

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the third payment request submitted by Denmark on 19 December 2024, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 19 December 2024, Denmark submitted a request for payment for the third instalment of the non-repayable support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Denmark provided due justification of the satisfactory fulfilment of the seven milestones and targets of the third instalment of the non-repayable support as set out in Section 2.1 (1.3) of the Council Implementing Decision of 10 December 2024 on the approval of the assessment of the recovery and resilience plan for Denmark¹.

For two targets covering a large number of recipients, in addition to the summary documents and official listings provided by Denmark, Commission services have assessed a statistically significant sample of individual files. The sample size has been uniformly set at 60 which corresponds to a confidence level of 95% or above in all cases.

In its payment request, Denmark has confirmed that measures related to previously satisfactorily fulfilled milestones and targets have not been reversed. The Commission does not have evidence of the contrary. Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Denmark, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all seven milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Denmark's Recovery and Resilience Plan. They notably highlight the continuation of the reform momentum in key policy areas. This includes milestones related to the Green Tax Reform. The milestones and targets also confirm progress towards the completion of investment projects related to the reduction of environmental threats by cleaning up contaminated industrial sites, in research and development with a particular focus on carbon capture and storage and on increasing companies' capacity to pursue innovation for the green transition. Additionally, it includes investments providing subsidies to support SMEs in digitalizing their operations.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

¹ ST 15877 2024 INIT; ST 15877 2024 ADD 1.

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Non-repayable support

Number and name of the Milestone:

5 - Report on a study conducted by Aarhus University Hospital on the effects and side effects of COVID-19 vaccines to be made available to the Danish Ministry of Health.

Related Measure: C1.I1 Clinical study on effect of COVID-19 vaccines

Qualitative Indicator: Conduct a study and publish the report regarding results and further knowledge of the effects and side effects of COVID-19 vaccines

Time: Q3 2023

1. Context:

The objective of the measure is to conduct a large-scale clinical cohort study of the various COVID-19 vaccines in order to increase the knowledge on the long-term effects concerning immunity and side effects of the vaccines.

Milestone 5 requires that Aarhus University Hospital conducts and publishes a large-scale study on the effects of COVID-19 vaccines for a two-year period after vaccination. The study and report shall be sent to the Danish Ministry of Health.

Milestone 5 is the only milestone of this investment.

2. Evidence provided:

	Name of the evidence	Short description
1	Summary document	Summary document duly justifying how the milestone (including all constitutive elements) was satisfactorily fulfilled.
2	Two Confidential Monthly Reports on the ENFORCE study: - Report number 1 of 14 April 2021. - Report number 8 of 31 May 2022.	Confidential reports on the progress of the study, participant demographics, results on effects and side effects of vaccines.
3	Monthly Reports on the ENFORCE study: - Report number 2 of 17 May 2021. - Report number 3 of 11 June 2021. - Report number 4 of 23 August 2021. - Report number 5 of 27 October 2021. - Report number 6 of 1 December 2021.	Public reports on the progress of the study, participant demographics, results on effects and side effects of vaccines. Published on the ENFORCE website. Link: https://enforce.dk/Resultater The online publications on the referred sections of the website were checked by the Commission services on 21 January 2025.

	- Report number 7 of 22 February 2022. - Report number 8 of 31 May 2022. - Report number 9 of 15 August 2022. - Report number 10 of 6 December 2022. - Report number 11 of 28 February 2023. - Report number 12 of 2 November 2023. - Report number 13 of 29 February 2024.	
4	Research proposal for the ENFORCE Consortium	Research proposal on the association between expectations and experience of side effects following the COVID-19 vaccines.
5	Email from the ENFORCE consortium representative to the Ministry of the Interior and Health of 11 October 2024	Email from the ENFORCE consortium representative sharing all the monthly reports from the ENFORCE study with the Ministry of the Interior and Health.

3. Analysis:

The justification and substantiating evidence provided by the Danish authorities cover all constitutive elements of the milestone.

Aarhus University Hospital shall conduct and publish a large-scale study for a two-year period after vaccination.

The ENFORCE study is a Danish national cohort study of effectiveness and safety of SARS-CoV-2 vaccines, as detailed on page 1 of the Confidential Monthly Report for the Danish Medicines Agency - Report number 1. The ENFORCE consortium is managed by a group of researchers in collaboration with Aarhus University Hospital and Rigshospitalet, as indicated on the ENFORCE consortium website, at <https://enforce.dk/>. Additionally, the "Methods" section of the 13 Monthly Reports on the ENFORCE study, confirms that multi-antigen serological tests were provided by Aarhus University Hospital. The ENFORCE cohort study also received research proposals from research investigators at Aarhus University, as noted in the Research proposal for the ENFORCE consortium, page 1.

This is a large-scale study, covering 6941 participants. These participants have remained in the study for the entire two-year period, as evidenced in Table 1 on page 5 of the Monthly Report on the ENFORCE Study – Report 13 of 29 February 2024 (hereinafter referred to as "Monthly Report 13").

The participants were followed for two years after vaccination. According to the Monthly Report on the ENFORCE Study – Report 12 of 2 November 2024 (hereinafter referred to as "Monthly Report 12"), in Table 3 on page 7, participants were followed for six visits over a two-year period after vaccination. Monthly Report 12 provides an overview of the antibody response of participants who returned for their two-year study visit (pages 5-12).

The results from the study have been continuously published in 13 Monthly Reports, which are published on the ENFORCE website at the following link: <https://enforce.dk/Resultater>. The results

are also published as articles in scientific journals and can be found on the website of the study at the following link: <https://enforce.dk/Resultater/Publikationer>.

Furthermore, in line with the description of the measure, **Denmark shall invest in a large-scale clinical cohort study of the various COVID-19 vaccines in order to increase the knowledge on the effects and side effects of the vaccines.**

The large-scale clinical study covers participants who have received COVID-19 vaccination with vaccines from Pfizer-BioNTech, Moderna, and AstraZeneca/mRNA, as detailed in section “Overview of two-year antibody response - Participants demographics” on page 5 of Monthly Report 12. The largest proportion of participants was vaccinated with the Pfizer vaccine (55%), followed by the Moderna vaccine (38%), the third group was cross-vaccinated with AstraZeneca/mRNA vaccines (7%), as also indicated on page 5 of Monthly Report 12. The latter group “includes participants who received a first dose of either AstraZeneca followed by a subsequent dose of either Pfizer-BioNTech or Moderna”, as explained on page 3 of the Monthly Report on the ENFORCE Study – Report 9 of 15 August 2022 (hereinafter referred to as “Monthly Report 9”).

Throughout the 13 Monthly Reports, the reported results on the effects of vaccines in terms of immunity include the presence of antibodies, based on multiantigen serological tests, and the frequency of breakthrough infections after vaccination, as outlined in the “Methods” section of each Monthly Report, for example on page 4 of Monthly Report 12. Monthly Report 12 provides an overview of the two-year antibody responses, including the presence and concentration of antibodies depending on the number of doses received and the time elapsed since the last vaccination (see pages 7-12).

