

UNOFFICIAL TRANSLATION (Inatsisartutlov nr. 9 af 3. december 2012 om ændring af landstingslov om indkomstskat)

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

Greenland Parliament Act no. 9 of 3 December 2012 to amend Greenland Landsting Act on Income Tax (Taxation of vacant accommodation, cap on interest deductions and tightening of amortisation and depreciation rules)

Section 1

The following amendments shall be made to Greenland Landsting Act no. 12 of 2 November 2006 on Income Tax, as most recently amended by Greenland Parliament Act no. 20 of 18 November 2010:

1. The following shall be inserted in section 15 as subsection (5):

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

2. The following shall be inserted after section 19:

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

3. Section 22(1) shall be worded as follows:

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

4. In section 22(2) para. 4 "DKK 100,000" shall be changed to: "DKK 50,000".

5. Section 23 shall be worded as follows:

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

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

- 1) Up to 5 percent annually of the acquisition cost of buildings and fixtures.
- 2) Up to 10 percent annually of the acquisition cost of ships and planes.

- 3) Up to 30 percent of other amortisable costs, etc. or acquisition costs of plant and machinery, tools and equipment and intangible assets, etc. based on the depreciable written-down value at the income year-end.
- 4) Up to 100 percent of the cost or acquisition cost of the assets mentioned in para. 3 if the cost or acquisition cost of the individual asset is DKK 100,000 or less.

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

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

6. Section 24(1), para. 3 shall be worded as follows:

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

Section 2-(1) This Greenland Parliament Act will come into effect on 15 December 2012 and will apply as from and including income year 2013, cf. however subsection (2).

(2) Items 3 and 4 of the proposed legislation will apply from income year 2012. For income year 2012, an amount corresponding to 25 percent of the company's taxable profit before tax but after tax depreciations under section 22(2) and (5) of the Income Tax Act can be added to the sum of the depreciations allowed under section 22(2) of the Income Tax Act. For income year 2012 the amount specified in section 22(2), para. 4 is DKK 75,000. Where income year 2012 for a company, etc. with a non-calendar income year covers an accounting period which ends on 31 August 2012 or earlier, this Act will apply from income year 2013.

Greenland Self-Government, 3 December 2012

Kuupik Kleist