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Consolidated Act no. 648 of 15 June 2006

Consolidated Bookkeeping Act

(Bogforingsloven)

This is an Act to consolidate the Bookkeeping Act, cf. Act no. 1006 of 23 December 1998, with amendments consequential upon section 122 of Act no. 428 of 6 June 2005, section 2 of Act no. 245 of 27 March 2006 and section 1 of Act no. 509 of 7 June 2006.

Part 1

Duty to keep books

1.-(1) This Act shall apply for commercial undertakings established in Denmark of any type, notwithstanding ownership or liability as well as business activities which are carried out in Denmark by undertakings which are registered abroad.

(2) This Act shall also apply for the following undertakings, organisations and associations etc. (undertakings etc.):

- 1) Undertakings etc. which are liable to pay dues or fully or partly liable to pay taxes in Denmark to the extent they are not covered by subsection (1). The customs and tax authorities may wholly or partly exempt individual undertakings etc. from this Act. If the undertaking etc. is also covered by no. 2, exemption may only, however, take place after agreement with the relevant authority.
- 2) Undertakings etc. which, as a condition for distribution of direct subsidies from the Danish state or the European Union shall provide accounting information, to the extent they are not covered by subsection (1). The authority granting subsidies may wholly or partly exempt individual undertakings etc. from this Act. If the undertaking etc. is also covered by no. 1, exemption may only, however, take place after agreement with the customs and tax authorities.

(3) This Act shall not apply for the following undertakings, organisations and associations etc.:

- 1) Undertakings etc. covered by the State Accounting Act (*lov om statens regnskabsvæsen*).
- 2) Undertakings etc. which exclusively are covered by accounting regulations laid down by or pursuant to the Act on Municipal Administration (*lov om kommunernes styrelse*).

Part 2

Definitions

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2.-(1) An undertaking shall be commercial or carrying out business activities if it supplies goods, rights, funds, services or similar in return for which it normally receives remuneration.

(2) Notwithstanding subsection (1), an undertaking shall be deemed to be commercial or carrying out business activities, if it is covered by the Public Companies Act (*lov om aktieselskaber*), the Private Companies Act (*lov om anpartsselskaber*), the Act on Commercial Foundations (*lov om erhvervsdrivende fonde*), the Act on Certain Commercial Undertakings (*lov om erhvervsdrivende virksomheder*), or is otherwise a commercial undertaking according to law. This shall apply notwithstanding that the undertakings are wholly or partly exempt from the requirements of the Acts mentioned.

Kommentar: Oversættelsen i årsregnskabsloven (se kommentar ovenfor)

Kommentar: Jf. komm. ovenfor

3.-(1) Accounting material shall be considered as

- 1) Registrations, including the transaction trail, cf. section 4(1),
- 2) any descriptions of bookkeeping, including agreements on electronic exchange of data, cf. section 14(2),
- 3) any descriptions of systems to store and retrieve stored accounting material, cf. however, section 14(3),
- 4) vouchers and other documentation, cf. section 5,
- 5) other information necessary for the control trail, cf. section 4(2),
- 6) financial statements required pursuant to legislation, and
- 7) any audit book comments.

(2) Unless otherwise stipulated in other legislation, financial statements, cf. subsection (1), no. 6 shall also include any annual reports and similar linked to the financial statements.

4.-(1) The transaction trail shall mean the connection between the individual registrations and annual financial statements, tax statements, subsidy accounts or corresponding presentation of accounts prepared by the person subject to a duty to keep books, and prepared pursuant to legislation.

(2) The control trail shall mean the information which documents the correctness of the registrations.

5. Vouchers shall mean any necessary documentation for transactions registered in bookkeeping, irrespective of whether the documentation is on electronic media, microfilm, paper or other media. External vouchers shall mean documentation originating from others than the person with a duty to keep books. Other vouchers shall be considered as internal.