The study also monitored the side-effects of the vaccines. The occurrence of adverse events, serious adverse events and deaths, along with symptoms such as muscle pain, joint pain, fatigue, fever, headache, nausea, chills, and local symptoms at the injection site (redness, swelling and tenderness), are documented throughout the Monthly Reports. This can be found in the “Safety Monitoring” section of the reports, for example in Monthly Report on the ENFORCE Study – Report 9 of 15 August 2022, pages 28 to 36.

The study and report shall be sent to the Danish Ministry of Health.

The 13 Monthly Reports on the ENFORCE Study were sent to the Danish Ministry of Interior and Health. A first confidential version of each report was generated for distribution and review to the Danish Medicines Agency, as evidenced in the confidential Monthly Report for the Danish Medicines Agency – Report number 1 of 14 April 2021, page 1. Subsequently, an edited version was made public on the ENFORCE website. All monthly reports were again sent to the Ministry of the Interior and Health, as confirmed by the email from the ENFORCE consortium representative to the Ministry of the Interior and Health of 11 October 2024.

The milestone is further specified in the Operational Arrangements, which requires: **For the purpose of these operational arrangements, “study” means the scientific and clinical process. Its results will be covered by the report regarding the results of the conducted study and further knowledge of the effects and side effects of COVID19 vaccines.**

The study conducted for the Danish Medicines Agency (*Lægemiddelstyrelsen*) compiles the work carried out by researchers in the two university hospitals of Aarhus and of Copenhagen (*Rigshospitalet*) in collaboration with the public serum institute (*Statens Serum Institut*), as detailed on the ENFORCE consortium website, at <https://enforce.dk/>. The scientific and clinical process is

comprehensively documented in the 13 monthly reports, which detail methods used, including data and definitions, (see, for instance Monthly Report 13, page 4). The related results are presented in detail in accordance with the scientific methods (see, for instance, Monthly Report 13, page 9).

4. Commission Preliminary Assessment: Satisfactorily fulfilled.

Number and name of the Milestone:

17 - Report on midway status for work realised on approved projects and corrective action taken where needed.

Related Measure: C2.I6 Rehabilitation of industrial sites and contaminated land

Qualitative Indicator: Status report is submitted by Regional Councils for each project, for evaluating the use of funds and advancement in remediation project

Time: Q4 2023

1. Context:

The objective of the investment is to promote the rehabilitation of former industrial land areas contaminated by chemicals used in industrial processes. The measure consists of granting subsidies for the implementation of projects remediating the contaminated site to the regional authorities holding the administrative responsibility over the contaminated soil.

This milestone requires that the Regional Councils benefitting from the scheme submit status reports with a description on technical and economic progress, with a notice on deviations from the original application, former years' status-report and subsidy schemes. The status report is submitted for each remediation project in order to follow the technical and financial development of the project.

Milestone 17 is the second milestone of the investment, and it follows the completion of target 16. It will be followed by target 18, related to the realisation of tenders for full-scale remediation of at least four sites and the initiation of the remediation activities.

The investment has a final expected date for implementation in Q2 2026.

2. Evidence provided:

	Name of the evidence	Short description
1	Summary Document	Summary document duly justifying how the milestone (including all constitutive elements) was satisfactorily fulfilled.
2	Status Report signed and submitted by the Capital Region of Denmark to the Danish Environmental Protection Agency for the Collstrop site of 8 December 2023.	The Report has been prepared by the Capital Region of Denmark and provides a description of the progress in the implementation of the project for the remediation of the Collstrop site (annex a2).
3	Status Report signed and submitted by the Capital Region of Denmark to the Danish Environmental Protection Agency for the Lundtoftevej 150-160 site of 8 December 2023.	The Report has been prepared by the Capital Region of Denmark and provides a description of the progress in the implementation of the project for the remediation of Lundtoftevej 150-169 site (annex a3).
4	Status Report signed and submitted by the Capital Region of Denmark to the Danish Environmental Protection Agency for the Naverland 26 site of 8 December 2023.	The Report has been prepared by the Capital Region of Denmark and provides a description of the progress in the implementation of the project for the remediation of Naverland 26 site (annex a4).

5	Status Report signed and submitted by the Region of Southern Denmark (Syddanmark) to the Danish Environmental Protection Agency for the Kærgård Klitplantage site of 30 November 2023.	The Report has been prepared by the Region of Southern Denmark (Syddanmark) and provides a description of the progress in the implementation of the project for the remediation of Kærgård Klitplantage site (annex a5).
6	Status Report signed and submitted by the Region of Southern Denmark (Syddanmark) to the Danish Environmental Protection Agency for the Himmark Strand site of 30 November 2023.	The Report has been prepared by the Region of Southern Denmark (Syddanmark) and provides a description of the progress in the implementation of the project for the remediation of Himmark Strand site (annex a6).
7	Status Report signed and submitted by the Region of Southern Denmark (Syddanmark) to the Danish Environmental Protection Agency for the former Grindstedværket's factory site of 30 November 2023.	The Report has been prepared by the Region of Southern Denmark (Syddanmark) and provides a description of the progress in the implementation of the former Grindstedværket's factory site (annex a7).

3. Analysis:

The justification and substantiating evidence provided by the Danish authorities cover all constitutive elements of the milestone.

Status-reports shall have been submitted by Regional Councils with a description on technical and economic progress, with a notice on deviations from the original application, former years' status-report and subsidy schemes. The status is submitted for each remediation project in order to follow the technical and financial development of the project.

As already assessed under target 16 belonging to the second payment request, between 28 October and 30 November 2021 the Danish Environmental Protection Agency (DEPA) received from the relevant regional authorities holding administrative responsibility over the contaminated soil six signed applications for remediation projects addressing a specific site. The specific sites addressed by the six applications were: i) Kærgård Klitplantage, ii) the former Grindstedværket's factory, iii) Himmark Strand, iv) Naverland 26, v) Lundtoftevej 150-160, and iv) Collstrop.

In line with the milestone description, the following status reports were submitted:

- Status Report signed and submitted by the Capital Region of Denmark to DEPA for the Collstrop site of 8 December 2023. On pages 1-3, the Report describes the technical and economic progress of the remediation project, with a list of main activities performed in the timeframe 2021-2023 and of planned activities to be carried out during 2024 and 2025 (second and third sections, "Technical progress" and "Economic progress"). On page 3, it is reported that there were no deviations from the original plan, nor from any former years' status-report and subsidies schemes (fourth section, "Deviations from the original plan") and that there was no need for corrective actions (fifth section, "Corrective actions taken").

