

UNOFFICIAL TRANSLATION (Landstingslov nr. 12 af 2. november 2006 om indkomstskat)

UK Landstingslov nr 12 af 2 november 2006 om indkomstskat (2).docx 1

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

Greenland Landsting Act No. 12 of 2 November 2006 on Income Tax (the “... act”) as amended by

- **Greenland Landsting Act No. 2 of 26 April 2007**
- **Greenland Landsting Act No. 11 of 15 November 2007**
- **Greenland Landsting Act No. 9 of 5 December 2008**
- **Greenland Parliament Act No. 3 of 30 November 2009**
- **Greenland Parliament Act para. 20 of November 18, 2010**
- **Greenland Parliament Act No. 9 of 3 December 2012**
- **Inatsisartut Act no. 10 of November 29, 2013**
- **Inatsisartut Act no. 37 of December 9, 2015**
- **Inatsisartut Act no. 7 of June 6, 2016**
- **Inatsisartut Act no. 29 of November 28, 2016**
- **Inatsisartut Act no. 18 of June 26, 2017**
- **Inatsisartut Act no. 23 of November 13, 2017**
- **Inatsisartut Act no. 48 of November 23, 2017**

Part 1

Tax liability

Section 1.-(1) The following are subject to tax as residents:

- 1) individuals who are domiciled in Greenland,
- 2) individuals who are not domiciled in Greenland but remain in the country for at least 6 months including short stays outside Greenland for holidays, etc.,
- 3) public limited companies and private limited companies registered as domiciled in Greenland or whose management resides in Greenland.
- 4) other companies domiciled in Greenland in which the partners are not personally liable for the obligations of the company and which distribute profits in proportion to the capital subscribed by the partners,
- 5) savings banks domiciled in Greenland,

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- 6) consumer cooperatives domiciled in Greenland, meaning associations whose objective is to purchase, procure or produce goods or provide services fully or partly for the private consumption of their members, and which - apart from normal interest on paid-up membership subscriptions - use the revenue generated by the members as the basis for distribution of profits to said members,
- 7) other cooperatives domiciled in Greenland,
- 8) mutual insurance associations domiciled in Greenland which also undertake insurance without any obligation to participate in the mutual liability,
- 9) pension funds domiciled in Greenland,
- 10) other associations domiciled in Greenland whose objective is to receive deposits from their members and to invest such deposits in securities,
- 11) credit unions domiciled in Greenland,
- 12) associations, corporate bodies, foundations, trusts and self-governing institutions domiciled in Greenland which run hotel or catering business. The tax liability applies only to income from hotel or catering business and gains or losses from sale, disposal or surrender of assets which are or have been connected to hotel or catering business.
- 13) funds, foundations, trusts and self-governing institutions domiciled in Greenland and
- 14) other associations and cooperatives domiciled in Greenland which have income from business activities.

(2) The provision in subsection (1) para. 2 will also apply to persons who receive any form of payment for personal work on board ships or aircrafts or for work carried out in relation hereto where the ship or aircraft:

- 1) is registered in Greenland,
- 2) is registered in Denmark, the Faroe Islands or abroad if the ship or aircraft is bare-boat chartered by a company, etc. which is liable to tax under the provisions in subsection (1) paras. 3-14, section 2(1) paras. 10-12 and 14 or an individual who is liable to tax under the provisions in subsection (1), paras. 1 and 2, section 2(1) paras. 10-12 and 14,
- 3) is owned or operated by a shipping company or airline company which has its place of management in Greenland, or
- 4) is permanently stationed for service all year in Greenland. The provisions in nos. 1-3 will not apply where a Danish, Faroese or foreign shipping company or airline company bareboat charters a ship or aircraft.

(3) The tax liability for associations, etc. listed in subsection (1), para. 14 only applies to the income of such from business activities. Business income is income from trade or other business activities, including income from operation, leasing or letting of real property. In the event that an association, etc. has been given a right to a share in the profits of a business activity that is not operated by the association itself, the resulting income is also categorised as business income. Profits which an association, etc. generates from supplies to members are not deemed as generated by business activities.

Subsection 4. Full tax liability is incumbent on Danish citizens who, without being covered by section 1(2) paras 1 and 2, are posted for service outside the realm of the Government of Greenland, the municipalities or other public institutions, etc., and which under an international convention are exempt from taxation in the country of residence. The tax liability under the first sentence also covers the spouses living with these persons and the children under 18 at the start of the accounting period staying with them when said spouses

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and children are Danish citizens, and they are not subject to income taxation to a foreign state under the rules for persons resident in that country.

Section 2.-(1) The following are subject to tax as non-residents: individuals, corporate forms, funds, associations, etc. specified in section 1(1), paras. 3-14 and deceased estates administered outside Greenland not falling within the scope of section 1(1) which:

- 1) receive any form of payment for work services performed in Greenland ~~or on board ships or aircrafts registered in Greenland~~ unless the work is performed during a stay which does not exceed 14 consecutive days and the individual in question remains employed by an employer who is not resident or does not have a permanent establishment in Greenland,
- 2) receive any form of payment for work services performed in Greenland after termination of employment, including consideration for entering into a non-competition clause. It is irrelevant that the settlement and/or amount of payment in question is determined by court ruling, court settlement, arbitration or similar,
- 3) receive salary, wages or similar from a Greenland employer where relocation to Greenland is briefly delayed due to moving household effects, traffic conditions or similar,
- 4) receive salary, wages, etc. from a state employer in Greenland where relocation to Greenland is briefly delayed due to short course participation,
- 5) receive a student's grant, salary, etc. during studies or education, etc. from sources in Greenland,
- 6) receive income for activities carried out in Greenland as a professional performer, athlete or similar, including cases where the income does not accrue to the performer or sportsman himself but to another person, etc.,
- 7) receive remuneration of the category referred to in section 75(1), para. 2 for membership of or assistance to boards of directors, committees, commissions, councils, etc. which are domiciled in Greenland,
- 8) receive income from Greenland which is A-income pursuant to section 75(2), para. 1,
- 9) receive dividend from a public or private limited company or cooperative society, etc. which is registered as domiciled in Greenland,
- 10) carry out business with a permanent establishment in Greenland or participate in business activities with a permanent establishment in Greenland or are otherwise entitled to a share in the revenue, profits, etc. of such business,
- 11) carry out professional services from a fixed place of business in Greenland or in order to provide such services remain in Greenland for at least 90 consecutive days, or participate in such business or are otherwise entitled to a share in the revenue, profits, etc. from such business,
- 12) carry out shipping or air transport operations in Greenland territory or regular traffic between a location on Greenlandic territory and a location outside Greenland, or participate in such business or are otherwise entitled to a share in the revenue, profits, etc. of such business,
- 13) receive royalties from a source in Greenland,
- 14) receive income from hiring out or leasing out business operations in Greenland,
- 15) own real property in Greenland or enjoy income therefrom, including through sale, or
- 16) receive income as beneficiary in a deceased estate administered in Greenland.

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17) receive any form of payment for personal work on board ships or aircrafts or for work carried out in relation hereto where the ship or aircraft:

a) is registered in Greenland,

b) is registered in Denmark, the Faroe Islands or abroad if the ship or aircraft is bare-boat chartered by a company, etc. which is liable to tax under the provisions in section 1(1) paras. 3-14, section 2(1) paras. 10-12 and 14 or an individual who is liable to tax under the provisions in section 1(1), nos. 1 and 2, section 2(1) paras. 10-12 and 14,

c) is owned or operated by a shipping company or airline company which has its de facto place of management in Greenland, or

d) is stationed for service all year in Greenland. The provisions in a)-c) will not apply where a Danish, Faroese or foreign shipping company or airline company bareboat charters a ship or aircraft.

(2) Enterprises awarded a licence under the Greenland Parliament Act on mineral resources and mineral resource activities and which earn income from prospecting, exploration and exploitation of mineral resources, including seismic surveys, construction of pipelines, utility services and shipping and pipeline transport of recovered hydrocarbons are subject to tax as nonresidents on income from such activity or work carried out in Greenland, including in Greenlandic territorial waters and the Greenland continental shelf area. The income is calculated in accordance with the rules applying to permanent establishments, cf. subsection (1) para. 10 and the rules in subsection (6).

(3) Enterprises which earn income from exploration and exploitation of mineral resources, including seismic surveys, construction of pipelines, utility services and shipping and pipeline transport of recovered hydrocarbons are subject to tax as non-residents on income from such activity or work carried out in Greenland, including in Greenlandic territorial waters and the Greenland continental shelf area. The income is calculated in accordance with the rules applying to permanent establishments, cf. subsection (1) para. 10 and the rules in subsection (6).

(4) The provisions in subsection (3) shall not apply unless the income is earned from work, advisory services or similar activities carried out in one or more periods which in total exceed 30 days over a 12-month period. Where the activity is carried out by an enterprise which is related to another enterprise, the activity shall be deemed as carried out by the related enterprise if the activity in question is essentially the same as the activity carried out by the latter enterprise.

(5) The provisions in subsection (1) paras. 1-5, para. 8 and subsection (6) also apply to Greenlandic territorial waters and continental shelf area. Persons who do not fall within the scope of section 1(1) and (2) and who earn income for personal work performed on board ships, aircrafts, offshore facilities, etc. related to prospecting, exploration and exploitation of mineral resources, including seismic surveys, construction of pipelines, utility services and shipping and pipeline transport of recovered hydrocarbons, etc. in Greenland, including Greenlandic territorial waters and the Greenland continental shelf area shall be subject to tax as non-residents. The income is calculated in accordance with the rules in subsection (6).

(6) The tax liability under subsection (1) only covers the income and income bases specified therein, and expenses are only deductible to the extent they relate to such income or income bases. Individuals subject to tax under subsection (1), para. 1 are entitled to a deduction of 10 percent of the remuneration up to an annual maximum amount specified by the Inatsisartut (Parliament). The annual deduction referred to in the second sentence is determined by a ~~Landsting~~ Landsting assembly in the first half of the year prior to the calendar year in question.

Section 3.-(1) The following are exempt from tax liability:

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1) The king and the king's spouse and members of the royal house who are children of Danish kings, or for whom apanage have been specified under section 11 of the Constitutional Act of Denmark (grundlovens), as well as their spouses. This also applies to the deceased estates of such.

2) the Greenland Self-Government (selvstyret), municipalities, the state and state enterprises and institutions.

3) Diplomatic representatives of foreign states, their staff, their family members and personnel and private servants who are in Greenland will be taxed in accordance with the provisions of the Vienna Convention on Diplomatic Relations.

4) Consular representatives of foreign states, their staff, their family members and personnel who are in Greenland will be taxed in accordance with the provisions of the Vienna Convention on Consular Relations.

5) Recognized religious communities and religious institutions set up in connection hereto or to the state church.

6) Educational, social and cultural institutions that are independent non-profit institutions whose revenues can be used only for the purposes of the institution.

7) Persons and enterprises, etc., covered by Article VII of the Agreement pursuant to the North Atlantic Treaty between the government of the Kingdom of Denmark and the government of the United States of America concerning the defence of Greenland.

8) Associations, corporate bodies, foundations, trusts and self-governing institutions domiciled in Greenland which run catering business in sports halls.

9) Persons who perform aid assignments under the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency, unless said persons are covered by section 1(1) paras 1–2 of the Act.

(2) Funds, associations, etc. taxable according to section 1(1), paras. 13 and 14, where the statutory objective of the fund, association, etc. is charitable or non-profit may be fully or partially exempted from taxation. The decision to this effect is made by Naalakkersuisut.

(3) Taxation of companies and businesses that have been granted permission to exploit under the Inatsisartut Act on mineral resources and activities of importance to this, or the Inatsisartut Act on exploitation of hydropower resources for the production of energy, lapses in the event that it follows from the permission of the rights holder.

Section 4.-(1) Each spouse is taxed on their income.

(2) The taxable income of cohabiting spouses who are both liable to tax in Greenland shall be calculated according to the provisions of this Act.

(3) Upon separation or divorce of cohabiting spouses, cohabitation is deemed to have ended for tax purposes at the time of separation or divorce.

(4) Where cohabitation ends without separation or divorce, cohabitation is deemed to have ceased for tax purposes at the end of the income year in which cohabitation terminated.

(5) Where a married couple resumes cohabitation after separation or cohabitation has terminated, cohabitation is deemed to have been resumed for tax purposes at the time cohabitation resumed.

(6) Where liability to tax as a resident terminates for one of the spouses, cohabitation is deemed to have ended for tax purposes at the time the tax liability terminated.

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Section 4 a.-(1) Income relating to a business is taxed at the level of the spouse who operates the business. If both spouses participate in the operation of the business, the income will be recognised at the level of the spouse who mainly operates the business.

(2) A wage agreement between spouses who both participate in the operation of a business owned by one or both may be assigned tax effect if the obligations pursuant to this Landsting Act and Greenland Landsting Act on labour market charges (landstingslov om arbejdsmarkedsafgift) are observed. The wage agreement will apply for tax purposes from the date on which the agreement is concluded. The salary of the spouse who is not the principal operator of the business shall not be disproportionate to his/her work in the business. The spouse who is obligated under subsection (1) to recognise income from the business is deemed employer with the obligations and duties which follow from this Landsting Act. The other spouse is deemed employee.

(3) Where both spouses participate in running the business of one or both, and the spouses are equally liable for the obligations of the business, the spouses may upon joint request divide the results of the business between them to the extent this is commercially justifiable in relation to the operation of the business. The participation and liability must remain unchanged for the entire tax year. In the calculation of the taxable income the assets and liabilities of the business are divided between the spouses according to the same proportion as the results of the business are distributed between the spouses.

(4) Spouses can reverse their decision to apply the rule in subsection (3) if a joint request is submitted to the tax administration before the end of the income year.

Section 4 b.-(1) Investment income is included in the income of the spouse who under marriage law controls the property or in the case of deductible expenses is liable for the payment. Where it is not possible to decide which spouse an amount concerns, each of the spouses will include half of the amount.

Section 4 c.-(1) Tax depreciations on assets used in a business operated by a married person shall be taken by that person, regardless of whether the assets belong to the person in question or to his/her cohabiting spouse.

(2) Where a spouse surrenders or transfers assets to his/her cohabiting spouse for use in his/her business, the profit or loss from such shall not be included in the transferring spouse's taxable income. Upon surrender or transfer, the assets will be treated for tax depreciation purposes as if they were acquired by the latter spouse on the dates and for the amounts at which they were originally acquired, and any depreciation previously taken shall be deemed taken by the person in question.

(3) The above rules shall not apply to the transfer of goods belonging to a business run by the transferring spouse.

(4) The rules in subsection (2) shall not apply to the surrender or transfer of assets to a spouse if the latter changes the use of the assets from commercial use only to private use or vice versa. Such change is treated as a sale or purchase of the assets in question. This also applies in the case of changeover from or partial commercial use. The fair value at the time when the usage is changed is the sales price or purchase price.

Section 4 d.-(1) For each spouse income tax is calculated on the basis of their taxable income.

(2) Where the taxable income of one spouse shows a loss, and the spouses are living together at the income year-end, the loss is deductible to the extent possible in the taxable income of the other spouse. The loss must be deducted before carry forward of the other spouse's unused losses from previous years pursuant to section 30(1). In this connection income taxed abroad and not in Greenland is disregarded in the taxable income of the spouses. However, the provision in the second sentence shall not apply where the income tax is reduced by credit relief in accordance with section 69.

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Section 4 e.-(1) To the extent a married person who is living together with his/her spouse at the income year-end cannot make use of his or her personal allowance, the unused amount of the allowance is used to reduce the income of the other spouse.

(2) To the extent a married person who is living together with his/her spouse at the income yearend cannot make use of his or her tax exempt amount for B-income, cf. section 20, the unused amount may be deducted in the B-income of his/her spouse. However, the transferred tax exempt amounts cannot reduce the spouse's B-income to a negative amount.

Section 5.-(1) Children are independent taxpayers.

(2) Where a child has received enjoyment of income or wealth as a gift from his/her parents, step-parents, foster parents or grandparents, the enjoyment of the income or capital return will be taxable for the donor if the donor is taxable as a resident. However, this will only apply until the expiry of the income year in which the child turns 18 years of age or until the child marries.

(3) Where a child who has not turned 15 years at the beginning of the income year has employment in a business run by his/her parents, step-parents, foster parents or grandparents, the latter may not deduct the wages to the child in the taxable income, nor are the wages included in the taxable income of the child.

(4) Amounts which parents, step-parents, foster parents or grandparents have given a child as full or partial upkeep shall not be included in the income of the child unless the payments are maintenance payments or payment for work in a business owned by one of the donors and are deductible in the taxable income of the latter.

Part 2

Scope of tax liability, commencement and termination

Section 6.-(1) The tax liability exists with the derogations specified by the following provisions during the period in which the criteria for tax liability in section 1 or section 2 are satisfied.

Section 7.-(1) For an individual who acquires a residence in Greenland without taking up residence in Greenland, tax liability under section 1(1), para. 1 commences when the individual takes up residence in Greenland apart from short stays due to holidays, etc.

Section 8.-(1) For individuals mentioned in section 1(1), para. 2, tax liability commences at the beginning of the stay in Greenland which gives rise to tax liability.

(2) For individuals who stay in Greenland as tourists or for study purposes and who do not operate business activity in Greenland during their stay and who remain subject to income tax in Denmark, the Faroe Islands or their country of residence under the rules for individuals resident in the country in question, tax liability under section 1(1), para. 2 commences when the stay in Greenland with or without interruption has lasted more than 365 days within a total period of 2 years.

Section 9.-(1) Where an individual subject to tax in Greenland dies, tax liability ceases at death.

Section 10.-(1) Where a surviving spouse takes over the community property in connection with the death in order to retain undivided possession of the property, the surviving spouse shall assume the tax position of the deceased.

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(2) Where an estate is appropriated without administration to the surviving spouse after the latter has exercised his/her special rights under the Greenland Inheritance Act (arvelov for Grønland), the provisions in subsection (1) shall apply mutatis mutandis.

Section 11.-(1) Where the estate is divided or taken over by the surviving spouse in order to retain undivided possession of the property in connection with the death, the tax of the deceased in the income year in which the death occurred is finally settled by the payment of the preliminary income tax amount due before death or which should have been withheld on income earned before that time.