Part 3

General requirements for bookkeeping

6.-(1) Bookkeeping shall be organised and carried out in accordance with good bookkeeping practice taking into consideration the nature and scope of the undertaking. Bookkeeping shall

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also be organised and carried out so that accounting material is not destroyed, disposed of or corrupted, and there shall be measures to secure against errors and misuse.

(2) If accounting material is corrected, the original contents and the content of the amendment shall clearly appear on the material.

Part 4

Registration and documentation

7.-(1) All transactions shall be registered accurately taking into consideration the nature and scope of the undertaking. This includes that transactions shall be registered as soon as possible after the conditions exist for the basis of the registration. An undertaking, which because of its nature and scope is not able to register purchases or sales, may instead register on the basis of daily cash statements.

(2) As far as possible, registrations shall be carried out in the same sequence as the transactions are carried out. The registrations shall refer to the associated vouchers and contain information which makes it possible to determine the time of the registration in bookkeeping.

(3) To the extent necessary, taking into consideration the nature and scope of the undertaking, registrations shall be reconciled with holdings, including cash balances and liquid holdings.

(4) Registrations shall be in Danish kroner (DKK), euro or in a relevant foreign currency. An undertaking may only transfer to registration in another currency at the start of the accounting year, unless this other currency became relevant prior to the start of the relevant accounting year.

(5) If registration is in foreign currency, including euro, the accounting material shall contain information which at all times enables conversion to Danish kroner (DKK), including the exchange rate on the day of the transaction or similar conversion factors. The Danish Commerce and Companies Agency may lay down more detailed regulations in an executive order regarding the conversion factors mentioned in the 1st clause.

8. It shall be possible to trace all registrations to the accounts, statements or presentations mentioned in section 4(1). It shall be possible to break down the figures herein into the registrations of which they are composed.

9.-(1) All registration shall be documented with vouchers. If external vouchers have been issued, these shall be used as far as possible. Vouchers shall disclose all that is necessary to identify the control trail, including clear statement of the date of the transaction and the amount.

(2) If registration is on the basis of electronically transmitted data, the person with a duty to keep books shall also document the individual transmission and the time it took place.

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Part 5

Storage of accounting material

10.-(1) ¹⁾ The person with a duty to keep books shall store the accounting material safely for five years from the end of the accounting year to which the material applies. Storage shall be in a manner that enables independent and clear retrieval of the relevant accounting material throughout the storage period.

(2) If the accounting material is stored on electronic media, microfilm or in some similar manner, without processing, calculations or adaptation it shall be possible to print-out the material in clear print.

(3) The description of systems to retrieve and print accounting material in clear print, cf. section 14(3), no. 2 shall be stored in clear print.

(4) The provisions of subsections (1)-(3) above shall not apply for retail undertakings' till rolls and similar internal vouchers.

11. ²⁾ (Repealed)

12.-(1) Accounting material shall be stored in Denmark, cf. however, subsections (2)-(5).

(2) The accounting material for the current month and previous month may be stored abroad, if the person with a duty to keep books

1) ensures the material is stored in accordance with this Act,

2) can procure the material at all times, and

3) stores any descriptions of the systems etc. used and any necessary access codes etc. in

Denmark so that public authorities are able to obtain access to the material at all times, cf. section 15.

(3) Internal and external vouchers for the foreign activities of the person with a duty to keep books may be stored in the relevant country throughout the storage period, cf. section 10. Other accounting material for the foreign activities of the person with a duty to keep books may be stored under the same conditions in the relevant country for the current month and the previous three months. The provisions of subsection (2), nos. 1-3 shall apply correspondingly.

(4) In special cases, the Danish Commerce and Companies Agency may, after application in advance, grant full or partial derogation from the provisions of subsections (1)-(3).

(5) Notwithstanding subsections (1)-(4), the Danish Commerce and Companies Agency may lay down regulations that accounting material, without application in advance, may be stored abroad.

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(6) Decisions made by the Danish Commerce and Companies Agency pursuant to subsection (4) may be brought before the Company Appeals Board no later than four weeks after the decision has been communicated to the relevant party.