- Status Report signed and submitted by the Capital Region of Denmark to DEPA for the Lundtoftevej 150-160 site of 8 December 2023. On its pages 1-2, the Report describes the technical and economic progress of the remediation project (second and third sections, “Technical progress” and “Economic progress”). On page 2 (fourth section, “Deviations from the original plan”), the Report clarifies that the original budget of DKK 6 million was revised upward to DKK 9.57 million in 2022, due to extensive investigations needed in the years 2022 and 2023 on the contamination of groundwater, soil and air. No other corrective actions are reported from the original plan, nor from any former years’ status-report and subsidy schemes (fifth section, “Corrective actions taken”).
- Status Report signed and submitted by the Capital Region of Denmark to DEPA for the Naverland 26 site of 8 December 2023. On pages 1-2 (second and third sections, “Technical progress” and “Economic progress”), the Report describes the technical and economic progress of the remediation project, with a reference to thermal remediation as most suitable remediation technique identified so far (soil is heated to approx. 100 C which makes the chlorinated solvents evaporate; evaporating solvents will be captured and treated above ground). On page 2, the Report clarifies that the original budget of DKK 3 million was revised upward to DKK 9 million in 2022, due to extensive investigations needed in the years 2022-2024 on the contamination of groundwater, soil and air (fourth section, “Deviations from the original plan”). No other corrective actions are reported from the original plan, nor from any former years’ status-report and subsidy schemes (fifth section, “Corrective actions taken”).
- Status Report signed and submitted by the Region of Southern Denmark (*Syddanmark*) to DEPA for the Kærgård Klitplantage site of 30 November 2023. On pages 1-2 (second and third sections, “Technical progress” and “Economic progress”), the Report describes the technical and economic progress of the remediation project, with a clear schedule covering the future steps. The Report thereby specifies that, by the end of year 2023, the project economic had secured support from DEPA totalling DKK 56 million and that DKK 18.9 million had been already disbursed to the Region of Southern Denmark. On page 2, it is reported that there were no deviations from the original plan, nor from any former years’ status-report and subsidy schemes (fourth section, “Deviations from the original plan”).
- Status Report signed and submitted by the Region of Southern Denmark (*Syddanmark*) to DEPA for the Himmark Strand site of 30 November 2023. On pages 1-2 (second and third sections, “Technical progress” and “Economic progress”), the Report describes the technical and economic progress of the remediation project, with a clear schedule covering the future steps. The Report thereby refers to delays due to the complexity of permits procedure and to a change in the design of the dams that need to be built to ensure a proper excavation at the relevant site. The Report specifies that in the years 2022 and 2023 the project secured support from DEPA worth a total of DKK 20 million and that by the time of submitting the report DKK 14.5 million had been already disbursed to the Region of Southern Denmark. On page 2, the Report clarifies that there was a deviation from the original schedule due to the mentioned structural challenges and the complexity of permit procedures (fourth section, “Deviations from the original plan”). No other corrective actions are reported from the original plan, nor from any former years’ status-report and subsidy schemes (fifth section, “Corrective actions taken”).
- Status Report signed and submitted by the Region of Southern Denmark (*Syddanmark*) to DEPA for the former Grindstedværket’s factory site of 30 November 2023. On its pages 1-2 (second and third sections, “Technical progress” and “Economic progress”), the Report describes the technical and economic progress of the remediation project. The Report thereby

specifies that in the years 2022 and 2023 the project secured support from DEPA worth a total of DKK 10.4 million and that by the time of submitting the report DKK 2.29 million had been already disbursed to the Region of Southern Denmark. No deviations or corrective actions are reported from the original plan, nor from any former years' status-report and subsidy schemes (fourth section, "Deviations from the original plan").

4. Commission Preliminary Assessment: Satisfactorily fulfilled.

Number and name of the Milestone:

28 - Completion of feasibility study for CCS-storage. The government takes a decision for follow-up

Related Measure: C3.I5 Carbon Capture and Storage (CCS) Potential

Qualitative Indicator: Feasibility study completed.

Time: Q4 2023

1. Context:

The measure aims to conduct a study of the technical and economic feasibility of CO₂ storage in depleted oil and gas fields in the Danish part of the North Sea.

Milestone 28 requires the completion of a feasibility study containing results and analyses based on the supported test and demonstration projects on storing CO₂ in depleted oil- and gas fields. It also requires the government to take a decision for a follow-up.

Milestone 28 is the second and last milestone of the investment, and it follows the completion of milestone 27, related to the award of contracts for selected applicant for the feasibility study.

2. Evidence provided:

	Name of the evidence	Short description
1	Summary document	Summary document duly justifying how the milestone (including all constitutive elements) was satisfactorily fulfilled.
2	Final report of the feasibility study Greensand Phase 2 dated 9 September 2024.	Final report on the feasibility study "Project Greensand Phase 2 – Enabling environmentally safe and long-term storage of CO ₂ by 2025", submitted to the Energy Technology and Demonstration Programme (<i>Energiteknologiske Udviklings- og Demonstrationsprogram</i> , hereunder "EUDP") on 9 September 2024 and published on the EUDP website. Link: https://eudp.dk/projekter/project-greensand-fase-2
3	Press release from the Danish Energy Agency (<i>Energistyrelsen</i>) of 6 February 2023.	Press release from the Danish Energy Agency announcing that three exploration license for CO ₂ -storage in the Danish part of the North Sea have been awarded, including one to the consortium consisting of INEOS E&P and Wintershall DEA. Link: https://ens.dk/presse/klima-energi-og-forsyningsministeriet-giver-danmarkshistoriens-foerste-tilladelser-til
4	License C2023/01 awarded to the INEOS E&P and Wintershall DEA consortium, dated 3 February 2023.	License for the exploration and use of the subsoil for geological storage of CO ₂ in the Danish North Sea awarded by the Ministry of Climate, Energy and Utilities to the consortium consisting of INEOS E&P,

	Wintershall DEA and the North Sea Fund, signed on 3 February 2023.
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3. Analysis:

The justification and substantiating evidence provided by the Danish authorities cover all constitutive elements of the milestone.

Feasibility study completed.

The Greensand consortium, the consortium concerned with conducting the feasibility study, has presented its Final report on the Greensand Phase 2 project (hereinafter referred to as “Final report”). In the feasibility study, the project conducted a successful injection pilot in the Nini West reservoir (page 4). As a result, the technology readiness level (TRL) was raised from TRL 5 to TRL 8, meaning the system is complete and qualified (page 4). The project has delivered the required technical documentation and reports (page 4) and provided the necessary development and demonstration within safe and environmentally sound storage of CO₂ in the Nini field (page 6). The next step will be to mature the project into a full-scale project (page 4).

The feasibility study shall contain results and analyses based on the supported test and demonstration projects on storing CO₂ in depleted oil- and gas fields.