(2) Both the tax administration (skatteforvaltning) and the estate may request that a final assessment of the income earned by the deceased be made for the period from the beginning of the income year until death. Should the calculated final tax for the period from the beginning of the income year until death exceed the sum of the preliminary income tax amount due before death or which should have been withheld on income earned before that date by at least DKK 10,000, the estate shall pay the outstanding amount of tax. Where the sum of the preliminary amount of tax referred to exceeds the final tax by at least DKK 2,000, the estate is entitled to request reimbursement of the overpaid amount.

(3) The tax administration must raise the demand for a final tax assessment under subsection (2) against the estate within 3 months of the death. Where the information under section 108(9) is received later than 1 month after the death, the demand may be raised up to 2 months after receipt of the information.

(4) Where the estate requests a final tax assessment under subsection (2), the estate must notify the tax administration of this within 3 months of the death.

(5) In the cases referred to in subsections (3) and (4), the estate must submit a normal tax return within 5 months of the death. Where the request under subsection (3), second sentence is raised later than 3 months after the death, the time limit will be extended to a maximum of 2 months after the request for a final tax assessment

(6) In the final tax assessment under subsection (2) assets that may be subject to tax depreciation will be treated in accordance with the rules on tax depreciations.

(7) Trading and speculative assets will be treated in the final tax assessment under subsection (2) as disposed of by the deceased on the date of death. The market value on the date of death will be the deemed consideration.

(8) The rules in subsection (1) apply mutatis mutandis where the estate is of little value and is not subject to division.

Part 3

Taxable income

Section 12.-(1) Taxable income is calculated on the basis of the income in the income year. The income year is the calendar year prior to the assessment. Where tax liability only applies for part of a year, the income year will be that period of time. Where the tax assessment covers a shorter period than one year, and the taxpayer is entitled to tax allowances, including personal allowances which are specified by annual amounts, only a proportionate share of the annual allowances will be granted.

(2) The tax administration may permit companies, associations, etc. who so request to use an income year which does not follow the calendar year. The income year thus elected cannot be subsequently changed without permission from the tax administration. It is a condition for approval of a tax year differing from the

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calendar year that it begins on the first day of a month. In the permission, the tax administration may lay down specific deadlines for submission of tax returns and payment of assessed tax.

Section 13.-(1) Taxable income includes - with the exemptions and restrictions laid down by this Landsting Act - the taxpayer's aggregate annual income regardless of whether the income is derived from Greenland or not, or whether it consists of money or assets of monetary value.

(2) Remuneration for work services in an employment relationship is subject to income tax in the income year in which payment is made. Where the income recipient's tax liability terminates before payment of the remuneration, income tax is liable on the remuneration no later than at termination of tax liability.

Section 14.-(1) Taxable income includes:

1) Income from any kind of commercial activity, for example, income from trade, industry, crafts, shipping, fishing, trapping, hunting, sheep farming, income from participation in a partnership, shipping partnership, limited partnership or limited partnership company or as beneficiary in a deceased estate under public or private administration, remuneration for scientific, artistic or literary work, or for work, services or assistance of any kind.

2) Income from lease or rent, pension, annuity and survivors' pensions, income from benefits and maintenance payments, income from free use of property of others and gifts, cf. however section 34(1), para. 3, income by way of interest on bonds and other outstanding claims.

3) Income by way of dividend on shares, cf. however section 86, unit certificates and similar securities, cf. however section 34(1), para. 7. Dividend on share certificates is any payment that the company makes to shareholders as share of profit earned by the company in the last or prior income years whether payment is made as dividend or distribution upon liquidation of the company.

4) Value of home on own property, cf. however section 34(1), para. 5. The value is determined by the housing valuation rules, etc. in force in Greenland.

Section 15.-(1) Interest is taxed or deducted in the income year in which the interest is due for payment. However, interest expenses due for prior years are deductible in the income year to which they relate, cf. section 12(1). Where the debtor lacks the financial ability to pay due interest, the interest will not be taxed or deducted until the income year in which the interest is paid. The tax administration may for financial enterprises and other enterprises for whom such accounting form is considered normal permit taxation or deduction of interest in the income year which the interest concerns. The procedure thus elected cannot be later changed.

(2) Where tax liability commences or ceases for reasons other than death, the portion of the interest income or interest expenses, etc. relating to the period during which the person is subject to tax is included or deducted in the taxable income. The interest income or interest deduction, etc. is allocated over the period to which it relates. The allocation only covers interest for the period in which the tax liability commences or ceases.

(3) Consideration for accrued or credited interest in connection with transfer of interest-bearing claims is included in the income of the person who is entitled to the consideration. The consideration is deducted in the income of the person who is obliged to pay the consideration. The consideration is included or deducted in the taxpayer's interest income in the income year in which the transaction is completed. The accrued or credited interest corresponding to the consideration is included in the taxpayer's interest income for the income year in which the interest is due for payment. However, the provisions in this subsection shall not apply to taxpayers who allocate interest expenses and interest income in the manner specified in section 15(1), fourth sentence.

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(4) The owner of real property located outside Greenland shall not include the following in the taxable income:

- 1) income and expenses,
- 2) interest expenses on loans for the purchase or operation of the property,
- 3) interest expenses on loans secured by the property.

~~—(5) In the computation of taxable income, interest expenses, cf. subsections (1)–(3), are deductible by 90 percent of the amount due. The limit in the first sentence shall not apply if the expenses have been used for business purposes~~

Section 16.–(1) The rules in this subsection on bonds shall apply mutatis mutandis to private mortgage deeds and claims.

- 1) Corporate forms, funds, associations, etc. specified in section 1(1), paras. 3-13 shall include in taxable income gains or losses on disposal, redemption or drawing of bonds.
- 2) Gains or losses on disposal, redemption or drawing of bonds are calculated as the difference between the selling price and the acquisition cost.
- 3) Where redemption is by repayment, gains or losses are calculated so that a percentage is added of each repayment equal to the percentage points by which par exceeds or is less than the acquisition cost.
- 4) The tax administration may permit another calculation method. Where such permission is granted, the permitted calculation method can only be changed by permission from the tax administration, and will only be granted in exceptional cases.

(2) The rules in this subsection on shares shall apply mutatis mutandis to shares in private limited companies, unit certificates and similar securities.

- 1) Corporate forms, funds, associations, etc. specified in section 1(1), paras. 3-13 shall include gains and losses on disposal of shares in taxable income. This also applies to gains or losses on disposal of rights to subscribe for shares and disposal of bonus share rights. However, losses on disposal of shares are only deductible to the extent that they exceed gains on the shares which have been exempted from taxation under section 34, para. 11 and which have not been used to reduce the deductible dividend amount, cf. section 27(4).
- 2) Gains or losses on distribution of liquidation proceeds are taxed in the income year in which the liquidating company is finally dissolved.
- 3) Gains or losses on disposal are calculated as the difference between the selling price and acquisition cost. Naalakkersuisut prescribes the rules regarding acquisition date and purchase price of bonus shares and awarded bonus share rights and warrants.
- 4) The tax administration may permit another calculation method. Where such permission is granted, the permitted calculation method can only be changed by permission from the tax administration, and will only be granted in exceptional cases.

(3) Corporate forms, funds, associations, etc. specified in section 1(1), paras. 3-13 shall include gains and losses on disposal of real property which is not depreciable under section 24(1), para. 1 in taxable income.

- 1) Gains or losses are calculated as the difference between the selling price and the acquisition cost.
- 2) Naalakkersuisut prescribes rules regarding calculation of the sales price and the acquisition cost.

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16a. If a company, etc., covered by section 1(1) paras 3 or 4 and similar companies, etc., domiciled abroad directly or indirectly, make funds available to, grant loans to or provide security for a natural person, the loan is treated according to the general rules of the Income Tax Act as a withdrawal without a duty of repayment, on the condition that there is a relationship covered by section 86(3) between the lender and the borrower. The first sentence does not apply to loans, etc., granted, etc., as part of a usual commercial transaction or for usual loans from banks and credit institutions. The first sentence further does not apply to loans under section 115a in the decree on commencement for Greenland of the Act on Public Limited Companies and section 50 in the decree on commencement for Greenland of the Act on Private Limited Companies.

Subsection 2. On repayment of loans taxed under subsection 1, the repaid amount is not included in the calculation of the company's taxable income.

Section 17.-(1) Gains on financial contracts are included in taxable income, cf. however subsections (2) and (3). Losses are offset against gains in the same income year, and a net loss can be carried forward for offset against net gains on financial contracts in subsequent years in accordance with the rules in section 30(1), (3) and (4).

(2) Subsection (1) does not apply to:

- 1) Rights to subscribe for shares, etc.
- 2) Contracts regarding real property.
- 3) Sale and purchase of bonds under a forward or future contract for hedging in connection with raising or repaying mortgage loans or mortgage-like loans.
- 4) Conversion rights related to bonds, mortgage deeds, debt instruments and other debts.

(3) The general rules of the Landsting Act apply to contracts entered into as part of trade or business activities.

(4) Gains or losses under subsection (1) are calculated as the difference between the selling price and the acquisition cost according to the realisation principle.

(5) Under special circumstances, Naalakkersuisut or the party so authorised by Naalakkersuisut may permit taxation of the contracts referred to in subsection (1) in accordance with the general rules of the Landsting Act.

Section 18.-(1) In calculating taxable income, individuals referred to in section 1(1), paras. 1-2 must include gains on disposal, total or partial redemption or drawing of claims as referred to in subsection (2) unless the claim carries a nominal interest rate which is equal to or higher than the minimum interest determined in subsection (3) at issue of the claim.

(2) Claims are defined here as any monetary claims, including bonds, mortgage deeds, government securities, treasury bills and commercial papers.

(3) The tax administration determines the minimum interest normally for the sixmonth periods January-June and July-December.

(4) The gain on disposal or redemption of the claim is calculated as the difference between the acquisition cost and the disposal or redemption price. Where redemption is by means of repayment, the gain is calculated so that a percentage of each repayment is added equal to the percentage points by which par exceeds the acquisition cost.

(5) Gains and losses on claims covered by subsection (1) do not fall within the scope of section 34(1), para. 2.

Section 19.-(1) In determining the taxable income, the value of a car that is made available for a taxpayer's private use by an employer under an employment relationship or under an agreement on provision of work services, cf. subsections (2)-(8) is included. This also applies to persons elected as member of or assistant to boards, committees, commissions, councils or other bodies, including Naalakkersuisut, Landsting and municipal councils.

(2) The taxable value of a car subject to subsection (1) is fixed at an annual value of DKK 60,000 if road space in the town in which the car is used for private purposes is 75,000 square meters or more.

(3) Where road space in the town where the car is used privately is between 25,000 square meters and 75,000 square meters, the value mentioned in subsection (2) is reduced to DKK 30,000.

(4) Where road space in the town where the car is used privately is less than 25,000 square meters, the value mentioned in subsection (2) is reduced to DKK 15,000.

(5) Private mileage in workshop vehicles and other special vehicles is valued at half of the rates mentioned in subsections (2)-(4). Where these vehicles are used solely for transport between home and work according to written instructions from an employer, they are valued at 1/4 of the rates mentioned in subsections (2)-(4).

(6) Private mileage in trucks with a gross weight of more than 4 tonnes and in tanks, cranes and refuse collection vehicles is not taxed.

(7) Where the car is only available for part of the year, the taxable value is reduced by the number of days when the vehicle was not available. Where the taxpayer pays for availability of the car, the taxable value will be reduced by the amount paid.

(8) Travel between home and work is not categorised as private use by the taxpayer provided the employer has instructed the taxpayer in writing to perform such travel in connection with on-call services on the condition that the taxpayer does not use the car for other private transport during on-call service.

(9) Travel between home and place of work in the vehicles mentioned in subsection (5) is not deemed to be private travel for the taxpayer if the employer has directed the taxpayer in writing to perform the travel in connection with on-call duty.

Section 19 a.-(1) The value of accommodation, including pre-vacant and vacant accommodation which is provided free or partly free of charge, cf. however section 34(1) para. 3 shall be included in the taxable income.

Section 20.-(1) For individuals who are taxable as residents, income not taxed at source (B-income), cf. section 74, and income referred to in section 75(2), para. 2, including gross self-employment income is taxed only to the extent such income exceeds the amount determined in accordance with subsection (2). For the income year in which the marriage is terminated by the death of a spouse, the surviving spouse will be granted a tax-free amount which is twice the amount determined under subsection (2).

(2) The tax free amount is determined by Inatsisartut in a ~~Landsting~~ Landsting assembly in the first half of the year prior to the calendar year in question.

Section 21.-(1) Individuals who are taxable as residents are entitled to a specified allowance (standard allowance) in the taxable income. For the income year in which the marriage is terminated by the death of a spouse, the surviving spouse will be granted a standard allowance which is twice the amount determined under subsection (2).

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(2) The standard allowance is determined by Inatsisartut in a ~~Landsting~~ assembly in the first half of the year prior to the calendar year in question.

(3) Where a taxpayer proves that the sum of allowances to which he is entitled in the tax return exceeds the specified standard deduction for the income year in question, he will be granted an allowance for the higher amount.

Section 22.-(1) Companies, etc. which are liable to tax as residents under section 1(1), paras. 3-14 or liable to tax as non-residents under section 2 may - in relation to the assets which are depreciable under the promulgated statutory order on depreciation pursuant to section 24(1), para. 1 - may write down a maximum amount for tax purposes corresponding to the sum of depreciations allowed under subsection (2).

(2) The maximum tax depreciation rates allowed in a single year are:

- 1) Up to 5 percent annually of the acquisition cost of buildings and fixtures.
- 2) Up to 10 percent annually of the acquisition cost of ships and planes.
- 3) Other amortisable costs, etc. or acquisition costs of plant and machinery, tools and equipment and intangible assets, etc. can be amortised by up to 30 percent on the basis of the amortisable written-down value at the income year-end.
- 4) Up to 100 percent of the costs or acquisition cost of the assets mentioned in para. 3 if the cost or acquisition cost of the individual asset is DKK 50,000 or less.

(3) Companies must compute a joint account for amortisable expenses and depreciable assets, etc. covered by paras. 3 and 4. Amortisations for the year are made on the basis of the amortisable written-down value at the income year-end. This value is calculated as the written-down value at the beginning of the income year plus amortisable expenses or the acquisition cost of plant and machinery, etc. acquired during the income year minus the sales price of plant and machinery, etc. sold during the income year and depreciations under para. 4. Improvement costs are treated in the same manner as acquisition costs. The written-down value at the beginning of the income year constitutes the amount to which plant and machinery, etc. acquired or expenses defrayed in previous income years has been reduced by means of depreciation.

(4) To the extent the sale of assets, etc. covered by paras. 3 and 4 result in a negative depreciation balance, the negative balance must be recognised as income in the same income year.

(5) Notwithstanding the rule in subsection (2), a company, etc. may however take tax depreciations corresponding to the estimated taxable profit on disposal of depreciable assets covered by paras. 1 and 2. Where the company's taxable income subsequently shows a loss, the tax depreciations will be reduced by an amount corresponding to the loss.

Section 22 a.-(1) Where a company subject to section 1(1) para. 3 has taken amortisations for tax purposes which are less than the rates specified in section 22(2), the company's reserves for amortisation will be reduced to the amounts to which the assets of the company could be written down according to the rates specified in section 22(2) in the following situations:

- 1) where 30 percent or more of the share capital is owned at the income year-end by other shareholders or partners than at the beginning of the income year in question,
- 2) where the division of shares or voting power in the company is changed significantly during the income year compared with the division in the preceding income year,
- 3) where the activities of the company change significantly during the income year compared with the activities in the preceding income year, or

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4) where the company undergoes a merger, demerger or similar reorganisation.

(2) The provision in subsection (1) will not apply to

- 1) companies in which the shares are listed on a stock exchange, or
- 2) generational handover referred to in sections 57 and 58.

(3) If 25 percent or more of the capital in a company covered by subsection (1) is owned by another company, association or similar (parent company), the shareholders or partners in the parent company, and not the parent company itself, will be deemed to own the capital in the subsidiary according to their pro rata share of the capital in the parent company. This will not apply to parent companies whose shares are listed.

(4) In special circumstances, the Naalakkersuisut (Government of Greenland) or the party so authorised by the Naalakkersuisut may grant dispensation or partial dispensation from the provision in subsection (1).

Section 22 b.-(1) Notwithstanding the rules in section 22, the acquisition cost of licences for prospecting, exploration and exploitation of mineral resources granted under the Greenland Parliament Act on mineral resources and mineral resource activities shall be written off according to the rules in this provision.

(2) Depreciation shall be taken separately for each individual licence or part licence.

(3) Where a licence or part licence is disposed of, depreciation is not permitted for the licence in question in the year of disposal.

(4) The acquisition cost is depreciated by equal amounts annually. Licences for prospecting, exploration and exploitation of hydrocarbons are depreciated over a period of 10 years, while licences for prospecting, exploration and exploitation of minerals are depreciated over a period of 4 years. The acquisition cost of a licence which at the time of acquisition has a shorter remaining life than the periods specified in the second sentence will be depreciated by equal annual amounts over the remaining life. Depreciation starts in the income year in which the licence or part licence is acquired.

(5) Where a licence or part licence is disposed of for a larger sum than the non-depreciated part of the acquisition cost, the profit shall be included in the taxable income for the year of disposal.

(6) Where a licence or part licence is disposed of for a sum which is less than the nondepreciated part of the acquisition cost, the loss will be deductible in the taxable income for the year of disposal.

(7) Pursuant to section 24(1) para. 1, the Greenland Government (Naalakkersuisut) may lay down rules on depreciation of licences for prospecting, exploration and exploitation of mineral resources.

Section 23.-(1) An individual who is liable to tax under section 1(1), paras. 1) and 2) or liable to tax as a non-resident under section 2 and who receives income from independent business activities may - in relation to the assets which are depreciable under the promulgated statutory order on depreciation pursuant to section 24(1), para. 1 - write down a maximum amount for tax purposes corresponding to the sum of depreciations allowed under subsection (2).

(2) The maximum tax depreciation rates allowed in a single year are as follows:

- 1) Up to 5 percent annually of the acquisition cost of buildings and fixtures.
- 2) Up to 10 percent annually of the acquisition cost of ships and planes.
- 3) Up to 30 percent of other amortisable costs, etc. or acquisition costs of plant and machinery, tools and equipment and intangible assets, etc. based on the depreciable written-down value at the income year-end.

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4) Up to 100 percent of the cost or acquisition cost of the assets mentioned in para. 3 if the cost or acquisition cost of the individual asset is DKK 100,000 or less.

