

Fact sheet

Tripartite agreement aims to help employees

The breakout of coronavirus places Danish employees and businesses in a difficult situation. When hotel rooms are vacant or when manufacturing companies cannot get components because of the coronavirus, companies are facing revenue shortfalls at a time when they still have to pay their bills.

The Government has therefore concluded a tripartite agreement on an employee package which is to protect Danish jobs and ensure that employees get paid as normal. With this scheme, companies that face having to give notice of redundancies of a minimum of 30 % of their employees or more than 50 employees are entitled to wage compensation.

State wage compensation amounts to 75 percent of the wage of the employees in question, however not exceeding DKK 23,000, if the employer chooses to temporarily lay off its employees instead of firing them. For non-salaried employees, the wage compensation can amount to 90 percent, however not exceeding DKK 26,000 a month per full-time employee covered by the scheme. The company can receive the highest wage compensation for three months from 9 March and until 9 June 2020.

The individual worker for whom the company seeks wage compensation must take holidays and/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. amounting to five days, leave without pay or holidays from the next holiday year must be taken.

Example 1: Restaurant

A restaurant with 19 employees expects to give notice of redundancies and temporarily lay off 10 employees as a consequence of the coronavirus. The employees have a monthly wage of DKK 25,000.

In this case, the restaurant gets DKK 18,750 in wage compensation from the beginning per employee it temporarily lays off. This corresponds to approximately 75 % of the employee's wage. The employee keeps his or her job and continues to receive his or her monthly salary of DKK 25,000. In connection with the compensation period, the employee must take 5 holiday days. The compensation period cannot be longer than three months.

Example 2 Industrial factory

An industrial factory with 500 employees expects to give notice of redundancies and temporarily lay off 60 employees as a consequence of the coronavirus. The employees have a monthly wage of DKK 34,000.

In this case, the employer receives DKK 23,000 in wage compensation per employee from the beginning. This corresponds to the maximum wage compensation. The employee retains his

job and continues to receive his monthly wage of DKK 34,000. In connection with the compensation period, the employee must take 5 holiday days. The compensation period cannot exceed three months.

Application and payment

The companies must apply for compensation via the corporate portal of the Danish Business Authority, virk.dk. The Danish Business Authority expects to be prepared to receive the first applications towards the middle of week 13, and it will start to pay out the first wage compensations the following week.