The Final report presents the results of the supported test and demonstration project Greensand Phase 2 in the section “Project results” on pages 9 to 62. Results are presented for each workstream called “work package” or “WP”. According to the overview of workstreams presented on pages 25-26, WP5 to WP9 in particular concerned the offshore CO₂ injection of liquefied CO₂ in the depleted Nini oil field. The analyses and results of WP5 to WP9 are further detailed on the subsequent pages describing the injection method and machinery, the suitability of the site and the feasibility of storing CO₂ in depleted oil- and gas fields, which includes:

- The injection system is presented (page 27, Figure 7), including the equipment used (pages 30 to 34: ISO tanks, vessel, jack-up rig, well) and the injection process (page 34).
- Analyses of the surface injection rates, pressure and temperature (pages 45 to 47).
- Downhole pressure and temperature (pages 47 to 50) for the seven injection cycles in the pilot are also presented.

For several WP, the Final report also includes a list of published or not-yet published academic papers with results and analyses based on the test and demonstration project (see for example pages 18 and 52).

The government takes a decision for follow-up.

As described on page 2 of the Press release of 6 February 2023 from the Danish Energy Agency (hereinafter referred to as “Press release”), the Ministry of Climate, Energy and Utilities has, in cooperation with the Danish Energy Agency, awarded three exclusive exploration licenses for CO₂-storage, which demonstrates that the government has decided to continue the exploration of feasible CO₂-storage. The awarded exclusive exploration licenses cover an area in the North Sea and allows for exploration in depleted oil and gas fields and porous sand layers that have not been previously explored, as detailed on page 3 of the Press release.

One of the licenses was awarded to the consortium consisting of INEOS E&P and Wintershall DEA, which are main partners of the Greensand Phase 2 project (as seen on page 3 of the Final report). As

per the License C2023/01 awarded to the INEOS E&P and Wintershall DEA consortium, dated 3 February 2023 (hereinafter referred to as “License C2023/01”), the consortium was awarded exclusive right to inject and store CO₂ in the subsoil in the area of the North Sea called the Siri Canyon. The geographical area is defined in Annex 1 (pages 16 to 17). This area includes the Nini West field, which is covered by the feasibility study, as well as several other fields in the Siri canyon, for which the consortium shall carry out investigative work in accordance with the work program in Annex 2 of the License C2023/01 (page 18).

4. Commission Preliminary Assessment: Satisfactorily fulfilled.

Number and name of the Milestone:

37 - In line with the conclusions of the report by the expert group for a uniform CO2e tax regulation, the government shall convene the parties behind the green tax reform to agree on next steps.

Related Measure: C4.R1 Expert group to prepare proposals for a CO2e-tax

Qualitative Indicator: Political parties behind the agreement are convened by the government

Time: Q1 2023

1. Context:

The measure concerns the preparation of the second phase of the Green Tax Reform; a comprehensive reform agenda with the objective to reduce emissions of CO2. An expert group was tasked with proposing the next phase of CO2e taxation consistent with protecting Denmark's competitiveness, social balance, whilst limiting carbon leakage.

Milestone 37 requires that based on the expert group's recommendations on concrete models for a uniform CO2e-tax, political discussions on the next steps shall be launched.

Milestone 37 is the only milestone of this reform.

2. Evidence provided:

	Name of the evidence	Short description
1	Summary document	Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
2	Green tripartite agreement concluded 24 June 2024 between the Danish government, the Danish Agriculture & Food Council (<i>Landbrug og Fødevarer</i>), the Danish society for Nature Conservation (<i>Danmarks Naturfredningsforening</i>), the NNF (<i>Fødevareforbundet NNF</i>) the Danish Union of Metalworkers (<i>Dansk Metal</i>), Danish Industry (<i>Dansk Industri</i>), and Local Government Denmark (<i>Kommunernes Landsforening</i>).	The tripartite agreement is publicly available online and can be accessed via this link: https://mgtp.dk/media/jm0jv21u/aftale-om-et-groent-danmark.pdf
3	Final report on the Green Tax Reform by the expert working group of the Green Tax Reform finalised 19 February 2024 and published 21 February 2024.	The final report is publicly available online and can be accessed via this link: https://skm.dk/aktuelt/publikationer/rapporter/groen-skattereform-endelig-afrapportering
4	Agreement on Implementation of a Green Denmark concluded between	The implementation agreement is publicly available online and can be accessed via this link:

the government and the parties <i>Socialistisk Folkeparti, Liberal Alliance, Det Konservative Folkeparti, and Radikale Venstre</i> on 18 November 2024.	aftale om implementering af et groent danmark endelig.pdf
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3. Analysis:

The justification and substantiating evidence provided by the Danish authorities cover all constitutive elements of the milestone.

On the basis of the recommendations of the expert group on concrete models for a uniform CO2e-tax political discussions on the next steps shall be launched.

In 2021, the Danish Expert Group for a Green Tax Reform was tasked with developing proposals to regulate greenhouse gas emissions across various sectors, including industry and agriculture. On 21 February 2024, the group's final report on the Green Tax Reform was published (hereinafter referred to as "the Report"). The Report contains proposals for CO2e taxation of biological emissions from the agricultural sector and emphasizes the importance of a uniform CO2e tax to ensure that emissions are reduced where it is most cost-effective, regardless of the sector.

Following the Report, a tripartite agreement was concluded on 24 June 2024 between the Danish government, the Danish Agriculture and Food Council (*Landbrug og Fødevarer*), the Danish society for Nature Conservation (*Danmarks Naturfredningsforening*), the food sector trade union NNF (*Fødevareforbundet NNF*) the Danish Union of Metalworkers (*Dansk Metal*), Danish Industry (*Dansk Industri*), and Local Government Denmark (*Kommunernes Landsforening*) (hereinafter referred to as "the Agreement"). According to page 3, paragraph 7 of the Agreement the government is obliged to work on implementing the Agreement's elements. On page 24, paragraph 2, the Agreement describes that the CO2e tax agreed upon by the parties of the Agreement is based on the concrete models for a uniform CO2e tax recommended by the expert group in their Report.

Building on this Agreement, an Agreement on the Implementation of a Green Denmark was concluded between the government and the parties *Socialistisk Folkeparti, Liberal Alliance, Det Konservative Folkeparti, and Radikale Venstre* on 18 November 2024 (hereinafter referred to as "the Implementation Agreement"). The Implementation Agreement describes on page 1 that it is a political framework agreement that enables the implementation of the Agreement.

Furthermore, in line with the description of the measure, **to prepare for the second phase of the Green Tax Reform, an expert group shall be established with the task of drawing the roadmap for the next phase of CO2e taxation in a manner consistent with protecting Denmark's competitiveness, social balance, and minimizing leakage.**

According to page 1 paragraph 1-3 of the Report, an expert group comprising six members was established in February 2021. The Report focuses on the next phase of CO2e taxation in biological emissions from the agricultural sector.

As described on page 1, paragraph 4 of the Report, the expert group had a specific mandate: to develop proposals for a roadmap for reducing Denmark's CO2 emissions without compromising its competitiveness or social balance, and to prevent carbon leakage.

