Manual for companies involved in the construction of the Metro and the Light Rail in Greater Copenhagen

What do companies need to know about the Danish labour market?

Metroselskabet & Hovedstadens Letbane
Dear company,

Welcome to this manual. The Danish labour market is part of the common European labour market for the free exchange of goods and services, and the free movement of labour across national borders. We would like to welcome all companies and their employees engaged in the construction of the Metro and the Light Rail in Greater Copenhagen, in the expectation that every company will familiarise itself in detail with:

• Danish legislation
• The Danish labour market
• Relevant collective agreements

The Danish labour market has a different structure to the labour markets in many other countries. For example, minimum rates of pay are agreed in collective agreements, but not stipulated in legislation.

Metroselskabet and the Greater Copenhagen Light Rail have created this manual in order to help you and your company to understand the Danish rules and collective agreements, and to ensure that this experience is passed on from company to company. The manual has been created with the help of the employer organisations, Dansk Byggeri (the Danish Construction Association), Tekniq (the Danish Mechanical and Electrical Contractors’ Association) and Dansk Industri (the Confederation of Danish Industry), as well as trade unions, contractors and relevant authorities.

The manual can be used as a tool to help you find your way around the various operators and roles in the Danish labour market. The figure above presents an overview of the many parties that you, as a company, are required to relate to in the Danish labour market. Their various roles and tasks will be described in this manual.

Our aim for this manual is to make it easier for companies involved in construction work for Metroselskabet and the Greater Copenhagen Light Rail to work in Denmark and to establish successful cooperation with public authorities, employer organisations and trade unions. We hope that you and your company will find the manual useful.

It is not necessary to read the manual from beginning to end. Instead, you should use the manual as a reference, for instance to find answers to specific questions. We also suggest whom to contact if you have any questions.

www.dinletbane.dk/entrepreneurs
www.m.dk/entrepreneurs

We hope you enjoy using the manual!

Kind regards,

Metroselskabet and the Greater Copenhagen Light Rail

What do companies need to know about the Danish labour market?

The guidelines referred to in the manual have been identified by Metroselskabet and the Greater Copenhagen Light Rail as important for foreign companies operating in Denmark, but do not constitute a complete list, nor do we take responsibility for any errors or omissions in the material. Although the manual includes guidelines and comments on the authorities’ regulations, it is always the authorities’ instructions and guidelines that apply. The employer organisations’ and trade unions’ interpretations of the collective agreements also apply. Please see the authorities’ websites and relevant collective agreements for further information and references.
CHAPTER 1:

Focus areas of Metroselskabet and the Greater Copenhagen Light Rail
Metroselskabet and the Greater Copenhagen Light Rail are developing public transport by planning, building, and operating the Metro and Light Rail systems in Greater Copenhagen. We are two public companies owned by the Danish authorities. This means that our construction projects attract considerable public attention and impose a number of special obligations and considerations on us. This applies to such areas as pay and working conditions, the employment of apprentices in the construction work, and special initiatives and cooperation with the labour market parties. We take pride in constructing unique infrastructure projects and doing so in a proper way, whereby we take a special social responsibility.

We are constructing the Metro and Light Rail throughout Greater Copenhagen and have entered into contracts with several different contractors. The contracts are developed over time, as new expectations and requirements are made. This means that our contracts are not identical, yet they share in common that certain focus areas which apply to all projects. Our focus is on assuring the quality of the construction work, compliance with the time schedule and budgets, and being a competent collaborator for our contractors and partners. It is very important for Metroselskabet and the Greater Copenhagen Light Rail to enjoy good collaborative relationships with our contractual parties. In this chapter, you can read more about our focus areas.

Requirements concerning pay and working conditions
In all contracts, Metroselskabet and the Greater Copenhagen Light Rail require employees engaged in the construction work to be paid and to have rights equivalent to the terms applying to local employees for the same type of work.

Our requirements concerning pay and working conditions apply not only to the main contractor, but to all companies involved in the construction work. In the relevant collective agreements, companies can see the requirements set for the employees’ working conditions, including working hours, minimum pay and holiday rules. The collective agreement thereby defines what the company must do in order to fulfill our contractual requirements concerning pay and working conditions. The collective agreement sets out a number of game rules for the workplace, enabling companies and employees to focus on the work required.

As a company, you are not statutorily or contractually obligated to have a collective agreement, but Metroselskabet and the Greater Copenhagen Light Rail recommend that all companies involved in the construction work enter into a collective agreement. This is the easiest way for the company to ensure compliance with the contractual requirements concerning pay and working conditions. In practice, virtually all of the construction work is subject to a collective agreement. Read more about the collective agreements in Chapter 2.

Control and documentation of pay and working conditions
Metroselskabet and the Greater Copenhagen Light Rail will continuously ensure compliance with the contractual requirements concerning decent pay and working conditions. This control will concern main contractors as well as subcontractors.

Metroselskabet and the Greater Copenhagen Light Rail therefore require the contractors to be able to document that the work is performed in accordance with the requirements concerning local pay and working conditions. It is important that the company is always able to present valid documentation as proof of this compliance. We also expect contractors themselves to undertake self-monitoring in the company or among their subcontractors, to ensure that employees have the right pay and working conditions.

The company must be able to document how much the employees have worked, and what the employees have been paid for their work. The company may be required to present such documentation as employment contracts, payrolls, any agreements concerning working hours, and timesheets.

Together we can ensure trainee positions for apprentices
Metroselskabet and the Greater Copenhagen Light Rail give priority to training apprentices within the various construction trades.

For several years, we have made a targeted effort to ensure apprenticeships and trainee- ships as part of the Metro construction work. In cooperation with companies, employer organisations, trade unions and vocational colleges, it has been possible to establish a number of customised trainee positions for apprentices, as part of the construction project.

Metroselskabet and the Greater Copenhagen Light Rail require the companies to employ apprentices in trades that are included in Danish vocational training programmes or equivalent education programmes in another country. This applies to apprentice electricians, construction apprentices within earthworks and concrete works, plumbers, heating and ventilation apprentices, apprentice welders and apprentice smiths and office administration apprentices.

A trainee position in the construction of the Metro or Light Rail is part of the apprenticeship programme. The trainee position must therefore be instructive and of use in the apprentice’s future work. The trainee position must ensure that apprentices gain instructive and varied practical experience. Besides the education programme, the trainee position must ensure that we train the best construction workers within the various trades.

The construction project supports the Danish labour market model
Metroselskabet and the Greater Copenhagen Light Rail are taking several initiatives to ensure that the Danish Labour market model is supported in the construction project, since this will help to ensure good pay and working conditions for everyone. We expect our partners to do the same. We expect our partners to do the same.

The Danish model is based on how the companies are represented by the employer organisations, while the employees are represented by the trade unions. In practice, most of the companies involved in the construction work are members of employer organisations, but many employees are not members. However, we have a strong tradition for civil engineering and construction workers to be members of a trade union, for many years the trade unions have found it more difficult to recruit members, and especially from among foreign workers.

For the Danish labour market model to function optimally for the construction work, Metroselskabet and the Greater Copenhagen Light Rail would like to contribute to informing companies and employees of the regulatory conditions in the labour market, and employees’ rights. We would also like to create good opportunities for communication between companies, employees and the labour market parties.

The Danish labour market model is based on dialogue. At Metroselskabet and the Greater Copenhagen Light Rail we have therefore launched the following initiatives:

- Presentation meeting for new contractors to meet the labour market parties.
- Information boards on rights and working conditions at construction sites.
- Telephone hotline for employees to be able to contact trade unions, main contractors, Metroselskabet and the Greater Copenhagen Light Rail.
- Site offices for the trade unions at selected construction sites.
- Information material for employees describing their rights and entitlements.
- Ad-hoc meetings for dialogue with the labour market parties.

