

Denmark: measures to provide support for businesses and employees during the coronavirus crisis

Planet Labor, 20 March 2020, n°11739 - www.planetlabor.com

On 19 March, the Danish parliament passed a DKR 40 billion package of measures to provide support for Danish businesses and their staff. In it are several economic measures such as compensation for a certain number of fixed costs that corporates have to sustain, even though they may have to close, as well as loan extension guarantees for SMEs. The package also takes up provisions that have been formerly negotiated with the social partners, which will enable struggling businesses to abstain from making staff redundant during the crisis period.

On 14 March, together the government, employers and trade unions took a number of measures to limit the negative effects of the crisis protection provisions on both employees and companies. The tripartite agreement intended for the salaries of employees working in companies in difficulties to be paid during the pandemic period. The agreement applies retroactively to 09 March, runs until 09 June, and concerns companies in difficulties faced with laying off either at least 30% of their headcount, or more than 50 staff.

In the agreement companies that are covered and request its application, should continue operations and retain staff on full pay. Employees covered by the agreement should take 5 days leave during the pandemic (either from the current year or from the following year's quota). State compensation for these companies will come to 75% of the monthly salary amounts, capped at DKR 23,000 (€3,077), and even up to 90% of hourly salary, capped at monthly level of DKR 26,000 (€3,479). Requests for support can be made online with the Danish Business Agency portal commencing the week of 23 March, with payments expected to start a week later.

This provision does not close off the option of partial unemployment, which is a separate provision and which has been simplified in a recent tri-partite agreement (the 7 day implementation period has been lifted).

On 17 March, the country's industry social partners (DI – employers and Co-industri – unions) signed an [agreement](#) recognizing that Covid-19-related disruptions to business activities were cases of force majeure under the industry's collective agreement that applies to blue-collar workers. This allows employers to terminate employment contracts without notice or compensation. However it also requires companies within its scope to steadily reinstate workers if and as soon as activity recovers. This period will then be considered as a period of suspension of the employment contract. Workers who are not re-hired after 6 months, will be considered as having their employment contract terminated and will receive severance pay.

Other government measures. Denmark's parliament has also committed to compensating both employers' and independent workers' sick leave payments incurred for those with Covid-19 or in coronavirus-related quarantine. The same piece of legislation allows for derogation from the regular system whereby employers paid either full salary or sick pay for the first 30 days of illness leave before the municipal authorities take over. This new derogation means it will now be the State that pays the salary or sick pay amounts for those affected by Covid-19. The derogation only applies to Covid-19 situations. In addition, the self-employed can receive illness benefits as of the first day of absence,

instead of the usual two-week waiting period. The legislation applies retroactively from 27 February until 01 January 2021.

The government has already planned to double or triple the budget of the 'alert pool', which is used to finance actions (training, career redeployment, mobility support, job seeking) for people affected by widespread employment termination. In the event of major company closures, or employment terminations with great local significance, the Regional Labour Council (RAR) can grant subsidies for these initiatives to support those laid off, with funding sourced from the national 'alert pool'. In normal times these are typically situations of with redundancies affecting at least 50% of employees at a site with at least 20 employees. The Minister of Employment allows exceptions to this rule where the possibilities for securing alternative employment locally are limited. It is expected that this tool will be a preferred instrument for people who find themselves jobless when the coronavirus crisis ends.

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