as adopted by the Commission in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, as amended, as adopted by the Commission in accordance with the Regulation.

Part 2

General requirements for standard digital bookkeeping systems

5 A provider of several standard digital bookkeeping systems, of which only some meet the requirements under section 15(1) of the Danish Bookkeeping Act and this Executive Order must ensure that each system specifies whether it meets the statutory requirements for a registered bookkeeping system under section 16(2)(i) of the Danish Bookkeeping Act.

6 A provider of a standard digital bookkeeping system must ensure that the system meets the requirements set out in Schedule 1 regarding—

- (i) the information required in recording the enterprise's transactions;
- (ii) securing the audit trail of the enterprise's recorded transactions;
- (iii) storage of vouchers covered by section 3; and
- (iv) storage of the enterprise's recorded transactions and vouchers covered by section 3 for a period of five years.

7(1) A provider of a standard digital bookkeeping system must ensure that the system automatically, and as a minimum on a weekly basis, makes a backup copy of all the enterprise's recorded transactions and vouchers covered by section 3 (a complete backup copy). In addition, and at least once a day, the provider must make a backup copy of any data which have been changed since the most recent backup copy (an incremental backup copy).

(2) The provider must ensure that both complete and incremental backup copies pursuant to subsection (1) are stored with the provider or a third party, and that appropriate technical and organisational measures are implemented that comply with the requirements for a high level of cybersecurity pursuant to section 8 and with the requirements for disclosure of information pursuant to sections 10 and 11.

(3) The provider must ensure that at least one complete and one incremental backup copy pursuant to subsection (1) is stored on a server located in an EU or EEA country.

8(1) A provider of a cloud-based standard digital bookkeeping system, see section 2(2), must at any given time have appropriate technical and organisational measures in place in order to ensure a continuously high level of cybersecurity commensurate with the functions that a standard digital bookkeeping system must support under this Executive Order.

(2) A provider of a standard digital bookkeeping system must carry out a risk assessment with a view to determining appropriate measures pursuant to subsection (1). Such an assessment must include the risk of loss of accessibility, authenticity, integrity and confidentiality in the standard digital bookkeeping system. The risk assessment must take third parties, if any, into consideration and must be updated as the cyberthreat landscape changes.

(3) In determining the appropriate level of cybersecurity, see subsection (1), particular attention must be paid to the following—

(i) any relevant risk of accidental or illegal destruction or, loss of or other kinds of lack of access to, unauthorised changes to, unauthorised access to or misuse of data; and

(ii) any relevant risk when processing personal data, in particular also by having the provider conclude a data processing agreement that meets the requirements of Article 28(3) of the General Data Protection Regulation prior to establishing any client relationship.

(4) Appropriate technical and organisational cybersecurity measures pursuant to subsection (1) must, as a minimum, include—

(i) network security;

(ii) access control;

(iii) supplier management;

(iv) backup;

(v) logging;

(vi) preparedness and data recovery; and

(vii) data protection.

(5) Subsections (1)-(4) also apply to the provider of a standard hybrid digital bookkeeping system, see section 2(3), where the backup copy of the enterprise's recorded transactions and vouchers is stored with the provider. In other cases, subsection (6) applies.

(6) Where a provider of a standard digital bookkeeping system uses a third party for the storage of recorded transactions and vouchers that substantiate such transactions, the provider must, where relevant, by concluding an agreement with or obtaining appropriate documentation from the third party concerned, ensure that appropriate technical and organisational cybersecurity measures are implemented by the third party concerned, see subsection (1).

9 A provider of a standard digital bookkeeping system must ensure that the system meets the requirements set out in Schedule 2, including—

(i) automatic transfer and receipt of e-invoices;

(ii) the option of reconciliation of the enterprise's bookkeeping records and its bank account;

(iii) the option of classification in accordance with a public standard chart of accounts that covers financial statements and value added tax;

(iv) the correct recording of transactions using a bookkeeping guide or classification guidelines;

(v) sharing of the enterprise's bookkeeping data;

(vi) filing of financial statements and VAT returns;

(vii) information on the option of being listed in the *Nemhandelsregister*; and

(viii) *Nemhandelsregister* registration functionality.

Part 3

Storage and disclosure of information from standard digital bookkeeping systems

10 A provider of a standard digital bookkeeping system must ensure that recorded transactions and vouchers covered by section 3 are stored in a standard digital bookkeeping system in such a way as to allow the accounting records to be restored and rendered human-readable within the time limit set out in section 11(1).