13.-(1) If the duty to keep books ceases, the last acting management shall ensure that the accounting material continues to be stored in accordance with this Act. If an undertaking is dissolved through the intervention of the bankruptcy court, the bankruptcy court may decide that persons other than the last acting management are to store the accounting material.

(2) In other circumstances in which the management resign, the members of the resigning management shall ensure that the accounting material for the period up to the date of resignation is stored in accordance with this Act. When a new management replaces a resigning management, the members of the resigning management shall forward the accounting material to the new management.

Part 6

Description of systems to register and store accounting material etc.

14.-(1) The person with a duty to keep books shall prepare an appropriate description of registration of transactions and of storage of accounting materials, taking into consideration the nature and scope of the activities. The description shall make it possible for an external person with reasonable knowledge of accounts and the technology applied to follow at all times the registrations made and how the accounting material is retrieved and printed in clear print. The description shall be worded in a language which is natural for public authorities and using ordinary terminology and usual specialist terminology for the area.

(2) The description of the registration of transactions shall as a minimum include adequate information on,

- 1) how the systems ensure the completeness and accuracy of the material which forms the basis for the registrations, including agreements in connection with electronic exchange of data which form the basis for registrations,
- 2) how the systems ensure complete and accurate registration of transactions, including instructions for classification, IT systems used, manual routines etc., and
- 3) how automatically generated registrations are carried out, including calculation basis and calculation formulas.

(3) The description of storage of accounting material shall as a minimum, contain adequate information on

- 1) the methods used for storage of accounting material,
- 2) how accounting material is retrieved and printed in clear print, including information on access codes etc., and on how encrypted data is translated, and
- 3) how registrations in foreign currency are converted to Danish kroner (DKK).

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(4) Notwithstanding subsections (1)-(3), the person with a duty to keep books may, if he/she uses a standard system to register transactions and store accounting material, omit to prepare the descriptions mentioned. Exemption under the 1st clause shall be provided that

- 1) no significant adjustments have been made to the standard system, and
- 2) the supplier of the standard system has prepared such descriptions and these are stored by the undertaking.

Part 7

Access to accounting material by the public authorities

15.-(1) A public authority may, to the extent it is entitled to demand to inspect the accounting material of the person with a duty to keep books in accordance with other legislation, require that the person with a duty to keep books, free of charge, makes available everything necessary to retrieve and read the accounting material. Furthermore the authorities may require that the accounting material, free of charge, be printed in clear print, including that registrations in foreign currency, including euro, be converted to Danish kroner (DKK). If the accounting material, except for external vouchers, is worded in other languages than Danish, the authorities may demand that the person with a duty to keep books translate this into Danish free of charge.

(2) The person with a duty to keep books shall satisfy the requests from the authorities under subsection (1) as quickly as possible. If the request relates to accounting material for activities abroad, the person with a duty to keep books shall satisfy the request no later than one month after the relevant authority makes the request.

Part 8

Provisions on penalties and entry into force

16.-(1) Provided that a more severe penalty is not applicable under other legislation, any person who violates sections 6-10, section 12(1)-(3) and sections 13-15 shall be liable to a fine.

(2) In regulations issued pursuant to this Act, fines may be stipulated for any violation of the provisions of said regulations.

(3) Companies, etc. (legal persons) may incur criminal liability according to the regulations in chapter 5 of the Criminal Code.

(4) The period of limitation for criminal liability shall be five years.

17. If accounting material is not stored as required by section 12, cf. section 15, and if the conditions give reason to believe that there is a danger of abuse, the person with a duty to keep books may, through conviction of criminal offence, have the right to store accounting material abroad suspended. Suspension shall be for one to five years from the date of final conviction.

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The court may, during the hearing of the case, by court order bar the person with a duty to keep books from storing the accounting material abroad until the case has been finally decided. The judgement of the case may determine that appeal shall not act as stay of proceedings.

18. The Danish Commerce and Companies Agency shall lay down provisions on opening balances and annual financial statements for the commercial undertakings which are covered by this Act and which are not already subject to regulations hereon in or pursuant to other legislation.

