

1st economic package of the Danish Government

1. Compensation to organizers of events with +1000 attendants

The government will pay compensation to organiser who in March, due to the restrictions enforced nationally, have been forced to cancel or postpone events with +1000 attendants/guest, or events with >500 guest targeted COVID-19 risk groups etc. elderly or chronicle ill patients.

As of April 18th the following changes have been passed in parliament:

- The scheme has been extended to August 31st
- The scheme will be expanded to retrospectively include events with >350 visitors.
- The scheme will be expanded to include publicly funded culture- and sport events.

2. Postponed accounting for income tax, labour market contribution and VAT

The deadline for companies accounting of income tax and labour market contribution are temporarily postponed. The deadline for tax payment is extended by 3 monthly rates (payments for April, May and June) by 4 months. The expectation is, with some uncertainty, that the initiatives will bolster the liquidity of companies nationwide by approx. DKK 90bn in the 4-month period.

The deadline for large businesses' VAT accounting is extended by 3 monthly rates (payments of March, April and May) by 30 days. Larger companies are defined as having a yearly revenue subject to VAT of DKK 50m. The expectation, with some uncertainty, is that the initiative will bolster the liquidity of the affected companies by DKK 35bn. The government is looking into extending the VAT due for SMEs as well.

These provisions have since been extended to VAT accounting for SMVs.

2nd economic package of the Danish Government

3. State guarantee on loans

The state will guarantee up to 70% of new loans obtained by SMEs in 'relevant business areas' and whose economy is deemed 'healthy' who has experienced a decrease in revenue of min. 35%. Larger companies with a similar reduction of min. 35% in revenue will on market conditions get a similar deal. This can however be considered state aid and must therefore be approved by the European Commission. The scheme is expected to be administered by Vækstfonden (Danish State Investment Fund).

As of April 18th the following changes have been passed in parliament:

- An increase of the lending capacity of Vækstfonden of DKK 1,2bn

4. Sick pay/social benefits, from day one when an employee is contaminated or quarantined for COVID19

The state will reimburse any salary or sick pay expenses of employers in the first 30 days. In addition, self-employed or freelancers can receive sick pay from day 1 thereby disregarding the normal 2-week period that normally applies for this group.

5. The distribution of labour becomes more flexible

Companies will be able to -as soon as it is reported to the proper Danish authority – temporarily reduce the contractual number of working hours of an employee in a fixed period without further notice. In the meantime, the employee will be able to supplement their salary by unemployment

benefits. This will create a more flexible system for the companies to adapt to the current situation and avoid mass firing of employees.

6. Banks and credit institutes more leeway in their lending.

Denmark will release the counter-cyclical capital buffer immediately, making it 0, to give banks and credit institutes more leeway in their lending. The move will mean an additional DKK 200bn will be available for lending.

3rd economic package of the Danish Government

7. Collective agreement on salary/wage compensation

The government and the social partners have announced a tripartite agreement that allows for a temporary wage compensation for private companies who are to dismiss min. 30% of their staff or a total of 50 employees. This means that the employees avoid being dismissed but are instead sent home and will receive a wage compensation up to 23,000 a month of which the state covers 75% and the company 25%.

As of April 18th the following changes have been passed in parliament:

- The scheme will be extended to July 8th
- In the period June 9th to July 8th companies will have to reapply for compensation
- The salary/wage compensation make 75% of the total payroll cost at a max of DKK 30,000 amonth per full time employee

7.a Government accede to HORESTA concerns

HORESTA has been critical towards the initial wage compensation scheme as it only provided the compensation for companies able not to dismiss employees. But for companies in the hospitality sector who have lost all sources of income even 25% of employees' salaries is too much. We have already experience 15,000< dismissals in our sector alone. It was therefore a great victory when the government gave concessions to HORESTA increasing the government compensation to 90% in the hospitality sector as well as making the scheme more flexible.

