

LOV nr of 71125/06/2014

(Applicable)Date of printing:May 13.2020

Ministry:Ministry of Trade and Industry

Subsequent changes to the regulation

Journal number: Ministry of Children, Equality, Integration and Social
Affairs, j.nr. 2013-6943

No

Law on registered social economy enterprises

WE MARGRETHE THE SECOND, by the Grace of God Queen of Denmark, do solemnly swear: The Folketing has passed and We by Our consent have confirmed the following Act:

Chapter 1

Purpose of the law and registration as a social economy enterprise

§ 1. The purpose of the Act is to establish a registration system for social economy enterprises that can form the basis of a common identity. The registration system enables enterprises that meet certain standards of operation and transparency to demonstrate this to the authorities, partners and customers through an exclusive right to the designation registered social economy enterprise.

§ Undertakings². that meet the conditions of the Chapter may², obtain registration under this Act. Registration shall be effected in the IT system established for that purpose, cf. section 13.

Paragraph 2. The Danish Commerce Authority shall refuse registration to an undertaking if it does not meet the conditions laid down in Chapter 2. The company shall be notified of this within 4 weeks after the registration has taken place in the IT system established for this purpose, cf. § 13.

Paragraph 3. The Danish Business Authority may, after the expiry of a reasonable remedial period, deregister a registered social economy enterprise that does not comply with the provisions of this Act.

§ 3. Enterprises registered under this Act shall have the exclusive right to use the designation registered social economy enterprise in their name and marketing.

Paragraph 2. The right to use the designation registered social economy enterprise takes effect 4 weeks after the enterprise has registered in the IT system established for this purpose, see § 13.

Chapter 2

Conditions for registration

§ Legal⁴. persons with their own business registration number and domiciled in this country or in another EU/EEA country, except as provided in paragraph 1, may be² registered as social economy enterprises under this Act.

Sole². proprietorships and joint ventures may not be registered as social economy enterprises under this Act.

§ 5. In order for an enterprise to be registered, it must

- 1) have a social purpose,
- 2) be a trader,
- 3) be independent of the public sector,
- 4) be inclusive and accountable in its work and

- 5) have a social management of its profits by using its profit after tax for
 - a) reinvestment in own company,

- b) investment in or donations to other registered social economy enterprises,
- c) donations to organisations with a non-profit or charitable purpose, or
- d) a limited payment of dividends or other form of profit-sharing between the owners of the holding, as referred to in paragraph 2.

Paragraph 2. Shareholders or a group of shareholders in undertakings registered under this Act shall be entitled only to receive a total distribution during the period of ownership of the undertaking equal to the capital originally contributed plus a reasonable annual return on the capital originally contributed. What can be considered a reasonable return is based on a concrete assessment. In any event, a rate of return is not reasonable if the annual rate of return exceeds the official discount rate fixed at the time plus 15 % or if more than 35 % of the company's profit after tax is paid out in dividends. Any dividend payments must be made within the framework of the dividend rules to which the company is subject by virtue of that law or agreement.

Reporting on registration

§ 6. An enterprise shall, in connection with the registration, submit

- 1) evidence that the social purpose, as referred to in § paragraph 5, no 1., is included in the statutes or founding document of the company,
- 2) proof that it is an economic operator, cf. 5,1,2,
- 3) evidence that it is independent of public authorities, cf. 5,1,3,
- 4) a description of how it is inclusive and accountable in its work, as referred to in paragraph 15,1.; and 4,
- 5) evidence that it has a social management of its surplus, see § paragraph 5, no 1., 5.

Chapter 3

Obligations of the company after the date of registration

Obligations of the central management body

§ The central management body of the enterprise⁷ is responsible for ensuring that the factual information provided by registration or subsequent reporting, are correct. If there is a subsequent change in these circumstances, the change must be recorded within 2 weeks of its occurrence.

The central management body of the 2. registered undertaking shall be obliged to deregister an undertaking which no longer meets the conditions laid down in Sections 4 and 5 and the obligations laid down in Sections 8 and 9 and paragraph 10 of this Article. 2.

Reporting

§ A registered social economy enterprise must submit an annual report in accordance with the Annual Accounts Act and must at least follow the rules for accounting class B.

Paragraph 2. A registered social economy enterprise must submit an annual report in accordance with the rules laid down in the Annual Accounts Act.

Paragraph 3. In addition to the requirements for the annual report arising from the Annual Accounts Act, a registered social economy enterprise shall report annually, in connection with the submission of the annual report, specifications of the following:

- 1) The total remuneration, etc., of current and former members of the management for their function, allocated to each management body, as well as any remuneration paid to the founders and owners of the company.
- 2) Agreements with related parties.
- 3) Cash and other assets distributed or to be distributed from the assets of the enterprise.
- 4) How the company fulfils its social purpose, cf. § 5, paragraph 1, no. 1, how it is independent of the public, cf. § paragraph 5, no 1., and 3, how the company is inclusive and responsible in its work, cf. § 5, paragraph 1, no. 4.

Where⁴. a dividend is paid, a registered social economy enterprise must submit a calculation showing the return on the capital invested.

Where⁵. the information referred to in paragraphs 1 to 4 is included in the annual report of the undertaking, it shall be deemed to satisfy the reporting requirement laid down in paragraph 13.,. 3.

Remuneration

§ The central management body of a registered social economy enterprise shall ensure that the payment of remuneration does not exceed what is considered customary in the nature and scope of the work and what is considered justifiable in relation to the social purpose of the enterprise.