19.-(1) This Act shall enter into force on 1 July 1999. The provisions of section 7(4) and (5), however, shall come into force on 1 January 1999.

(2) The Bookkeeping Act, cf. Consolidated Act no. 60 of 19 February 1986, shall be repealed on 1 July 1999.

(3) This Act shall take effect for accounting years commencing on or after 1 July 1999. The provisions of section 7(4) and (5) shall, however, take effect for accounting years commencing on or after 1 January 1999. The regulations hitherto in force shall apply to accounting years commencing before 1 July 1999.

(4) Vouchers which relate to registrations from prior to 1 July 1999 may be stored in accordance with the regulations of section 21 of Executive Order no. 598 of 21 August 1990 on bookkeeping, annual financial statements and storage of accounting material by commercial undertakings (*bekendtgørelse nr. 598 af 21. august 1990 om erhvervsdrivende virksomheders bogføring, årsregnskaber og opbevaring af regnskabsmateriale*). Violation of the regulations shall be liable to a penalty pursuant to the regulations hitherto in force.

(5) For undertakings etc., which on 1 July 1999 were not subject to a duty to keep books according to the regulations hitherto in force, the duty to keep books under section 1(1) of this Act shall take effect for accounting years commencing on or after 1 January 2001. Until 1 January 2001, the regulations hitherto in force shall apply correspondingly.

(6) The duty to keep books under section 1(1) shall not apply for persons who, prior to 1 July 1999, have commenced an undertaking which according to the section 1C, nos. 35-37 of the Bookkeeping Act hitherto in force, cf. subsections (2) and (3), were not subject to a duty to keep books and who do not operate another commercial activity. If the undertaking is transferred to another owner, the duty to keep books shall take effect pursuant to section 1(1).

20. This Act shall not extend to the Faeroe Islands and Greenland but may by Royal Decree be extended to Greenland subject to such modifications as circumstances peculiar to Greenland may require.

Act no. 428 of 6 June 2005 contains the following provisions regarding entry into force:

Section 125

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(1) This Act shall enter into force on the day after notification in the Danish Law Gazette.³⁾ Section 69 shall, however, enter into force no earlier than the date(s) stipulated by the Minister for Taxation as the date of entry into force of the Act on Taxation of Mariners "*lov om beskatning af søfolk*" or the relevant parts of said Act, see section 17.

(2) This Act shall take effect from 1 November 2005. Section 70, no. 1 and section 104 shall, however, take effect from the date of entry into force of this Act.

(3) (Omitted)

Act no. 245 of 27 March 2006 contains the following provisions regarding entry into force.

Section 4

(1) This Act shall enter into force on 1 April 2006, cf. however, subsections (2) and (3).

(2) (Omitted)

(3) (Omitted)

Section 5

(1) (Omitted)

(2) This Act shall not extend to the Faeroe Islands and Greenland but may by Royal Decree be extended to Greenland subject to such modifications as the circumstances peculiar to Greenland may require.

Act no. 509 of 7 June 2006 contains the following provisions regarding entry into force.

Section 12

(1) This Act shall enter into force on the day after notification in the Danish Law Gazette.⁴⁾

(2) Sections 1-7 shall take effect from and including 1 July 2006.

(3) (Omitted)

(4) (Omitted)

Ministry of Economic and Business Affairs, 15 June 2006

Bendt Bendtsen

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/Ole Blöndal

Official notes

¹⁾ The new subsection (4) shall take effect from and including 1 July 2006, cf. section 12 of Act no. 509 of 7 June 2006.

²⁾ Repeal of section 11 shall take effect from and including 1 July 2006, cf. section 12 of Act no. 509 of 7 June 2006.

³⁾ Act no. 428 of 6 June 2005 was announced in the Danish Law Gazette on 7 June 2005.

⁴⁾ Act no. 509 of 7 June 2006 was announced in the Danish Law Gazette on 8 June 2006.