11(1) Within four weeks of being requested to do so by a public authority, a provider of a standard digital bookkeeping system must make available to the said authority transactions and vouchers covered by section 3 of an enterprise recorded for a specified period of time. The first sentence also applies where a liquidator, trustee in bankruptcy or reconstruction administrator has replaced the management of the enterprise in question.

(2) Access to information pursuant to subsection (1) is subject to the public authority giving notice that it has been impossible to obtain such information from the enterprise within the time limit stipulated by the authority pursuant to section 22(4) of the Danish Bookkeeping Act.

(3) Where a public authority requests that information from the enterprise's recorded transactions or vouchers be retrieved according to criteria other than specified dates and/or times pursuant to subsection (1), then the authority must cover the provider's costs in connection herewith. The first sentence also applies where a liquidator, trustee in bankruptcy or reconstruction administrator has replaced the management of the enterprise in question.

(4) It must be possible to provide recorded transactions covered by subsection (1) in a structured machine-readable format and provide vouchers in a human-readable format.

(5) Subsections (1)-(4) also apply where the provider of the standard digital bookkeeping system stores recorded transactions and vouchers or a backup copy of them on a server hosted by a third party.

Part 4

Penalties

12 Any breach of sections (5) to (11) is punishable by fine.

Part 5

Effective date

13(1) This Executive Order comes into force on 1 February 2023.

(2) Sections (5) to (12) come into force on 1 November 2023 in the case of standard digital bookkeeping systems marketed in this country on the effective date of the Executive Order.

Danish Business Authority, 26 January 2023

Katrine Winding

/ Victor Kjær

Schedule 1**Requirements for recording and storing recorded transactions and vouchers covered by section 3 in standard digital bookkeeping systems required to be registered with the Danish Business Authority****1. Information required in recording the enterprise's transactions.**

The standard digital bookkeeping system must contain fields in which the enterprise can enter the following information when recording each transaction—

- (a) the transaction date (such as date of payment, date of purchase etc.);
- (b) the amount;
- (c) the voucher number;
- (d) the transaction text; and
- (e) the rate of exchange prevailing at the transaction date or a similar conversion factor where the registration is made in a currency other than the Danish krone.

2. Securing the audit trail of the enterprise's recorded transactions.

The standard digital bookkeeping system must ensure—

- (a) that the system assigns a date of registration to each recorded transaction;
- (b) that the system assigns a consecutive transaction number or ID to each recorded transaction;
- (c) that the system assigns initials or some similar identification of the person who recorded the transaction;
- (d) that the system saves any changes to the bookkeeping, for example if erroneous entries have to be corrected with new entries; and
- (e) that recorded transactions cannot be changed, backdated or deleted.

3. Storage of vouchers covered by section 3.

The standard digital bookkeeping system must support storage of vouchers covered by section 3 that provides documentary evidence of the enterprise's recorded purchase and sales transactions in order that—

- (a) vouchers relating to purchase transactions can be stored digitally in the system; and
- (b) vouchers relating to sales transactions are either automatically generated by the system and stored digitally or can be stored digitally in the system, for example as an image or a scanned file.

4. Storage of the enterprise's recorded transactions and vouchers covered by section 3 for a period of five years.

The standard digital bookkeeping system must store the enterprise's recorded transactions and vouchers covered by section 3 for a period of five years from the end of the financial year to which the material relates. In the case of standard hybrid digital bookkeeping systems, the above-mentioned duty of storage only applies to the backup copy.

In addition, the standard digital bookkeeping system must support—

- (a) storage of recorded transactions in such a manner that they cannot be changed, backdated or deleted by the enterprise;
- (b) storage of each recorded transaction in a structured and machine-readable format for a period of five years from the end of the financial year to which the recorded transaction relates, regardless of termination of the enterprise-client relationship or the bankruptcy or compulsory dissolution of the enterprise, if any;
- (c) storage of each voucher covered by section 3 for a period of five years from the end of the financial year to which the voucher relates, regardless of termination of the enterprise-client relationship or the bankruptcy or compulsory dissolution of the enterprise, if any; and
- (d) decryption of encrypted bookkeeping data into a structured and machine-readable format and of encrypted vouchers covered by section 3 into a human-readable format.

The duty of storage under subparagraphs (b) and (c) also applies where the enterprise has switched to a new standard digital bookkeeping system from another provider and in that connection has transferred all recorded transactions and vouchers to the new system.