Metroselskabet and the Greater Copenhagen Light Rail can clarify expectations that the employees have decent pay and working conditions, that the companies comply with the collective agreement, and that the companies hire apprentices and co-operate with the labour market parties. This manual can help your company to live up to Metroselskabet and the Greater Copenhagen Light Rail’s priorities and expectations.
CHAPTER 2:
The Danish labour market and the collective agreements
CHAPTER 2:
DANISH LABOUR MARKET AND COLLECTIVE AGREEMENTS

The Danish labour market and the collective agreements

Checklist

1. Investigate which employer organisation your company can benefit from membership of.
2. Investigate which collective agreement(s) your employees should work under and consider how you can document your compliance with the collective agreement’s requirements.
3. Inform your employees that they can elect union representatives.
4. Organise your administration and payroll management, for example with your own bookkeeping function or an external agency, and establish procedures so that bookkeepers and agencies get correct information and errors are avoided.
5. Check that individual employees receive the correct pay.
6. Make sure that payslips correspond to the requirements in the collective agreement.
7. Make sure that you have correctly signed working hour agreements and that working hours are recorded and countersigned by employees and the company—preferably on a daily or weekly basis. It is important that this can easily be documented.
8. Make sure that pension schemes, and possibly also health insurance schemes, have been set up for all your employees.
9. Check that sick leave and holiday pay are handled correctly.
10. Consider whether it is a good idea to work on a piecework basis—this is common in large parts of the Danish construction industry and has ensured high productivity levels.
11. Consider whether your company should hold a joint meeting for the company’s employees, in cooperation with the trade union.

In Denmark, the labour market is built up on the basis of what is generally known as the “Danish labour market model”. Pay and working conditions are fixed in collective agreements established between employers and employees. The companies are represented by employer organisations, and the employees by the trade unions. A key aspect of the Danish labour market model is that the employer organisations and trade unions must themselves be able to resolve any disagreements. This means that the State can only regulate pay and working conditions to a limited extent. For companies subject to collective agreements, the minimum rates of pay and working hour agreements are legally binding, so that they have the same validity as statutory requirements. When you, as a foreign company, operate in Denmark, we expect you to familiarise yourself with how the Danish labour market functions, the requirements imposed on your company by the relevant collective agreements. If you are in any doubt, you should contact your employer organisation. At the end of this chapter there is an overview of relevant contact details for employer organisations and trade unions.

Experience shows that it can be challenging to enter a new market, so that in this chapter we present various information and good advice on what you should be aware of, as a foreign company, before starting to operate in Denmark. Some details relating to the collective agreements are omitted from this chapter, just as certain details will not be relevant for all trade groups and collective agreements.

As described in Chapter 1, Metroselskabet and the Greater Copenhagen Light Rail recommend that all companies involved in the construction work enter into a collective agreement. This can take place either by becoming a member of an employer organisation, or by entering into an accession agreement.

Employer organisations

In Denmark, most companies are members of an employer organisation. This organisation can, for example, help the company to interpret contractual clauses and find out which collective agreements are relevant for the company’s work. An employer organisation can also represent the company in the event of any disagreement between the employees and the company. An employer organisation can provide advice and guidance and help the company in any cases of doubt. The employer organisation also represents many other companies and thus has access to a strong network of companies in the civil engineering and construction sector.

Below is a list of the employer organisations that typically represent companies involved in the Metro, the Greater Copenhagen Light Rail’s construction projects:

- **Teknik** (the Danish Mechanical and Electrical Contractors’ Association): for companies performing technical installations, heating and plumbing, or electrical installations (www.tekniq.dk).
- **Dansk Byggeri** (Danish Construction Association): for companies undertaking civil engineering or construction work (www.danskbyggeri.dk).
- **Dansk Industri** (the Confederation of Danish Industry): for companies engaged in industrial production, assembly of technical installations, and transportation (www.di.dk).

If you are in any doubt as to which employer organisation you should be a member of, Danish Arbejdsgiverforening (the Confederation of Danish Employers) (DA) will be able to assist you (www.da.dk).

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**Photo: Ricky John Molloy**

**POER STENHOLM**

**DIRECTOR**

**DANISH CONSTRUCTION ASSOCIATION, EMPLOYER ORGANISATION**

“Employer organisations specialise in helping Danish and foreign companies to understand collective agreements and legislation, making it as easy as possible for them to operate. The Danish Construction Association’s members also send a signal to their customers that there are decent conditions at the workplace with regard to both the working environment, and pay and working conditions.”

**Danish Employers (DA)**

**Arbejdsgiverforening (the Confederation of Danish Employers)**

**Dansk Byggeri** (Danish Construction Association)

**Dansk Industri** (the Confederation of Danish Industry)

**Teknik** (the Danish Mechanical and Electrical Contractors’ Association)

**Dansk Arbejdsgiverforening** (the Confederation of Danish Employers)

**Metroselskabet** (the Greater Copenhagen Light Rail)
CHAPTER 2: TRADE UNIONS

Trade unions

There is a tradition for employees in Denmark to join a trade union. Within the civil engineering and construction sector, 70% of employees are members of a trade union. Employees cannot be forced, nor may they be prevented or prohibited from joining a trade union.

The trade unions representing the largest workforce groups involved in the construction of the Metro and Light Rail in Greater Copenhagen are:

- SF/BJMf (United Federation of Danish Workers): for construction workers within the areas of earthworks and concrete works, such as steel fixers, bricklayers, joiners and unskilled workers in general. In Copenhagen, the local branch, BJMf, is a party to the collective agreement (www.3f.dk/bjmƒ).
- Dansk Metall (Danish Metalworkers’ Union): for smiths and welders and others working with IT, technical and mechanical areas, as well as ventilation fitters (www.danskelmet.dk).
- Dansk El-Forbund (Danish Union of Electricians): for electricians and others working with electricity (www.def.dk).
- Blik- og Rørarbejderforbundet (Danish Union of Plumbers and Pipelayers): for heating technicians, plumbers and ventilation fitters (www.blikrogør.dk).

At various Cityring construction sites, Metroselskabet has set up trade union offices where, during opening hours, employees can consult trade union representatives. At all construction sites there are also information boards which trade unions can use to display notices to employees concerning, for example, special scheduled meetings. This facilitates the dialogue between employees and trade unions.

Metroselskabet has also published the leaflet “Kend dine rettigheder – til alle medarbejdere på metrobyggeriet” (Know your rights – to all employees on the Metro construction). This leaflet has been developed in cooperation with main contractors, employer organisations and trade unions. The leaflet has been created to provide information to Metro construction workers on their rights in the Danish labour market. The leaflet is available in seven languages here: www.mk.dk/rights

The industrial dispute system

The industrial dispute system has been agreed between employer organisations and trade unions in order to resolve any disagreements at the workplace between company and employee quickly and without extensive costs.1 The system makes it possible for disagreements concerning pay and working hours, for example, to be resolved at the workplace. The trade union and employer organisation are only involved if the disagreement cannot be resolved immediately.

Cases are typically brought by trade unions and employer organisations on behalf of employees and companies in the industrial dispute system.

How are disagreements between company and employees concerning pay and working conditions handled?

1. First, the disagreement is raised locally at the construction site – typically between the union representative and the company. If there is no Union representative, the employee himself or herself must seek to resolve the dispute with the company.

2. If the disagreement cannot be resolved immediately, a mediation meeting will be held between the trade union and the employer organisation at the construction site. (There are specific deadlines for the period of time that may elapse before a mediation meeting is held. You can read more about these deadlines in the collective agreement.)

3. If agreement still cannot be reached, the case is escalated to:
   - an organisation meeting at which the parties meet again, but with new representatives from the trade union and employer organisation
   - a “48-hour meeting” which, according to some collective agreements, can be held before the case is escalated further. To allow the case to be handled quickly, this meeting must be held within 48 hours.

4. After this, the case can be escalated to the industrial arbitration body that’s agreed in the collective agreement.

Industrial arbitration

Industrial arbitration is part of the industrial dispute system and is applied on a case-by-case basis, to consider cases concerning interpretation of the collective agreement. Industrial arbitration considers cases of doubt concerning compliance with the collective agreement. The chairman of the arbitration tribunal will pronounce a ruling on the basis of documentation submitted by both the company and the employee. The arbitration ruling is final and cannot be appealed. Industrial arbitration takes place relatively quickly.

The work will continue as normal at the workplace, while any disagreement is pending in the industrial dispute system.

