

# **Status on labour market and business situation in Denmark in connection with the COVID-19 disease**

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## **Borders**

All borders around Denmark are closed until the 13th of April 2020. Goods are allowed to pass the border as well as persons with good reasons to pass. These reasons are too instance if you are a Danish Citizen, if you have a residence permit in Denmark, if your work makes it necessary to cross the border (transborder commuters). Diplomats etc. are also allowed to pass the border.

## **Businesses**

The government generally recommends that as many people as possible work from home. All employees in the public sector not performing critical tasks for the functioning of society have been sent home with full pay. Everybody is expected to work from home.

Many private businesses and companies have chosen to also send their workforce home with full pay, with the expectation that they work from home.

On the 17<sup>th</sup> March 2020 the government announced a shutdown of all cafés, restaurants, hair dressers, physiotherapists, tattoo parlors and other businesses with close physical contact between persons. Shopping malls are also shutdown, with the exception of supermarkets, food shops and pharmacies located within shopping malls. All other businesses are allowed to stay open.

## **Labour Market - initiatives taken to help workers, employees and businesses**

As a yard stick to compare with other countries the GDP of Denmark in 2019 was 2,318.8 billion DKK (311 billion EUR).

### **Aid packages from the state**

#### **MARCH 10: FIRST AID PACKAGE**

##### **Compensation for cancellations**

Organizers who in March have cancelled or postponed events with more than 1,000 participants or events with under 1,000 participants that targeted people at particular risk of coronavirus, for example elderly or sick, can apply for compensation for the loss.

##### **Deferred VAT and tax**

Companies are temporarily allowed to defer payment of VAT, labour market contributions and income tax.

### **New corona unit**

The government will set up a corona unit where it will discuss with industry how temporary measures can help business during the corona crisis.

Read more [here](#). (Danish only)

## **MARCH 12: SECOND AID PACKAGE**

### **Greater lending opportunities for banks**

Since the financial crisis, there has been a requirement for banks to deposit into a buffer so that they could save money that they will have available in times of new crisis.

This countercyclical capital buffer is being released, which should give banks more leeway to lend to Danish companies that will need more capital to cover economic losses related to the corona virus. The Ministry of Finance has calculated that it will release over 200 billion DKK (27 billion EUR) that banks can lend.

### **Two new guarantee schemes**

Two new guarantee schemes are being launched. One is targeted at large companies and will operate under market conditions. The second is targeted at small and medium-sized enterprises and involves a lower guarantee limit for companies, which is why a state loss framework of one billion DKK (0,13 billion EUR) is set up.

### **Refund from day one**

Employers can get a refund from day one when the employee is sick from covid-19 or in quarantine. It is therefore envisaged that the so-called employer period of the sickness benefit system should be suspended.

### **More flexible system short time work**

The short time work system is made more flexible. The scheme means that companies can reduce employees in time for a temporary period, and employees can then receive supplementary unemployment benefits.

In order to avoid redundancies, the scheme is amended so that short time work can be initiated as soon as it has been notified to the job centre. This suspends the current requirement for short time work to be notified to the job centre at least one week before it can enter into force.

Read more [here](#). (Danish only)

## **MARCH 15: THIRD AID PACKAGE**

### **Compensation for companies**

A new tripartite agreement has been concluded, which means that private companies facing giving notice to at least 30 percent of the workforce or more than 50 employees can receive wage compensation.

The company gets a compensation up to 75 percent (up to a maximum of 23,000 DKK (3,090 EUR)) of the pay to each employee at risk of layoffs, if they choose to send the employees home instead of laying them off.

The temporary compensation for wages and salaries is valid from 9th March until 9<sup>th</sup> of June 2020.

Read more [here](#).. (Danish only)

The partners in manufacturing sector (CO-industri and Dansk Industri (DI)) added to the tripartite agreement on the 18<sup>th</sup> of March in order to handle force majeure and lay-offs due to COVID-19 according to the collective agreement for blue collar workers in the manufacturing sector.

To avoid dismissals, the partners request the companies as far as possible to make use of this agreement about temporary wage compensation of 14 March 2020.

The main points of the agreement:

Companies that are members of DI and covered by the Industrial Agreement, and as a consequence of COVID-19 experiences external or extraordinary operational disruptions that stop operations completely or partly, so they are unable to employ a number of employees, can without notice lay off employees without payment, as the parties agree and refer to force majeure in the Industrial Agreement.

Following the companies are obliged to offer the dismissed employees to resume the work concurrently when the operations are resumed. If the work will be resumed the conditions of employment should not be considered as suspension. If the operational disruptions last more than 6 months the employees. Employees not being offered to resume their work, will be considered as laid off and have the right to severance pay.

The agreement is valid until 13 April 2020 with a possibility of prolongation.

## **MARCH 16: FOURTH AID PACKAGE**

### **Deferral of VAT and B-tax**

VAT payments for small and medium-sized enterprises is postponed, which is expected to improve the liquidity of small businesses by approximately 15 billion DKK (2 billion EUR) and approximately 20 billion DKK (2,7 billion EUR) for medium-sized enterprises.

This means that small businesses will not have to pay VAT until 1st January 2021 and medium sized businesses until 1<sup>st</sup> September 2020.