Dissolution, capital reduction and deregistration

§ When **10**.dissolving a registered social economy enterprise, any surplus shall be used in accordance with § 5, paragraph 1, no. 5.

In the event of a **2**.capital reduction in a registered social economy enterprise, any distribution shall be kept within the limit laid down in Article 5(1)(a). 5.

The obligation³. to socially manage the profits of the enterprise pursuant to § paragraph⁵, no¹., shall ⁵,also apply after deregistration for the part of the profits earned while the enterprise was registered.

Chapter 4

Supervision

§ The Danish Business¹¹. Authority shall supervise foundations and other independent institutions registered as social economy enterprises under this Act, to the extent that they are not subject to supervision under

- 1) § paragraph¹, of the ¹,Act on Foundations and Certain Associations or supervision as referred to in § paragraph¹, no²., or 2,⁶⁷, or paragraph 3 of the same Act, or
- 2) § paragraph¹, or¹, § paragraph², of the ²,Act on Professional Foundations or supervision as referred to in § paragraph³, 1, no. 3 or 4 of the same Act, or paragraph 2.

The Minister². for Children, Equality, Integration and Social Affairs shall, after consultation with the Danish Business Authority, lay down detailed rules on the supervision referred to in paragraph 1. 1.

Chapter 5

Administration of the registration system

§ The Danish Business¹². Authority is the registration authority under this Act.

Registration². and deregistration pursuant to §§ and as ²well as ⁷notifications resulting from §§ 6-8 shall be carried out in accordance with rules laid down pursuant to § 13.

§ The Minister¹³. for Children, Equality, Integration and Social Affairs shall, after consultation with the Employment Agency, lay down rules

- 1) on registration and deregistration pursuant to §§ and as ²well as ⁷notifications resulting from §§ 6-8,
- 2) on the use of certain IT systems, specific digital formats and digital signatures, etc., for registration, deregistration and reporting under Articles 6 to 8,
- 3) on whether information submitted on registered social economy enterprises should be publicly available, and
- 4) on fees for registration, use of the IT system and reminders, etc. for late payment.

Chapter 6

Communication

§ The Minister for Children, Equality, Integration and Social Affairs may, after consultation with the Danish Business Authority, lay down rules to the effect that written communications to and from the Ministry or the Danish Business Authority which are covered by this Act or by regulations issued pursuant to this Act shall be made in digital form.

Paragraph 2. A digital communication shall be deemed to have been delivered when it is accessible to the addressee of the communication.

§ The Minister for Children, Equality, Integration and Social Affairs may, after consultation with the Danish Business Authority, lay down rules to the effect that the Danish Business Authority may issue decisions and other documents pursuant to this Act or provisions laid down pursuant to this Act without a signature, with a signature reproduced by machine or in an equivalent manner, or using a technique that ensures the unambiguous identification of the person who issued the decision or document. Such decisions and documents shall be assimilated to decisions and documents with personal signature.

Paragraph 2. The Minister for Children, Equality, Integration and Social Affairs may, after consultation with the National Board of Trade, lay down rules to the effect that decisions and other documents taken or issued solely on the basis of electronic data processing may be issued solely with the National Board of Trade as the sender.

§ 16. Where this Act or regulations issued pursuant to this Act require that a document issued by someone other than the Danish Commerce Authority be signed, this requirement may be met by using a technique that ensures the unambiguous identification of the person who issued the document, without prejudice to paragraph 2. Such documents shall be treated in the same way as documents bearing a personal signature.

Paragraph 2. The Minister for Children, Equality, Integration and Social Affairs may, after consultation with the Employment Agency, lay down detailed rules on waiving signature requirements. In particular, it may be determined that the requirement for a personal signature may not be waived for certain types of documents.

Chapter 7

Penalties

§ The unlawful use by an enterprise of the designation registered social economy enterprise, cf. § 2, paragraph 1, may be punished by a fine.

Paragraph 2. A registered social economy enterprise infringing Article 5(1)(5) by not having a social management of the enterprise's after-tax profits may be fined.

A 3.registered social economy enterprise infringing § paragraph10, and 1by 2,not having a social handling of a possible profit on dissolution or distributions on capital reduction may be punished by a fine.

Paragraph 4. A previously registered social economy enterprise infringing Article 10(3) by not having a social management of the profits earned by the enterprise while it was registered may be fined.

Paragraph 5. Criminal liability may be imposed on companies or firms (legal persons) in accordance with the rules laid down in Chapter 5 of the Criminal Code.

Chapter 8

Access to justice

§ Decisions taken by the Danish Business Authority as supervisory or registration authority pursuant to this Act or regulations made pursuant to this Act may be appealed to the Danish Business Appeal Board within four weeks after the decision has been notified to the person concerned. Decisions may be challenged before the courts without first having been brought before the Danish Business Appeal Board.

3, However, an extension of the time limit pursuant to paragraph 2, 1 may not be appealed against to a higher administrative authority.

Chapter 9

Drafting etc.

§ The Minister¹⁹ for Children, Equality, Integration and Social Affairs shall determine the date of entry into force of the Act.

§ The Act²⁰ does not apply to the Faroe Islands and Greenland.

Given at Christiansborg Palace, this June 25.

Under 2014 Our Royal Hand and Seal

MARGRETHE R.

/ Manu Sareen