Most disagreements are resolved locally at the construction site, without further involvement, under an agreement or settlement between employees and company.

Actual burden of proof

In cases of disagreement, as a general rule there is a general actual burden of proof. This means that the person raising the case (usually the employee) must obtain evidence to prove the claim. In certain circumstances, however, a “reversed burden of proof” will apply. This means that, on the other hand, it is the company’s task to obtain proof of compliance with the collective agreement.

An industrial arbitration case can be expensive for the company

Disagreements that are escalated to industrial arbitration can result in the company having to pay large amounts to the employees. This has also applied to some cases concerning the Metro construction work. It is therefore vital that the company keeps its affairs in order and manages its documentation appropriately.

In many cases, employees, represented by trade unions, and companies, represented by employer organisations, will reach a settlement before the case goes to arbitration.

Which collective agreement?

The most common collective agreements applying to the construction of the Metro and Light Rail in Greater Copenhagen for hourly-paid employees are:

- Collective agreement for the Soil and Concrete sectors between BJMF and the Danish Construction Association

In recent years, former Supreme Court Judge and Labour Court Judge Poul Sørensen has chaired arbitration tribunals within the civil engineering and construction area in industrial arbitration cases concerning foreign employees’ pay and working conditions. Poul Sørensen explains that, in accordance with Danish legislation, the industrial arbitration tribunal’s ruling is legally binding in the same way as an ordinary court ruling. It is also ensured that the ruling is made by an impartial arbitrator.

“In my experience, industrial arbitration cases are an extremely effective means of resolving disputes concerning pay and working conditions. Furthermore, industrial arbitration rulings cannot be appealed,” says Poul Sørensen, former Supreme Court Judge.

In 2014, the company Korma1 was ordered by an arbitration tribunal to pay DKK 500,000 to its former employees for failing to pay overtime and holiday pay.

After an industrial arbitration ruling in March 2015, the company CIPA had to make back payments totalling DKK 22 million to employees in a case of under payment concerning the Metro construction work.

These examples show that it is important for every company to be fully familiar with the rules of the collective agreement. In this way, the company can ensure that, right from the very start, employees receive the right pay and are subject to the right agreements.

JENS KIRKEGAARD CHAIRMAN OF THE CONSTRUCTION GROUP IN THE CONSTRUCTION, SOIL AND ENVIRONMENT WORKERS UNION (BJMF)

“The company’s employees are members of a trade union that is a part to a collective agreement, this ensures order and stability in its day-to-day production activities. Any problems and queries concerning pay and employment conditions can be settled quickly and flexibly. The Danish labour market is therefore regulated and transparent. Employees who are members of a trade union can work advice and support from the trade union. This gives employees the peace of mind to concentrate on their day-to-day work.”

In the Danish construction industry, there are 14 collective agreements: The following collective agreements are available in seven languages here:

- Collective agreement for electricians between the Danish Union of Electricians and the Danish Mechanical and Electrical Contractors’ Association (Elektriker-overenskomsten mellem Dansk El-forbund og Teknik)
- Collective agreement for electricity and the Danish Construction Association (El-oversøksomsten mellem Dansk El-forbund og Danske Byggeri)
- Collective agreement for metal, sheet metal, plumbing and piping work between the Danish Union of Plumbers and Pipefitters and the Danish Construction Association (Metal- og Blik- og rørarbejderoversøkskomsten mellem Dansk Metal, Blik og Rør og Danske Byggeri)
- Collective agreement for heating and plumbing trades between the Danish Union of Plumbers and Pipetters and the Danish Mechanical and Electrical Contractors’ Association/Danish Metalworkers Union and the Danish Mechanical and Electrical Contractors’ Association (VVS-oversøksomstenen mellem Blik og Rør og Teknik / Danske Metal og Teknik)
- Industrial collective agreement between the Confederation of Danish Workers and the Central Organisation of Industrial Employees in Denmark (Industriens oversøksomstten mellem Dansk Industri og CO-industri)
- Collective agreement for bricklayers and bricklayer’s assistants between the Danish Construction Association and the Danish Federation of Danish Workers (Murer- og murarbejdsmændoversøksomsten mellem Danske Byggeri og SJF)
- Collective agreement for bricklayer’s assistants between the Danish Construction Association and BJMF (Murerarbejdsmændoversøksomstenen mellem Danske Byggeri og BJMF)

This collective agreement is not available in English. See the comparable Collective Agreement for the Construction and Civil Engineering Sector. Contact your employer organisation if you are in any doubt.

1 FADIS, 2015. “When counterwork is undertaken in Copenhagen, for example, they are subject to BJMF’s collective agreement on the “Collective agreement for earthworks and concrete works” in the relevant collective agreement, and to SFI’s “Collective Agreement for the Construction and Civil Engineering Sector”. 2”The Danish Labour Court and Industrial Arbitration Act.” To special cases of directbreach of the collective agreement, the case can be referred to the Labour Court, instead of industrial arbitration.

3 The Danish Labour Court and Industrial Arbitration Act, 2008.

4 This collective agreement is not available in English. See the comparable Collective Agreement for the Construction and Civil Engineering Sector. Contact your employer organisation if you are in any doubt.

5 This collective agreement is not available in English.
With regard to the construction of the Metro and Light Rail in Greater Copenhagen, we recommend that all companies enter into a collective agreement – which may be one of the existing collective agreements, or an accession agreement. It is most common for a company to join an employer organisation and thereby become covered by one of the existing collective agreements. As a company, you can be covered by a collective agreement without becoming a member of an employer organisation. Instead, you must enter into an accession agreement with the trade union. Read more about this in the following section.

The collective agreement(s) applying to your company will depend on the work performed by your employees, and on which employer organisation(s) your company is eligible to join. Before employees begin to work, the company must identify which collective agreement applies to the employees. A company may have employees under several collective agreements, and be a member of several employer organisations. You can consult the employer organisations and trade unions to make sure that you refer to the correct collective agreement.

Office employees and employees in managerial positions

Employees who work in office-based positions and employees in managerial positions are not subject to the aforementioned collective agreements. The collective agreements for the office and managerial area are typically with the following trade unions: HK (the National Union of Commercial and Clerical Employees), Lederne (the Danish Association of Managers and Executives) or Teknik Landsforbund (the Danish Association of Professional Technicians). Employees in this group typically receive a fixed monthly salary and are subject to the Danish Salaried Employees Act. There are a number of statutory rights concerning terms of employment.

Accession agreement

If your company does not wish to join an employer organisation, the company can become subject to the collective agreement by signing an accession agreement. The accession agreement is entered into with the trade union that organises the employees within the specific professional area. By signing an accession agreement, the company confirms that it will adhere to the terms of the collective agreement, but without joining the relevant employer organisation. The agreement is just as legally binding as a collective agreement established between an employer organisation and a trade union. The industrial dispute system also applies to companies that have signed an accession agreement. Accession agreements are especially adapted to the relevant type of work that is performed. In some areas this may entail a higher pay level than the minimum rates of pay stipulated in the collective agreements. The accession agreement will be equivalent to the collective agreements approved by the labour market that already apply to the area, and which also include requirements for the company to pay, for instance, holiday pay, insurance contributions, compensation for loss of earnings where a public holiday falls on a weekday, etc.

Union representatives

For construction work that is subject to a collective agreement, and employing at least five people in the same company, the employees are entitled to elect a union representative from among the employees. The election must take place so that all employees who are entitled to vote have the opportunity to vote. Under some collective agreements, only members of the trade union are entitled to vote. Under other collective agreements, all employees who are entitled to vote are able to do so. Although the union representative must always be a member of the trade union, the election of union representatives must be approved by the relevant local trade union.

Union representatives play an important role, as they help to ensure good order and effective conflict handling at the construction site. Union representatives have a duty to promote good cooperation between the company, employees and the employer’s trade union. The company can negotiate agreements with union representatives, who can approve the agreements on behalf of their colleagues. The union representative can also present problems and issues to the company’s management. It can be a great advantage for your company to be able to contact one single employee representative with any task or issue that needs to be clarified with the employees. Union representatives are subject to special rules which, among other things, ensure that they enjoy a higher degree of protection of employment than other employees, and therefore increased protection from dismissal.