(3) Business operators as specified in subsection (1) must calculate a joint account for depreciable expenses or assets, etc. which fall within the scope of subsection (2), paras. 3) and 4). Amortisations and depreciations for the year are based on the depreciable written-down value at the income year-end. This value is calculated as the written-down value at the beginning of the income year plus amortisable expenses or the acquisition cost of plant and machinery, etc. acquired during the income year minus the sales price of plant and machinery, etc. sold during the income year and depreciations under subsection (2), para. 4. Improvement costs are treated in the same manner as acquisition costs. The written-down value at the beginning of the income year constitutes the amount to which plant and machinery, etc. acquired or expenses defrayed in previous income years has been reduced by means of depreciation.

(4) To the extent that sale of assets, etc. covered by subsection (2), paras. 3 and 4 result in a negative depreciation balance, the negative balance must be recognised as income in the same income year."

Section 24.-(1) In determining the taxable income, the following are deductible:

1) operating expenses, meaning the costs which in the course of the year are incurred to acquire, secure and maintain the income, including tax depreciations. Naalakkersuisut determines the rules on tax depreciation/amortisation and the tax treatment of gains or losses on disposal, etc. of depreciable assets,

2) costs incurred to maintain or secure the property of the taxpayer if the gain on such is assessed as income, and

3) interest and periodic commission on debt, cf. however section 15(4) ~~and (5)~~.

(2) Prizes which are raffled off by banks to holders of prize accounts under the Act on prize savings (lov om gevinstopsparing) are not deductible in the bank's taxable income.

~~**Section 25.**-(1) For a taxpayer who carries out more advanced processing of mineral resources in Greenland than is normally the case for such exploitation activities, the Landsstyre may specify rules on a special annual deduction up to 10 percent of the direct investment in assets for secondary treatment of the crude products from the exploitation activities.~~

Section 26.-(1) The following maintenance payments due and paid during the period of tax liability are deductible in the taxable income of the payer:

1) Maintenance payments which due to divorce or legal separation are paid by one spouse to the other spouse or children, provided that the spouse or children are not living with the payer.

2) Maintenance payments which due to de facto separation are paid by one spouse to the other spouse or to children who are not living with the payer.

3) Maintenance payments paid to children out of wedlock who are not living with the payer.

(2) Maintenance payments are only deductible if the taxpayer has a duty under public law to support or pay maintenance for the child.

(3) Maintenance payments referred to in subsection (1), para. 1 are deductible from the date of divorce or separation. Maintenance payments referred to in subsection (1), para. 2 are deductible from the date of separation.

(4) Maintenance payments are included in the taxable income of the receiving spouse or child from the time referred to in subsection (3).

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(5) The tax administration may disregard the agreed or fixed allocation of maintenance payments to a spouse and children. The tax administration can set aside a maintenance agreement where it is considered manifestly unreasonable, and it is evident for specific reasons that the agreement was not made for maintenance purposes.

Section 27.-(1) Companies, co-operative societies and cooperatives covered by section 1(1), paras. 3, 4, 6 and 7 can deduct from taxable income dividend which is paid to shareholders or members as a share of profit earned in the preceding or previous income years. This also applies where associations referred to in section 1(1), para. 10 distribute earned interest and dividend to members as share of profit earned in the preceding or previous income years.

(2) However, dividend from which dividend tax has been withheld under section 87 is not deductible in taxable income.

(3) The tax administration may allow and prescribe terms that dividend paid to shareholders or members as share of profit earned in the preceding or previous income years is deductible in the taxable income in previous years. An application must be submitted to the tax administration when submitting the income tax return.

(4) Where companies referred to in subsection (1) have received dividend which has been exempted from taxation under section 34, para. 11, the deductible amount of dividend, etc. in subsections (1) and (3) will be reduced by the received amount of taxfree dividend. The reduction must be made in the income year in which the dividend is distributed. Where it is not possible to make the total reduction in the income year in question, the reduction will be carried over to a later income year if the distributed dividend in a previous year is insufficient to offset the amount.

(5) Companies, etc. referred to in subsection (1) which have received dividend which has been exempted from taxation under section 34, para. 11 must enclose with the income tax return a calculation of the amount of dividend and of how much of this dividend is used to reduce the deductible dividend, etc. in subsections (1) and (2) or used to limit losses on sale of shares, cf. section 16(2), para. 1.

(6) Where the reduction according to subsection (4) and section 16(2), para. 1 is not fully made, the excess subsidiary dividend must be included in the taxable income of the parent company in the income year in which the parent company is finally liquidated or at the latest at termination of the parent company's tax liability under section 1, or on changeover to taxation according to section 3(1), or exemption from tax under section 3(2) or 3(3).

Section 28.-(1) In determining the taxable income, insurance companies may deduct amounts allocated to cover obligations entered into for insured parties (premium reserve and claims reserve) or bonus funds. Insurance companies may also deduct amounts allocated to security funds provided it is stipulated in the company's articles of association that the security funds can only be used to strengthen the premium reserve or in another manner for the benefit of the insured parties.

(2) In determining the taxable income, credit unions referred to in section 1(1), para. 11 may deduct provisions to cover the minimum reserves as established by legislation on credit unions in Greenland.

(3) In determining the taxable income, pension funds referred to in section 1(1), para. 9 may deduct provisions to cover commitments to members. Pension funds, as mentioned in the first sentence, may also make deductions for provisions for payment of taxation of gains under the Inatsisartut Act on taxation of returns on certain pension capital.

Section 29.-(1) In determining the taxable income, companies and business entities which have been granted an exploitation licence under the Greenland Parliament Act on mineral resources and mineral resource

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activities, Greenland Landsting Act on exploitation of ice and water for export, can deduct amounts which have been set aside to financially ensure that a closure plan approved in the licence can be carried out.

(2) A condition for the right to deduct is that the terms and conditions for collateral, etc. specified in the licence have been satisfied.

(3) Where it is later ascertained that the amount deducted for closure costs is too great, the excess amount deducted will be taxed in the income year in which this is ascertained.

(4) Where the licence-holder's tax liability terminates, the amount mentioned in subsection (3) is taxable at latest at termination of tax liability.

Section 30.-(1) Where the taxable income for an income year shows a loss, the loss may be deducted from the taxable income for the next following 5 income years. Within this period, however, the deduction can only be carried over to a later income year if it cannot be offset against the taxable income in a previous year.

(2) Loss carry forward under subsection (1) does not apply to losses ascertained in a bankruptcy, receivership or similar if it is anticipated that the taxpayer will not be able to pay the debt corresponding to the losses. Where the debt or part of the debt is paid later, the losses corresponding to the paid debt will be deductible in the year of payment.

(3) The debt cancelled under a composition, debt forgiveness, debt relief or similar shall be offset in full in the tax losses carry forward under subsection (1) unless the cancelled amount is taxable.

(4) Losses in companies covered by section 1(1), para. 3 shall not be carried forward under subsection (1) if there are substantial changes in the group of owners, significant changes in the allocation of shares or voting rights between individual shareholders or significant changes to the company's activities in relation to the period to which the losses are attributable. Any party for whom it is deemed important can obtain a binding advance ruling from the tax administration on whether a company's losses can be carried forward.

(5) Naalakkersuisut or the party so authorised by Naalakkersuisut may grant dispensation or partial dispensation from the provision in subsection (4) under special circumstances.

~~-(6) Where the calculated losses for an income year cannot be used within the following 5 income years referred to in subsection (1), the tax administration may allow or prescribe specific conditions that such unused losses can be deducted from the taxable income for the preceding 5 income years. However, within this period the deduction can only be carried back to a previous income year if it cannot be offset against the taxable income in a later year. The first and second sentences also apply to cases where the taxpayer can show that the losses cannot be used in accordance with the rules in subsection (1). The conditions in subsections (2) - (5) also apply to tax loss carryback. Overpaid taxes will be repaid without any compensation or interest, cf. sections 25 and 27 of the Landsting Act on Administration of Taxes (landstingslov om forvaltning af skatter).~~

(6) The provisions in subsections (3)-(5) apply mutatis mutandis to corporate forms, etc. referred to in section 1(1), paras. 4-13.

(7) A taxpayer who has been granted an exploration or exploitation licence under the Greenland Parliament Act on mineral resources and mineral resource activities, Greenland Landsting Act on exploitation of ice and water for export, will not be subject to the time limitation of 5 years for carry forward of losses in subsection (1), first sentence, with regard to the losses covered by the licence.

(9) In the determination of the taxable income, banks covered by the Financial Business Act must deduct amounts that upon expiration of the accounting period have been written down on loans and provided for loss on guarantees, etc., according to the accounting rules applicable to the bank. Write-downs and amounts

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provided can only be deducted to the extent that they concern losses deductible under the general rules of tax legislation. When determining the taxable income, the deductible write-downs and amounts provided (see the first sentence) must be included for the previous accounting period. This provision applies similarly to mortgage credit institutes domiciled in Greenland.

Section 31.-(1) Losses arising from participation by individuals as limited partners in limited partnerships, part owners of shipping partnerships or similar operating outside Greenland are not deductible against other income. This also applies to partners in partnerships in which there are more than 10 participants, and the taxpayer does not participate in the operations to any major extent.

(2) Losses according to subsection 1 may, however, be carried forward for off-setting against positive income in a later accounting period from the same business under the rules in section 30(1) and (3).

(3) Under special circumstances, Naalakkersuisut or the party so authorised by Naalakkersuisut may allow full or partial deduction of losses covered by subsection (1).

Section 32.-(1) The taxable income of an individual, company, etc., which in an income year is liable to tax under several of the provisions in section 2(1), including several permanent establishments cannot be aggregated, but must be calculated for each income, location, activity, etc. which is the basis for the tax liability.

(2) Carry forward and carry back of losses under section 30 for the persons referred to in subsection (1) is only allowed in taxable income for the same location, activity, etc.

(3) A taxpayer who has been granted exploration or exploitation licences under the Greenland Parliament Act on mineral resources and mineral resource activities, Greenland Landsting Act on exploitation of ice and water for export, will not be subject to subsections (1) and (2) for the activities directly covered by the licences.

Section 33.-(1) The surcharges on underpaid tax and tax referred to in sections 24 and 27 of the Landsting Act on Administration of Taxes (landstingslov om forvaltning af skatter) are not deductible in taxable income. The refund of overpaid tax referred to in section 25 of the Landsting Act on Administration of Taxes and interest on overpaid tax referred to in section 27 of said Act are not included in the taxable income.

Section 34.-(1) In determining the taxable income, the following are disregarded:

- 1) increase or decrease in wealth as a result of changes in the value of a taxpayer's possessions,
- 2) gains or losses from sale of a taxpayer's possessions. However, this does not apply to the sale of depreciable assets and possessions acquired by the taxpayer for speculative or trading purposes,
- 3) gifts to a cohabiting spouse with the giver, to the giver's children, stepchildren and their issue, spouse of deceased child or stepchild (not separated or divorced) and to his parents, step-parents and grandparents,
- 4) increase in wealth due to inheritance or advancement or marriage,
- 5) value of private use of own possessions, including value of housing on own property, with regard to property that only contains one self-contained apartment which serves as residence for the owner, unless a substantial part of the property is used for the owner's business activities,
- 6) value of private consumption of products originating from the taxpayer's hunting, trapping and fishing activities,
- 7) dividend from co-operative societies referred to in section 1(1), para. 6,

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- 8) unemployment benefits and travel allowance to cover transport and additional expenses for accommodation and meals during travel (temporary stay away from home in Greenland) paid while performing public duties or under the rules applicable for public servants in Greenland,
- 9) premiums which a company subject to section 1(1), paras. 3 or 4 earns from the issue of shares or by increase in its share capital,
- 10) public assistance granted:
- a) on an individual assessment basis as supplement to social pensions, including child benefits,
 - b) as one-off assistance, assistance with removal costs, allowance towards funeral expenses, home care and repatriation allowance,
 - c) as housing subsidy,
 - d) as help to children and young people,
 - e) as assistance to people with severe disabilities,
 - f) as a special subsidy as a one-off payment for rehabilitation.
- 11) Dividend which companies, etc. referred to in section 1(1), paras. 3, 4, 6, 7 and 9 receive on shares in companies domiciled abroad. However, this applies only if the dividend-receiving company, the parent company, owns at least 25 percent of the share capital in the dividend-paying company, the subsidiary, for a continuous period of at least one year within which the dividend payment date must fall.
- 12) child benefits under the Landsting Regulation on child benefits, supplementary child benefits under the Landsting Regulation on educational grants, grants under the Landsting Regulation on grants to students registered in senior classes of the Folkeskole (primary and lower secondary school), as well as education grants to children as provided under the applicable rules for public servants in Greenland,
- 13) anniversary bonuses to private or public employees granted under the rules applicable for public servants in Greenland,
- 14) relocation allowances to private or public employees granted under the rules applicable for public servants in Greenland,
- 15) value of free travel home for private or public employees granted under the rules applicable for public servants in Greenland. However, tax exempt free travel under this provision only covers 1 annual free holiday trip, and
- 16) premiums and winnings from premium bonds, lotteries, pools, etc., on which tax is payable to the Danish Treasury.
- 17) payment of life insurance sum, including compensation for disability paid as a capital amount, from life insurance policies and accident insurance policies when the payment is made before the agreed expiration date of the insurance period if the agreed expiration date is not later than the first policy date after the 80th birthday of the insured.
- 18) periodic payment for compensation for disability when the insured can prove that in the determination of the taxable income in Denmark, on the Faroe Islands or in Greenland there has been no full or partial deductibility or exemption for payments to the insurance.

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19) payment of a capital amount in case of critical illness when the insured can prove that in the determination of the taxable income in Denmark, on the Faroe Islands or in Greenland there has been no full or partial deductibility or exemption for payments to the insurance.

Section 35.-(1) Amounts which the Deposit Guarantee Fund (Indskydergarantifonden) pays to a bank for full or partial settlement of an accounting deficit in connection with transfer of assets and liabilities from one financial institution to another are not included in the taxable income. The part of the deficit which is covered by a grant or a guarantee from the Deposit Guarantee Fund cannot subsequently be deemed part of the transferred bank's acquisition cost for the transferred assets.

(2) Where the Deposit Guarantee Fund has paid out amounts covered by subsection (1) or provided guarantees which could result in payments of amounts covered by subsection (1), and a transferring company subject to subsection (1) commences a new activity, a loss from previous income years shall not be deducted in the taxable income for that income year or later income years, and the losses for the income year in question shall not be deducted in taxable income in later income years.

~~**Section 36.**-(1) Where a business in Greenland, or a business with a permanent establishment, professional services and shipping and aviation operations in Greenland, cf. section 2(1), paras. 10-12, which is controlled by a company outside Greenland is subject in its transactions or economic relations with the controlling company to other terms and conditions than would apply for an independent entity, the profit that this company would presumably have earned had it been an independent entity which carried out transactions with the foreign company in question under free terms and conditions shall be added to the profits of the company in Greenland.~~

~~-(2) Individuals or companies who are subject to tax under section 2(1), paras. 10-12 may deduct in addition to expenses which directly relate to the permanent establishment, etc. a reasonable amount of any joint management and general administration costs regardless of whether they are paid in Greenland or abroad.~~

(2) Where it is not possible to directly calculate the income of an individual or company subject to tax under section 2(1), paras. 10-12, the income will be assessed based on an estimate of the income from a similar company, etc. after allocation of the total profit, etc. The same shall apply where the directly calculated income with any deductions under subsection (1) is not regarded as a reasonable measure of the income from the permanent establishment, etc.

(3) For foreign insurance companies carrying on insurance business in Greenland, the income in Greenland is determined as the portion of the company's aggregate income calculated in accordance with the general tax rules which falls on the gross premium income in Greenland according to the ratio between the gross premium income in Greenland and the aggregate gross premium income. The tax administration may permit another calculation method in special circumstances.

(4) For foreign credit unions carrying on lending business in Greenland, the income in Greenland is determined as the portion of the company's aggregate income calculated in accordance with the general tax rules which falls on the gross premium income in Greenland according to the ratio between the outstanding loans in Greenland and the aggregate outstanding loans. The tax administration may permit another calculation method in special circumstances.

Section 36 a.-(1) In the determination of the taxable income, the taxpayer who

1) is controlled by natural or legal persons, or

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2) controls legal persons, or

3) is consolidated with a legal person, or

4) has a permanent establishment located abroad, or

5) is a foreign natural or legal person with a permanent establishment in Greenland (see section 2(1) paras 10–12) must use prices and terms for commercial or financial transactions with the above natural or legal persons and permanent establishments, etc., in or outside Greenland (controlled transactions) in compliance with what could have been obtained if the transactions had been finalized between independent parties. Companies and associations, etc., which under Greenland tax rules do not constitute independent taxpayers, but whose affairs are governed by company law rules, a company agreement or association bylaws, are aligned with legal persons in para 1 and subsection 4.

Subsection 2. Control means ownership or control of voting rights, to the effect that more than 50% of the share capital is owned directly or indirectly or more than 50% of the votes are controlled. When determining if the taxpayer is deemed to have control of a legal person, or if control of the taxpayer is exercised by a legal or natural person, the following is included:

1) shares or voting rights held by consolidated companies (see subsection 4),

2) shares or voting rights held by personal shareholders and their related parties,

3) shares or voting rights held by a foundation or trust established by the parent company or one of the said consolidated companies, related parties, etc., or by funds or trusts established by them,

4) ownership shares and voting rights held by other owners with whom the owner has an agreement on the exercise of control, and

5) ownership shares and voting rights held by a person covered by section 1 jointly with related parties or funds or trusts established by them.

(3) Immediate family is defined as spouse, parents or grandparents of the taxpayer as well as the taxpayer's children and grandchildren and their spouses and estates. Stepchildren and adoption relationships are equated with family blood relationships.

(4) Group-related companies are:

1) companies and associations in which the same circle of shareholders directly or indirectly own more than 50 percent of the votes in each company at establishment of the debt or later,

2) companies and associations in which the same circle of shareholders directly or indirectly control more than 50 percent of the votes in each company at establishment of the debt or later,

3) a foundation and companies in which the foundation directly or indirectly owns more than 50 percent of the share capital in each company at establishment of the debt or later,

4) a foundation and companies in which the foundation directly or indirectly controls more than 50 percent of the votes in each company at establishment of the debt or later.

(5) Shareholders referred to in subsection (2) para. 4 are considered as a single shareholder for the assessment of the circle of shareholders. In calculating the voting shares, votes which are merely gained by transfer of voting rights in connection with security gained on the shares are disregarded.

(6) A legal or natural person is considered a foreigner if the person is resident in a foreign state, Denmark or the Faroe Islands, including under the provisions of a double tax treaty.

