

# Car in multiple countries



*It's easier to leaseplan*

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If you have employees in your company who work in several countries or live in one country and work in another, the company car will often be taxed in both places. It is therefore important that you find a solution from the very start, which takes these circumstances into account and, if necessary, make an agreement on double taxation.

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## Can you use a foreign registered car in Denmark?

As a main rule, foreign registered cars cannot be used in Denmark unless Danish car registration tax is paid. This also applies for leased cars.

There are exceptions which permit a person residing in Denmark to drive a foreign registered car in Denmark.

### Danish residence

As a main rule, persons residing in Denmark cannot drive a foreign registered car in Denmark. If a person residing in Denmark imports a foreign registered car to Denmark, the car must be registered in Denmark within 14 days after importation

A person is defined as residing in Denmark when the person in question has been in Denmark with overnight stays for more than 180 days per within 365 days.

## Exceptions where is it allowed to drive a foreign registered car in Denmark

The following exceptions permit a person residing in Denmark to drive a foreign registered car in Denmark:

- 1.** Persons residing in Denmark and working abroad can be permitted to drive directly between the border and the Danish residence from Friday to Monday (weekends) and during holidays. The car cannot be used in Denmark in addition to this.

**2.** Persons residing in Denmark and working abroad can be permitted to use a foreign registered company car without paying car registration tax, if the person is employed in a foreign company, and if the company provides a company car, and if the company car is not used to a significant extent in Denmark.

To determine whether foreign company cars can avoid the Danish car registration tax, the Danish tax authorities use both a day criterion and a kilometre criterion where only one of the criteria below must be fulfilled for the car to be used tax free in Denmark:

**A. The day criterion**

The company car is used less than 183 days in Denmark within a 12 month period (i.e. less than 50 % a year)

**Foreign day includes:** Driving from residence to foreign place of work and exclusively commercial use abroad.

**Danish day includes:** Driving exclusively in Denmark (both private and commercial) between residence and abroad (or vice versa) (private use abroad is not included).

**B. The kilometre criterion**

The company car's commercial use makes up more commercial kilometres abroad than the total private and commercial use in Denmark within a period of 12 months.

**Kilometers abroad:** Commercial use abroad (private use abroad is not included). Commercial use from residence in Denmark to foreign countries is also included in the number of kilometres driven abroad.

**Kilometres in Denmark:** All usage in Denmark. Private use between Denmark and foreign border is not included in non-foreign kilometres.

If just one of the above criteria is fulfilled, a permit from the Danish tax authorities can be obtained. The car can hereby be used tax free in Denmark regardless of whether the company has bought a company car for the employee or has leased a car.



### 3. Foreign residence

Persons with foreign residence can use their foreign registered car in Denmark without paying Danish car registration tax, if their stay in Denmark is not prolonged.

### 4. Dual residence

If a person resides in two countries, or if the private and commercial affiliation is not in the same country, the person's residence is considered as the country in which his personal affiliation is. This could for example be the case if a person works in Sweden and has an apartment in Sweden, but has a house and his family in Denmark (the person is considered as residing in Denmark). One condition

is though that the person returns to his family and affiliation on a regular bases.

As a main rule, if the private affiliation and thereby the residence is in Denmark, the person cannot use a foreign registered car in Denmark.

On the other hand, if the private affiliation and thereby the residence is abroad, the Danish tax authorities may give permission to use a foreign registered car non-temporarily in Denmark. This requires a permit though.

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