In addition, in order to further increase the liquidity deadline for payment of B-tax, the Government defers the deadline for payment of B-tax, so that the payment deadline, which

would otherwise be 20<sup>th</sup> April 2020 is postponed to 20<sup>th</sup> June 2020 and the deadline of 20<sup>th</sup> May 2020 is postponed until 20<sup>th</sup> December 2020, Read more [here.](#) (Danish only)

## **19 MARCH: FIFTH AID PACKAGE**

### **Compensation for self-employed and freelancers**

Self-employed and freelancers who experience a minimum 30 percent decrease in their turnover, can receive compensation. The compensation will represent 75 percent of the expected loss of revenue, up to a maximum of 23,000 DKK (3,090 EUR) per month per owner. The scheme will apply for three months from 9th March 2020 to 9th June 2020.

### **Compensation for fixed costs of companies**

The tripartite agreement on wage compensation provides increased security for employees' jobs and compensation for companies for their labour costs. However, the government and the political parties of parliament will also cover some of the fixed costs that the companies no longer have the earnings to cover.

Companies can be compensated if they have had at least a 40 percent loss in revenue - compensation is between 25 and 80 percent, depending on the size of the decrease in revenue.

### **Increased access to export credit**

A new liquidity guarantee is created in EKF – The Danish Export Credit institution. The guarantee will target small and medium-sized enterprises with liquidity challenges. The guarantee should allow for new loans of 1.25 billion DKK (0,17 billion EUR).

### **Increased framework for state-guaranteed loan schemes**

The framework for state-guaranteed loan schemes for large and medium-sized enterprises is increased. For large companies, the guarantee framework is raised to a total of 25 billion DKK (3,4 billion EUR), while for small and medium-sized enterprises a total of 17.5 billion DKK (2,3 billion EUR) and an associated loss framework of approximately 5 billion DKK (0,67 billion EUR) are set aside. It will facilitate lending of up to 25 billion DKK (3,4 billion EUR).

### **Public procurement must support companies**

The public procurement system must help to support that businesses – and therefore also employees – are helped through the crisis. The parties to the agreement therefore agree that, up to and including 31<sup>st</sup> October 2020 a number of rules and regulations affecting purchases in the public sector may be dispensed.

For example, it is possible to prepay suppliers or to waive default provisions against suppliers to the public sector if the default is attributable to COVID-19.

The government will enter into dialogue with KL (organisation for the municipalities) and Danske Regioner (organisation for the regions) about the possibilities for similar provisions in municipalities and regions.

### **State guarantee to the Travel Guarantee Fund**

To help travel companies get through this extraordinary crisis, the government and the contracting parties have agreed to strengthen the Travel Guarantee Fund with a state guarantee of DKK 1.5 billion DKK (0,2 billion EUR).

### **Increased access to unemployment benefits and sickness benefits**

The conditions for unemployment benefit recipients and sickness benefit recipients are changed over a temporary period. More specifically, this means that, from 9<sup>th</sup> March 2020 until 9<sup>th</sup> of June 2020 unemployment benefit rights are earned without being in employment.

Persons on sickness benefit who would otherwise not be able to have their sickness benefit extended will be granted the right to sickness benefit for three months.

### **Increased loan opportunities for pupils and students**

Some higher education students will lose their jobs as a result of covid-19. Therefore, pupils and students in secondary education are now entitled to take out extra SU loans for up to DKK 6,388 (857 EUR) per month in addition to the current scholarship and SU loan options.

Read more [here](#). (in Danish only)

### **26th March Sixth Aid Package<sup>1</sup> (follow up on parts of the Fifth Aid Package)**

#### **Removal of the fixed ceiling for public investments by municipalities and regions**

The ambition is for the municipalities and regions to advance their planned investment projects and initiate them sooner rather than later and finish them by the end of 2020.

It is expected that the municipalities can advance investment projects to 2020 for a total value of 2.5 billion DKK (0.33 billion EUR). The regions can be forced to postpone investment projects as they are responsible for the running of the hospitals, which is the main priority at the moment. Where possible investment projects should be advanced to be initiated in 2020.

#### **Public procurement must support private companies**

- Advancing payments. Municipalities and Regions will advance the payment deadline to private suppliers and service providers, in order to create additional liquidity in the private sector. It is estimated that payments of up to 5 billion DKK (0,67 billion EUR) can be advanced.

#### **Prepayment and flexibility**

- Municipality and regions will be able to make prepayments on orders up to 1 million DKK (0,13 million EUR).

#### **Postponement of payment from private companies of certain duties**

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<sup>1</sup> Read more here (in Danish only) <https://www.fm.dk/nyheder/pressemeddelelser/2020/03/regeringen-indgaar-aftaler-med-kl-og-danske-regioner-om-dansk-oekonomi>

- The municipalities will be given the possibility to postpone the payment of certain duties from private companies, in total up to 1,1 billion DKK (0,15 billion EUR).

### **30<sup>th</sup> March adjustment to the Third Aid Package from 15<sup>th</sup> March**

Wage compensation from the Third Aid Package is adjusted upwards. For white-collar workers the state provides a compensation of 75% of the wage to a maximum of 30,000 DKK per month (4,025 EUR) and for blue-collar workers the state provides a compensation of 90% up to a maximum of 30.000 DKK per month (4,025 EUR).