(7) In the case of changes in the assessment of the taxable income under subsection (1), the taxpayer may avoid further subsequent changes (secondary adjustments) by undertaking to make payment in accordance with the prices and terms described in subsection (1). The first sentence only applies to controlled transactions which fall within the scope of section 36 b if the foreign tax authority in question levies tax in accordance with the prices and terms on which the taxpayer's income was assessed under subsection (1).

Section 36 b.-(1) Taxpayers subject to section 36 a must provide information in their tax returns on the nature and extent of commercial or financial transactions with foreign natural and legal persons and permanent establishments mentioned in section 36 a (controlled transactions).

(2) The taxpayer must prepare and retain written documentation on how the prices and terms of the controlled transactions were determined. The written documentation must be stored safely for 5 years from the end of the financial year which the material concerns. The written documentation must be submitted to the tax authorities on request and must be adequate for an evaluation of whether or not prices and terms have been fixed in accordance with what would be agreed between independent parties.

(3) Where the taxpayer has not prepared the documentation specified in subsection (2), section 19 of Greenland Landsting Act on Administration of Taxes will apply.

Section 36 c.-(1) Interest expenses and capital losses attributable to the excess amount of the controlled debt which belongs to a company or an association, etc. are non-deductible if

- 1) the company or association falls within the scope of section 1(1) paras. 3-14,
- 2) the company or association has debt to foreign legal persons referred to in section 36 a(1) (controlled debt), and
- 3) the debt-to-equity ratio of the company or association exceeds 2:1 at the income year-end.

(2) However, capital losses, cf. section 1, are deductible against capital gains on the same loan in following income years.

(3) A loan granted by a third party for which the controlling owners or group-related companies of such have provided direct or indirect collateral is deemed to be controlled debt.

(4) The deduction of interest will not be capped if the company or association can prove that similar financing applies for the parent company and its group-related companies.

(5) The right of deduction is capped only to the extent the controlled debt exceeds DKK 5 million. The right of deduction is capped only on the amount of controlled debt which should be reclassified as equity in order for the debt-to-equity ratio to amount to 2:1 at the income year-end. In the event that there is intergroup controlled debt as well as third party controlled debt, the interest on the intergroup controlled debt will be capped before the interest on the third party controlled debt.

(6) Debt includes debt from claims subject to section 17(1) and (18)1 and convertible bonds. The debt is calculated as the market value at the income year-end.

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(7) The equity is calculated at the income year-end as the value of assets calculated at fair value minus debt pursuant to subsection (6). Equity contributed by the owners is only included to the extent it remains in the company for at least 2 years.

(8) Where several Greenland group-related companies are controlled, cf. section 36 a(4), subsections (1)-(7) will apply to the assets and liabilities in such companies, and shares held by Greenlandic companies in other companies included in the total calculation will be disregarded as well as debt and claims between these companies.

(9) Subsections (1)-(8) also apply to taxpayers who fall within the scope of section 2(1) para. 10. The calculation of debt and equity in accordance with subsection (2) and (3) includes only the value of assets and liabilities associated with the permanent establishment. A loan from a third party is considered controlled debt where the head office is liable for the debt.

Section 36 d. -(1) Where a taxpayer under section 1 or section 2(1) paras. 10-12, controls, cf. section 36 a(2), a low-taxed foreign legal person (subsidiary), cf. section 36 a(6), where the financial assets on average make up more than 10 percent of the company's total assets, the taxpayer must include the subsidiary's CFC income in the taxable income.

(2) A subsidiary is considered low taxed if the foreign tax is significantly lower under Greenlandic rules or if the taxation is significantly deferred compared to Greenland rules.

(3) The calculation of the subsidiary's assets under subsection (1) is based on the carrying amounts, however intangible assets are recognised at fair value.

(4) The CFC income is calculated as the portion of the subsidiary's income which corresponds to the largest share of the share of the subsidiary's total share capital owned by the shareholder during the income year in question. However, only income earned by the subsidiary during the part of the income year when the conditions in subsection (1) are met will be included.

(5) CFC income calculated under this Greenland Landsting Act is the sum of:

- 1) Taxable interest income and deductible interest expenses.
- 2) Taxable gains and deductible losses on claims, debt or financial contracts.
- 3) Deductible commission, etc.
- 4) Taxable dividends and taxable consideration regarding shares.
- 5) Taxable gains and deductible losses on the disposal of shares.
- 6) Payments of all categories which are received as payment for the use of or right to use intangible assets. However, the first sentence does not apply to payments from companies which are not affiliated with the subsidiary, cf. section 36 a(1), for the use of or right to use intangible assets resulting from the subsidiary's own R&D activities. Intangible assets include all copyright to literary, artistic or scientific work, including feature films and films for radio or televisions programmes, any patent, trade mark, pattern or model, drawing, secret formula or secret processing method or information on industrial, commercial or scientific experience.
- 7) Tax deductions related to income listed in 1)-6) above.
- 8) Taxable income from financial leasing. Profits and losses on the disposal of assets used for financial leasing are also included.

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9) Taxable income in connection with insurance business, banking or mortgage credit institution or other financial activities.

(6) In calculating CFC income, losses related to the CFC income are deductible in the subsidiary's CFC income under the rules in section 30.

(7) Credit for paid foreign taxes is granted under section 69.

Section 37.-(1) In determining the profits and losses on the assets and possessions referred to in section 34, para. 2, second sentence, no deduction is allowed as a result of the sales price not being paid in cash.

(2) This also applies to the taxable gains and losses referred to in section 16(2)-(4).

(3) This also applies to the taxable gains referred to in section 17 and section 18.

Section 38.-(1) Securities covered by section 16(1) and (2) and possessions acquired by the taxpayer for speculative or trading purposes, cf. section 34, para. 2, are deemed as disposed of at the latest at termination of tax liability under section 1 or section 2(1).

(2) Financial contracts subject to section 17(1) are deemed to be disposed of at the latest at termination of tax liability under section 1(1), paras. 1 and 2.

(3) Claims subject to section 18(1) are deemed to be disposed of at the latest at termination of tax liability under section 1(1), paras. 1 and 2.

(4) The market value at termination of tax liability is the deemed selling price of the financial assets referred to in subsection (1)-(3).

(5) The market value at commencement of tax liability is the deemed acquisition cost of the financial assets referred to in subsections (1)-(3).

Part 4

Pension schemes

Section 39.-(1) Contributions and premiums to pension and life insurance schemes with periodic life-long benefits which lapse on death, including spouse's or partner's pension and orphans' pensions and periodic disability pensions are deductible in the taxable income. The following conditions must however be satisfied:

1) The schemes must have been set up in a pension fund domiciled in Greenland and covered by the Insurance Business Act. The schemes can also be set up in a life insurance and pension insurance company domiciled in Greenland that has a license granted by the Danish Financial Supervisory Authority to operate an insurance business.

2) In relation to old-age pensions where the benefits are composed of a lifelong part and a supplementary non-lifelong part, the payments from the supplementary part shall not exceed 50 percent of the payments from the lifelong part of the pension.

3) Old-age pensions shall not be paid out before the age of 60 years unless a lower age is approved by the tax administration.

4) The spouse's or cohabitant's pension can devolve on a surviving spouse, a divorced spouse or a cohabitant. A cohabitant means:

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a) A named person who had common residence with the deceased on appointment, or

b) A person with whom the deceased:

1. could have contracted marriage or registered partnership with and

2. has made a will in favor of for at least corresponding to the forced heirship to which a spouse is entitled. The will must be made no later than three months after the death, and

3. has had common address with for the past two years prior to the death. Or has previously had common residence with for a continuous period of at least two years when the common residence has only ceased owing to placing in an institution, including in senior housing, or

c) A person who at the time of death lived with the deceased in a common residence or previous has had common residence with the deceased when the common residence has solely ceased due to placing in an institution, including in senior housing, and expects, has or has had a child with the deceased.

5) Pension to a surviving spouse, divorced spouse or cohabiting partner shall have a duration of at least 10 years.

6) Pension to surviving children of a deceased person, including step-children shall not run for longer than to when the children turn 24 years of age.

~~7) Pension funds and life insurance schemes set up in Danish pension funds and life or pension insurance companies must not be subject to section 53A of the Act on Taxation of Pensions (lov om beskattning af pensionsordninger m.v.).~~

(2) In case of life insurance, the insured must be insured and owner of the insurance. If the insurance was taken out according to an agreement between an employee and their employer, and premiums and contributions are paid by the employer, the employee must be insured and the owner of the insurance.

(3) Where the annual lifelong benefit does not exceed DKK 8,000, the benefit from the pension schemes referred to in subsection (1) which are established during the course of employment may be paid out as a lump sum.

(4) An amount equal to 2 years' periodic benefits from pension schemes set up in pension funds or life and pension insurance companies established in Greenland and which were set up in an employment relationship may be paid out as a lump sum.

Section 39 a.-(1) When determining the taxable income, payments from a pension or life insurance scheme with periodic lifelong payment are exempted when the persons entitled to pension or the policyholder can prove that in the determination of the taxable income in Denmark, on the Faroe Islands or in Greenland there has been full or partial deductibility or exemption for payments to the scheme or if tax has been paid under section 46(5) or (6).

Subsection 2. The provision in subsection 1 only applies when the following conditions have been met:

1) The scheme must be established in a pension fund covered by the Act on Insurance Business or a life insurance or pension insurance company that has a license granted by the Danish Financial Supervisory Authority to operate an insurance business.

2) Retirement pension cannot be paid until the person has reached 60 years of age, unless a lower age limit

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has been approved by the tax authority.

3) As regards retirement pensions, where the retirement benefits are composed by a lifelong share and a supplementary share that is not lifelong, the payments from the supplementary share may not constitute more than 50% of the payments from the lifelong share of the retirement pension.

4) The spouse's or cohabitant's pension can devolve on a surviving spouse, a divorced spouse or a cohabitant. A cohabitant means:

a) A named person who had common residence with the deceased on appointment, or

b) A person with whom the deceased:

1. could have contracted marriage or registered partnership with and

2. has made a will in favor of for at least corresponding to the forced heirship to which a spouse is entitled. The will must be made no later than three months after the death, and

3. has had common address with for the past two years prior to the death. Or has previously had common residence with for a continuous period of at least two years when the common residence has only ceased owing to placing in an institution, including in senior housing, or

c) A person who at the time of death lived with the deceased in a common residence or previous has had common residence with the deceased when the common residence has solely ceased due to placing in an institution, including in senior housing, and expects, has or has had a child with the deceased.

5) Pension for a surviving spouse, a divorced spouse or a cohabitant must have a term of at least ten years.

6) Pension for the deceased's surviving children, including stepchildren, can run no longer than until the children have reached 24 years of age.

Subsection 3. In case of life insurance, the insured must be insured and owner of the insurance. If the insurance was taken out according to an agreement between an employee and their employer, and premiums and contributions are paid by the employer, the employee must be insured and the owner of the insurance.

Subsection 4. If payments to a pension scheme have been made by both taxed and untaxed funds, in the determination of the taxable income a share of the payments that the person can prove relates to payments made by taxed funds is exempted. No return, interest, etc., is added to the share that relates to payments by taxed funds.

Subsection 5. If the annual periodic lifelong benefit does not exceed DKK 5,000, the benefit from pension schemes, as mentioned in subsections 1 and 2, which have been established in relation to employment, can be paid in the form of a lump sum.

Subsection 6. An amount corresponding to two years of periodic benefits from pension schemes, as mentioned in subsections 1 and 2, which have been established in pension funds or life insurance and pension insurance companies domiciled in Greenland and made established in relation to employment, can be paid in the form of a lump sum.

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Subsection 7. The Government of Greenland may stipulate specific rules on the part of the payment that under subsections 1 and 2 is tax exempt.

Section **39 b.-(1)** Persons who in the determination of the taxable income can exclude payments from pension schemes (see section 39a (1) and (2)) can, if in taxable income they cannot fully use a deductible for interest (see section 15(1)), request to have paid the value for tax purposes of any unused deductible.

Subsection 2. In case of payment under subsection 1, the following conditions must be complied with:

- 1) the interest expenses must concern acquisition or operation of real estate located in Greenland,
- 2) the loan must be secured by mortgage in the real estate,
- 3) the person must live in the property, and
- 4) the deduction cannot be transferred to a cohabiting spouse under section 4d(2).

Subsection 3. The payment cannot exceed an amount corresponding to the relative share of payments from said pension schemes plus the taxpayer's other tax-exempt incomes in relation to the unused deductible interest.

Subsection 4. Payments take place on a monthly basis in arrears. Together with the forwarding of the final assessment of the accounting period that the deductible interest concerns, and no later than on September 1 in the year following the accounting period, the tax authorities make a determination of the payments mentioned in subsection 1 and pay or collect any differences.

39c. The determination of the taxable income excludes payments from insurance paid in installments for the purpose of retirement established in a pension company that, without being domiciled in Greenland, is covered by the Act on Insurance Business, and which the Danish Financial Supervisory Authority has licensed, when the person entitled to pension or the policyholder can establish that the insurance paid in installments has been established by transfer of the pool of pension schemes from a pension company domiciled in Greenland to a pension company that, without being domiciled in Greenland, is covered by the Act on Insurance Business and has been licensed by the Danish Financial Supervisory Authority. This only applies to payments for the installment pension custody account that was transferred as part of the transfer of the pool of pension schemes, including payments of return from this custody account.

Subsection 2. If payments are made to the installment pension custody account or the custody account that was transferred as part of the transfer of the pool of pension schemes, subsection 1 also applies to the share of the custody account accumulated by these payments if the payments are not an amount higher before tax than the amount appearing from the agreement four months before the transfer of the pool of pension schemes. If it has been agreed by a collective agreement that payments are calculated as a percentage of the salary, subsection 1 also applies if the payments do not constitute a higher percentage of the salary than what appeared from the agreement four months before the pool of pension schemes was transferred. If the agreement on insurance paid in installments is made later than four months before the pool of pension schemes is transferred, the payments may not constitute a higher amount before tax or a higher percentage of the salary, respectively, than what appeared from the agreement at the creation date. If the amount or the percentage has changed as a result of a concluded collective agreement later than four months before the pool of pension schemes is transferred, the payments may not constitute a higher amount before tax or a higher percentage of the salary than what appeared from the collective agreement entered into. Section 39b

and section 67a similarly apply to the extent that in the determination of the taxable income, payments from the insurance paid in installments can be disregarded.

Section 40.-(1) Premiums to an annuity insurance for pension purposes containing provisions that the insurance sum will be paid out in equal instalments over at least 10 years and that instalments paid out while the insured person is alive will accrue to the insured person are deductible in the taxable income. The following conditions must however be satisfied:

- 1) The policy must be set up in a life or pension insurance company established in Greenland which has been licenced by the Financial Supervisory Authority to carry out insurance business.
- 2) After the insured person turns 60 years, a policy may only be taken out as a supplement to a policy set up before this age and only with an insurance sum that does not exceed half of the agreed insurance sum under the previous policy at the same time of disbursement.
- 3) The policy holder must be insured by and owner of the insurance. Where the insurance is taken out by agreement between employee and employer and premiums are paid in by the employer, the employee shall be insured by and owner of the insurance.
- 4) The due date of the last instalment shall not be later than the first policy date after the insured person turns 80 years of age. Benefit payments shall not begin until the insured person reaches the age of 60 years unless a lower age is approved by the tax administration. It may, however, also be agreed that the disbursements will begin in the event of disability or death of the insured person before the age of 60 years.

(2) Beneficiaries other than the "next of kin" of the insured person, cf. section 105(5) of the Act on insurance contracts (lov om forsikringsaftaler), or the spouse, divorced spouse, a named person who has shared residence with the insured person on appointment, issue of the insured person, step-children or issue of step-children of the insured person shall not be inserted as beneficiary in the policy.

40a. Insurance policies whose benefits are always paid for a certain period irrespective of the insured's death (guaranteed benefits), but which otherwise meet the conditions in sections 29, 39a or 40, are dealt with under the rules for pension schemes with periodic lifelong benefits if the premium for the guarantee does not exceed 10% of the premium for the total insurance.

Subsection 2. However, it is a condition that no other beneficiaries have been appointed in the policy other than the insured's "nearest relatives" in the sense of the Danish Insurance Contracts Act, or the insured's spouse or divorced spouse, the insured's issue, stepchildren or stepchildren's issue or a named person with common residence with the insured on appointment or the issue of that person.

41. Deductions for paid contributions and premiums for the schemes mentioned in sections 39 and 40 must be attributed to the premium period covered, and the deduction cannot exceed 20% of the total salary for the share of the accounting period that the contribution or the premium concerns. For spouses or registered partners, the deduction cannot exceed 20% of their total salary. For self-employed persons, the calculation basis is determined based on an estimated income for a similar employed person.

Subsection 2. When an employee's taxable income is determined, amounts that are paid by the employer for schemes as specified in sections 39 and 40 are not included.

Subsection 3. If, in an accounting period, payment has been made to a pension scheme with periodic payments (see section 39) or to an insurance paid in installments (see section 40) exceeding 20% of the total salary (see subsection 2) the tax administration may permit that the excess amount is repaid when special circumstances speak in favor thereof.

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Section 42.-(1) Taxable income includes:

1) pension benefits from a pension scheme with periodic disbursements, cf. section 39(1) and disbursements of a capital sum under section 39(3) and (4) to the owner, owner's spouse or partner, including divorced spouse and issue, step-children or issue of step-children,

2) benefits from annuity insurance for pension purposes, cf. section 40, to the insured person in accordance with the terms of the scheme on disbursement in instalments and payment of instalments after the death of the insured person, provided that a benefit clause specifies that the instalment benefits are to be paid to the spouse or cohabiting partner of the insured person, including divorced spouse or issue, step-children or issue of step-children, and

3) pension from a pension scheme with periodic disbursements, cf. section 39(1) and disbursements of capital sums under section 39(3) and (4), and payment from annuity insurance for pension purposes, cf. section 40, to the owner's divorced spouse where the benefits accrue to the spouse under division of community property.

(2) Payments by instalment from an insurance covered by section 40 are subject to income tax regardless of whether the payments are made to persons other than the persons referred to in subsection (1), para. 2.

(3) Disbursements from a pension scheme with periodic benefits that is terminated prematurely and is set up in a pension fund or in a life or pension insurance company which is not registered in Greenland are subject to income tax, cf. however section 43(5).

(4) Disbursements from annuity insurance that is terminated prematurely and is set up in a life or pension insurance company which is not registered in Greenland are subject to income tax, cf. however section 43(5).

