

## Danish response to mitigate the financial impact of the COVID-19 pandemic

In this paper, you will find an overview of the Danish response to mitigate the financial impact of the COVID-19 pandemic. The overview covers initiatives taken by the Danish government in support of companies, workers, self-employed, freelancers etc.

It is a dynamic document. It will be updated continuously according to new initiatives taken by the Danish government, social partners, enterprises etc.

### Tripartite agreement on temporary wage compensation

Tripartite agreement on temporary wage compensation for private sector employees

The agreement covers employees working in private companies that are particularly economically affected as a consequence of COVID-19 and therefore facing having to give notice of redundancies of a minimum of 30 percent of their employees or more than 50 employees.

The companies can use the new wage compensation scheme if they opt out of the existing possibilities for temporary laying off employees without pay.

The companies in the private sector continue to provide full pay for their employees during the compensation period, even though they may be severely economically affected due to COVID-19. The employees who are at risk of redundancy cannot work, but are laid off temporarily with full pay during the compensation period.

At the same time, it is a precondition for wage compensation that, for the duration of the wage compensation period, the company refrains from dismissing employee for economic reasons.

The individual worker for whom the company seeks wage compensation must take holiday or time off in lieu amounting to a total of five days in connection with the compensation period. If the employee has no holidays, time off in lieu etc. of a duration of five days, he or she must take leave without pay or holidays from the next holiday year. The companies cannot receive wage compensation for these days.

The state wage compensation for employees who are at risk of redundancy will constitute  $\frac{3}{4}$  of the wage bill for the monthly salaries of the employees covered by the scheme, however not exceeding DKK 23,000 per month for a full-time employee covered by the scheme. For non-salaried employees, the state wage compensation may amount to 90 percent, however not exceeding DKK 26,000 a month per full-time employee covered by the scheme. The companies can only be comprised by the scheme for a maximum of three months.

The temporary compensation scheme will be effective from 9 March 2020 and until 9 June 2020.

*See the full agreement and annexes attached.*

## Financial assistance to companies

Package providing financial assistance to organisers forced to cancel or postpone concerts and other cultural events with more than 1,000 participants (and smaller arrangements targeting people in particular risk of COVID-19, like elders and people with health issues)

Postponement of payment of VAT and other taxes for SME's. Expected outcome is strengthening of the liquidity with 40 billion DKK.

This comes on top of other initiatives, which in total will improve liquidity with around 165 billion DKK.

## Government guaranteed loan options

Options for a government guarantee for companies experiencing a drop in their turnover of a minimum of 30 percent.

## Public procurement

Options for public institutions to prepay goods and services.

## Sickness pay

Suspension of the qualifying period securing reimbursement to companies of sickness benefit from day 1 for employees in quarantine or on sick leave due to COVID19.

## Unemployment benefits

Suspending the maximum unemployment benefits period (24 months) for unemployment benefits received in a 3 months from 9 March 2020.

A similar suspension will secure people on sickness pay to have the pay expanded by three months.

## Support for students

Many students will lose their part time jobs. It will be possible to obtain student loans on top of existing loans and scholarships

## Self-employed and freelancers

Direct financial assistance for self-employed who due to COVID-19 will see their turnover plummeting with more than 30 percent. The compensation will cover 75 percent of the expected loss in the turnover (with a monthly maximum of 23,000 DKK).

More or less the same form of assistance will be offered to freelancers who see their working opportunities disappearing.

Direct financial assistance to compensate companies for fixed expenditures (rent and other expenditures like leasing contracts) in situations where the turnover is plummeting.

The compensation can be up to 80 percent depending on the loss of turnover.

Business owners forced by the authorities to close their business will be able to receive a compensation of 100 percent of their fixed expenditure.