Furthermore, in line with the description of the measure, [the proposals for a roadmap] **shall contribute to a comprehensive tax reform with a higher and harmonised CO2e-tax on all emissions.**

Pursuant to page 24, paragraph 2 of the Agreement, the CO2e tax agreed upon is based on the concrete models for a uniform and new CO2e tax recommended by the expert group. It is further specified in the same paragraph that the parties of the Agreement commit to structuring the CO2e tax according to the proposals from the expert group.

Furthermore, in line with the description of the measure, **a green tax reform shall lead to significant cost-effective reductions of greenhouse gas emissions in a socially just and balanced way.**

As mentioned above, the expert group's mandate was to develop proposals for a roadmap for reducing Denmark's CO2 emissions without compromising its competitiveness or social balance, and for preventing carbon leakage. On page 5 paragraph 2 of the Report, it is further described that the proposals are based on the principle of cost-effective reductions. According to page 6, paragraph 3 of the report, the proposals will yield between 2.4 - 3.2 million metric tonnes of CO2e emissions reductions by 2030 with a view to meeting the emission reduction targets. On page 24, paragraph 2 of the Agreement it is described that the Agreement's proposal for a green tax reform targeting greenhouse gas emissions is based on the proposals from the expert group. This demonstrates that the green tax reform is designed to achieve significant cost-effective reductions in greenhouse gas emissions while ensuring social justice and balance. Social justice and balance are also ensured by the fact that the Agreement is concluded between representatives from all relevant stakeholders listed on page 1 of the Agreement, such as trade unions, business associations and the Danish Society for Nature Conversation. As the Implementation Agreement established the execution of the Agreement, the significant cost-effective reductions of greenhouse gas emissions in a socially just and balanced way are also ensured through the actual implementation of this green tax reform on biological CO2e emissions from the agricultural sector.

Commission Preliminary Assessment: Satisfactorily fulfilled.

Number and name of the Milestone:

39 - Tax increases on emissions from industry enter into force for all industries including agriculture and mineralogical processes.

Related Measure: C4.R2 Emission taxes on industries

Qualitative Indicator: Tax increases on emissions from industry enter into force.

Time: Q1 2025

1. Context:

This measure aims to achieve cost-efficient reductions of greenhouse gases by increasing taxes on fossil fuels. The Danish government shall have increased the tax level for emissions by DKK 6/GJ corresponding to approximately 100 DKK/ton CO₂ for industries not covered by the EU ETS (EU emission trading system) and doubled the tax level for emissions for industries covered by the EU ETS by 2026 compared to 2020.

Milestone 39 requires that the legislation on the above-described tax increases on emissions from industry (including agriculture and mineralogical processes) shall enter into force on 1 January 2025.

Milestone 39 is the second and last milestone of the reform, and it follows the completion of milestone 38, which concerned reaching a political agreement on energy taxation in industry.

2. Evidence provided:

	Name of the evidence	Short description
1	Summary Document	Summary document duly justifying how the milestone (including all constitutive elements) was satisfactorily fulfilled.
2	Copy of bill No. 619 of 11 June 2024 on CO ₂ e emissions taxation (<i>Lov om afgift af CO₂e-emissioner fra kvoteomfattede sektorer (emissionsafgiftsloven)</i>) in force as of 1 January 2025 published in the official Danish law Journal (<i>Retsinformation</i>)	The bill is publicly available under this link: https://www.retsinformation.dk/eli/lt/2024/619
3	Copy of bill No. 683 of 11 June 2024 on bill amending the bill on Carbon Dioxide Tax on Certain Energy Products, bill on Energy Tax on Mineral Oil Products, etc., bill on Tax on Natural Gas and City Gas, etc., bill on Tax on Hard Coal, Lignite and Coke, etc. and various other bills, in force as of 1 January 2025 published in the official Danish law Journal (<i>Retsinformation</i>).	The bill is publicly available under this link: https://www.retsinformation.dk/eli/lt/2024/683

4	Copy of proposal No. 2023/1 LSF 182 for bill no. 619 of 11 June 2024 on CO2e emissions taxation (<i>Lov om afgift af CO2e-emissioner fra kvoteomfattede sektorer (emissionsafgiftsloven)</i>) in force as of 1 January 2025 published in the official Danish law Journal (<i>Retsinformation</i>).	The bill is publicly available under this link: https://www.retsinformation.dk/eli/ft/202313L00182 Proposals of bills are considered a legal source in Denmark.
5	Documentation and sensitivity calculations of effects for industry and heating by the Expert Group for a green tax reform published February 2022.	The note is publicly available under this link: https://skm.dk/media/bnckurg4/documentation-and-sensitivity-calculations-of-effects-for-industry-and-heating.pdf
6	Copy of bill No. 1349 last amended 1 September 2020 on mineral oil tax(<i>mineralolieafgiftsloven</i>), in force since 1 January 1993 published in the official Danish law Journal (<i>Retsinformation</i>).	The bill is publicly available under this link: https://www.retsinformation.dk/eli/fta/2020/1349
7	Copy of bill No. 1100 last amended 1 July 2020 gas tax (<i>gasafgiftsloven</i>) published in the official Danish law Journal (<i>Retsinformation</i>).	The bill is publicly available under this link: https://www.retsinformation.dk/eli/fta/2020/1100
8	Copy of bill No. 1284 last amended 3 November 2023 on electricity tax(<i>elafgiftsloven</i>) in force since 1 April 1977 published in the official Danish law Journal (<i>Retsinformation</i>).	The bill is publicly available under this link: https://www.retsinformation.dk/eli/fta/2023/1284
9	Copy of bill No. 1353 on CO2 tax last amended 13 December 2020, in force one month after the EU approval of the following bills' compliance with EU law: 1) Bill no. 888 of 21 December 1991 on carbon dioxide tax on certain energy products. 2) Bill no. 889 of 21 December 1991 amending the Act on the Excise Duty on Certain Petroleum Products, the Act on the Duty on Hard Coal, Lignite and Coke, etc., the Act on the Excise Duty on Electricity and the Act on the Duty on Gas published in the official Danish law Journal (<i>Retsinformation</i>).	The bill is publicly available under this link: https://www.retsinformation.dk/eli/fta/2020/1353
10	Copy of bill No. 527 last amended 12 June 2009 amending the bill on the Taxation of Electricity and various other acts. (Increase in energy taxes, tax on the energy consumption of businesses, tax equality of central and decentralised combined heat and power, tax on lubricating oil, etc. and	The bill is publicly available under this link: https://www.retsinformation.dk/eli/fta/2009/527

	increase in waste tax) published in the official Danish law Journal (<i>Retsinformation</i>).	
11	Copy of bill No. 2225 last amended 29 December 2020 amending the bill on the Taxation of Electricity, the bill on the Taxation of Natural Gas and City Gas, etc., the bill on the Taxation of Hard Coal, Lignite and Coke, etc., the bill on Energy Tax on Petroleum Products, etc., and various other bill. (Implementation of parts of the "Climate Agreement for Energy and Industry etc. 2020" etc.) published in the official Danish law Journal (<i>Retsinformation</i>).	The bill is publicly available under this link: https://www.retsinformation.dk/eli/Ita/2020/2225
12	Copy of bill No. 1489 last amended 10 December 2024 amending the Act on Road Tax, the Fuel Consumption Tax Act, the Act on Motor Vehicle Vehicle Excise Duty, etc., the Act on Energy Tax on Petroleum Products, etc., and various other acts in force since 18 December 2024 published in the official Danish law Journal (<i>Retsinformation</i>).	The bill is publicly available under this link: https://www.retsinformation.dk/eli/Ita/2024/1489

3. Analysis:

The justification and substantiating evidence provided by the Danish authorities cover all constitutive elements of the milestone.

