



Agreement Between The United States And Denmark

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Introduction

An agreement effective October 1, 2008, between the United States and Denmark improves Social Security protection for people who work or have worked in both countries. It helps many people who, without the agreement, would not be eligible for monthly retirement, disability or survivors benefits under the Social Security system of one or both countries. It also helps people who would otherwise have to pay Social Security taxes to both countries on the same earnings.

The agreement covers Social Security taxes (including the U.S. Medicare portion) and Social Security retirement, disability and survivors

benefits. It does not cover benefits under the U.S. Medicare program or the Supplemental Security Income program.

This booklet covers highlights of the agreement and explains how it may help you **while you work** and **when you apply for benefits**.

The agreement may help you, your family and your employer

- **While you work**—If your work is covered by both the U.S. and the Danish Social Security systems, you (and your employer, if you are employed) would normally have to pay Social Security taxes to both countries for the same work. However, the agreement eliminates this double coverage so you pay taxes to only one system (see pages 2-5).

- **When you apply for benefits**—You may have some Social Security credits in both the United States and Denmark but not have enough to be eligible for benefits in one country or the other. The agreement makes it easier to qualify for benefits by letting you add together your Social Security credits in both countries. For more details, see the section on “**Monthly benefits**” beginning on page 5.

Coverage and Social Security taxes

Before the agreement, employees, employers and self-employed people could, under certain circumstances, be required to pay Social Security taxes to both the United States and Denmark for the same work.

Under the agreement, if you work as an employee in the United States, you normally will be covered by the United States, and you and your employer will pay Social Security taxes only to the United States. If you work as an employee in Denmark, you normally will be covered by Denmark, and you and your employer pay Social Security taxes only to Denmark.

On the other hand, if your employer sends you from one country to work for that employer or an affiliate in the other country for a temporary period, you will continue to be covered by your home country and will be exempt from coverage in the other country. A temporary period is defined in the agreement as five years or less for transfers from the United States to Denmark, and three years or less for transfers from Denmark to the United States. For example, if a U.S. company sends an employee to work

for that employer or an affiliate in Denmark for no more than five years, the employer and the employee will continue to pay only U.S. Social Security taxes and will not have to pay taxes in Denmark.

If you are self-employed and reside in the United States or Denmark, you generally will be covered and taxed only by the country where you reside.

NOTE: *In addition to retirement, disability and survivors benefits, Danish Social Security taxes cover several other programs, including unemployment, sickness, maternity, medical, work accident and family allowance benefits. As a result, workers exempted from Danish Social Security coverage by the agreement pay no Social Security taxes for these programs and generally cannot receive benefits from them. If the agreement exempts you from Danish coverage, you and your employer may wish to arrange for alternative benefit protection.*

Summary of agreement rules

The following table shows whether your work is covered under the U.S. or Danish Social Security system. If you are covered under U.S. Social Security, you and your employer must pay U.S. Social Security taxes. If you are covered under the Danish system, you and your employer must pay Danish Social Security taxes. If you are self-employed and reside in the United States or Denmark, you generally will be covered and taxed only by the country where you reside. The next section (beginning on page 4) explains how to get a form from the country where you are covered that will prove you are exempt in the other country.

| Your work status | Coverage and taxes |
|---|---|
| <i>You are working in Denmark:</i> | |
| <i>For a U.S. employer who:</i> | |
| • Sent you to work in Denmark for five years or less | U.S. |
| • Sent you to work in Denmark for more than five years | Denmark |
| • Hired you in Denmark | Denmark |
| <i>For a non-U.S. employer</i> | Denmark |
| <i>For the U.S. government and you are a:</i> | |
| • U.S. national | U.S. (either Social Security or federal retirement program) |
| • Danish national | Denmark |
| <i>You are working in the United States:</i> | |
| <i>For an employer in Denmark who:</i> | |
| • Sent you to work in the U.S. for three years or less | Denmark |
| • Sent you to work in the U.S. for more than three years | U.S. |
| • Hired you in the U.S. | U.S. |
| <i>For a non-Danish employer</i> | U.S. |
| <i>For the Danish government and you are a:</i> | |
| • Danish national | Denmark |
| • U.S. citizen | U.S. |
| <i>You are self-employed and you:</i> | |
| • Reside in the U.S. | U.S. |
| • Reside in Denmark | Denmark |
| <i>If this table does not seem to describe your situation and you are:</i> | |
| • Working in the U.S. | Write to the U.S. address on page 11 for further information. |
| • Working in Denmark | Write to the Danish address on page 11 for further information. |

