


Vibrant Cross-Border Labour Markets Conference

“The challenge for tax administrations to be capable to provide coherent information”


Peter Hansen




Tax administration

- Significant differences concerning national systems, traditions and methods
 - Example Germany: Federal Law – execution by the 16 federal states through regional regional offices (plus 1 office for all pensioners abroad)
 - Level of digitalisation low, personal contact to citizen
 - In Denmark centralised to seven independent bodies, high level of digitalization, contact, if at all, by phone.
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Taxation rules

- Interface Double Taxation Agreement
 - Always bilateral
 - Depending on agreement great differences between definitions and special rules for border regions
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Information

- The revenue offices do only know their own system but not the neighbouring country's system
 - Information is partly not public available or not digitally published
 - Cross border cases require special knowledge, which is not always present (vicinity to border helps)
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Requests

- Binding requests are possible in DK and DE for a fee, though complicated for the average citizen
 - In both countries oral and non-binding requests are possible, though not obligatory
 - Information and advice are limited by tax advice monopoly (Tax Advice Act Germany) and advisers liability (optimizing tax advice)
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Taxation is only one part

- Taxation cannot always be seen independently of social security or labour law. Depending on structure of authority the competence ends here:
 - Example: Child Benefits in Germany can be granted due to two different laws, either tax law or social security law (two different authorities are competent)

Social Security

For matters of social security there is a different coordination body due to European Law for each branch (typically located with one national social security authority in the country).

- (sickness benefits; maternity and equivalent paternity benefits; invalidity benefits; old-age benefits; survivors' benefits; benefits in respect of accidents at work and occupational diseases; death grants; unemployment benefits; pre-retirement benefits; family benefits)

“Bad combination”

Practical Examples:

Differences between Germany and Denmark, in Germany Insurance model in Denmark Welfare State model.

- Person lives in Germany and receives small pension from Germany and large pension from Denmark- high taxes in Denmark and high contributions to health insurance in Germany

“Time is money”

Practical Examples

- Homeoffice-Knowledge alone is not sufficient: Extremely long and unusual processing times in Denmark, because to be handled “analogue”, when employees are working in their German homeoffice for a Danish employer. These are expecting larger amounts of refunds from Denmark for to pay taxes in Germany. Intern control leads to waiting time for 6 month ore more

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