Section 43.-(1) Own or employer's contributions to public service pensions and the Labour Market Supplementary Pension Fund are disregarded in the taxable income.

(2) Periodic benefits from the schemes specified in subsection (1) are included in the taxable income.

~~—(3) In calculating the taxable income, accrued interest on pension schemes in Danish banks and similar institutions covered by the Act on taxation of pension schemes (lov om beskatning af pensionsordninger m.v.), Part 1, and amounts deposited in the Employees Capital Pension Fund are disregarded.~~

~~—(4) In calculating the taxable income, employer's contributions to pension schemes for public servants which are designed as annuity insurance, instalment savings for pension purposes, index insurance, index savings, endowment insurance and capital pension schemes are disregarded provided the scheme is mandatory for the employee and was set up before commencement of tax liability. However, where the selected scheme is taxable under section 50 and 53A of the Pension Tax Act (pensionsbeskatningslov), the employer's contribution shall not be disregarded.~~

~~—(5) In calculating the taxable income, the value of pension schemes terminated prematurely is not included provided the schemes are covered by the Pension Tax Act, Part 1.~~

44. When determining the taxable income, the return on life insurance policies and pension schemes is included.

Subsection 2. Subsection 1 does not apply to:

1) the schemes covered by section 39(1), section 39a(1) and (2) and section 40(1) and other schemes covered by section 53a of the Act on Taxation of Pensions.

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2) accrual of interest on pension schemes with Danish banks, pension funds and life insurance and pension insurance companies covered by part 1 in the Act of Taxation of Pension Schemes, etc., and deposits with LD.

3) Insurances paid in installments and savings paid in installments for the purposes of pension, life assurance subject to price-index adjustments, savings on an account subject to price-index adjustment, endowment insurances and capital pensions covered by part 1 of the Act on Taxation of Pension Schemes, etc., and

4) life insurances that can only be paid in case of the insured's death or incapacity before the agreed expiration date of the insurance period if the agreed expiration date is not later than the first policy date after the 80th birthday of the insured.

5) return on an installment pension custody account that has been transferred from a pension company domiciled in Greenland to a pension company that, without being domiciled in Greenland, is covered by the Act on Insurance Business, as part of the transfer of the pool of insurances and is licensed by the Danish Financial Supervisory Authority, whereas subsection 1 applies to returns of an increase of the installment pension custody account due to payments to the annuity pension scheme after the transfer.

Subsection 3. The income tax liability lies with the owner or the party who after the owner's death is entitled to payment of the insurance. The return is calculated as the difference between the value in use of the insurance upon expiration of the accounting period plus payments during the year and the value in use of the insurance at the beginning of the accounting period plus payments during the year.

Subsection 4. A negative return on an insurance can only be set off in the positive return of the coming five accounting periods on the same insurance under the rules of section 30(1).

Subsection 5. Payments from pension schemes, etc., as mentioned in subsection 1 (see subsections 2 and 3), to cover the taxation on the current return are not included in the taxable income. Payments of amounts to cover the tax must be made no later than the year before the year in which the return was earned.

Subsection 6. The Government of Greenland may stipulate specific rules on the reporting of return on pension schemes and life insurances and payment of tax on return.

45. Transfer of a pension agreement or an insurance between pension funds and life and pension insurance companies domiciled in Greenland is not treated as payments out and in if the transfer is made:

1) between pension and life insurance schemes with periodic lifelong payments (see section 39),

2) from pension and life insurance schemes with periodic lifelong payments covered by section 39a to pension and life insurance schemes with periodic lifelong payments covered by section 39a,

3) between insurances paid in installments for pension purposes (see section 40), and

4) from insurances paid in installments for pension purposes (see section 40) for pension and life insurances covered by section 39.

Subsection 2. Transfer of a pension agreement or an insurance between pension funds and life and pension insurance companies not domiciled in Greenland is not treated as payments out and in if the transfer is made:

1) between pension and life insurance schemes with periodic lifelong payments (see section 39),

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2) from pension and life insurance schemes with periodic lifelong payments covered by section 39a to pension and life insurance schemes with periodic lifelong payments covered by section 39a.

Subsection 3. It is a condition for applying the rules in subsection 1 that no income tax liability or any tax liability concerning the amounts transferred has occurred before the transfer.

46. From payments from a pension scheme or a life insurance that is canceled prematurely, a tax of 55% is paid. If it is established (see section 39a(1)) that there was no deductibility or exemption existed for payments to the scheme when the taxable income is determined, a tax of 10% is paid. If payments to a pension scheme have been made by both taxed and untaxed funds, a tax of 10% is paid on such a large share of the payments that the person can prove concern payments made by taxed funds (see section 39a(4)).

Subsection 2. Premature cancellation ranks on equal terms with transfer for ownership or charge and transactions, etc., that entail that the scheme no longer meets the purpose of being a pension scheme. The tax is paid on the amount that at the time of the transfer or the transaction could have been paid on cancellation of the scheme, and perhaps the value in use of a paid-up policy or similar. It is the responsibility of the person liable to pay tax immediately to inform the pension fund or the life or pension insurance company of said transactions.

Subsection 3. The rules in subsection 2 are not applied to distribution to a spouse on division of community property or division of community property during the marriage. After distribution, the spouse will be independently subject to income tax or liable to pay tax on the distributed share.

Subsection 4. Subsections 1 and 2 do not apply if the scheme is covered by part 1 of the Pension Taxation Act.

Subsection 5. Subsections 1 and 2 do not apply upon transfer of the pool of pension schemes from a pension company domiciled in Greenland to a pension company that, without being domiciled in Greenland, is covered by the Act on Insurance Business and is licensed by the Danish Financial Supervisory Authority. Upon such a transfer of the pool of pension schemes, a tax is paid, which for each pension scheme is of the same size as the total tax rate for the person who owns the pension scheme in the accounting year when the transfer of the pool of pension schemes takes place. The total tax rate for a person is the sum of municipal tax, national tax, special national tax and intermunicipal tax.

Subsection 6. Subsections 1 and 2 do not apply to transfers from savings for pension purposes to pension funds that, without being domiciled in Greenland, are covered by the Act on Insurance Business or to life and pension insurance companies that, without being domiciled in Greenland, have a license from the Danish Financial Supervisory Authority to operate an insurance business if the transfer is a result of a decision covered by section 47f(2) para (1). On such transfer, a tax is paid of the same size as the total tax rate for the person who owns the savings for pension purposes in the accounting year in which the transfer takes place. The total tax rate for a person is the sum of municipal tax, national tax, special national tax and intermunicipal tax.

Subsection 7. Subsections 1 and 2 do not apply if no payments have been made for more than 23 months for a pension or life insurance scheme or savings for pension purposes, and the value of the scheme or the savings is less than DKK 10,000 at the time of the cancellation.

Section 47.-(1) The paying pension fund or life or pension insurance company shall withhold tax under section 46 and remit it to the tax administration within 1 month after the pension fund or life or pension

insurance company becomes aware of the tax liability. In case of transfer, as mentioned in section 46(3), the tax is reported and paid to the tax authorities no later than on the last working day of the fourth month following the transfer.

(2) Any pension fund or life or pension insurance company that fails to fulfil its duty to withhold tax or withholds too little is directly accountable to the Treasury for payment of the outstanding amount, unless the pension fund or life or pension insurance company proves that it was not negligent of the provisions of this Act. The pension fund or life or pension insurance company shall be liable to the Treasury for payment of the amounts withheld. ~~The amounts may be collected under the provisions of this Act.~~

(3) Naalakkersuisut prescribes detailed rules regarding the payment of the tax to the tax administration.

Part 4a

Savings for pension purposes

47a. This part applies to savings for pension purposes established in banks domiciled or with a permanent establishment in Greenland and with a license from the Danish Financial Supervisory Authority to operate banks in this country.

47b. Payments for savings for pension purposes must be deposited in special pension deposit accounts in said bank.

Subsection 2. The account must have a provision that the capital with accrued interest, etc., must be paid to the owner of the account. Further, a decision must have been made on payment in case of the owner's death. Both on the establishment of the savings scheme and later, the owner may appoint their heirs or one of their spouse, cohabitants and surviving children as beneficiaries, as mentioned in section 39(1) paras (4) and (6). If the owner's heirs have been appointed as beneficiaries, each of them participates in the saved funds according to the proportion in which said person is entitled to inherit from the owner, according to a will or applicable legislation. If the owner has appointed their "nearest relatives" as beneficiaries, said person's spouse is deemed to have been appointed, or if such spouse does not survive, said person's children, or if there are no such children, said person's heirs. The owner may revoke the appointment if this has not been waived to the beneficiary. Appointment of a beneficiary and revocation of such appointment is only valid if it is given in writing to a bank or is inserted in or endorsed on the pension savings agreement by the bank.

Subsection 3. It can also be determined that payment to the owner may be made in case the owner is granted an early retirement pension under the rules in the Inatsisartut Act on early retirement pensions or if the owner is exposed to life-threatening illness.

Subsection 4. An insurance covering a spouse or cohabitant can be attached to the account, or a child pension insurance, a periodic disability pension insurance as mentioned in section 39(1) and an insurance for certain critical illnesses.

Subsection 5. As mentioned in subsection 1, payments can be deducted in the determination of the taxable income. The owner of the said deposit account is entitled to the deductibility, irrespective of who made the payment, and is limited to payments made while the owner is fully liable to pay tax in this country.

Subsection 6. When an employee's taxable income is determined, amounts that are paid by the employer for savings, as specified in sections 39 and 1, are not included. The exemption is limited to payments made

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while the employee is fully liable to pay tax in this country.

Subsection 7. Returns on savings for pension purposes are not included when determining the owner's taxable income. Companies and associations domiciled in Greenland that distribute dividends (see section 86(1) and (2)) must abstain from withholding dividend tax when the return is received in the form of savings for pension purposes.

47c. The funds in savings for pension purposes may only be invested in products where the risk of losing the entire invested amount must be deemed to be very small, and the product type is not difficult to comprehend (risk category green) or in products where there is a risk that the invested amount can be entirely or partially lost, and the product type is not difficult to comprehend (risk category yellow). Out of the total savings, the investments in the green category may constitute 100%. For the total savings, the investments in the yellow risk category may not exceed:

- a) For persons aged below 35, 100%.
- b) For persons aged between 35 and 44, 90%.
- c) For persons aged between 45 and 49, 80%.
- d) For persons aged between 50 and 59, 70%.
- e) For persons aged between 60 and 64, 50%.
- f) For persons aged between 65 and 69, 30%.
- c) For persons aged over 69, 10%.

Subsection 2. If the portion of shares or complex products at the end of the year exceeds the maximum stated in subsection 1, rebalancing must be made, but see subsection 3.

Subsection 3. If, for the past three accounting periods, payments have been made to savings for pension purposes owned by a person who on December 31 has not reached the age of 63, the rebalancing can be made through non-investment in shares or complex products until the share portion or the share of complex products is less than the maximum specified in subsection 1.

47d. The funds for savings for pension purposes cannot be invested in real estate, or shares, etc., not admitted for trading on a regulated market or a multilateral trading facility, or shares, etc., whose purpose or among their purposes is to give the owner of the deposit account rights of use, discounts or similar, or in shares of an independent business.

Subsection 2. The value of securities issued by one issuer may not exceed 20% of the total savings for pension purposes at the time of the purchase. However, an amount of DKK 50,000 can always be invested in securities issued by one issuer. Said amount is adjusted based on the adjustment price index determined by Statistics Greenland with the change in the adjustment price index per July 1, made within the past 12 months. The adjustment is made once a year with effect from the next January 1. The Government of Greenland publishes the adjusted amount each year, no later than January 1.

Subsection 3. The funds in savings for pension purposes may not be invested in shares, etc., in companies where the owner and the owner's family own 25% or more of the shares, etc., in the company. The determination of the equity interest also includes shares, etc., that the owner owns outside the pension scheme and shares, etc., that are owned by the owner's spouse, parents, grandparents, children, grandchildren

and their spouses. Relations to stepchildren and adopted children rank *pari passu* with biological relationships.

47e. If an owner of savings for pension purposes withdraws shares or other assets purchased with funds from savings for pension purposes, the owner must inform the bank about the value of the withdrawn asset and pay the value thereof to the pension deposit account. If the value of withdrawn assets, etc., exceeds the amount paid in, the difference is taxed according to the provision in section 46(1).

Subsection 2. Transfer of savings for pension purposes between banks as mentioned in section 47a or between banks as mentioned in section 47a and pension funds and life and pension insurance companies domiciled in Greenland is not treated as payments out or in.

47f. Payments to the owner from savings for pension purposes can take place no earlier than from and including the date of the owner's 60th birthday, unless a lower age limit has been approved by the tax administration. The payment must be commenced on the date at the latest when the owner reaches their retirement age (see section 1 of the Inatsisartut Act on Retirement Pension).

Subsection 2. Before the first payment from savings for pension purposes, the owner must decide how the payments should be distributed. The following conditions must be complied with:

1) At least 50% of the owner's savings for pension purposes and pension and life insurance schemes must be paid as a periodic lifelong benefit that ceases on death.

2) At least 50% of the owner's savings for pension purposes and pension and life insurance schemes can be paid in equal installments over at least ten years.

Subsection 3. The determination, according to subsection 2, is made based on the values no later than two months for the first payment from savings for pension purposes. The determination includes savings for pension purposes and pension and life insurance schemes where payments are made or where payments can be started within a period of three years from the first payment from savings for pension purposes.

Subsection 4. If the total value of the owner's savings for pension purposes and pension and life insurance schemes (see subsections 2 and 3) is less than DKK 700,000, the owner can have up to DKK 100,000 of the funds in savings for pension purposes paid as a lump sum. Any remaining funds are paid in amounts of DKK 4,500 per month.

Subsection 5. On the owner's death, the funds in savings for pension purposes devolve on the beneficiary/beneficiaries (see section 47b(2)). If no decision has been made on payment in case of the owner's death, or if the beneficiary/beneficiaries have died, the funds in savings for pension purposes accrue to the estate left by the owner. No later than simultaneously with the notification to the beneficiary of the owner's death, the bank must inform the court responsible for the estate left by the owner, about the appointment of the beneficiary, the saved amount and whether payment has been made. The court must then inform the owner's spouse and issue.

47g. Banks must each year before the end of January, for each owner of savings for pension purposes, state the total amount that has been paid to and paid from the savings.

Subsection 2. A party who makes payment from savings for pension purposes or otherwise pays benefits as mentioned in section 47b(3) and (4), and section 47f(2), (4) or (5), is considered to have a duty of withholding (see section 76(1) and (2)) and must also withhold, pay and account for A-tax under the rules applicable for parties with a duty of withholding.

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47h. The income tax liability lies with the owner or the party who after the owner's death is entitled to payments (see section 47b(2)).

Subsection 2. Neither the owner's nor the beneficiary's rights in the funds in savings for pension purposes can be subjected to legal proceedings on the part of their creditors, but see subsections 3 and 4.

Subsection 3. If the owner is administered in bankruptcy and if it is found that said person, during the past three years before the relevant date, has spent a disproportionately large amount for payment of asset contributions at the time when the payment was made, the bankruptcy estate can demand from the bank that the amount paid in excess be paid into the estate in so far that it can be paid from the value of the savings. If the saved funds are due for payment without having been paid before the relevant date, or if they fall due during the bankruptcy administration, the bankruptcy estate may demand a corresponding share of the saved funds paid to the estate, under the conditions specified in subsection 1.

Subsection 4. Subsection 3 applies whether or not a beneficiary has been inserted, and whether or not the owner has undertaken not to revoke the benefit. If the beneficiary has paid remuneration for the appointment, said person is entitled to demand return of that from the estate of the deceased person. If the beneficiary has received payment of the saved funds, the estate can make a claim against the beneficiary.

47i. Section 39(2), section 40a(1), section 41(1) and (3), section 46(1–3) and section 47 apply similarly to savings for pension purposes.

8. In *section 57(3)*, "DKK 100,000" is changed to: "DKK 350,000".

9. In *section 57(3)* a new second sentence is inserted:

"A permission under subsection 1 may not have a duration of more than ten years, and the permitted amounts may not exceed a total of DKK 3,500,000.

Part 5

Merger, division, generational handover, etc.

Section 48.-(1) In the case of a merger of limited liability companies referred to in section 1(1), para. 3, the tax administration may permit the companies to be taxed under the provisions of this Part.

(2) A merger takes place when a company transfers all its assets to another company or is amalgamated with another company.

(3) The tax administration may allow that the rules of succession in this Part be applied where shrimp quotas or fishing vessels are transferred if both the contributor and the receiving limited company are subject to tax as residents under section 1(1), paras. 1 and 3. However, the total payment for a shrimp quota or fishing vessel must be made in shares in the receiving company.

Section 49.-(1) The tax administration may determine the detailed terms for permission referred to in section 48(1).

(2) It is a prerequisite for such permission that the shareholders in the transferring company are paid by shares in the receiving company alone and possibly a cash amount not exceeding 10 percent of the nominal value of the shares or the carrying amount in the absence of a nominal value.

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(3) The provision in subsection (2) does not apply to shares in the transferring company which are owned by the receiving company.

(4) A prerequisite for permission is that the merger date must coincide with the cutoff date of the receiving company's financial year. The deemed merger date for tax purposes is the date of the opening balance sheet of the receiving company prepared for the purpose of the merger.

Section 50.-(1) Along with the request for permission for merger under section 48(1), the receiving company must enclose copies of the documents required under company law for the purpose of the merger.

(2) The tax administration also determines which other documents the receiving company must submit with the application.

Section 51.-(1) In calculating the transferring company's taxable income for the period from the expiry of the last normal income year until the merger date, the income for the entire period is assessed regardless of the length of the period. The assessment is made without regard for the dissolution of the company in connection with the merger. If the normal income year for the transferring company expires before the 31st of December in the calendar year which the income year replaces, and if the merger date is after the expiry of the normal income year but before the expiry of the calendar year in question, the last income year will constitute the entire period from the start of the income year until the merger date.

(2) The receiving company has an obligation to file an income tax return for the period specified in subsection (1). The receiving company shall be liable for any tax claims and for all penalties chargeable to the transferring company under the provisions of this Act. The receiving company assumes the transferring company's claims against the tax administration for interest and overpaid tax, cf. section 27(5) of the Greenland Landsting Act on Administration of Taxes (landstingslov om forvaltning af skatter).