NOTE: As the table indicates, a U.S. worker employed in Denmark can be covered by U.S. Social Security only if he or she works for a U.S. employer. A **U.S. employer** includes a corporation organized under the laws of the United States or any state, a partnership if at least two-thirds of the partners are U.S. residents, a person who is a resident of the U.S. or a trust if all the trustees are U.S. residents. The term also includes a foreign affiliate of an employer if the U.S. employer has entered into an agreement with the Internal Revenue Service under section 3121(l) of the Internal Revenue Code to pay Social Security taxes for U.S. citizens and residents employed by the affiliate.

Certificate of coverage

A certificate of coverage issued by one country serves as proof of exemption from Social Security taxes on the same earnings in the other country.

Certificates for employees

To establish an exemption from compulsory coverage and taxes under the Danish system, your employer must request a certificate of coverage (form USA/DK 1) from the U.S. at this address:

Social Security Administration Office of
International Programs
P.O. Box 17741
Baltimore, MD 21235-7741
USA

If preferred, the request may be sent by FAX to **(410) 966-1861**. Please note this FAX number should only be used to request certificates of coverage.

No special form is required to request a certificate but the request must be in writing and provide the following information:

- Full name of worker;
- Date and place of birth;
- Citizenship;
- Country of worker's permanent residence;
- U.S. Social Security number;
- Danish "CPR" number¹ (if known);
- Name, relationship, date of birth of family members accompanying the worker and their Danish CPR numbers (if known);
- Date of hire;
- Country of hire;
- Name and address of the employer in the United States and Denmark; and
- Date of transfer and anticipated date of return.

¹A CPR number is the Danish central personal registration number.

In addition, your employer must indicate if you remain an employee of the U.S. company while working in Denmark or if you become an employee of the U.S. company's affiliate in Denmark. If you become an employee of an affiliate, your employer must indicate if the U.S. company has an agreement with the Internal Revenue Service under section 3121(l) of the Internal Revenue Code to pay U.S. Social Security taxes for U.S. citizens and residents employed by the affiliate and, if yes, the effective date of the agreement.

Your employer can also request a certificate of U.S. coverage for you over the Internet using a special online request form available at www.socialsecurity.gov/coc. Only an employer can use the online form to request a certificate of coverage. A self-employed person must submit a request by mail or fax.

To establish your exemption from coverage under the U.S. Social Security system, your employer in Denmark must request a certificate of coverage (form DK/USA 1) from Denmark at this address:

National Social Security Agency
6. Division, International Office
Landemaerket 11
DK-1119 Copenhagen
DENMARK

The same information required for a certificate of coverage from the United States is needed to get a certificate from Denmark except that you must show your Danish CPR number rather than your U.S. Social Security number.

Certificates for self-employed people

If you are self-employed and would normally have to pay Social Security taxes to both the U.S. and Danish systems, you can establish your exemption from one of the taxes.

- If you reside in the United States, write to the Social Security Administration at the address on page 11 or fax to **(410) 966-1861**; or
- If you reside in Denmark, write to the National Social Security Agency at the address shown above.

Be sure to provide the following information in your letter:

- Full name;
- Date and place of birth;
- Citizenship;
- Country of permanent residence;
- U.S. Social Security number and Danish CPR number (if known);
- Name, relationship, date of birth of family members accompanying you and their Danish CPR numbers (if known);
- Nature of self-employment activity;
- Dates the activity was or will be performed; and
- Name and address of your trade or business in both countries.

Effective date of coverage exemption

The certificate of coverage you receive from one country will show the effective date of your exemption from paying Social Security taxes in the other country. Generally, this will be the date you began working in the other country, but no earlier than the effective date of the agreement.

