



## PORTRAIT OF A TERRITORY

# Denmark - Germany

### COMPARISON OF FRAMEWORK CONDITIONS

Framework conditions do not differ significantly between Germany and Denmark. Corporation tax amounts to 25% in Denmark compared with 15% in Germany, but the tax on industrial and commercial activities (*Gewerbsteuer*) also of around 15% must be added to this, which rebalances tax burden levels for businesses. However, hourly labour costs are nearly twice as high on the Danish side, where wages are generally around 20% higher (or even more depending on the sector). On the other hand, labour legislation is more flexible.

With respect to the price of property, this is higher in Denmark because there is less land available for building. The German towns situated near to the border, such as Flensburg, have therefore proved particularly advantageous as locations for businesses wishing to develop their activities across both markets. Moreover, many Danish firms choose to locate on the German side in order to be closer to the Hamburg conurbation.

As regards the general context for doing business, investors tend to consider the German system too bureaucratic, with many procedures having to be validated by regulatory acts with the involvement of a notary. Denmark is much less demanding in this respect, which makes transactions easier.