Section 52.-(1) Assets and liabilities held by the transferring company at merger are treated in the receiving company's taxable income as if they were acquired by the latter at the date on which they were acquired by the transferring company and at the purchase prices at which they were acquired by that company. Any tax depreciation and writedown for impairment taken by the transferring company are deemed to have been taken by the receiving company.

(2) Assets and liabilities acquired by the transferring company for speculative or trading purposes are treated in the receiving company's taxable income as if they were acquired by the latter company for speculative or trading purposes. The fact that an asset or liability is transferred under a merger from the transferring company to the receiving company does not prevent the asset or liability from being deemed as acquired for speculative or trading purposes in the receiving company's taxable income.

(3) Where the transferring company has included unrealized gains and losses on securities in the taxable income, the securities will be treated in the taxable income of the receiving company as if they were recognized in the income calculation of the receiving company.

(4) The tax treatment of assets and liabilities which the receiving company has not acquired from the transferring company will not change as a result of the merger provided that the assets and liabilities that can be documented were acquired as part of the merger are recorded as separate items in the accounts of the receiving company as well as in its tax statement. If not, the tax administration will determine whether the assets and liabilities in question fall within the scope of the rules applying to the transferring company or the rules applying to the receiving company.

(5) Where there are losses in the transferring company from previous years at merger, such losses shall not be deductible in the receiving company's statement of income. This also applies to losses on financial

contracts. Where there are losses in the receiving company at merger, such losses shall be treated according to the rules in section 30.

(6) In a merger between a parent and a 100 percent-owned subsidiary, or between two 100 percent-owned affiliated companies, losses in the transferring and receiving companies shall be treated in accordance with the rules in section 30.

(7) If, upon a merger of one of the companies, there are losses from previous years, this loss cannot be used for deduction in the contributing or receiving company's taxable income from the most recent five previous accounting periods.

Section 53.-(1) Shares in the transferring company are deemed disposed of by the shareholders to third parties to the extent that they are paid for by other than shares in the receiving company. The disposal is deemed to have taken place at the price on the merger date referred to in section 49(4).

(2) Gains or losses on redemption as referred to in subsection (1) of shares in the transferring company are treated according to the rules in section 16(2) and section 34(1), para. 2.

(3) Where the shareholder has more shares in the transferring company than the shares deemed redeemed and they were acquired at different times, the earliest acquired shares shall be deemed as redeemed. Shares which were acquired at the same time which have differing rights or some of which were acquired by the shareholder for speculative or trading purposes are deemed to have been redeemed in proportion to the market value of the shares on the merger date referred to in section 49(4).

Section 54.-(1) Shares cancelled by a receiving company under a merger are disregarded in the company's taxable income both in terms of gains as well as losses.

(2) Where the receiving company on acquisition of assets and liabilities from the transferring company or companies acquires treasury shares, gains or losses on cancellation are disregarded in the company's taxable income.

Section 55.-(1) Shares in the receiving company which shareholders receive as consideration for shares in the transferring company shall be treated in the taxable income as if they were acquired at the same time and same price as the exchanged shares. Shares received in the receiving company shall be deemed to have been acquired by the shareholder for trading or speculative purposes if the exchanged shares were acquired for such purpose.

(2) Where exchanged shares were acquired at different times, or where some were acquired by the shareholders for trading or speculative purposes, they are considered for each acquisition of shares as if they were exchanged for a corresponding amount of the shares received in the receiving company. The amount is calculated according to the price of the exchanged shares on the merger date referred to in section 49(4). Where the received shares have different rights, the calculation will be made separately for each category of share received.

Section 56.-(1) In a merger of cooperatives referred to in section 1(1), paras. 4, 6 and 7, the tax administration may permit that the principles of this Part shall apply mutatis mutandis, and the tax administration may also prescribe the terms for such.

(2) In a merger of a limited company domiciled in Greenland and a similar company domiciled abroad or between companies which are both domiciled abroad, the tax administration may permit that the principles of this Part shall apply mutatis mutandis, and the tax administration may also prescribe the terms for such.

(3) In a division of a limited company, the tax administration may permit that the principles of this Part shall apply mutatis mutandis, and the tax administration may also prescribe the terms for such.

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(4) In a transfer of assets to a limited company, the tax administration may permit that the principles of this Part shall apply mutatis mutandis, and the tax administration may also prescribe the terms for such.

Section 57.-(1) Naalakkersuisut or the party so authorised by Naalakkersuisut may permit that the part of the salary which an employee uses to purchase shares in a company are not included in the taxable income until the income year when the individual in question disposes of the shares, however at latest before termination of the individual's liability to tax as a resident. This also applies to the value of shares at a discount which an employee gains from purchase of shares.

(2) It is a prerequisite for permission under subsection (1) that the employee has signed a written agreement on a successive generational handover with the principal shareholder and that both the employee and the company are subject to tax as residents in Greenland.

(3) The permitted amounts under subsection (1) shall not individually exceed DKK 100,000 in a single income year.

(4) Regardless of the provision in subsection (1), where the agreed generational handover is not implemented, the employee shall recognise the amounts in the income year in which the generational handover agreement is no longer satisfied.

Section 58.-(1) The tax administration may permit application of the rules in subsections (2)-(4) in the transfer while alive of a business or share of a business to children, grandchildren, siblings, children or grandchildren of siblings if both the transferor and transferee are taxable to Greenland as residents pursuant to section 1(1). Adoption and stepchildren relationships are equated with family blood relationships.

(2) Where the assets of a business are transferred at a value that is equal to or greater than the tax base but below the market value, tax depreciations and taxation of profits and deductions for losses on disposal shall be treated in the transferee's taxable income as if the assets were acquired by the transferee on the dates and for the amounts at which the assets were originally acquired by the transferor. Any tax depreciations taken by the transferor shall be deemed taken by the transferee. If the assets were acquired by the transferor for trading or speculative purposes, the gains and losses resulting from the sale of the assets by the transferee must be recognised in the transferee's taxable income to the extent that the gains or losses should have been included in the transferor's taxable income if the latter had made the sale.

(3) Instead of succession for tax purposes, cf. subsection (2), the transferor and transferee may choose to calculate their profit or loss on the transfer of the business in accordance with the general rules on transfer of undertakings even though the assets of the business are transferred within the values referred to in subsection (2).

(4) The transferee shall not deduct losses from income years before acquisition against profits from transfer of the business.

Part 5 a

Conversion, etc.

Section 58 a.-(1) Where an enterprise which is taxable as a non-resident under section 2(2) is converted or transferred to a public or private limited company which is registered as resident in Greenland, the public or private limited company can assume the tax position of the enterprise with limited tax liability. Where the converted or transferred enterprise in question has taken depreciations for tax purposes which are less than the rates specified in section 22(2), its depreciation balances will be reduced to the amounts to which the enterprise's assets could be written down according to the rates specified in section 22(2).The Greenland

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Government or the party so authorised by the Greenland Government can grant full or partial exemption from the provision in the second sentence under special circumstances.

(2) Succession for tax purposes requires that the public or private limited company takes over all the assets of the enterprise with limited tax liability and steps in as either the entitled or liable party in relation to contracting parties, other public authorities, etc.

(3) The following conditions must also be met:

1) The Greenland Government must have approved the transfer of the licence under the provisions of the Greenland Parliament Act on mineral resources and mineral resource activities.

2) The conversion or transfer must include all assets and liabilities attributable to the activities of the enterprise with limited tax liability under section 2(2) and may only include such assets and liabilities.

3) Within 30 days from the date on which the conversion or transfer is decided on, the successor company must notify the tax authorities of the conversion or transfer and submit documentation that the successor company is registered or filed for registration with the Danish Commerce and Companies Agency.

4) Regardless of the deadline in section 16(3) of Greenland Landsting Act on Administration of Taxes, the relevant income tax return for the enterprise with restricted tax liability must be submitted within 90 days of the date on which the conversion or transfer is decided on. In the computation of the enterprise's taxable income for the period from the expiry of the last normal income year until the date of conversion or transfer, the income for the entire period is assessed regardless of the length of the period. The assessment is made without taking into account the liquidation of the enterprise with restricted tax liability as part of the conversion or transfer. The successor company must file an income tax return for the period specified in the second sentence. The successor company is liable for any tax claims and for any penalties chargeable to the enterprise with limited tax liability under the provisions of this Act. The successor company will assume any claims by the enterprise with restricted tax liability for surcharges and overpaid taxes against the tax authorities, cf. section 27(5) of the Landsting Act on Administration of Taxes.

5) The enterprise with limited tax liability must not be in arrears with payment of taxes, duties or other public debt, and the relevant tax return must have been filed with the tax authorities for income years which are more than 90 days prior to the date of conversion or transfer.

(4) The Greenland Government may lay down rules on submission of documentation to the tax authorities in connection with conversions and transfers as specified in subsection (1) and also set deadlines for submission of such documentation.

Section 58 b.-(1) Assets and liabilities acquired in connection with the conversion or transfer are treated in the successor company's taxable income as if they were acquired by the latter at the date on which they were acquired by the non-resident company and at the purchase prices at which they were acquired by the non-resident company. Any tax depreciation taken by the non-resident company are deemed to have been taken by the receiving company in the income year in question.

(2) Assets and liabilities acquired by the non-resident company for speculative or trading purposes are treated in the successor company's taxable income as if they were acquired by the latter company for speculative or trading purposes. The fact that an asset or liability is transferred under the conversion or transfer from the non-resident company to the successor company does not prevent the asset or liability from being deemed as acquired for speculative or trading purposes in the successor company's taxable income.

(3) Where the non-resident company has included unrealized gains and losses on securities in the taxable income, the securities will be treated in the taxable income of the successor company as if they were recognized in the income calculation of the successor company.

(4) The tax treatment of assets and liabilities which the successor company has not acquired from the non-resident company will not change as a result of the conversion or transfer provided that the assets and liabilities that can be documented were acquired as part of the conversion or transfer are recorded as separate items in the accounts of the successor company as well as in its tax statement. If not, the tax administration will determine whether the assets and liabilities in question fall within the scope of the rules applying to the non-resident company or the rules applying to the successor company.

Section 58 c.-(1) Where a prospecting or exploration licence for mineral resources or part of such a licence granted pursuant to the Greenland Parliament Act on mineral resources and mineral resource activities is transferred in return for payment where the buyer pays the prospecting or exploration costs related to the transferred licence, the seller may exclude the payment in the taxable income provided the following conditions are met:

1) The payment is made by the buyer paying a specific share of the seller's future prospecting and exploration costs before the end of the seller's 5th income year after conclusion of the agreement. The share of the costs may be capped at a maximum amount.

2) All costs are deductible as operating expenses for the enterprise which ultimately defrays the costs.

(2) The provision in subsection (1) does not apply to intergroup transfers, cf. section 36 a(4) and (5).

(3) The tax administration may extend the deadline specified in subsection (1) para. 1 by up to 3 years if it can be ascertained that it is impossible to implement the agreement within the prescribed period due to logistics or reasons of nature.

(4) Payment over and above the amount specified in subsection (1) is included in the computation of the seller's taxable income.

(5) Where the buyer pays part of the payment specified in subsection (1) after the expiry of the deadline specified in subsection (1) para. 1, cf. subsection (3), the seller must include this part of the payment in the computation of taxable income in the income year in which it is ascertained that part of the payment will be made after the expiry of the deadline, however, not later than the income year in which the deadline expires.

Part 6

Calculation of tax

Section 59.-(1) Individuals, companies, etc. who are subject to tax as residents and as non-residents are subject to state tax, joint municipal tax, municipal tax, special state tax, dividend tax and corporation tax in accordance with the provisions of this Part.

Section 60.-(1) Companies subject to tax as residents and as non-residents are subject to 30 percent corporation tax on income defined under section 66.

(2) Companies which have been awarded an exploration or exploitation licence pursuant to Greenland Parliament Act on mineral resources and mineral resource activities or been awarded an exploitation licence pursuant to the Greenland Landsting Act on exploitation of ice and water for export are liable to 30 percent corporation tax on income defined under section 66.

Section 61.-(1) State tax is levied according to a percentage specified by Inatsisartut of the income defined under section 66 .

(2) Inatsisartut determines the chargeable percentage of state tax before the 15th of November prior to the calendar year in question.

Section 62(1) Municipal tax is charged according to a percentage specified by Inatsisartut of the income defined under section 66.

(2) The municipal council determines the chargeable percentage of municipal tax before the 1st of December prior to the calendar year in question. The chargeable percentage may not be higher than 30 percent or lower than 20 percent.

(3) Taxpayers for whom the tax administration (Skattedirektorat) is the tax municipality pursuant to section 68(2) shall not be liable to municipal tax.

Section 63.-(1) Joint municipal tax is charged according to a percentage of the income defined under section 66 stipulated by the Inatsisartut.

(2) ~~Naalakkersuisut~~ The Parliament of Greenland determines, during a session in the first half of the year preceding the said calendar year, the tax rate for the intermunicipal tax after consultation with the municipalities.

(3) Taxpayers for whom the tax administration (Skattedirektorat) is the tax municipality pursuant to section 68(2) shall not be liable to joint municipal tax.

Section 64.-(1) Special state tax is charged according to a percentage specified by Inatsisartut of the income defined in section 66.

(2) Inatsisartut determines the chargeable percentage of special state tax before the 15th of November prior to the calendar year in question.

(3) Special state tax is only chargeable to taxpayers for whom the tax administration (Skattedirektorat) is the tax municipality, cf. section 68(2).

Section 65.-(1) Dividend tax and royalty tax are levied in accordance with the provisions in sections 86-92.

Section 66.-(1) For the taxable persons specified in section 1(1) paras. 1 and 2, subsection (2) and section 2(1), paras. 1, 3, 4, 5, 6, 17, and subsection (5), second sentence, the income is the taxable income minus personal allowances, cf. section 67, and rounded down to the nearest amount in Danish kroner (DKK) which is divisible by 100. Similarly the income of taxpayers referred to in section 2(1), para. 2 is reduced to the extent they receive remuneration during the period of notice.

(2) For taxable companies, etc. and individuals who are non-resident for tax purposes who do not fall within the scope of subsection (1), the income is the taxable income rounded down to the nearest amount in DKK which is divisible by 100.

(3) Naalakkersuisut may however decide that the income of taxpayers referred to in section 2(1), para. 8 must be calculated in accordance with the rules in subsection (1), meaning that personal allowances are granted.

Section 67.-(1) The amount of personal allowance is determined by Inatsisartut in a ~~Landsting~~ assembly in the first half of the year prior to the calendar year in question.

(2) ~~Spouses who are jointly assessed for tax are entitled to two personal allowance amounts.~~ For the income year in which a marriage is terminated by the death of a spouse, the surviving spouse will be granted two personal allowance amounts.

67a. Persons who in the determination of taxable income can exclude payments from pension schemes (see section 39a (1) and (2)), if they cannot fully use the personal allowance specified in section 67(1), can request the tax administration to have paid the value for tax purposes of any unused deductible. Proper documentation must be appended to requests. The payment cannot exceed an amount corresponding to the relative share of payments from said pension schemes plus the taxpayer's other tax-exempt incomes in relation to the unused personal allowance.

Subsection 2. Payment according to subsection 1 is made monthly in arrears.

Subsection 3. Together with the forwarding of the final assessment of the accounting period that the deductible personal allowance concerns, and no later than on September 1 in the year following the accounting period, the tax authorities make a determination of the payments mentioned in subsection 1 and pay or collect any differences.

Section 68.-(1) The tax municipality is the municipality in Greenland in which the taxpayer on the 1st of September of the year prior to the income year had the affiliation which gives rise to tax liability pursuant to section 1 or section 2. Where the liability to tax commences at a later date, the tax municipality is the municipality in which the taxpayer had the affiliation referred to in the first sentence at commencement of tax liability.

(2) The tax administration will be the tax assessing authority where:

- 1) the affiliation referred to in subsection (1) is in an area that is not located within any defined municipality,
- 2) the taxpayer has been awarded an exploitation licence in accordance with the Greenland Parliament Act on mineral resources and mineral resource activities,
- 3) the taxpayer has been granted a prospecting and exploration licence and only carries out activities pursuant to a licence under the Greenland Parliament Act on mineral resources and mineral resource activities,
- 4) the taxpayer falls within the scope of section 32(3),
- 5) the taxpayer has been awarded an exploitation licence under the Greenland Parliament Act on exploitation of ice and water for export,
- 6) the taxpayer has been awarded a prospecting and exploration licence and only performs activities in accordance with a licence under the Greenland Landsting Act on exploitation of ice and water for export,
- 7) a natural person who as part of employment performs work in connection with design work, building and construction work and installation and assembly work outside existing towns and settlements or in the construction of airports on behalf of the Government of Greenland (see section 72a(1)) and the employee has not been liable to pay tax to a municipality in this country for the past six previous months, or
- 8) an individual is employed by a taxpayer covered by paras. 2-4, and the employee has not been liable to tax in a municipality in Greenland within the previous 6 months."

(3) In the event that a municipal council or a taxpayer consider that the designated tax assessment authority is not the correct authority, an objection can be filed against the municipal council in the designated tax assessment municipality before the end of the income year in question. Where the designated tax assessment

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authority is the tax administration (Skattedirektoratet), cf. subsection (2), the objection is raised against the tax administration. In case of doubt, the tax administration (Skattedirektoratet) will decide which municipality shall be the tax assessment authority. However, any case of doubt where the tax administration has been designated as tax assessment authority will be settled by the Government of Greenland (Naalakkersuisut).

~~—(4) Where spouses who are jointly assessed for tax have different tax municipalities, the calculation of tax, etc. shall be based on the tax municipality of the husband. However, in special circumstances, the tax administration may permit that the calculation of tax be made on the basis of the wife's tax municipality. A request for such must be submitted no later than on submission of the tax return for the income year in question.~~

Section 69.-(1) Tax paid to a foreign state, to Denmark or the Faroe Islands, which has been levied on income from sources in the country in question either by means of direct taxation or by means of withholding is deductible in the income taxes payable on said income in Greenland. However, the deduction amount shall not exceed the portion of the total Greenlandic tax which according to the ratio between the part of the income taxed in the foreign state, Denmark or the Faroe Islands and the total income taxed in Greenland falls on the first part of income.

(2) Where an agreement for the avoidance of double taxation has been entered into with the foreign state, Denmark or the Faroe Islands, the deduction shall however not exceed the amount which the foreign state, Denmark or the Faroe Islands is entitled to pursuant to said agreement.