Health and safety representatives

Being a union representative is not the same as being a health and safety representative. Under Danish working environment legislation, a health and safety representative is required to be elected by the employees. In addition, the company’s management must nominate a management representative, who is responsible for health and safety at the workplace. The health and safety representative will serve as the link between the management and the employees on all health and safety issues. Their task is to work to ensure a good working environment and to prevent any accidents. Health and safety representatives must attend a mandatory training programme, which you can read more about in the working environment legislation, or by contacting your employer organisation or the Danish Working Environment Authority [Arbejdssituesynet]. www.01.dk

Employment contract

All employees must have an employment contract. It must be issued on the commencement of the work, or immediately thereafter. The following information must be stated in the employment contract:

- The employee’s name and address
- Place of employment
- Description of the work, e.g. the employee’s title
- Date of commencement and expected duration (if applicable)
- Current collective agreement
- Holiday entitlement
- Notice of termination
- Type of remuneration: hourly pay or piece-work rate
- Pay period and frequency
- Working hours
- Permanent or non-permanent employment
- We recommend that the employment contract be signed by both employer and employee.

Employment contracts should be in a language understood by the employee. We also recommend companies to use the employment contract template created by the employer organisations and trade unions. The template is attached as an annex to some collective agreements, but can also be obtained by contacting your employer organisation.
Pay slips and transfers of pay

All employees must receive pay slips when their pay is transferred to them. The pay slips must include the following information as a minimum:

- Work paid at an hourly rate
- Piecework
- Overtime
- Sick pay
- Savings for holiday pay and compensation for loss of earnings where a public holiday falls on a weekday
- Pension contributions
- Compensation for first, second and third days of unemployment
- ATP payment (if relevant)
- CVR no., if applicable
- Mileage allowance, if applicable

It is important that the payroll period also covers the period stated on the pay slips. It must be easy for an employee to assess whether the number of hours worked is reflected in the pay received.

Also note that the pay should also be in a language that the employees understand.

Administration and payroll management

The Danish system has many rules and requirements that can be difficult to navigate. Many companies therefore hire an attorney and/or an accountant. You should note, however, that the employer organisations which have entered into the collective agreements with the trade unions can give you concrete, detailed guidance on the collective agreements and labour market regulations in general.

There is considerable variation in how companies handle payroll administration. Many engage an external Danish bookkeeping agency to handle payroll administration. It can be good to know that there are bookkeepers with specialised knowledge of the various collective agreements. Another approach to administration and bookkeeping is to follow the example of Seli, described here, which established its own payroll administration function. Seli Tunneling Denmark handles the tunnel boring machines for the construction of the Cityring.

Working hours?

<table>
<thead>
<tr>
<th>Trade group</th>
<th>Minimum rates of pay (March 2016 - February 2017)</th>
</tr>
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<tbody>
<tr>
<td>Concrete worker/steel fixer under the Collective agreement for the soil and concrete sectors</td>
<td>DKK 120.15</td>
</tr>
<tr>
<td>Welder, smith and ventilation fitter under the Collective agreement for metal, sheet metal, plumbing and piping work</td>
<td>DKK 113.60</td>
</tr>
<tr>
<td>Electrician under the Collective agreement for electricians between the Danish Union of Electricians and the Danish Mechanical and Electrical Contractors’ Association and the Collective agreement for electricians between the Danish Union of Electricians and the Danish Construction Association</td>
<td>DKK 112.5kr + DKK 12.70 as a supplement*</td>
</tr>
<tr>
<td>Heating, plumbing and ventilation fitter under the Collective agreement for the heating and plumbing trades</td>
<td>DKK 113.60 + DKK 10 as a supplement*</td>
</tr>
<tr>
<td>Fitters, electricians and welders smiths employed under the Industrial Agreement</td>
<td>DKK 113.65</td>
</tr>
<tr>
<td>Bricklayer under the Collective agreement for bricklayers and bricklayer’s assistants, or the Collective agreement for bricklayer’s assistants</td>
<td>DKK 119.90 + DKK 20 as a supplement + DKK 19.9 + any supplement** DKK 2.80</td>
</tr>
</tbody>
</table>

* For electricians and ventilation fitters there is a supplement to the minimum pay rate if piecework is not undertaken.

** For bricklayers there is a supplement as a tool allowance. This only applies to skilled bricklayers and not to unskilled bricklayers.

The concrete pay level is agreed directly between the company and the individual employee.

The actual pay level...

The employees’ pay must reflect the individual employee’s qualifications, responsibility, contribution and level of skill. It can be a good idea to ask the employer organisation or trade union about the pay regulations, with examples of local pay levels in the capital. The minimum rates of pay are stated in the collective agreements as the basic pay without, for example, holiday pay, pension contributions and payment of qualification supplements. It is customary for the employee to receive a supplement based on their level of skill, experience, training qualifications or production effort, in addition to the minimum rate of pay.

In addition, under some collective agreements a supplement is paid if piecework is not possible. In the collective agreements for electricians, bricklayers and heating, plumbing and ventilation fitters, there are supplements if the employees have not been able to undertake piecework [4].

Piecework system

Within the civil engineering and construction sector in Denmark it is customary for employees to work on a piecework basis, whereby the pay not only reflects the hours worked, but also the employee’s effectiveness and results. Piecework is a form of remuneration whereby the pay is calculated on the basis of the employee’s results, rather than his or her working time. This can be piecework on the basis of individual work processes, or all of the work performed.

Payment on a piecework basis can be a very effective and safe way for you as an employer to determine the overall price of a given task. Piecework can also be an advantage for employees and a way of increasing the revenue from the individual project. Piecework is agreed directly between the company and the individual employee, but normally piecework concerns a specific task and group of employees. Piecework is therefore often agreed directly between the company and a team (or “gang”) of workers.
The piecework rate and scope are assessed jointly by the employees and the company, and a fixed price is agreed for the work. The piecework rate is agreed on a case-to-case basis according to the current piecework price list, which is agreed between the employer organisation and the trade union. It is recommended that the assessment of the scope, including the piecework rate, is agreed on before the work commences. There is a list of piecework rates for each trade group. The prices in the price list constitute the minimum payment for piecework. If you as a company need further information on piecework, guidance and assistance, including the conclusion of and payment for the piecework, we recommend that you contact the relevant trade union and employer organisation. In most of the collective agreements within the construction sector, a piecework agreement must be established, should this be required by one of the parties.11

Working hours

The normal working hours are 37 hours per week, which must take place between 6am and 6pm, Monday to Friday. According to some collective agreements, Saturday is also a working day.

The question of working hours is the area that has led to most disagreements, problems, and industrial disputes during the Metroselskabet and the Greater Copenhagen Light Rail construction project. This has resulted in major back-payment claims for the companies involved. Metroselskabet and the Greater Copenhagen Light Rail therefore recommend that working hours and any agreements concerning working hours are agreed in writing and approved by an employer organisation, prior to the commencement of the work. If you as a company wish to be on the safe side, it is a good idea to have also agreed this with the trade unions.

Overtime and overtime supplement

The company can establish overtime for up to eight hours per week. However, this must be agreed between the company and the employees, and also be permitted in the collective agreement. There is some variation between the collective agreements in terms of overtime and overtime payment. It is therefore important that you as a company investigate the relevant collective agreement to establish the specific rules.

Working hour agreements

If it is necessary in view of the nature of the work, depending on the working hour provisions of the collective agreements, a special agreement on working hours can be established. Working hour agreements can be established if the employees and the company have agreed on this. This requires a valid written agreement with date, period of validity and the signatures of both the union representative and the company. If the working time agreed in the working time agreement is exceeded, the company must pay for overtime. When you as a company plan the working hours of your employees, you must be aware of the rules of the Danish Working Environment Act concerning “rest period and rest days”.

Read more here or contact the Danish Working Environment Authority at www.ot.dk.

The provisions of the collective agreement define what is possible within the agreement on working hours. There are fundamentally three different agreements on working hours.