Certificates of coverage issued by Denmark should be retained by the employer in the United States in case of an audit by the Internal Revenue Service (IRS). No copies should be sent to IRS unless specifically requested by IRS. However, a self-employed person must attach a **photocopy** of the certificate to his or her income tax return each year as proof of the exemption.

Copies of certificates of coverage issued by the United States will be provided for both the employee and the employer. It will be their responsibility to present the certificate to the Danish authorities when requested to do so. To avoid any difficulties, your employer (or you, if you are self-employed) should request a certificate as early as possible, preferably before your work in the other country begins.

If you or your employer request a certificate of coverage, you should read the Privacy Act and Paperwork Reduction Act Statements at the end of this booklet.

Monthly benefits

The following table shows the various types of Social Security benefits payable under the U.S. and Danish Social Security systems and briefly describes the eligibility requirements that normally apply for each type of benefit. If you do not meet the normal requirements for these benefits, the agreement may help you to qualify (see pages 7-9).

This table is only a general guide. You can get more specific information about U.S. benefits at any U.S. Social Security office or by using the contact information on the inside cover of this publication.

You can get more detailed information about the Danish system by writing to the Danish address on the inside cover of this publication or by visiting the Danish Social Security system website at www.sist.dk.

Under U.S. Social Security, you can earn up to four work credits each year depending on the amount of your covered earnings. The amount needed to earn a work credit goes up slightly each year. For more information, ask for *How You Earn Credits* (Publication No. 05-10072). Under the Danish system, credits are measured in months. To simplify the information in the table, requirements are shown in years of credits.

We should point out that Denmark pays benefits through a two-tiered program. The first tier, called the “Folkepension” (FP), pays flat-rate benefits to people who meet certain residence requirements. The second tier is an earnings-related program known as the Labour Market Supplementary Pension (ATP). The ATP pays benefits based on a worker’s contributions and the total years of coverage.

| Retirement or old-age benefits | |
|--|---|
| <i>United States</i> | <i>Denmark</i> |
| <p>Worker—Full benefit at full retirement age.* Reduced benefit as early as age 62. 1 ½ to 10 years of work credits required (10 years if age 62 in 1991 or later).</p> | <p>Worker—Social Pension Program (FP)—Full basic pension amount at age 65 with 40 years of residence in Denmark between the ages of 15 and 65. A Danish national must have resided in Denmark for at least three years between age 15 and 65 to receive a partial benefit. If not a Danish national, must have resided in Denmark for at least 10 years between ages 15 and 65, and five years immediately prior to entitlement, or have been granted a Danish residence permit under article 7 or 8 of the Danish Aliens Act.</p> <p>Labour Market Supplementary Pension (ATP)—Pension payable at full retirement age** to anyone who has contributed to the program. Wage-earners in Denmark ages 16 to 65 with more than nine hours of paid work per week pay ATP contributions.</p> |

| Disability benefits | |
|--|--|
| <i>United States</i> | <i>Denmark</i> |
| <p>Worker—Under full retirement age* can get benefits if unable to do any substantial gainful work for at least a year. 1 ½ to 10 years of work credits required, depending on age at date of onset. Some recent work credits also needed unless worker is blind.</p> | <p>Worker—FP—“Anticipatory Pension” (AP) plays the same role as disability and survivors pensions in most other countries. AP payments are “means-tested.” Danish nationals, foreigners with 10 years of residence between ages 18 and 65 (five in the last 10 years), refugees, employees and self-employed persons from European Union (EU) member states may be eligible for AP.</p> <p>Persons age 18 to 65 whose capacity for work is permanently reduced and the person is otherwise unable to assure his or her subsistence, not even in a job which is supported under the social security legislation (adapted job).</p> <p>ATP—Disability benefits are not provided under the ATP program.</p> |

*The full retirement age is 66 for people born in 1943-1954 and will gradually increase to age 67 for people born in 1960 or later.