Schedule 2

Requirements for supporting automation of administrative processes of standard digital bookkeeping systems required to be registered with the Danish Business Authority

1. The standard digital bookkeeping system supports the automatic transfer and receipt of e-invoices in the OIOUBL-format¹⁾ via the *Nemhandel* system in the following manner—

- (a) the client can send electronic invoices in the OIOUBL format;
- (b) the client can receive electronic invoices in the OIOUBL format;
- (c) the client can send electronic credit notes in the OIOUBL format;
- (d) the client can receive electronic credit notes in the OIOUBL format; and
- (e) the client can send an application response upon receipt of an electronic invoice.

2. The standard digital bookkeeping system supports the automatic transfer and receipt of e-invoices in the Peppol BIS-format²⁾ in the following manner—

- (a) the client can send electronic invoices in the Peppol BIS format;
- (b) the client can receive electronic invoices in the Peppol BIS format;
- (c) the client can send electronic credit notes in the Peppol BIS format;
- (d) the client can receive electronic credit notes in the Peppol BIS format;
- (e) the client can send a message-level response upon receipt of an electronic invoice; and
- (f) the client can send an invoice response upon receipt of an electronic invoice.

3. The standard digital bookkeeping system supports the reconciliation of the enterprise's bookkeeping and its bank account in that—

- (a) the enterprise can import a CSV file of bank entries into the bookkeeping system;
- (b) the bookkeeping system automatically retrieves bank entries by integration with the enterprise's bank; or
- (c) the bookkeeping system automatically retrieves bank entries via PSD2 services.

In addition to subparagraphs (a), (b) and (c) the bookkeeping system supports reconciliation of the enterprise's bookkeeping and its bank account in that—

- (a) the bookkeeping system ensures that the bank account is included in the chart of accounts and can be reconciled in accordance with the bank entries posted; and
- (b) the bookkeeping system clearly indicates a discrepancy if the bank entries posted have not been reconciled.

4. The standard digital bookkeeping system supports the option of using a public standard chart of accounts³⁾ in that—

- (a) the enterprise uses the public standard chart of accounts directly in the bookkeeping system; and
- (b) the standard chart of accounts of the bookkeeping system is linked to the public standard chart of accounts; or
- (c) the bookkeeping system provides the client with a tool for easy connectivity between the client's own chart of accounts and the public standard chart of accounts.

In addition to subparagraphs (a), (b) and (c), the bookkeeping system supports the option of using a public standard chart of accounts in that—

- (a) the bookkeeping system provides a tool whereby the client can easily link to standard VAT codes.

5. The digital bookkeeping system supports correct bookkeeping using a bookkeeping guide or classification guidelines in that—
- (a) a bookkeeping guide or assistant is incorporated into the bookkeeping system that assists the enterprise in its bookkeeping process; or
 - (b) the bookkeeping system includes classification guidelines and/or links or references to classification guidelines provided by a third party; or
 - (c) the bookkeeping system must support the option of clients entering a set of classification guidelines for each account.
6. The standard digital bookkeeping system supports sharing of the enterprise's bookkeeping data in that—
- (a) the bookkeeping system allows generation of a standard file as defined by the public authorities⁴; and
 - (b) the bookkeeping system can export a standard file as defined by the public authorities to another provider of bookkeeping systems; and
 - (c) the bookkeeping system can read in data included in a standard data file as defined by the public authorities in a manner that makes them accessible to the client.
7. The standard digital bookkeeping system supports e-filing of financial statements and VAT returns in that—
- (a) the bookkeeping system can generate a CSV file with the enterprise's bookkeeping data for *Regnskab Basis* or generate the enterprise's financial statements in XBRL or iXBRL formats for *Regnskab Special*; and
 - (b) the bookkeeping system can support e-filing of value added tax via the Danish Tax Agency's VAT API.
8. Upon being registered with the Danish Business Authority, the standard digital bookkeeping system must send a message to its existing clients – and to new clients as these are registered in the system – informing them of the possibility of being registered in the *Nemhandelsregister*.
9. The system must be able to display information on and registration functionality for the *Nemhandelsregister*, either during setup of the standard digital bookkeeping system or by sending a direct message to the system's existing clients. Clients must be able to indicate whether they agree to be registered in the *Nemhandelsregister* and confirm their acceptance and thus be entered in the register. The approved bookkeeping system must subsequently be able to handle the registration of the system's clients in the *Nemhandelsregister* based on the standard *Nemhandel* functionalities and requirements at any given time.

Official Notes

¹ The applicable OIUBL standard will be published on the website of the Danish Business Authority: www.erst.dk

² The applicable Peppol BIS standard will be published on the website of the Danish Business Authority: www.erst.dk

³ The applicable standard chart of accounts will be published on the website of the Danish Business Authority: www.erst.dk

⁴ The applicable standard file will be published on the website of the Danish Business Authority: www.erst.dk