• Varying weekly working hours
  
  The employees’ working hours can be adjusted so that the working hours are shorter in some weeks and longer in other weeks. However, the employees must on average work for 37 hours per week over a predetermined period. This period may as a maximum extend 12 months. This can, for example, be varying weekly working hours with time savings, so that the weekly working hours are 16 hours, and overtime is taken as time off within three months. This type of agreement on working hours requires the employees and the company to agree on the working hours. Please note that any such agreement cannot be changed in the middle of the predetermined period, without further notice being required.

• Staggered working hours
  
  When the employee works outside the hours of 6am to 6pm, staggered working hours can be worked instead. There are special requirements concerning notice of working hours and financial supplements for staggered working hours. The requirements are stated in the relevant collective agreement.

• Shift work
  
  Shift work is when employees have different working hours according to an agreed work schedule, as day, evening and night shift teams. There are special requirements concerning notice of working hours, locally agreed rota periods and financial supplements for shift work. For work on evening and night shifts, the normal working hours are 3½ hours per week, with the possibility of maximum five hours’ overtime (with additional overtime payment). For work on day shifts, the normal working hours are 37 hours per week.

Weekly time slips and timesheets to register working hours

The collective agreements do not require weekly time slips showing the daily working hours. Metroselskabet and the Greater Copenhagen Light Rail do, however, recommend that employees register their working time on a daily basis, since disagreement in this area can easily arise. Timesheets and weekly time slips are the documentation that can be required by Metroselskabet and the Greater Copenhagen Light Rail for their control (you can read more about this in Chapter 1). It is therefore important that the company and the employees ensure that correct timesheets are kept, with the signatures of both the company and the employees. Timesheets and weekly time slips should be kept on a weekly or daily basis.

Remember that you as a company have a duty to supply documentation if you are accused of breaching the collective agreement. In such cases, documentation of timesheets and weekly time slips can be of great help to you.

In the leaflet: “Kend dine rettigheder – til alle medarbejdere på metrobyggeriet” (Know your rights – to all employees involved in the Metro construction work) we recommend that employees keep a log of the number of hours they work.

Pension

As a company you must pay in occupational (labour market) pension contributions for all new employees with at least two to six months’ vocational experience (depending on the collective agreement). The vocational experience does not have to be earned in the company, since all types of vocational experience are included. This means that for most employees, labour market pension contributions must be paid as from the first working day.

The pension contribution under the collective agreements in the construction and civil engineering sector totals 12%. The employee pays 4% and the company pays 8% of the employee’s holiday-qualifying pay, holiday pay and compensation for loss of earnings where a public holiday falls on a working day. The company is responsible for paying in the full contribution. You should be aware of the deadlines for the company’s pension contribution payments. You can contact the relevant pension company – usually PensionDanmark or Industriens Pension.

There may be exceptions for pension payments for posted employees posted from abroad who are covered by pension schemes in their home countries. If you are in any doubt, please contact your employer organisation.

PensionDanmark, www.pensiondanmark.com
Contact: tel. no. (employees) (+45) 70 12 13 50, (companies) (+45) 70 12 13 60.

Industriens Pension, www.industrienspension.dk
Contact: tel. no. (+45) 70 33 70 70.

For employees who are not Danish citizens, there are rules for how on returning to their home country the employees can be eligible to receive repayment of their pension contributions. Contact the pension company if you have any questions about this. See more about pension contributions to ATP (Arbejdsmarkeds Tillægsandel) in Chapter 3.
Healthcare insurance scheme

As a company you must make payments to your employees’ healthcare insurance scheme, which is specified in most collective agreements. The collective agreement states which pension company handles the healthcare insurance scheme, although this will typically be PensionDanmark. There are exceptions concerning healthcare insurance schemes, however. For example, employees under the Industrial collective agreement do not have a healthcare insurance scheme, but the company or employee can always opt to purchase a supplementary healthcare insurance scheme.

A healthcare insurance scheme can include telephone advisory services, psychological crisis counselling, addiction counselling or a guide to the healthcare services. The scheme will often also include physiotherapy, chiropractic treatment, or massage for problems with joints and muscles.

The contribution to the healthcare insurance scheme is usually 0.15% of the pay and is paid by the company, possibly together with the pension contribution, by no later than the 10th of the following month.12

Companies that already have a healthcare insurance scheme, in the home country, for example, can be exempted from paying into the healthcare insurance scheme named in the collective agreement.

Illness and occupational injuries

The main rule concerning illness and occupational injuries is that as a company you must pay the employee who is ill or has suffered an occupational injury for up to four weeks, six to nine weeks and up to twelve weeks. The pay is calculated on the basis of the rates for sick pay specified in the collective agreement. See the relevant collective agreements for further details.

Holiday pay

Employees earn the right to 2.08 days of holiday per month. This is specified in the Danish Holiday Act, which ensures minimum holiday pay entitlements for all wage earners in Denmark. As an employer, each month you must therefore allocate holiday pay equivalent to 12.5% of the employee’s total pay.

An employee who has worked for a full calendar year from 1 January to 31 December of the same year will be entitled to five weeks’ paid holiday. The employee can take the holiday earned in the holiday year running from May to April of the following year. This means that more than one year will pass before a newly hired employee will have earned any entitlement to paid holiday.

* Holiday card, holiday payment or holiday fund

Depending on which collective agreement your employees are subject to, holiday pay will be administered via one of the following schemes: holiday card, holiday payment or holiday fund. Holiday cards and holiday payments are administered by the employer. Holiday funds are administered by the trade union. The holiday fund applies to companies posted from abroad and companies that have entered into an accession agreement.

If an employee stops working before the end of the holiday year, special exemptions make it possible for the employee to have his or her holiday pay paid out when he/she leaves the country. This is either by the company paying out the holiday pay, or as payment from the authorities, or by the trade union if the holiday pay amount has been paid into the holiday fund by the employer.

Compensation for loss of earnings where a public holiday falls on a working day, and extra days of holiday

When public holidays during a payroll period fall on a normal working day, your employees must receive compensation for loss of earnings. Employees are entitled to five extra days of holiday during the year (equivalent to a sixth holiday week). Your company must allocate an amount equivalent to 7.45-8.2% of the pay (the rate is adjusted annually) as compensation for loss of earnings where a public holiday falls on a working day, and for extra days of holiday.13

Under most collective agreements, the payment is calculated at the end of the year and settled with the employees in connection with the last payment in December, the first payment in January, or by the employee taking any remaining holiday.

If an employee leaves employment during the year, the company must settle any surplus or deficit to the pool.

Perfis of notice of termination

There are rules for when the employer and the company, respectively, must give any notice of termination. The length of the notice period depends on how long the employee has been employed by the company. The notice periods do not apply to employees who are employed on a fixed-term basis.

The terms of notice in the collective agreements are typically longer for you as an employer than for your employees. The length of the notice period varies between different collective agreements.

Example 1: An employee subject to the collective agreement for the soil and concrete sectors between B3MF and the Danish Construction Association has been employed by the company for one to three years, and can give one week’s notice, while the company can give the employee in question three weeks’ notice of termination.

Example 2: An electrician who has worked for the company for between six months and two years under the Collective agreement for electricians between the Danish Union of Electricians and Tekniq (the Danish Mechanical and Electrical Contractors’ Association), can give two days’ notice, while the company can give five days’ notice of termination to an employee who has been employed for between three months and two years.

Payments on account

As a company you are advised not to make payments on account, since it is a big administrative task to ensure correct payment of tax, holiday pay, pension contributions, etc. after the amount has been paid out. In exceptional cases, however, it can be necessary to make payments on account to employees during a start-up phase. Be very careful with documentation and follow-up on on-account payments, since disagreement and suspicion of irregularities can easily arise. In the case of on-account wage payments, where there is no tax card for the employee, 55% PAYE tax must be deducted. The rest of the pay, as well as amounts that should have been paid as holiday pay, earnings where a public holiday falls on a work day and pension contributions, should be paid to the employee, so that it can be documented that the amounts exist and have been paid to the employee.

It is also important to have documentation for all-on-account payments. The documentation must include the following information as a minimum:

- Amount
- Date
- Name
- Signatures of the employee and employer

It is important to save the documentation for on-account payments.