**Full retirement age for people born July 1, 1939, to January 1, 1959, is age 65. The full retirement age increases gradually until it reaches age 67 for people born June 30, 1960, or later.

| Family benefits to dependents of retired or disabled people | |
|---|--|
| <i>United States</i> | <i>Denmark</i> |
| <p>Spouse—Full benefit at full retirement age* or at any age if caring for the worker’s entitled child under age 16 (or disabled before age 22). Reduced benefit as early as age 62 if not caring for a child.</p> | <p>Spouse or cohabiting partner—No provision.</p> |

Family benefits to dependents of retired or disabled people

| <i>United States</i> | <i>Denmark</i> |
|---|---|
| <p>Divorced spouse—Full benefit at full retirement age.* Reduced benefit as early as age 62.</p> <p>Must be unmarried and have been married to worker for at least 10 years.</p> | <p>Divorced spouse—No provision.</p> |
| <p>Children—If unmarried, up to age 18 (age 19 if in an elementary or secondary school full time) or any age if disabled before age 22.</p> | <p>Children—No provision.</p> |

Survivors benefits

| <i>United States</i> | <i>Denmark</i> |
|--|--|
| <p>Survivors benefits payable to the following categories:</p> <p>Widow(er)—Full benefit at full retirement age* or at any age if caring for deceased's entitled child under age 16 (or disabled before age 22). Reduced benefit as early as age 60 (or age 50 if disabled) if not caring for a child. Benefits may be continued if remarriage occurs after age 60 (or age 50 if disabled).</p> <p>Divorced widow(er)—Same as widow(er) if marriage lasted at least 10 years.</p> <p>Children—Same as for children of retired or disabled worker.</p> | <p>Widow(er)—FP—If a spouse or member of a cohabiting couple dies and both were receiving a Social Pension benefit, the surviving partner remains entitled to the full amount of both partners' benefits for three months after the date of death.</p> <p>ATP—Surviving spouse/common-law spouse and children can become entitled to lump-sum ATP survivors benefits upon the member's death. If the member contributed to the ATP prior to January 1, 2002, the surviving spouse (but not common-law spouse) and children under age 18 can qualify for a lump-sum benefit upon the member's death, in spite of the age of the member when the member dies.</p> <p>If the member contributed to the ATP after December 31, 2001, the surviving spouse/common-law spouse, and children under age 21 may qualify for a lump-sum benefit, provided the member paid ATP contributions for at least two years. The common-law spouse can only become entitled to a lump-sum if the cohabittees have been registered with ATP. The lump-sum benefit for the surviving spouse/common-law spouse is reduced if the member dies between ages 66 to 70 and is not payable if the member dies after age 70.</p> |
| <p>Lump-sum death benefit—A one-time payment not to exceed \$255 payable on the death of an insured worker to a spouse or minor children if they meet certain requirements.</p> | <p>Funeral benefit (means-tested)— Survivors may apply to Danish Ministry of the Interior and Health. Requirement for benefit: pensioner was a resident of Denmark, an EU member state, Liechtenstein or Switzerland at time of death.</p> |

*The full retirement age for survivors is age 66 for people born in 1945-1956 and will gradually increase to age 67 for people born in 1962 or later.

How benefits can be paid

If you have Social Security credits in both the United States and Denmark, you may be eligible for benefits from one or both countries. If you meet all the basic requirements under one country's system, you will get a regular benefit from that country. If you do not meet the basic requirements, the agreement may help you qualify for a benefit as explained below.

- **Benefits from the U.S.**—If you do not have enough work credits under the U.S. system to qualify for regular benefits, you may be able to qualify for a partial benefit from the United States based on both U.S. and Danish credits. However, to be eligible to have your Danish credits counted, you must have earned at least six credits (generally 1 ½ years of work) under the U.S. system. If you already have enough credits under the U.S. system to qualify for a benefit, the United States cannot count your Danish credits.

- **Benefits from Denmark**—Denmark provides retirement, disability and other benefits *through two separate programs*.

1. The Folkepension (“social”) pays flat-rate benefits to Danish nationals who have resided in Denmark for three years. The benefit amount is proportional to the number of years they have resided in Denmark and is unrelated to past earnings. People who are not Danish nationals, and still reside in Denmark, may also qualify for “social” benefits if they have resided in Denmark for at least 10 years, five years of which must be immediately before entitlement.