Tax increases on emissions from industry enter into force for all industries including agriculture and mineralogical processes. The legislation on tax increases on emissions from industry shall enter into force on 1 January 2025.

The Bill No. 619 of 11 June 2024 on CO₂e emissions taxation (hereinafter referred to as the "Bill on Co₂e emissions taxation") entered into force on 1 January 2025 according to its article 14 (1). Pursuant to article 1 (1) the bill applies to industry related economic activities subject to the European Union Emission Trading System (EU ETS), which are listed in its annex 1. The Bill on CO₂e emissions taxation also applies to mineralogical processes, as per article 2 (3).

According to pages 16-17 of the proposal for the Bill on CO₂e emissions taxation, the adopted legislation implies a shift from taxation on use of energy to taxation on CO₂e emissions and increases taxation on emissions from industry, thereby contributing to reductions of emissions. The specific increases are described further below.

Bill No. 683 of 11 June 2024 amending the bills on emission taxation, mineralogical products, and several other bills (hereinafter referred to as the "Amending bill on taxation on fuel and energy") contains staggered dates for its entering into force, because it amends several bills. However, the latest date of entering into force is on 1 January 2025 according to its article 9. Pursuant to article 1 the Amending bill on taxation on fuel and energy, stipulates emission taxes on fossil fuels such as diesel and thereby inherently also covers emissions from agriculture.

In line with the description of the measure, with the implementation of this measure, the Danish government has increased the tax level for emissions by DKK 6 / GJ/ app. 100 DKK/ton CO₂ for industries not covered by the EU ETS and doubled the tax level for emissions for industries covered by the EU ETS by 2026 compared to 2020.

Table 1: Changes in overall taxation for industry, mineralogical processes and agriculture 2020-2026, tax in DKK per GJ, 2025 prices

	2020	2026	Difference 2026-2020	Fulfilled
<i>Covered by the European Union Emission Trading System (EU ETS)</i>				
Industry	4.50	9.90	5.40 (120%)	Yes
Mineralogical processes etc.	0.00	6.80	6.80 (>100%)	Yes
<i>Not covered by EU ETS</i>				
Industry	16.10	27.80	11.70 (>6 DKK)	Yes
Agriculture	13.20	27.80	14.60 (>6 DKK)	Yes

Footnote 1: To compare the different taxes, tax levels are stated in DKK/GJ corresponding for natural gas (the predominant fuel in industry. The emission factor used is 0.057 ton CO₂/GJ. This is stated in the note in table 11 (page 42) in the Documentation and sensitivity calculations of effects for industry and heating by the Expert Group for a green tax reform published February 2022.

Footnote 2: In the legislation, taxes are set in 2015 subject to indexation, cf. bill no. 1349 last amended 1 September 2020 on mineral oil tax (mineralolieafgiftsloven) Article 32 a. The indexation factors are in accordance with [Indeksering af energifgifter | Skatteministeriet](#). 19.7 percent is used to increase 2015-levels to reach 2025-level.

The detailed calculations for industry (ETS or not ETS covered), mineralogical processes and agriculture for 2020 and 2026 are included in the summary document submitted with the substantiating evidence and have been verified by the Commission services.

4. Commission Preliminary Assessment: Satisfactorily fulfilled.

Number and name of the Target:

63 - At least 550 SMEs have received funding for digital projects

Related Measure: C6.I2 SME's digital transition and trade

Quantitative Indicator: Number

Baseline: 0

Target: 550

Time: Q4 2023

1. Context:

This investment aims to extend the SME:Digital program, which grants subsidies to small- and medium-sized enterprises (SMEs) to support their digital transformation. The continuation of this initiative is expected to be particularly important for economic recovery, as small- and medium-sized enterprises have been among the most affected by the crisis.

Target 63 is reached when at least 550 SMEs have received funding for digital projects in line with the eligibility criteria of the scheme.

Target 63 is the only target of this investment.

2. Evidence provided:

	Name of the evidence	Short description
1	Summary document	Summary document duly justifying how the target (including all the constitutive elements) has been satisfactorily fulfilled.
2	Website of SME:Digital program	The SME:Digital program's website provides essential information, including eligibility and selection criteria, key dates for grant calls, and details about upcoming grant calls. The website is accessible at: https://smvdigital.dk/content/ .
3	List of beneficiaries	List of SMEs, including their unique national identifiers (CVR), grant commitments' IDs and amounts disbursed.
4	Executive Order No. 1918 of 7 October 2021 on subsidies within the SME:Digital programme (<i>Bekendtgørelse om tilskud under programmet SMV: Digital</i>).	Executive order detailing the SME:Digital program calls, valid for the period from 12 October 2021 to 30 June 2022.
5	Executive Order No. 809 of 2 June 2022 on subsidies within the SME:Digital programme (<i>Bekendtgørelse om tilskud under programmet SMV: Digital</i>).	Executive order detailing the SME:Digital program calls, valid for the period from 1 July 2022 to 31 December 2023.
6	The SME:Digital report on key figures	The SME:Digital report on key figures evidences that the program is a continuation of an existing scheme, that was originally launched in 2018. The report is

		dated October 2024. It is accessible online at the following link: https://digst.dk/media/xbkicbjq/noegletal-i-smvdigital-2024.pdf .
In the context of the sampling analysis, and for the further verification of the target, supporting documents were provided for the list of 60 sampled units:		
7	Application form used by SMEs to apply to the SME:Digital grant program and copy of grant acknowledgement letter to the SMEs.	The project application submitted by the SME and a copy of the grant commitment letter addressed by the Danish Business Authority to the SME awarded.
8	Extracts from the accounting system Navision.	Extracts from the accounting system Navision, provided by the Danish Business Authority, certifying that the grant has been transferred to the awarded SMEs referenced in the list of beneficiaries provided under evidence 3.
9	Payment overview list	Overview of final amounts disbursed to the awarded SMEs that was part of the sample with the purpose of linking the payment information to the case numbers for the sampled units.
10	Letter of disbursement	Letter of disbursement of the grant from the Danish Business Authority to the SME responsible for the awarded project.
11	SME: Digital operator assessment of application	Screenshot(s) from the SME:Digital operator's internal assessment of the application, including the SME's growth ambitions and digital and technologic newness.