Salariel employees are known as “white-collar workers” and are subject to the provisions of the Danish Salaried Employees Act concerning terms of notice. The employer may give one month’s notice of termination to employees who have been employed for up to six months. Three months’ notice of termination applies to employees who have been employed for between six months and one year. Employees can typically give one month’s notice of termination.

Read more about periods of notice of termination in the collective agreement, or in Section 2 of the Danish Salaried Employees Act. Special rules apply to collective dismissal. We recommend that you contact your employer organisation and possibly the relevant trade union in this respect.
Unemployment Insurance Funds

In Denmark, employees earn entitlement to unemployment benefit if they are employed and are a member of an unemployment insurance fund. In Denmark, unemployment insurance is voluntary for the employees and is administered by private unemployment insurance funds. Most unemployment insurance funds are run by one or several trade unions. To be eligible for unemployment benefit, the person must have fulfilled the employment requirement of being in work for a longer period, and be resident and registered in Denmark.

Most local employees pay into an unemployment fund.

Read more in Chapter 4 about the unemployment funds’ role in the recruitment of manpower.

Contact details for employer organisations and trade unions
CHAPTER 3:

Legislation and requirements applying to foreign companies operating in Denmark
A foreign company working in Denmark, you have a duty to comply with Danish legislation and the requirements made of companies in Denmark.

This chapter lists a number of aspects that your company should investigate further, before you start the work. The chapter does not constitute a complete list, but gives an overview of the rules that you should be aware of. We hope that this chapter can help you to find your way around the Danish rules, and that the information can help you to make contact with the right authorities. The chapter concludes with an overview of links and contact details for relevant authorities.

Your company must be registered

Company registration takes place via www.virk.dk.

Companies that become established in Denmark must be registered in Det Centrale Virksomhedsregister (CVR) (Central Business Register (CBR)). Once your company has been registered in the CVR register, you will receive a CVR number. You should also determine the legal form of establishment of your company in Denmark. In other words, you must indicate whether your company is a subsidiary, a branch, a department, or has a “less formal legal structure”.

It is normal for a company to be initially established as a “less formal legal entity”, and to later become more formally established, as a subsidiary, for instance. When you register your company at www.virk.dk, you must remember to indicate whether the company has employees or is a sole proprietorship.

Certain companies that are only in Denmark for a short period of time, do not need to be registered in the CVR register. For these companies it can be relevant to have an SE number. The SE number is used for VAT registration purposes.

Special registration for companies providing temporary services

Foreign companies that provide services in Denmark on a temporary basis must, together with the posted employees, be included in the “Register for udenlandske tjenesteydere” (Register of Foreign Service Providers (RUT)). Employees of a Danish company with a CVR number, such as a branch or subsidiary, are in principle not obliged to register, however. Representatives of the company’s international management in the home country may, however, be obliged to become registered in RUT.

Employees’ status and registration

The company’s employees may be hired as:
- Local employees in Denmark
- Posted employees with or without residence in Denmark
- Hired manpower (when a company in Denmark has hired manpower from a company in another EU member state).15

Your employees’ status depends on whether the company is established in Denmark with a CVR number, or whether the employees work for a foreign company that is working in Denmark on a temporary basis. Rules and requirements concerning tax payment and insurance, for instance, depend on the employees’ employment status.

Foreign employees are registered via International Citizen Services

International Citizen Services www.citizen.dk/Or citizen services (Borgerservice) in the municipalities in which your employees are resident.

Employees who are liable to pay tax in Denmark must have a CPR (central personal registration) number or a PAYE tax number. Since there can be a waiting time for CPR numbers when several employees are to be registered at the same time, we recommend that you visit International Citizen Services with small groups of new employees. To get a CPR number, the employees must have a residence document and documentation of their address in Denmark, such as a lease contract. Make sure that all of your employees have the required papers and documents.

15 Read more about this in the section on tax.
You are responsible for your employees’ residence and work permits

The police and Danish Working Environment Authority will perform regular inspections of whether the construction employers have valid residence and work permits.

It is your responsibility as a company not to employ anybody on an illegal basis. If an employer has employees who do not have valid Danish work and residence permits, this can lead to sanctions such as fines or criminal liability for the company.

When an employee from another EU member state has worked in Denmark for more than three to six consecutive months, the employee must apply for a residence document from the State Administration at International Citizen Services.

Companies that hire employees from countries outside the EU are responsible for ensuring that these employees have the necessary work and residence permits, before they begin to work. In Denmark, work and residence permits are granted on the basis of a number of schemes and regulations that depend on which country the employee is from, and the job function the employee is to perform. Contact International Citizen Services for help and guidance.

LEGISLATION AND REQUIREMENTS

CHAPTER 3: CITIZEN SERVICES

WHAT OTHERS DO:

The company Sel Tunneling Denmark, which handles the manpower for the four tunnel boring machines for the Cityring, has a large number of foreign employees. To ensure that their introduction to the Danish system is as smooth as possible, and that all rules are complied with, Sel hired Franco Esposito.

Franco collects new Sel employees from the airport in Copenhagen and accompanies them through the Danish system, to the relevant authorities. Here, Franco makes sure that the new employees’ documents are in order:

“I accompany the employees to International Citizen Services in Copenhagen, and arrange a meeting at the bank. I make sure that they have completed all of the forms and printed all the necessary documents so that each employee can get a residence permit, CPR number, national health insurance card, tax card, bank account, NemKonto, etc. If they don’t have the right documents, the forms aren’t completed correctly, their applications cannot be processed.”

At International Citizen Services, the employees complete the forms concerning tax, EU registration, CPR number, registration with a GP, bank details and insurance. The employees need to bring along passport photos and copies of ID/photo ID (preferably a passport), tax card from their home country, any marriage certificate and a signed contract. On their employment, the employees are already informed that they must bring relevant documents with them to Denmark.

At International Citizen Services, Franco provides valuable assistance to the new employees. He says:

“I know a lot of the International Citizen Services staff and they know that I’m up to speed on which documents and papers are needed in order to be registered correctly in Denmark. They also let me know when there are changes in the forms required to be completed. There’s a lot to keep track of, but I’m happy to be able to help.”

Franco has lived in Denmark for ten years and previously worked for the police in Italy. Up to 2016 he was a great help for the foreign employees arriving in Denmark to work for Sel.

Communication with Danish public authorities

For companies established in Denmark, the ongoing communication with the public authorities takes place electronically via digital mailbox and via NemID and NemKonto. In Denmark it is a compulsory requirement that communication between the company and the public sector takes place digitally. As a company, you must therefore have a digital mailbox – it is not sufficient to just have an e-mail address.

For companies that are only temporarily present in Denmark, communication with the Danish authorities takes place via the stated postal address in the home country, or possibly a specified e-mail address.

Your company can receive important messages in your digital mailbox, and any funds can be reimbursed to you via NemKonto. You need a NemID to get access to your digital mailbox.

It is therefore important for your company to be up-to-date with NemID, NemKonto and the digital mailbox.

• **NemID** is a personal login used for digital self-service via ao vis the public sector. This is available to both individual citizens and companies. Relevant administration staff working for a company must have personal employee signatures for the company’s information and online registration (an employee’s own personal NemID cannot be used here!). Your company can order NemID here: www.nemid.nu/dk-en

• **NemKonto** is the company’s account to receive funds due from the public sector. A NemKonto can be opened in any bank. Once the NemKonto has been set up, you can access it at www.nemkonto.dk/Servicemenu/Engelsk/NemKonto-Easy-Account-for-companies

• **Digital postkasse** is your company’s fixed communication channel with the public sector. It is mandatory for every company to have a digital mailbox. Read more about the digital mailbox here: www.danishbusinessauthority.dk/statutorymailbox

Healthcare services

In Denmark, it is your responsibility as a company to ensure that your employees are covered by social security schemes when they work for your company.

In Denmark, social security includes the yellow national health insurance card and the special health insurance card. These health insurance cards apply to employees who are covered by social security schemes in Denmark. The yellow national health insurance card is for employees resident in Denmark, while the special health insurance card is for employees resident in another country.