Under the agreement, if you are a U.S. national, you can qualify for Danish “social” benefits if you have resided in Denmark for three years and have worked in Denmark for at least one year. (Before the agreement, U.S. nationals needed at least 10 years, five of which were immediately before entitlement, and had to reside in Denmark to qualify. U.S. nationals residing in the United States could apply for old age pension from

Denmark, if they resided in Denmark for 30 years after the age 15.)

2. The Labour Market Supplementary Pension (ATP) pays benefits based on the worker's contributions and total years of work. A person can qualify for an ATP benefit with as little as one month of ATP coverage. Therefore, work credits under the U.S. system will not be counted when determining eligibility for ATP benefits.

How credits get counted

You do not have to do anything to have your credits in one country counted by the other country. If we need to count your credits under the Danish system to help you qualify for a U.S. benefit, we will get a copy of your Danish earnings record directly from Denmark when you apply for benefits.

Although the Social Security Administration may count your Danish ATP credits, your Danish ATP credits are not actually transferred from Denmark to the United States. They remain on your record in Denmark where you earned them and also can be used to qualify for benefits there.

Computation of U.S. benefit under the agreement

When a U.S. benefit becomes payable as a result of counting both U.S. and Danish Social Security credits, an initial benefit is determined based on your U.S. earnings as if your entire career had been completed under the U.S. system. This initial benefit is then reduced to reflect the fact that Danish credits helped to make the benefit payable. The amount of the reduction will depend on the number of U.S. credits: the more U.S. credits, the smaller the reduction; and the fewer U.S. credits, the larger the reduction.

A Danish “ATP” pension may affect your U.S. benefit

If you qualify for Social Security benefits from the United States and a Danish “ATP” pension and you did not need the agreement to qualify for the U.S. benefit, the amount of

your U.S. benefit may be reduced. This is a result of a provision in U.S. law which can affect the way your benefit is figured if you also receive a pension based on work that was not covered by U.S. Social Security. Receipt of a Danish “social” (FP) pension, which is based on residence in Denmark, will not affect the way your U.S. benefit is figured. For more information, ask for *Windfall Elimination Provision* (Publication No. 05-10045). If you are outside the United States, you may write to us at the address shown on the inside cover of this publication.

What you need to know about Medicare

Medicare is the U.S. national health insurance program for people age 65 or older or who are disabled. Medicare has four parts:

- Hospital insurance (Part A) helps pay for inpatient hospital care and certain follow-up services.
- Medical insurance (Part B) helps pay for doctors’ services, outpatient hospital care and other medical services.
- Medicare Advantage plans (Part C) are available in many areas. People with Medicare Parts A and B can choose to receive all of their health care services through a provider organization under Part C.
- Prescription drug coverage (Part D) helps pay for medications doctors prescribe for medical treatment.

You are eligible for free hospital insurance at age 65 if you have worked long enough under U.S. Social Security to qualify for a retirement benefit. People born in 1929 or later need 40 work credits (about 10 years of covered work) to qualify for retirement benefits.

Although the agreement between the United States and Denmark allows the Social Security Administration to count your Danish ATP credits to help you qualify for U.S. retirement, disability or survivor benefits, the agreement does not

cover Medicare benefits. As a result, we cannot count your credits in Denmark to establish entitlement to free Medicare hospital insurance.

For more information about Medicare, ask for *Medicare* (Publication No. 05-10043) or visit Medicare’s website at www.medicare.gov.

Claims for benefits

If you live in the United States and wish to apply for U.S. or Danish benefits:

- Visit or write any U.S. Social Security office; or
- Phone our toll-free number, **1-800-772-1213**, 7 a.m. to 7 p.m., Monday-Friday. People who are deaf or hard of hearing may call our TTY number, **1-800-325-0778**.

You can apply for Danish benefits at any U.S. Social Security office by completing application form SSA-2490.