3. Analysis:

The justification and substantiating evidence provided by the Danish authorities cover all constitutive elements of the target.

The target shall be reached when at least 550 SMEs have received funding for digital projects in line with the eligibility criteria of the scheme.

Furthermore, in line with the description of the measure, **the investment shall provide subsidies for small- and medium-sized enterprises to digitalise their business.**

The list of 560 small and medium-sized enterprises (SMEs) that received funding under the SME:Digital program between 2021 and 2022 (evidence 3) exceeds the target by ten units.

Chapters 1, paragraph 1, and Chapters 4, paragraph 1, of the Executive Order No. 1918 of 7 October 2021 on subsidies within the SME:Digital program (*Bekendtgørelse om tilskud under programmet SMV: Digital*) (hereinafter referred to as "Order No. 1918") (evidence 4), and Executive Order No. 809 of 2 June 2022 on subsidies within the SME:Digital program (*Bekendtgørelse om tilskud under programmet SMV: Digital*) (hereinafter referred to as "Order No. 809") (evidence 5) stipulate that the support may only be granted to small and medium-sized enterprises (SMEs), eligible for investment and advisory support in digitalisation.

Chapters 2, paragraph 2, of the Order No. 1918 and Order No. 809 (hereinafter referred to as "Executive Orders") (evidence 4 and 5), delineate the criteria for an enterprise to be considered an

SME. Specifically, they define a company as any legal entity possessing a Danish Central Business Register (hereinafter referred to as “CVR”) number (i.e. the company registration number in the central business register in Denmark (“*Det Centrale Virksomhedsregister*”), engaged in economic activity, regardless of its legal form. To be considered an SME, the enterprise must be Danish, have a maximum of 249 employees and have either an annual turnover not exceeding EUR 50 million or a balance sheet total not exceeding EUR 43 million.

As for the requirement that funding is for digital projects, Chapters 1, paragraph 1, of the Executive Orders (evidence 4 and 5), together with Chapters 4, paragraph 4, clarify that the subsidies provided to SMEs are for projects within the following digital categories: advice on digital transformation, automation and e-commerce as well as investment support for the purchase of technology and IT.

Following the selection of a random sample of 60 units, Denmark submitted the letters of disbursement (evidence 10) and the corresponding extracts from the accounting system Navision, provided by the Danish Business Authority (evidence 8), to confirm that the grants have been transferred to the awarded sampled SMEs. The evidence provided for a sample of 60 units confirmed that this requirement of the target has been met. Specifically, the extracts from Navision for each sampled company (evidence 8) provide information from the creditor module of the Navision accounting system on the recording of the payment and the disbursement made with a unique payment identification reference, as well as information from the system’s payment module on the payment method, payment identification and information on the recipient of the funds including the company CVR number. The information was further cross-referenced to the case number in the list of payments for the sampled units (evidence 9) with the CVR and payment identification numbers.

The Commission services conducted an on-the-spot check on 22 January 2025 to verify in real-time that the Danish Business Authority, using the Navision system, could extract specific payment confirmations. This check was completed successfully, confirming that the provided screenshots reported accurate information and that the exact amounts declared in the letter of disbursement (evidence 10) were paid out to the correspondent beneficiary by the Danish Business Authority.

The overall eligibility criteria for grants awarded under SME:Digital are specified in Chapters 2 and 3 of the Executive Orders (evidence 4 and 5) and further explained on the website of SME:Digital (evidence 2) at the webpage “How to: Grants for Advice and Investment” (<https://smvdigital.dk/content/ydelser/saadan-goer-du-tilskud-til-raadgivning-og-investering/26b21b73-ddd0-4224-bf34-82d2cca3caea/https://smvdigital.dk/content/ydelser/saadan-goer-du-tilskud-til-raadgivning-og-investering/26b21b73-ddd0-4224-bf34-82d2cca3caea/>), under the section “Formal requirements”. The Commission services accessed the link provided by the authorities on 17 January 2025 to verify that the eligibility criteria for grants, as specified in Chapters 2 and 3 of the Executive Orders, were reported. This check was completed successfully, confirming that such eligibility criteria were also mentioned on the website. Furthermore, in line with the description of the measure, **this investment shall prolong an existing scheme, SME:Digital.**

As described on the SME:Digital Programme’s website (evidence 2), SME:Digital was established in 2018. The Commission services accessed the link provided by the authorities on 17 January 2025 to verify that the SME:Digital scheme prolonged an existing scheme. This check was completed successfully, confirming that SME:Digital originated as an initiative within the Danish Government’s 2018 Strategy for Denmark’s Digital Growth with the purpose of supporting small- and medium-sized enterprises.

Moreover, the SME:Digital report on key figures, page 4 (evidence 6) presents the number of applications received within the scheme from 2018 through November 2023. The Commission services accessed the link provided by the authorities on 17 January 2025 to verify that the report accurately reflected the number of applications received within the scheme since 2018. This check was completed successfully, confirming that the following number of applications were received under the SME:Digital scheme: 63 in 2018, 1038 in 2019, 1820 in 2020, 3395 in 2021, 4623 in 2022 and 3483 in 2023 (until Mid-November). The investment is thus a continuation of an existing scheme.

Furthermore, in line with the description of the measure, **small and medium-sized enterprises may apply for grants on the condition that their projects shall increase their use of technology and contribute to growth of the enterprise.**

Regarding the requirement to increase the use of technology, the section "What your application will be assessed of the webpage SME:Digital (evidence 2) states that all applications are evaluated based on whether the project introduces new technology to the company or significantly upgrades existing technology. This is further confirmed in the application form submitted by companies, under paragraph 2B (evidence 7), where applicants are required to describe the nature of the project for which they seek funding, including a detailed explanation of how it involves the adoption of new technology for the company.

Following the selection of a random sample of 60 units, Denmark submitted the screenshots from the SME:Digital internal assessment system (evidence 11) used by the program's operators in the assessment of applications. Such screenshots include the assessment given to the SME's increased use of technology. The evidence provided for a sample of 60 units confirmed that this requirement of the target has been met given that the increased use of digital and technological innovation is one of the criteria checked to assess the eligibility of the sampled applications. Specifically, for all 60 units the criterion "Digital and technological novelty value" ("*Digital og teknologisk nyhedsværdi beskrevet*") in evidence 11 was marked as "Acceptable" ("*Acceptabel*").

Regarding the requirement to contribute to the enterprises' growth, the same webpage (evidence 2) specifies that applications are assessed based on the growth ambitions that SMEs expect to achieve through the implementation of their funded projects. This is evidenced in the application form (evidence 7) under paragraph 1.F, where all applicants are required to describe the growth they anticipate to sustain if awarded the grant. Although growth is not a mandatory selection criterion for smaller grants, it remains a factor considered in the overall eligibility assessment process for all grants.

