

Act no. 539 of 6 June 2007

## Act amending the Tonnage Tax Act (Adjustment of the tonnage taxation scheme)

We Margrethe the second, by the grace of God Queen of Denmark hereby witness: Folketinget (the Danish Parliament) has adopted and We with Our consent hereby enact the following Act:

### Section 1

In the Act on the Taxation of Shipping Activities (Tonnage Tax Act), cf. Consolidated Act no. 834 of 29 August 2005, as amended by section 11 of Act no. 343 of 18 April 2007, the following amendments shall be made:

1. In section 7(1), the first and second sentences, “four-times” shall be amended to: “ten-times”.
2. In section 7(3), the second sentence, “no more than five years” shall be amended to: “no more than seven years”.
3. In section 10(2), the following are inserted as items 8 and 9:
  - 8) Administration of a pool of ships. It is a condition that:
    - a) the ships are taxed according to the provisions of this act or, as regards ships not taxed in Denmark, are used for purposes that could be covered by this Act;
    - b) the administering company has at least one ship in the pool, cf. section 7(3) that does not differ from the other ships in the pool; and
    - c) the pool also includes ships owned by companies that are not connected in a group, cf. section 2 of the Tax Assessment Act (*ligningslov*).
  - 9) sale of ships covered by the tonnage taxation scheme in whole or partly, cf. however section 16(3), or that may be covered by the tonnage taxation scheme in whole or partly but have not yet been finalised to such an extent that they can form part of the ship’s operation as well as sale of or giving up the right under an agreement on delivery of a ship that could be covered in whole or partly by the tonnage taxation scheme, cf. however section 16(5), the third sentence.”

4. Section 18 shall be as follows:

“**Section 18.** If the right is sold or given up in accordance with a contract on supply of operating equipment which wholly or partly shall be covered by the tonnage taxation scheme, the profit or loss shall thus be included in the calculation of the shipping company's income liable for taxation for the income year in which the sale is carried out. Profit or loss shall be calculated as the difference between the sales price of the right in accordance with the contract and the purchase price of this right.

*Subsection 2.* If operating equipment is sold, which wholly or partly shall be covered by the tonnage taxation scheme, but has not yet been completed to such an extent that it may be included in the operations of the shipping company, profit or loss shall be included in the statement of the

shipping company's income liable for taxation for the income year in which the sale is carried out. Profit or loss shall be calculated as the difference between the sales price and the purchase price plus expenses for improvements.

*Subsection 3.* Subsections 1 and 2 shall not apply to contracts for the delivery of ships and ships that shall be wholly or partly covered by the tonnage taxation scheme.”

5. Section 21 a(4) shall be as follows:

“*Subsection 4.* Sections 9 and 12-20 shall apply *mutatis mutandis*.”

## **Section 2**

*Subsection 1.* The date of the entry into force of this Act shall be determined by the Minister for Taxation.

*Subsection 2.* Section 1(i) and (ii), section 10(2)(viii) of the Tonnage Tax Act, as worded in section 1(iii) and section 1(iv) of this Act, shall have effect from the income year 2007.

*Subsection 3.* Section 10(2)(ix) of the Tonnage Tax Act, as worded in section 1(iii) and section 1(v) of this Act, shall have effect for ships covered by the tonnage taxation scheme from 1 January 2007 or later and for contracts for the delivery of ships where the ship is delivered on or after 1 January 2007. The provisions stipulated in the first sentence shall also apply to ships already covered by the tonnage taxation scheme on 1 January 2007 but that are purchased subsequently by a tonnage taxed company. Irrespective of the first and second sentences, a company may choose that the amendments shall not apply until from the income year 2008 and later income years.

*Subsection 4.* A company that has chosen to do without the tonnage taxation scheme may change its choice whereby the tonnage taxation scheme shall be considered chosen from the income year 2001 or from the first income year when the conditions for choosing the tonnage taxation were met. Tax assessments made according to the previously chosen shall be resumed. Section 27(2) of the Tax Administration Act (*skatteforvaltningslov*) shall also apply though the time limit shall not be calculated until from the entry into force of the Act. Section 27(4) of the Tax Administration Act (*skatteforvaltningslov*) shall also apply.

*Given at Christiansborg Castle, 6 June 2007*

Under our royal hand and seal

Margrethe R. / Kristian Jensen