69a. Taxpayers do not benefit from a double taxation treaty if it is reasonable to establish, taking into account all relevant facts and circumstances, that obtaining the advantage is one of the most material purposes of any arrangement or any transaction that directly or indirectly entails the advantage, unless it is established that the granting of the advantage under these circumstances will be in compliance with the contents of and the purpose of the applicable provision of the treaty.

Section 70.-(1) Where an individual who is subject to tax under section 1 has earned income for work services on board a ship registered in the Danish International Register of Shipping, and which does not sail in Greenlandic territorial waters, the total tax shall be reduced by the amount which proportionately falls on said salary income.

(2) Individuals subject to tax under section 1 who earn salary for work services on board a freight ship registered in the Danish International Register of Shipping which transports freight regularly between Greenland and abroad, including Denmark and the Faroe Islands are also subject to the rule in subsection (1).

(3) Individuals subject to tax under section 1 who earn salary on board a freight ship with a gross tonnage of at least 1,100 which is registered in the Danish International Register of Shipping and which transports freight on a regular route between Greenlandic ports from and to the freight ships referred to in subsection (2) and tankers with a gross tonnage of at least 450 are also subject to the rule in subsection (1).

Section 71.-(1) Greenlandic passenger liners with a gross tonnage of at least 1,100 which are engaged in cruises or in a combination of services may be included on the tax administration's net salary register provided agreements on pay and working conditions for all employees on ships in the register expressly state that they apply only to such employment. Naalakkersuisut may prescribe detailed rules for registration on and deregistration from said register.

(2) Combination services mean voyages with passengers who have purchased a combined air and sea ticket as part of a travel arrangement from Denmark, the Faroe Islands or abroad, and where in the event of vacant places, tickets are sold to passengers for transport internally in Greenland.

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(3) A Greenlandic passenger ship means a ship which is registered in Greenland, and used exclusively for commercial travel with passengers. Passenger liners registered in Denmark, the Faroe Islands or abroad are equated with passenger liners registered in Greenland if the ship is taken over without crew (bareboat) by a Greenlandic shipping company for commercial passenger services. A passenger ship registered in Greenland, but which is taken over without crew by a Danish, Faroese or foreign shipping company to transport passengers is not classified as a Greenland passenger ship.

(4) Where a person has earned salary on board a passenger ship registered on the tax administration's net salary register, the total tax shall be reduced by the amount which proportionately falls on such salary income.

(5) Salary income for services on board earned during the time the passenger ship is on land for construction, repairs or temporary decommissioning is covered by subsection (4).

Section 72.-(1) Where an individual subject to tax under section 1 has received amounts as needs assessed assistance or supplementary means tested assistance which are not exempt from tax under section 34, para. 10, the total tax shall be reduced by the amount which proportionately falls on such income.

Section 72 a.-(1) ~~Taxable individuals who perform work related to projects, building and construction, and installation and assembly work outside existing towns and settlements as part of their employment duties, cf. section 68(2) para. 7, and who have not been liable to tax in a municipality in Greenland within the previous 6 months will pay a final tax (gross tax) to the Treasury of 35 percent on income earned during their employment.~~ Taxable natural persons who as part of employment perform work in connection with design work, building and construction work and installation and assembly work outside existing town and settlements or in the construction of airports on behalf of the Government of Greenland and who have not been liable to pay tax to a municipality in this country for the past six previous months, pay a final tax (gross tax) to the Treasury at 35% of income received during the employment. No deductions are allowed in the income, nor are losses from previous income years deductible, and section 4 d(2) and section 4 e do not apply. The costs of acquiring, ensuring and maintaining the earned income are non-deductible in other income earned by the taxpayer. The income tax liability on the earned income is met in full by the payment of the tax.

(2) Income earned during employment, cf. subsection (1), includes income taxed at source (A income) and income not taxed at source (B income), however, contributions and premiums to pension and life insurance schemes covered by the provisions in sections 39, 40 or 43 are disregarded.

(3) The provision in subsection (1) shall not apply where an individual receives other A income which is taxable in Greenland.

(4) Where an individual referred to in subsection (1), cf. subsection (3), is taxable on income other than income earned during employment, the other income will be taxed in accordance with the other provisions of this Act.

(5) If a natural person as mentioned in subsection 1 receives an income less than DKK 350,000 in an accounting period, irrespective of subsection 4, there is no taxation of interest income, interest expenses and returns from sources outside of Greenland.

(6) If a natural person only has income as mentioned in subsections 1 or 5 and section 15(4), the person may, irrespective of section 16 of the Greenlandic Act on administration of Taxes, refrain from filing a tax return.

(7) In the case that 50 percent or more of an individual's total taxable income is taxed in an income year according to the provisions in subsection (1), the provisions in section 4 d(2) and 4 e will not apply.

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Section 72 b.-(1) Taxable individuals who mainly perform specific assignments related to prospecting, exploration and exploitation of mineral resources pursuant to the Greenland Parliament Act on mineral resources and mineral resource activities as part of their employment duties and who have not been liable to tax in a municipality in Greenland within the previous 6 months will pay a final tax (gross tax) to the Treasury of 35 percent of salary earned during the employment. No deductions are allowed in the income, nor are losses from previous income years deductible, and sections 4 d(2) and 4 e shall not apply. The costs of acquiring, ensuring and maintaining the earned income are non-deductible in other income received by the taxpayer. The income tax liability on the earned income is met in full by the payment of the tax.

(2) The provisions in section 72 a(2)-(7) shall apply *mutatis mutandis*."

Part 7

Collection of taxes

Section 73.-(1) State tax, joint municipal tax, municipal tax and special state tax are levied in accordance with the rules in this Part. Dividend tax and royalty tax are charged in accordance with the rules in Part 8.

(2) Taxable persons pay tax with preliminary amounts during the course of the income year, cf. however section 76(2), third sentence, section 86(1) and section 91(1).

Income tax collected at source ("A-skat") and tax not collected at source ("B-skat")

Section 74.-(1) Amounts which are withheld under the rules of sections 76-82 are referred to as tax collected at source (referred to as A-tax in the following). Income which is taxed at source is called A-income. Taxable income which is neither taxable at source nor subject to dividend tax under Part 8 is referred to as B-income. Preliminary tax on income not taxed at source, cf. sections 83-84, is referred to as B-tax.

Section 75.-(1) A-income includes:

- 1) Any consideration in money for work services, including salary, holiday pay, fees, bonus, commission, tips and similar. Consideration in any medium other than cash is categorised as A-income only to the extent Naalakkersuisut provides rules on this matter.
- 2) Remuneration for membership of or assistance to boards of directors, committees, commissions, councils, etc.
- 3) Payments according to section 46(7).

(2) Subject to rules laid down by Naalakkersuisut, A-income may include: 1) other categories of income which essentially constitute a net income for the recipient, and 2) sales amounts from sale in Greenland of products from fishing, trapping, hunting, sheep breeding and arts and crafts unless the sale is made by a company, association or similar.

(3) Income is not classified as A-income where the disbursement is made by:

- 1) diplomatic representatives of foreign states and members of such and career consuls of foreign states or
- 2) Deceased estates, associations or non-profit or charitable institutions not having jurisdiction in Greenland, cf. however section 76(5).

(4) In special circumstances, Naalakkersuisut may establish rules that a certain income or a certain category of income subject to the provisions in subsection (1) or (2) is not classified as A-income.

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Naalakkersuisut may also establish rules that a category of income subject to the provisions in subsection (1) or (2) is not classified as A-income.

(5) In case of doubt, Naalakkersuisut will determine whether an income should be classified as A-income or B-income.

Section 76.-(1) In connection with each disbursement of A-income, the party on whose behalf the disbursement is made must withhold preliminary tax on the amount paid. For special payments such as holiday pay and public holiday pay, Naalakkersuisut may prescribe specific provisions concerning the time of withholding and the income year in which the payments must be taxed.

(2) The withholding is made by the person responsible for withholding the tax calculating the amount to be withheld and withholding the calculated amount in the A-income. For resident taxpayers the withheld amount constitutes preliminary A-tax, cf. however section 72 a(1), (2), and (5), and section 72 b. For non-resident taxpayers the withheld A-tax is a final tax.

(3) The withholding takes precedence over other claims against the A-income in question, including counter-claims by the person responsible for withholding the tax.

Subsection 4. The duty to withhold in the payment of remuneration to a person who is made available to perform work in this country by a business without a home court in this country, lies with the party for whom the work is performed. However, this only applies if the work is an integral part of the business in this country. If a business not domiciled in this country fails to submit documentation of a person's income taxed at source and other information of importance to the reporting, withholding and payment of said person's A-tax, the party for whom the work is performed must calculate the A-tax based on the sum of the invoice. The first sentence does not apply if the business is domiciled in a country with which the Government of Greenland has a mutual agreement on the withholding of tax on behalf of each other (see section 114(2) para (3)).

(5) Where the party on whose account the income is paid out does not have jurisdiction in Greenland, and the disbursement is made by the agent of such party who has jurisdiction in Greenland, it is the duty of the agent to make the withholding.

(6) Naalakkersuisut may stipulate that in calculating A-tax, the person responsible for withholding must round down the amount on which tax is calculated to the nearest amount in DKK which is divisible by 10.

(7) Naalakkersuisut may determine the lower limit for withholding of A-tax.

Section 77.-(1) Where A-income is paid out through the Employees' Guarantee Fund, the party which should have withheld tax had the disbursement not been made by the Fund must remit as A-tax to the tax administration, cf. 34 of the Landsting Act on Administration of Taxes, the amount which the Fund pursuant to section 2(1), third sentence of the Act on Employees' Guarantee Fund (loven om Lønmodtagernes Garantifond) deducts as withholding tax before making the payment. The withholding rules thus apply to the extent that they according to their contents are compatible with the above.

(2) In relation to the recipient of A-income, the amount that the Fund deducts as withholding tax will replace A-tax on the income.

Section 78.-(1) Naalakkersuisut may reach agreement with the Danish Government that tax shall be withheld in income which an individual, company, etc., including agent, having jurisdiction in one part of the Realm pays to a resident or non-resident taxpayer in another part of the Realm. Rules on withholding, payment, etc. may be determined in connection with such agreement.

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(2) Income covered by an agreement entered into pursuant to subsection (1) which is paid to a resident or non-resident taxable person in Greenland will under this Act be classified as A-income.

Section 79.-(1) For the purpose of withholding A-tax, the tax administration will issue a tax card and secondary tax card to taxpayers who are expected to earn A-income in the year in question. Recipients of A-income must submit a tax card or present a secondary tax card to the party which has a duty to withhold tax.

(2) On the tax card the tax administration will specify the amount to be deducted from A-income for 1 month, 14 days, 1 week and 1 day before withholding is made, cf. however section 72 a(1), (2), and (5) and section 72 b. For resident taxpayers the deductions constitute a proportionate share of the total deductions which the taxpayer is expected to be granted in the income statement and calculation of tax for the year. For non-residents taxpayers, the deductions constitute a proportionate share of the deductions which the taxpayer is granted in the calculation of tax, cf. sections 2 and 66. The secondary tax card does not specify any deduction amount.

(3) In special circumstances, Naalakkersuisut may stipulate that the tax card will not specify a deduction amount or that the total deduction must be broken down in another manner than in subsection (2).

(4) The tax administration specifies the withholding percentage on the tax and secondary tax card, cf. sections 61-64, section 72 a(1) and section 72 b(1).

(5) Where the circumstances of the case so warrant, the tax administration may issue a tax card which does not specify any deduction amount and where the withholding percentage is calculated based on the taxpayer's expected income.

(6) Where the circumstances of the case so warrant, for example, if it is obvious that a taxpayer will not pay income tax because he will not earn enough income, the tax administration may determine that going forward no taxes will be withheld on A-income earned by the taxpayer. This decision may be limited to certain A-income or A-income which is paid out during a certain period or up to a certain maximum amount. When such a decision is made, the recipient of the A-income must present a tax exemption card issued by the tax administration to the payer of the A-income. In special circumstances, Naalakkersuisut may decide to dispense with tax on a specific category of A-income without the use of a tax exemption card.

(7) The tax administration can provide the person responsible for withholding with the information specified on the tax, secondary tax card or tax exemption card. In this case, A-tax must be withheld on the basis of this information.

Section 80.-(1) Where the taxpayer has neither submitted a tax card nor presented a secondary tax card or tax exemption card, 45 percent tax will be withheld without any deductions, and 23 percent tax will be withheld on income specified in section 75(2), para. 2.

(2) Where A-income is earned in an employment relationship in which the taxpayer keeps amounts which he receives for services from a third party, the A-income must be calculated each time payments are calculated between the taxpayer and his employer, but at least once monthly. At the same time, the taxpayer must remit the A-tax payable on the A-income to the employer. Should the taxpayer fail to remit the A-tax, he may be dismissed with immediate effect, regardless of the period of notice agreed between the parties.

Section 81.-(1) The amounts withheld for a calendar month by the party with a duty to withhold, fall due for payment on the first day of the following month, the last timely date of payment being the first day of the month after the due month. Where the due date falls on a Sunday, public holiday or a Saturday, the deadline will be extended to the following weekday.

(2) Naalakkersuisut may prescribe special rules on payment in cases where the person responsible for withholding has shown inconsistency or negligence in relation to the withholding.

(3) According to rules laid down by Naalakkersuisut, persons responsible for withholding must prepare a statement regarding the amounts withheld in the calendar month by the 10th of the following calendar month. The statements must be prepared in Greenland. The information on which the statements are based and other material relevant for the tax administration's monitoring of payments of income taxed at source must be kept in Greenland. The first and second sentences will not apply where an agreement regarding withholding tax to Greenland has been concluded between the country in which the person obliged to deduct the tax has jurisdiction and Greenland.

(4) The rules referred to in subsection (3) may provide that where the required statement is not submitted on time, the person responsible for withholding the tax will be subject to a charge of 1 percent of the amount payable for the period in question. The charge will amount to at least DKK 500 and will not exceed DKK 1,000. The charge is payable to the tax administration.

(5) Naalakkersuisut may prescribe rules on the obligations of the person responsible for withholding the tax to provide information for the statements referred to in subsection (3), including a duty to record national identification numbers, names and addresses of recipients of A-income. Naalakkersuisut may also establish rules regarding the bookkeeping of persons with a duty to withhold regarding payment of A-income and withholding of A-tax.

(6) Naalakkersuisut may set minimum thresholds for additional payments from and refunds to the person responsible for withholding the tax in cases where the amount payable according to the statement plus charges and interest, cf. subsection (4) and section 33(1) of the Landsting Act on Administration of Taxes (landstingslov om forvaltning af skatter) differs from the amount paid.

Section 82.-(1) The person responsible for withholding the tax must keep the recipient of the A-income informed in writing regarding the withholding in accordance with rules laid down by Naalakkersuisut.

(2) Where the person responsible for withholding the tax refuses to provide the described information to the recipient of the income, the latter can request the tax administration to intervene in order to procure the information.

Section 83.-(1) Where it is expected that a taxable person will have to pay preliminary tax on B-income but not on A-income, the preliminary tax will be charged in the notice of assessment. The preliminary tax on B-income is calculated on the expected taxable B-income minus the allowances which the taxpayer is expected to be entitled to in the final tax return and calculation of tax payable for the year in question.

(2) Naalakkersuisut may determine minimum amounts for collection of B-tax.

(3) B-tax is due for payment in 10 instalments on the 1st of January, February, March, April, May, July, August, September, October and November, the last due payment date being the 20th of the month. If the last payment date falls on a Sunday, public holiday or a Saturday, the deadline will be extended to the following weekday.

(4) The tax is levied by the tax administration.

Section 84.-(1) Where it is expected that the taxpayer will have to pay preliminary tax on A-income as well as on B-income, Naalakkersuisut will prescribe rules on the extent to which the preliminary tax shall be collected by withholding or by payment card.

Section 85.-(1) A taxpayer may pay extra preliminary tax to the tax administration in addition to the amount withheld on A-income or charged as B-tax. Such payment can also be made after the end of the income year,

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but not later than the 1st of May in the year in which the assessment is made. Any tax arrears with interest and charges for the income year which the payment relates to are offset in advance against the paid amount.

Part 8

Dividend tax and royalty tax

Section 86.-(1) In connection with each resolution to pay out or credit dividend by a public or private limited company which is registered as domiciled in Greenland, the company must withhold on the dividend the total tax rate, cf. section 61-63, specified for the company's tax municipality, cf. section 68, for the calendar year in question. The withheld amount which is referred to as "dividend tax" is a final tax. This also applies to the associations listed in section 1(1), para. 10.

(2) Dividend is defined as all that is distributed to shareholders except bonus shares and liquidation proceeds. Where a principal shareholder liquidates a company that has sold assets to another company in which he also is principal shareholder, the liquidation proceeds of the principal shareholder will be deemed calculated in accordance with section 16(2), however as dividend. This also applies to dividend to shareholders.

(3) A shareholder is deemed a principal shareholder, cf. subsection (2), if the person in question alone or with spouse, parents, grandparents, children, grandchildren and spouses of these at any point in time within the previous 5 years has owned 25 percent or more of the share capital or during the same period has controlled more than 50 percent of the voting power. Stepchildren and adoption relationships are equated with family relationships.

(4) The tax is calculated on the total dividend. However, a company which has been awarded a prospecting, exploration or exploitation licence in accordance with Greenland Parliament Act on mineral resources and mineral resource activities may deduct in the calculation of tax the amount by which the company's taxed distributed dividends exceed the company's taxable profits before deductions for distributed dividends. Deductions specified in the second sentence are not deductible in the computation of the taxable income, cf. section 27(1) of the Income Tax Act.

(5) The withholding take precedence over other claims on the dividend, including counter-claims from the public or private limited company.

Section 87.-(1) Where a company buys back employee shares for resale to other employees, the company must withhold dividend tax equal to the difference between the total rate of tax, cf. sections 61-63, specified for the company's tax municipality, cf. section 68, and the corporate tax rate for the calendar year in question as specified in section 60.

(2) Where a listed company buys back treasury shares, the company must withhold dividend tax as described in subsection (1).

(3) A company in which the liquidation proceeds of the principal shareholder are classified as dividend, cf. section 86(2), para. 2, must withhold dividend tax as described in subsection (1).

(4) A company must withhold dividend tax in the manner described in subsection (1) where the company carries out a distribution of capital in connection with generational handover, including ongoing generational handover if a written agreement to this effect has been entered into. Where the agreed generational handover is not carried through, the company must pay dividend tax according to section 86(1) minus previously paid dividend tax under subsection (1) within one month from cancellation of the agreement.