To demonstrate so and following the selection of a random sample of 60 units, Denmark submitted the screenshots from the SME:Digital internal assessment system (evidence 11) used by the program's operators in the assessment of applications. The evidence provided for a sample of 60 units confirmed that this requirement of the target has been met given that the enterprises' growth ambitions are one of the criteria checked to assess the eligibility of the sampled applications. Specifically, for all 60 units the criterion "Growth ambitions described" ("*Vækstambitioner beskrevet*") in evidence 11 was marked "Acceptable" ("*Acceptabel*").

The Council Implementing Decision required that small and medium-sized enterprises could apply for grants on the condition that their projects contributed to growth of the enterprise. The SME:Digital webpage clarifies that while growth ambitions are not a mandatory assessment criterion for grants equal to or below DKK 50.000, they are considered an eligibility criterion for all grant applications, including those for smaller projects within the pool of DKK 50.000 or below. The rationale for not formally assessing growth for these smaller grants was to encourage SMEs to apply and to reduce administrative burdens for smaller projects. Nevertheless, the programme assumes that the adoption

of technology (often focused on digital tools, such as software for marketing, bookkeeping, etc.) will inherently contribute to enterprise growth. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, this deviation is acceptable because the selection process effectively acts as an eligibility criterion by requiring applicants to outline their growth ambitions, challenges, and how the grant can help realise these ambitions, and by assessing the description of these growth ambitions, under paragraph 1.F of their application, as part of the overall approval process. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the target represents. On this basis, it is considered that this constitutive element of the measure description is satisfactorily fulfilled.

The Commission services conducted an on-the-spot check on 22 January 2025 to verify in real-time that SME:Digital operators could navigate the application used to evaluate companies' applications and extract the screenshots provided in evidence 11. This check was completed successfully, confirming that the provided screenshots provided accurate information and that the two criteria were assessed for each sampled company.

Furthermore, in line with the description of the measure, **the grant scheme is open for applications several times each year, where applications are assessed on a first-come, first served basis.**

As described on the SME:Digital Programme's website (evidence 2), the current calendar for upcoming grant schemes in 2025 indicates that the grant scheme is open for applications several times this year. Information about earlier (closed) grants pools dating back to 2022 can also be found on the SME:Digital Programme website (evidence 2; <https://smvdigital.dk/content/ydelser/tilbud/4e84e652-3d63-4b24-b5f5-a278d2ad27e6/>) under the headline "Closed applications" ("Lukkede ansøgninger") which indicates that the grant scheme in these years was also open several times a year. Accordingly, the grant scheme is open for applications several times each year.

Chapter 4, paragraph 7 of Order No. 1918 and Order No. 809 (evidence 4 and 5) state that the financial support within SME:Digital can be distributed between SMEs within six geographical areas (each area has a local Business Development Service Hub) following a distribution key based on geographic distribution of SMEs. Each area is allocated a time-limited advance reservation of support funds. Within each area, the applications are processed in the order in which they are received. After the end of the advance reservation, any unused funding is distributed between applicants from the other business housing areas in the order in which the applications are received. Accordingly, SME:Digital applications are assessed on a "first-come, first-served basis".

Furthermore, in line with the description of the measure, **a maximum grant of DKK 100,000 per company is foreseen.**

Following the selection of a random sample of 60 units, Denmark submitted the grant acknowledgement letters (evidence 7), as well as disbursement letters (evidence 10), to confirm that the maximum grant paid to the awarded companies was DKK 100,000. The evidence provided for a sample of 60 units confirmed that this requirement of the target has been met as the maximum grant paid to the awarded companies was DKK 100,000.

4. Commission Preliminary Assessment: Satisfactorily fulfilled.

Number and name of the Target:

77 - 500 firms have used the tax deduction provided by the deductions for research and development work

Related Measure: C7.I5 Incentives to boost R&D in companies

Quantitative Indicator: Number

Baseline: 0

Target: 500

Time: Q3 2023

1. Context:

The measure consists of extending the basis for depreciation and deduction for private sector research and development expenses by 130% of in the financial year of 2022. The law establishing the deduction shall have effect in the financial year of 2022.

The measure aims to frontload investments in research and development.

The deduction is also expected to encourage smaller firms to increasingly engage in research and development, since they qualify for the deduction as well.

Research and development related to exploration and extraction of fossil fuels and raw materials shall not qualify for the tax deduction.

Target 77 consists of 500 firms having used the tax deduction in 2022.

Target 77 is the second and last target of the investment, and it follows the completion of milestone 76, related to the entry into force of the bill on deductions for research and development work.

2. Evidence provided:

	Name of the evidence	Short description
1	Summary document	Summary document duly justifying how the target (including all constitutive elements) was satisfactorily fulfilled.
2	List of firms	List of 593 firms that used the tax deduction including their names and the registration numbers of the various firms as well as the amounts that have been declared.
In the context of the sampling analysis, and for the further verification of the target, supporting documents were provided for the list of 60 sampled units:		
3	Tax notices for 2022	This document is a compilation of tax notices (<i>Årsoppgørelse</i>) and corresponding tax information table (<i>oplysningsskema</i>) for the year 2022 indicating that the taxation for the year has been finalised for the firm

		covered by the tax notice and that the firm has used the tax deduction.
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3. Analysis:

The justification and substantiating evidence provided by the Danish authorities cover all constitutive elements of the target.

Data extract showing that 500 firms have been using the deduction for research and development work.

The evidence provided by the Ministry of Taxation is a list of 593 firms that have used the tax deduction, including their compulsory unique identification number in the national registry of firms and the amount reported by the firm for research and development expenditure. The number of firms listed exceeds the target of 500 firms.

Following the selection of a random sample of 60 units, Denmark submitted the tax notice (*Årsoppgørelse*) for the year 2022 and the corresponding reported data from the tax declarations (known as the tax information table) for the sampled firms. Field number 109a indicates whether the sampled firm has benefitted from the 130% research and development deduction in 2022 and field number 109b sets out the actual amount. The relevance of these two fields for the use of the 2022 tax deduction for research and development is given by the reference to the Executive Order No. 1735 of 17 August 2021 on the assessment of income tax to the State (Tax Assessment Act) (*Bekendtgørelse af lov om påligningen af indkomstskat til staten (ligningsloven)*) Article 8B, section 4, points 1-2).

For 37 of the sampled firms, the tax notice (*Årsoppgørelse*) was addressed to the same firm as the one covered by the content of the tax declaration (*oplysningskema*). However, in 23 cases the tax notice was addressed to the managing company (typically a holding company), subject to joint tax arrangements. The relationship between these firms was verified via publicly accessible information available on the Danish CVR - Central Business Register (*CVR-VIRK portal*).

4. Commission Preliminary Assessment: Satisfactorily fulfilled.