If you live in Denmark and wish to apply for U.S. or Danish benefits, contact:

- The Federal Benefits Unit at the U.S. Embassy in Oslo, Norway, (phone **47-2-2448-550**) to file for U.S. benefits; or
- Any Danish Social Security office to file for Danish benefits.

You can apply with one country and ask to have your application considered as a claim for benefits from the other country. Information from your application will then be sent to the other country. Each country will process the claim under its own laws counting credits from the other country when appropriate—and notify you of its decision.

If you have not applied for benefits before, you may need to provide certain information and documents when you apply. These include the worker’s U.S. Social Security number, the worker’s Danish CPR number, proof of age for all claimants, evidence of the worker’s U.S. earnings in the past 24 months and information about the worker’s coverage under the Danish system. You may wish to call the Social Security office before you go there to see if any other information is needed.

Payment of benefits

Each country pays its own benefit. U.S. payments are made by the U.S. Department of Treasury each month and cover benefits for the preceding month. Payments under the Danish system are paid by direct deposit the last banking day of the month, covering benefits for that month.

Absence from U.S. territory

Normally, people who are not U.S. citizens may receive U.S. Social Security benefits while outside the U.S. only if they meet certain requirements. Under the agreement, however, if you are a U.S. or Danish citizen, a refugee, a stateless person, or a person who is eligible for dependents or survivors benefits based on the Social Security record of one of these persons, you may receive benefits as long as you reside in Denmark. If you are not a U.S. citizen and live in a country other than the United States or Denmark, you may not be able to receive benefits. The restrictions on U.S. benefits are explained in the publication, *Your Payments While You Are Outside the United States* (Publication No. 05-10137).

Appeals

If you disagree with the decision made on your claim for benefits under the agreement, contact any U.S. or Danish Social Security office. The people there can tell you what you need to do to appeal the decision.

The Danish Social Security authorities will review your appeal if it affects your rights under the Danish system, while U.S. Social Security authorities will review your appeal if it affects your rights under the U.S. system. Since each country's decisions are made independently of the other, a decision by one country on a particular issue may not always conform with the decision made by the other country on the same issue.

Authority to collect information for a certificate of coverage (see pages 4-5)

Privacy Act

The *Privacy Act* requires us to notify you that we are authorized to collect this information by section 233 of the *Social Security Act*. While it is not mandatory for you to furnish the information to the Social Security Administration, a certificate of coverage cannot be issued unless a request has been received. The information is needed to enable Social Security to determine if work should be covered only under the U.S. Social Security system in accordance with an international agreement. Without the certificate, work may be subject to taxation under both the U.S. and the foreign Social Security systems.

Paperwork Reduction Act Notice

This information collection meets the clearance requirements of 44 U.S.C. section 3507, as amended by section 2 of the *Paperwork Reduction Act of 1995*. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take you about 30 minutes to read the instructions, gather the necessary facts, and answer the questions to request a certificate of coverage.

Contacting Social Security

Visit our website

The most convenient way to conduct Social Security business from anywhere at any time, is to visit www.socialsecurity.gov.

There, you can:

- Apply for retirement, disability, and Medicare benefits;
- Find copies of our publications;
- Get answers to frequently asked questions; and
- So much more!

Call us

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. If you're in the United States, call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.

For more information

To **file a claim** for U.S. or Danish benefits under the agreement, follow the instructions on page 9.

If you live outside the United States, write to:

Social Security Administration
Office of International Operations (OIO)
P.O. Box 17769
Baltimore, MD 21235-7769
USA

For more information about Denmark's Social Security programs, visit any Social Security office in Denmark. If you do not live in Denmark, write to:

National Social Security Agency
6. Division, International Office
Landemaerket 11
DK-1119 Copenhagen
DENMARK

If you **do not wish to file a claim for benefits** but would like more information about the agreement, write to:

Social Security Administration
Office of International Programs
Box 17741
Baltimore, MD 21235-7741
USA

For additional information visit our website:
www.socialsecurity.gov/international



Securing today
and tomorrow

Social Security Administration
Publication No. 05-10518
August 2017
Agreement Between The United States And Denmark
Produced and published at U.S. taxpayer expense