Employees who are covered by their home country’s social security schemes must bring a completed A1 form to Denmark, as documentation. Remember that it may also be necessary for your employees to have the blue health insurance card for e.g. holiday travel or visits to their home country.

It is important that your employees have the correct registration and health insurance cards before they start work.

Read more here: www.lifeindenmark.dk
CHAPTER 3: LEGISLATION AND REQUIREMENTS

Tax and VAT
SKAT (the Danish tax authority) inspects construction sites for compliance with the Danish rules for taxes and duties. SKAT usually pays unannounced visits to construction sites to check the tax status of both employees and companies. Your responsibility is to ensure that correct tax and VAT are paid on your company’s revenue. Based on individual case processing, SKAT assesses the company’s status with regard to payment of tax.

It is also your responsibility as a company to ensure that both tax and labour marker contributions are deducted from your employees’ pay. Please note that you must comply with SKAT’s deadlines. The deadline depends on your company’s size, but in principle the tax for the current month must be paid on the last working day of the month.

Your employees must also apply for tax cards to be able to pay their tax. In principle, employees posted from abroad are liable to pay tax in Denmark after 183 days in the course of a 12-month period.16 There may be special rules under which companies and employees have a limited liability to pay tax.

Read more at www.skat.dk/english

Metroselskabet and the Greater Copenhagen Light Rail have established cooperation with SKAT whereby SKAT holds guidance and information meetings for companies involved in the construction work. Information meetings for the companies’ employees, as well as personal tax administration services, are also provided in various languages at selected construction sites.

SKAT also provides a special service for all companies and employees engaged in the construction work. You can contact SKAT via a VIP phone number and/or a VIP mail address, in English Contact SKAT at (+45) 72 22 27 90 (business days between 10am and 12 noon) and by e-mail at: samarbejde-metroselskabet@skat.dk

If you would like your company and employees to also be involved in the cooperation on tax guidance and information meetings, contact Marie Borum, Labour Market and Business Consultant, Metroselskabet and the Greater Copenhagen Light Rail, on tel. no.: (+45) 29 72 97 91 or mabo@lm.dk.

Use of foreign-registered motor vehicles
There are special rules concerning the use of foreign-registered motor vehicles in Denmark. SKAT administers and provides guidance on the rules. Companies with foreign-registered motor vehicles are recommended to contact SKAT in order to gain approval and possibly clarify the payment of registration tax.

The police or the Danish Working Environment Authority check whether the companies at the construction sites comply with the rules for the registration of motor vehicles in Denmark.

Tax on International hiring-out of labour
Special tax rules apply to international hiring-out of labour, which can be relevant when an employee is posted to Denmark directly from another company in the employee’s home country. If the employee’s work can be categorised as “international hiring-out of labour”, as an employer you must ensure that tax on hiring-out labour is paid.

Read more at www.skat.dk

Tax deductions
Employees in Denmark are eligible for tax deductions for certain expenses. For example, trade union membership dues are tax deductable, besides transport to/from work, provided that the tax deductibility are fulfilled. If you as an employer cover the costs of overnight accommodation, subsistence and transport, and there is no pay reduction as a consequence, your employees are not entitled to deduct these expenses.

Unfortunately, there are examples of cases where employees have been offered tax advice from non-qualified advisers. These persons have fraudulently charged fees for giving employees incorrect advice on tax deductions and tax rules in Denmark. As a consequence, several employees have been subject to large claims for back-payment of taxes due. This is a very unfortunate situation for the persons concerned. It is therefore important that you and your employees only receive competent tax advice from e.g. SKAT, or an authorised accountant.

Contact SKAT, which are available for guidance of your employees on their tax deductions.

Employee accommodation and tax obligation
Many companies offer accommodation to employees who come to work in Denmark. If your company provides accommodation, it is your responsibility that the home fulfills the statutory requirements. It is also the company’s responsibility to obtain any required permits for residential use.

In Denmark, there are rules regulating the purposes for which different buildings may be used. For example for residential purposes, unless special permission has been given by the municipality. It is therefore a good idea to contact the municipality if you are in any doubt concerning the rules for use of a property.

Companies that pay for employees’ accommodation can do so in one of the following ways:
- By paying an amount for accommodation (the daily rate is fixed by SKAT) in addition to the employee’s normal pay.
- By making accommodation available and paying the rent.

This requires compliance with SKAT’s accommodation allowance rules and that there is no reduction of the employees’ normal pay. Note that it is the company’s responsibility that the rent does not exceed the rental value of the property.

Irrespective of how the accommodation is paid for, your company should investigate any tax liability to SKAT.

It is recommended that there is a lease contract which has been signed by both the company and the employees.

Contact SKAT for enquiries in English on (+45) 72 22 27 90 or read more here: www.skat.dk

De-registration of the company on completion of the work
If the company stops working in Denmark, you must de-register it with the Danish authorities within eight days. The same applies to employees who are no longer to work in Denmark. If, on the other hand, the employees are to work for another company in Denmark, they must not be de-registered.

Read more at virk.dk

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16 NB: For German citizens, the number of days in Denmark is calculated per calendar year and not over a 12-month period.
Payments to ATP, AES and financing contribution

In principle, companies that are registered in Denmark are subject to an obligation to pay into Arbejdsmarkeds Tillægspension (ATP) (the labour market supplementary pension fund), Arbejdsmarkeds Erhvervsvygsdarmsforsikring (AES) (occupational injury insurance fund) and via the financing contribution to e.g. Lønmodtagernes Garantifond (LG) (the guarantee fund for Danish wage-earners). Companies with employees posted from abroad is in principle not subject to these payment requirements. You should investigate whether your company is obligated to pay into ATP and AES for its employees.

Via the financing contribution, the company pays into e.g. LG, which is administered by ATP. If a company that is registered in Denmark goes into compulsory liquidation, employees can receive payments from LG equivalent to maximum six months’ average pay. Executive directors and management do not receive any compensation if the company goes into compulsory liquidation.

Contact ATP Livslang Pension on tel. no: (+45) 48 20 49 14 or at www.atp.dk

Payments to the statutory occupational injury insurance scheme

It is your responsibility as an employer to ensure that your employees are covered by the required insurance, either in Denmark or abroad.

For the employees for whom you are to make payments to ATP and AES, your company also has a duty to make payments to the statutory occupational injury insurance fund.

Before your employees start to work, you must contact an insurance company and take out occupational injury insurance. This type of insurance is offered by most Danish insurance companies.

Recognition of foreign qualifications

In Denmark, for certain occupations, foreign qualifications must be approved before your employees begin to work. This applies to such trades as welding, crane driving, assembly of scaffolding, operating fork-lift trucks, etc. Special rules apply to employees who work in Denmark for a short time.

Obtaining authorisations for your employees

Within selected trade groups, foreign companies are required to have a technically responsible employee who fulfils the educational requirements for obtaining authorisation, before the company begins to work in Denmark. For the construction of the Metro and the Light Rail, this applies to such areas as electrical installation, heating and plumbing installation work, and sewerage work.

If your company does not have the required authorisations, your employees will be working illegally. This can lead to sanctions such as fines and possible criminal liability for the company.

Read more here: www.sik.dk

Your employees have a duty to present proof of identity

On any inspection visits to construction sites by the authorities, all of your employees must be able to present proof of their identity such as a passport, national health insurance card, ID card, driver’s licence, or similar.

You have a duty to display the company’s CVR/RUT number

This includes a duty to show that your company is present at the construction site. Details of the company’s name and CVR/RUT number must be displayed at the entrance to the construction site. This information can be seen displayed on the green hoardings surrounding the Metro construction sites, which include a board with the companies’ details at the entrance to all construction sites.

It can take one to two months to achieve approval of foreign qualifications, so make sure you apply in good time!

It can take several months to achieve a Danish authorisation, so make sure you apply in good time!

