

HEALTH INSURANCE – TAX DEDUCTION REGULATIONS

Why do I have a health insurance?

An extended sick leave can have serious social and economic implications on your everyday life.

Thus, you gain a significant advantage by reducing the time needed to recover after being hospitalised, and getting swift and easy access to the necessary treatment and care.

A reduced recovery time also means less social and economic stress by enabling you to return faster to a life as a breadwinner and employee.

Proposed Finance Bill

As part of a newly proposed Finance Bill, the Danish government wants to remove tax exemption on health insurance premiums. This could come into effect as soon as January 1, 2012.

If the Finance Bill is passed into legislation this means that every employee will be taxed on the insurance premium.

As an example: The company pays an annual premium of DKK 2,800. Under new regulations, you will be taxed an extra DKK 90 and an extra DKK 120 if you pay high-income tax.

Reporting the insurance premium to SKAT

High-income taxpayers will still be able to deduct app. 51.5% of the insurance premium. Other taxpayers will be able to deduct app. 38.0% of the insurance premium.

A high-income taxpayer is defined as a person with an annual gross salary of DKK 423,804, including Labour Market Contribution (AMB), or above.

If the insurance premium is paid through the contributions to your company pension scheme, the insurance company will report the proper amount to the Danish tax authorities (SKAT).

If the premium is paid fully or partially by the company, your Finance Department can handle the taxation by adding the premium as an item on your payslip. That way the premium will be subject to tax calculations before the salary is paid.

dahlberg's recommendation

dahlberg recommends that the health insurance remains an integral part of the company benefit plan. Regardless of tax exemption regulations, a health insurance is still a valuable asset to any person in need of health care.

If you have any questions, please feel free to contact us.

Kind regards

dahlberg assurance brokers