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Section 88.-(1) The company must pay the withheld dividend tax to the tax administration no later than on the first day of the month following the month in which the determination on payment or crediting of the dividend takes place. In the case of capital distribution, the withheld dividend tax must be paid no later than the first day of the month that follows ten days or more after expiration of the time after which claims are barred. Where the last due date falls on a Sunday, public holiday or a Saturday, the deadline will be extended to the following weekday.

(2) By the 10th of the month after the date of the resolution to pay or credit the dividend or the expiry of the statutory notice deadline, the company must submit information on the resolution on a form prescribed by Naalakkersuisut. In the event that a resolution is reached not to declare dividend, the company must also submit information to that effect before 10th of the month following the resolution. The same applies for associations referred to in section 1(1) para. 10. Where the date on which the information must be submitted falls on a Sunday, public holiday or a Saturday, the deadline will be extended to the following weekday. The submission of the said information can be enforced by imposing daily fines fixed by Naalakkersuisut or the party so authorized by Naalakkersuisut."

Section 89.-(1) Any person who draws or is credited dividend may request the paying or crediting entity to certify the payment or crediting on a form prescribed by Naalakkersuisut provided he adequately proves his identity.

(2) The provisions of section 82(2) shall apply mutatis mutandis with respect to the certification of payment or crediting in question.

Section 90.-(1) Any person who is exempted from tax liability under section 3 who has received dividend in which dividend tax has been withheld under sections 86 or 87, shall on request be refunded the tax amount by the tax administration. However, associations and cooperatives referred to in section 1(1), para. 14 are not entitled to a refund of the withheld dividend tax even if they are tax exempt under section 3(2).

Section 91.-(1) On each payment or crediting of royalty to a person or a company, etc. that is taxable under section 2(1), para. 13, the person on whose behalf the payment or crediting takes place must withhold 30 percent of the total royalty. Individuals, deceased estates, companies, associations, institutions, etc., which have jurisdiction in Greenland have a duty to withhold royalty tax. Where the person on whose behalf the payment or crediting takes place does not have jurisdiction in Greenland, and the payment or crediting is made by the agent of such person who has jurisdiction in Greenland, it is the duty of the agent to make the withholding. The provision in section 76(3) applies mutatis mutandis. The withheld amount is referred to as "royalty tax" and is a final tax.

(2) Royalty includes payments of any nature received as consideration for the use of or right to use any copyright to a literary, artistic or scientific work, including feature films and films and tapes for radio or television programmes, any patent, trade mark, pattern or model, drawing, secret formula or secret processing method or for information on industrial, commercial or scientific experience.

Section 92.-(1) Royalty tax is due for payment when royalty is paid out or credited, and must be remitted to the tax authorities at the latest in the following month within the reporting deadline applying to the person responsible for withholding A-tax. The paying or crediting party must submit information to that effect on a form prescribed by Naalakkersuisut along with the submission of the required statement on withheld A-taxes by the party with a duty to withhold. Submission of said information can be enforced by imposing daily fines fixed by Naalakkersuisut or the party so authorized by Naalakkersuisut.

(2) The provisions in sections 89, 93 and 95 apply mutatis mutandis.

Part 9

Liability and collection provisions

Section 93.-(1) Any person who fails to comply with his obligation to withhold tax or withholds too little is directly accountable to the tax administration, cf. sections 81 and 88, for payment of the outstanding amount, unless he can prove that he was not negligent of the provisions of this Act.

(2) Any person who has withheld tax in accordance with this Act is liable to the tax administration for payment of the withheld amount.

(3) Where the claim against the person responsible for withholding the tax cannot be accurately calculated due to his circumstances, the tax administration has the authority to make a preliminary estimation of the claim.

Section 94.-(1) Where tax has not been withheld in A-income or the amount withheld is too low, the recipient must pay the outstanding amount to the tax administration immediately on demand.

Section 95.-(1) Agents in Greenland of taxpayers under section 2 are co-responsible for payment of the taxes payable by said taxpayers.

~~**Section 96.**-(1) Spouses jointly assessed for tax are jointly and severally liable for taxes.~~

Section 97.-(1) The estate or beneficiaries are liable for taxes levied on a person after death. The beneficiaries are jointly and severally liable to the extent that they receive inheritance or advancement, but the spouse is also liable with his share of the community property. This duty shall not be affected by a summons for the creditors of the deceased.

Section 98.-(1) Where a company or association, etc. is dissolved and its assets distributed to shareholders or members without setting aside sufficient funds to cover the corporation tax which the company or association is liable to pay, the shareholders and the members together with the liquidator, or board of directors where a liquidator has not been elected or appointed, shall be jointly and severally liable for payment of the taxes. The joint and several liability shall not be invoked against the liquidator or board of directors for an amount greater than the sum of distributions made to the shareholders or members, and shareholders or members shall be liable only to the extent of distributions received.

Section 99.-(1) Any person who transfers equity interests in a company at an excess price shall be liable for taxes and duties chargeable to the company as a current or latent liability at the time of transfer with an amount corresponding to the transfer price. The liability will only apply in the event that execution on the assets of the company has been unsuccessful. Where the transferor is a company that is non-resident for tax purposes, the liability can be invoked directly against individuals and companies who are tax residents in Greenland to the extent that they directly or indirectly exercise control over the transferring company. Any person who has been involved in the transfer as adviser in the course of his business shall be jointly liable with the transferor and the persons and companies mentioned in the third sentence.

(2) Where the transferor is an individual, the provision in subsection (1), sentences 1 and 2 shall only apply if his equity interest is 10 percent or more of the equity or share capital. Where the transferor is a company, the provision in subsection (1), sentences 13 shall only apply if the transfer concerns group-related companies; in this connection an equity interest of 10 percent of the equity or share capital of each company shall imply group-related companies.

(3) The provision in subsection (1) shall apply only when the transfer concerns equity interests in a company that at the time of transfer does not have any major financial risks from commercial activities.

(4) Excess price under subsection (1) is deemed to exist when the payment for equity interests clearly exceeds the pro rata share of the company net worth at transfer.

(5) Before transfer of equity interests in a company, the tax administration may issue advance confirmation that any liability under subsection (1) will not be invoked. This confirmation may be conditional upon provision of full or partial security for taxes and duties payable by the company as a current or latent liability at transfer. An adviser referred to in subsection (1), last sentence may discharge his liability if he seeks advance confirmation in writing before the transfer and includes the necessary information regarding the planned transfer. The tax administration's decision in relation to an advance confirmation request and the terms for such confirmation must be issued within 3 months of receipt of all information relevant for assessment of the question.

(6) Naalakkersuisut may prescribe rules on the procedure for advance confirmation. Naalakkersuisut may also prescribe rules on appeal, including that the decision shall not be appealed to any other administrative authority.

Section 100.-(1) Where a tax amount is not paid on time, the outstanding amount together with surcharges and interest may be collected in Greenland with the aid of authorized bailiffs under regulations laid down by Naalakkersuisut and otherwise in the same manner as provided for in the Administration of Justice Act (lov om rettens pleje) in Greenland with respect to court rulings or settlements regarding payment of money.

(2) Where collection from the taxpayer himself is unsuccessful, the collection may, where necessary, be made in property belonging to children if the yield on such assets is taxed at the level of the parents pursuant to section 5(2). This does not apply to the collection of taxes from a person with a duty to withhold taxes for tax amounts which said person should have withheld.

Section 101.-(1) Where a tax amount is not paid on time, the tax administration or the local legally authorised bailiff may issue written orders to the employer of the taxpayer or the person with a duty to withhold the tax in Greenland to withhold from the employee's salary the amount necessary to cover the outstanding amount plus charges and interest and to remit the withheld amount to the tax administration. The withholding duty pursuant to such orders also covers any advance payment of salary. If salary income is acquired by the person in question retaining amounts which he receives for work from a third party, the provisions in section 80(2) shall apply mutatis mutandis with respect to withholding under this section.

(2) Notwithstanding differing provisions in other legislation, the rules also apply to the salaries, etc. of public servants of the state, the government, and the municipalities.

(3) In the event that the person regarding whom an order has been given to withhold tax is not employed by the employer in question on the date on which the order is received, the employer must so notify the issuer of the order within 5 days of receipt of the order. A corresponding duty of disclosure lies with the employer in the event of termination of employment where the employer has received an order prior to termination to withhold tax, and the unpaid taxes in question have not been definitively paid at termination of employment. The notification must be given to the issuer of the order to withhold within 5 days of termination of employment.

(4) The provisions of subsection (1), first sentence shall apply mutatis mutandis in respect of income of the category referred to in section 75(1), para. 2 and in respect of redundancy pay, pensions and similar benefits received in Greenland and which are paid by the state treasury, the provincial treasury, the municipality, other public funds or private funds and in respect of amounts received from sale in Greenland of products from fishing, trapping, hunting, sheep breeding and arts and crafts.

(5) The rules in subsections (1)-(4) shall apply mutatis mutandis to the collection of amounts which the person responsible for withholding should have remitted pursuant to subsections (1)-(4).

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(6) Withholding pursuant to subsections (1)-(5) must be made even if the payment is also subject to A-tax. The withholding cannot exceed 30 percent of the payment minus deduction of A-tax.

(7) The provision in section 76(3) applies mutatis mutandis regarding withholding under this provision.

(8) Naalakkersuisut prescribes rules on payment and settlement of amounts withheld under the provisions of this section. The provisions in section 81(5) second sentence, sections 82, 93, 100 and 105(1) apply mutatis mutandis to the matters dealt with in this section.

Part 10

Penalties, etc.

Section 102.-(1) Any person who in order to deprive the state of taxes with intent or gross negligence provides incorrect or misleading information used to determine whether a person is subject to tax or used for a decision regarding tax assessment or tax calculation shall be punishable under the Criminal Code for Greenland (kriminalloven for Grønland).

Section 103.-(1) Any person who with intent or gross negligence provides incorrect or misleading information for the audit of a tax assessment will be punishable in the same manner as specified under section 102.

(2) Any person in a situation not covered by subsection (1) who either with intent or through gross negligence fails to fulfil a duty imposed on him under section 86 or sections 88-98 shall be liable to a warning or a fine.

Section 104.-(1) Where a person on behalf of a business violates section 102 for the purpose of determining whether the business is subject to tax liability or for a decision regarding the tax assessment or tax calculation of the business, the owner of the business may be punishable by fine even though he has not acted with intent or negligence. Where the business is a public or private limited company, cooperative society, association, self-governing institution, foundation or similar, the legal person may be punishable by fine under the same terms. The fine penalty cannot be changed to another measure.

Section 105.-(1) Any person who with intent or gross negligence

- 1) fails to fulfil his duty to withhold A-tax, dividend tax or royalty tax,
- 2) fails to remit withheld tax on time,
- 3) fails to duly submit information referred to in section 81(3), section 88 and section 92,
- 4) submits incorrect or misleading information on matters referred to in section 81(3), section 88 and section 92,
- 5) fails to fulfil his duty to withhold duties under section 46(2), or
- 6) fails to duly remit the duties withheld under section 46(2) shall be punishable in the same manner as described in section 102.

(2) Where a violation referred to in subsection (1) is committed by a public or private limited company, cooperative society, association, self-governing institution, foundation or similar, the legal person may be punishable by fine. Where the violation is committed by the Greenland Self-Government, a municipality or inter-municipal enterprise, the Government, municipality or inter-municipal enterprise may be punishable by fine.

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(3) The following shall be punishable in the same manner as described in section 102:

1) any person who accepts payment of A-income in the knowledge that tax has not been withheld on the income as prescribed,

2) any person who with intent or gross negligence provides incorrect or misleading information for decisions pursuant to section 75(4) and 75(5), section 79(6), section 84 or in relation to any of the applications referred to in said provisions withholds information which is importance for the outcome of the matter, or

3) any person who fails to give notification as referred to in section 46(5).

Section 106.-(1) Where the tax administration estimates that a violation will not result in more drastic punishment than a fine, Naalakkersuisut or the person so authorized by Naalakkersuisut may declare that the matter can be resolved without prosecution provided the involved party admits guilt and declares readiness to pay the fine specified in the declaration within a specified time limit which may be extended on request.

(2) With regard to the declaration referred to in subsection (1), the rules of the Administration of Justice Act (lov om rettens pleje) in Greenland on the contents of charge sheets will apply mutatis mutandis.

(3) If the fine is paid on time or is recovered after the agreement, there will be no further prosecution.

Section 107.-(1) Where a person has violated section 102, and criminal liability is timebarred under the provisions of the Criminal Code for Greenland (kriminalloven for Grønland), he shall be liable to pay an additional tax equal to the tax on the excluded income, unless the violation merely consists of aiding a third party to evade taxation. Section 108(5)-(8) will apply mutatis mutandis.

Section 108.-(1) Where a deceased person has paid too little tax, his estate or beneficiaries shall be liable to pay the outstanding amount.

(2) Where the deceased has violated section 102, and no penalties were determined in relation to the violation prior to death, the estate or beneficiaries shall be subject to an additional tax equal to the tax on the excluded income.

(3) Where a penalty for a matter referred to in subsection (2) has not been enforced at the time of the person's death, an additional tax will be levied in accordance with the rules in subsection (2) instead of the penalty. If this is merely a fine, the additional tax shall not exceed the amount of the specified fine.

(4) Where a penalty for a matter referred to in subsection (2) has been partially enforced at the time of the person's death, the additional tax will be proportionally reduced. If this is merely a fine, the additional tax along with the fine paid by the deceased shall not exceed the tax on the excluded income or the specified fine.

(5) Where the deceased estate or beneficiaries do not recognize a claim for additional tax, the issue will be decided in accordance with the rules in Part 5 of the Administration of Justice Act (retsplejeloven). The tax administration may determine a deadline for acceptance of a settlement offer.

(6) In special circumstances, the tax administration may allow total or partial exemption from additional tax.

(7) The provisions in section 97 regarding liability of beneficiaries and surviving spouse and summons for creditors of the deceased shall apply mutatis mutandis. Arrears and additional tax under subsections (1)-(3) can be collected in the same manner as provided in section 100.

(8) At the request of the tax administration, the probate court, executor, or beneficiaries administering the estate out of court must provide all relevant information to determine whether the deceased has been

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assessed for tax for an insufficient amount. Beneficiaries administering the estate out of court can be forced to submit the information by daily fines fixed by Naalakkersuisut or the party so authorized by Naalakkersuisut. Where the tax administration estimates that claims can be made for arrears payment or additional tax, the deceased estate must be so notified within 3 months of the death. Where the statement under subsection (9) or the tax return under section 11(5) is received later than one month from the death, the notification shall be issued within 2 months of receipt. If the tax administration has sought within this time limit to clarify the question through the probate court, executor or beneficiaries administering the estate out of court, the estate must be informed within 2 months of receipt of the required information that a claim will be raised for arrears payment or additional tax. The administration of the estate shall not be terminated before the expiry of the aforesaid time limits unless the tax administration has declared that such claims will not be raised. Where the tax administration does not issue the notification on time, the liability of the estate and beneficiaries for payment shall lapse.

(9) The district court shall also inform the tax administration of the contents of statements under the Inheritance Act (arveloven) where the assets of the estate amount to DKK 50,000 or more.

Section 109.(1) Regulations issued pursuant to this Act may stipulate that any violation of the provisions of the regulations shall be punishable by fine.

(2) Regulations issued pursuant to this Act may stipulate that any violation committed by a public or private limited company, cooperative society, association, self-governing institution, foundation or similar shall be punishable by fine. Where the violation is committed by the Greenland Self-Government, a municipality or inter-municipal enterprise, the Government, municipality or inter-municipal enterprise may be punishable by fine.

Section 110.(1) The police provide the tax administration with assistance in accordance with rules determined by negotiation between Naalakkersuisut and the Ministry of Justice.

Section 111.(1) Fines charged pursuant to section 82, section 88, section 92 and sections 102-109 shall accrue to the Treasury.

Part 11

Miscellaneous provisions

Section 112.(1) Naalakkersuisut provides rules on registration of the number of persons, companies, associations, etc. who are liable to pay tax in the country.

Section 113.(1) Naalakkersuisut may determine that under certain conditions the tax return can be replaced by a statement covering only some of the taxpayer's income and assets.

Section 114.(1) In order to fully or partially avoid double taxation, Naalakkersuisut may grant - subject to reciprocity - by agreement with Denmark, Faroe Islands or foreign states relief in the liability to pay taxes to the state.

(2) Naalakkersuisut may - subject to reciprocity - by agreement with Denmark, Faroe Islands or foreign states adopt provisions

1) that the Greenland authorities must procure and provide information required by the authorities in Denmark, the Faroe Islands or foreign state for the purpose of levying taxes, duties and charges,

2) that claims for taxes, duties and charges levied in Denmark, the Faroe Islands or in the foreign state in question and which can be collected there shall be collectable in Greenland pursuant to the applicable rules on collection and levying of identical or similar Greenlandic taxes, duties and charges,

3) that withholding tax to the authorities in Denmark, the Faroe Islands or the foreign state in question can be withheld in income paid by an individual, company, etc. or agent for such who has jurisdiction in Greenland, cf. also section 78.

(3) Naalakkersuisut may with Denmark and the Faroe Islands or a foreign state agree that an agreement for the avoidance of double taxation and a convention on mutual assistance in tax matters between Denmark and the Faroe Islands or the foreign state shall be extended in its entirety or with modifications to Greenland.

Part 12

Commencement and transitional provisions

Section 115.-(1) This Landsting Act shall come into force on 1 January 2007 and shall apply as from income year 2007.

(2) Landsting Act No. 5 of 19 May 1979 as most recently amended by Landsting Act No. 2 of 27 March 2006 shall not be repealed and shall remain in force for income year 1980 up to and including income year 2006.

(3) Notwithstanding the provision in subsection (2), sections 47, 48, 49, 50, 51, 51a, 51b, 51c, 52, 53, 54, 54 a, 55, 56, 57, 59, 59a, 60, 61, 62, 63, 64, 65, 66, 67, ~~68~~, 69, 86, 88, 89, 90, 91, 92, 93, 94, 94a, 94b, 95, 96, 97, 98, 99, 100, 103, 104, 115, 116 and 120 of Landsting Act No. 5 of 19 May 1979, as most recently amended by Landsting Act No. 2 of 27 March 2006, shall be repealed with effect from income year 2007.

(4) Naalakkersuisut determines the rules that are necessary for the implementation of the Landsting Act.

Greenland Home Rule Government, 2 November 2006

Hans Enoksen

/

Josef Motzfeldt