

Sweden: Crisis package

The Swedish government presented a crisis package which can encompass more than SEK 300 billion depending on how the situation develops. The measures proposed by the government are:

- Short-term layoffs: This proposal means that employers' wage costs can be halved, in that central government will cover a larger share of the costs. This model is similar to short-time work, but the subsidy level is significantly increased. The employee receives more than 90% of their wage. The proposal can be applied from the 16th of March and it runs throughout 2020.
- The central government will assume the entire cost of all sick pay during April and May. Self-employed persons will also be compensated, as they can receive standardised sick pay for days 1–14. To reduce the risk of the virus spreading in society, the qualifying day for sick pay will be discontinued between 11 March and 31 May, in that central government will pay sickness benefit for the first day of sickness.
- Companies can defer payment of employers' social security contributions, preliminary tax on salaries and value added tax that are reported monthly or quarterly.
- Company payment respite covers tax payments for three months and is granted for up to 12 months. It is proposed that the new regulations take effect on 7 April 2020, but can be retroactively applied from 1 January 2020. This means that companies that have paid into their tax account for January to March can receive repayment of the tax from the Swedish Tax Agency. Payment respite will not be granted to companies that mismanage their finances or are in some other way unethical. Nor will respite be granted to companies that have large tax debts.

In addition to the Government's measures, the Riksbank has announced that it is loaning up to SEK 500 billion to companies via the banks to safeguard credit supply. Finansinspektionen (the Swedish financial supervisory authority) has announced that it is lowering the countercyclical capital buffer to zero to safeguard a well-functioning credit supply.

Source: <https://www.government.se/press-releases/2020/03/crisis-package-for-swedish-businesses-and-jobs/>