Read more here: www.engets.arbejdstilsynet.dk/en

CHAPTER 3: LEGISLATION AND REQUIREMENTS

THORKILD BANG
DEPUTY MANAGER AT THE EMPLOYER ORGANISATION, TEKNIQ (THE DANISH MECHANICAL AND ELECTRICAL CONTRACTORS’ ASSOCIATION)

“Besides the fact that the Danish labour market model is new for many foreign companies, we also see how the authorisation rules are misunderstood. For example, a company cannot buy or lease an authorisation from another company. The person who is technically responsible and holds the authorisation must be employed by the company. As employer organisations, we can help you with this.”
Useful links and the authorities’ contact details

International Citizen Service East
Employees can come here to speak to case officers about their registration, rights, etc.
Gyldenløvsgade 11, DK-1600 Copenhagen
Tel. no.: (+45) 33 66 66 06
east@icitizen.dk
www.icitizen.dk/
www.lifeindenmark.dk

New to Denmark
Here you can find information about visas, entering the country, residence in Denmark, etc.
www.nyidanmark.dk

Danish Business Authority
The Danish Business Authority can respond to questions concerning company registration, including registration in RUT and de-registration, and an overview of business sectors and activities that are subject to statutory regulation in Denmark.
www.businessindenmark.danishbusinessauthority.dk/
Tel. no.: (+45) 72 20 00 30

Danish Ministry of Employment
Information about jobs, employee rights in Denmark and information about living in Denmark.
www.workindenmark.dk

SKAT
SKAT (the Danish tax authority) can respond to questions concerning VAT, tax and registration of motor vehicles.
www.skat.dk
VIP tel. no.: (+45) 72 22 27 90 (business days between 10am and 12 noon)
VIP e-mail address: samarbejde-metroselskabet@skat.dk.

Danish Working Environment Authority and the National Board of Industrial Injuries in Denmark
Information about the working environment and working environment legislation.
www.at.dk/eng
Tel. no.: (+45) 70 12 12 18, at@at.dk
www.ask.dk/eng
Tel. no.: (+45) 72 20 60 00, ask@ask.dk

Danish Safety Technology Authority
The Danish Safety Technology Authority can respond to questions concerning authorisations.
www.sik.dk

ATP/Udbetaling Danmark
Can answer questions about ATP, AES contributions, LG, etc. Read more here: www.atp.dk
CHAPTER 4:

How to recruit employees in Denmark
CHAPTER 4: RECRUITMENT

The number of employees needed by companies in the various phases of a construction project will show great fluctuation. There is thus a need to be able to hire good employees quickly. In this chapter we will give an introduction to good recruitment channels in Denmark.

Your company can typically find new employees via the public sector’s system, for instance Københavns Erhvervshus (Business House Copenhagen), or via the private unemployment insurance funds. The sooner you know which employees you need, the better Erhvervshuset or the unemployment funds will be able to help you to find the right employees.

Find new employees via Erhvervshuset

In Greater Copenhagen, Københavns Erhvervshus (Business House Copenhagen), on behalf of the public sector, can help you to recruit new employees. Københavns Erhvervshus has consultants who can quickly and effectively find suitable candidates who match your company’s need for manpower. The consultants can also advise you on any opportunities for subsidised employment and help you to complete the right forms.

Københavns Erhvervshus includes Hovedstadsens Rekrutteringsservice (Greater Copenhagen Recruitment Service), in which 18 municipalities have joined forces. This means that, from one place, your company can get the help of all 18 municipalities with its recruitment tasks.

Metroelskabet and the Greater Copenhagen Light Rail have a special recruitment partnership with Erhvervshuset’s Metro Task Force. Metro Task Force has recruitment officers who are dedicated to helping the companies engaged in constructing the Metro in Greater Copenhagen to hire the right employees.

Find new employees via the unemployment funds

Unlike many other countries, in Denmark employees can join an unemployment insurance fund on a voluntary basis. These funds offer unemployment insurance schemes. Most unemployment funds are run by one or several trade unions.

Your company can contact the unemployment funds/trade unions for help with hiring employees within a specific trade, such as welders, electricians or bricklayers.

The relevant trade unions’ unemployment funds are:

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<tr>
<th>Unemployment funds</th>
<th>Trade group</th>
<th>Contact details</th>
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<tbody>
<tr>
<td>United Federation of Danish Workers’ unemployment fund (3F’s a-kasse)</td>
<td>Concrete worker, steel fitter, bricklayer</td>
<td>Jens Kirkegaard Tel. no.: (+45) 70 50 08 26 E-mail: <a href="mailto:jens.kirkegaard@3f.dk">jens.kirkegaard@3f.dk</a></td>
</tr>
<tr>
<td>Union of heating, plumbing and ventilation workers (Blik og Rør)/ The building trades’ unemployment fund (Byggefagenes a-kasse)</td>
<td>Ventilation fitters, heating and plumbing technicians</td>
<td>Allan Leegaard Tel. no.: (+45) 26 88 20 70 E-mail: <a href="mailto:alp@blikroer.dk">alp@blikroer.dk</a></td>
</tr>
<tr>
<td>Danish Metalworkers’ unemployment fund (Dansk Metal’s a-kasse)</td>
<td>Smiths, welders. ventilation fitters</td>
<td>Henrik Larsen Tel. no.: (+45) 33 65 28 35 E-mail: <a href="mailto:hela@danskmetal.dk">hela@danskmetal.dk</a></td>
</tr>
<tr>
<td>The Danish Union of Electricians’ unemployment fund (Dansk El-Forbund’s a-kasse)</td>
<td>Electricians</td>
<td>Pia Hassel Hansen Tel. no.: (+45) 55 86 50 00 E-mail: <a href="mailto:ph@delf.dk">ph@delf.dk</a> / <a href="mailto:kbhakassen@delf.dk">kbhakassen@delf.dk</a></td>
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Assistance for the unemployed in the Danish labour market, via special schemes

There are a number of public schemes in Denmark to find employment and people with functional impairments to find new jobs. The purpose of the schemes is to help people to gain a footing in the Danish labour market. Below are a few examples of schemes that your company may be able to establish.

- **Pay subsidies**
  When a person has been unemployed for a longer period, he or she can be hired by a company under the subsidised pay scheme. This means that the company receives a public subsidy to cover part of the employee’s pay.

- **FlexJob**
  A person with reduced ability to work can be employed by the company, with the municipality paying a contribution to subsidise the employee’s pay.

Experience shows that this scheme requires the company to have the administrative capacity to manage it. You can get more information on the subsidy schemes from Københavns Erhvervshus.

Contact details for recruitment

3F’s Jobservice

With the help of 3F (United Federation of Danish Workers), you can advertise a position free of charge, with a description of the type of employee required by the company.

E-mail: jobformidling@3f.dk
Tel. no.: (+45) 70 30 03 00

Jobservice Danmark (STAR – Styrelsen for Arbejdsmarked og rekrutering (Danish Agency for Labour Market and Recruitment))

Public employment service that helps companies with recruiting, requalifying or retaining employees.

Tel. no.: (+45) 72 20 03 50 (8am to 4pm)
E-mail: jobservicedanmark@star.dk
With thanks for kind assistance to:
Dansk Byggeri (Danish Construction Association)
Tekniq (the Danish Mechanical and Electrical Contractors’ Association)
Dansk Industri (the Confederation of Danish Industry)

SF (United Federation of Danish Workers) / BJMF (the Construction, Soil and Environment workers union)
Blik- og Rørarbejderforbundet (Union of heating, plumbing and ventilation workers)
Dansk El-Forbund (Danish Union of Electricians)
Dansk Metal (Danish Metalworkers’ Union)

Metroselskabet and the Greater Copenhagen Light Rail’s Panel of Experts
Johnny Dyreborg, Steen Scheuer, Søren Kaj Andersen, Peter Hasle, Emmett Caraker

Københavns Erhvervshus (Business House Copenhagen) and Hovedstadens Rekrutteringservice (Greater Copenhagen Recruitment Service)
Danish Business Authority
SKAT
Danish Safety Technology Authority
Danish Working Environment Authority
International Citizen Services
ATP
Danish Ministry of Employment
Danish-German Chamber of Commerce
STAR (Styrelsen for Arbejdsmarked og rekruttering) (Danish Agency for Labour Market and Recruitment)

Former Supreme Court Judge Poul Sørensen
Franco Esposito
Michael Mazzoni, Selis
Jakub Szwarc, MegaFlex
Wibeke Holm, MegaFlex
Nicole Camozzi, TESI