HORESTA initiatives

8. Local sectoral agreements beyond the collective agreements (HORESTA initiative)

3F (labour union) has on the HORESTA suggestion announced to its representative that local agreements deviating from the collective agreement is now necessary. This will allow local companies to freely negotiate solutions 'customised' for the local need of the company as long as they can reach the agreement with the social partners locally. Topics to renegotiate could include working hours, roster planning, flexibility of profession (being assigned other task than what you are initially hired for), reduced working hours and thereby salaries etc.

9. Agreement between social partners (HORESTA and 3F) regarding dismissal without salary

A temporary agreement has been reached between HORESTA and 3F (union) which allows companies covered by the collective agreement to send home employees without salary. It is a precondition that companies strive to minimise the number of employees sent home and that employees are invited back to the company as soon as production/guests resume. This agreement has been extended as the Covid-19 virus drags out.

4th economic package of the Danish Government

10. Fixed cost compensation for companies

The government has decided to cover the fixed cost (e.g. rent, interminable contracts, interest rates etc.) of which the company no longer has an income to cover. The following conditions apply:

- Only companies with a 40% reduction in revenue are eligible
- The compensation will cover between 25%-80% of fixed costs
- Companies who face a complete closure ordained by the government during the corona virus will receive 100% compensation of fixed cost
- The scheme will initially last for three months
- If the income falls by less than 40% in the period, the compensation must be reimbursed
- Fixed expenses must at a minimum be at DKK 12,500 over a three month period

As of April 18th the following changes have been passed in parliament:

- The scheme has been extended a month to July 8th
- If the revenue has fallen less than expected and exceeds the limit the compensation must be reimbursed
- Companies who has received compensation in the extended period of more than DKK 60m are not allowed to pat dividends or engage in share buybacks in 2020 or 2021.

11. Compensation for self-employed

The government has introduced a three-month scheme that will cover between 25-80% (max. DKK 12,500) of the revenue loss of small self-employed who has had an average income DKK15000<, has below 25 employees as well as experienced a 35% decrease in revenue. The scheme will cover up to DKK 46,000 in case one of the employees is a working spouse. In case the company is hit by a government ban the compensation rate will be 100%.

As of April 18th the following changes have been passed in parliament:

- The scheme has been extended a month to July 8th
- If the revenue has fallen less than expected and exceeds the limit the compensation must be reimbursed.

12. Increase in government procurement, expansion of government-backed loans, increase in the Travel Guarantee Fund

The financial frame of the scheme for government-backed loans has been increased by DKK 25bn for large companies and DKK 17.5bn for SMVs. This is a combined increase of DKK 25bn.

The fixed financial frame for public procurement has been lifted for the regions and municipalities. The initiative will accelerate public spending by DKK 2.5bn. Likewise, the municipalities will be given dispensation to prepay future supplies and contracts to support local companies.

13. Extension of The Danish students' Grants and Loans Scheme

The scheme will for the duration of the Covid-19 crisis be increased by 100%. This means that students enrolled in a public education will be able to lend DKK 6,388 monthly.

14. The Tax-authority will disregard non-payment of income-tax

On HORESTAs initiative the government has accepted that companies who fail to pay the tax due on respectively March 31st and April 14th will not face interest rates and fees for any tax-liability cause by the Covid-19 crisis. The taxes due will be due at a later stage.

15. Compensation scheme for free-lancers

A new scheme has been passed to cover up to 90% of the revenue loss (max DKK 20,000 per month) for freelancers with an income loss of min 30%.

16. Compensation for cultural institutions

The government has set aside DKK 200m as compensation for cultural institutions not covered by the above-mentioned. Such institutions include theatres and museums.

17. Additional initiatives enacted on April 18th

- Reimbursement of VAT contribution as a 0% interest loan to SMVs
- Temporary suspension of the tax accounts ceiling in 2. and 3. quarter
- DKK 350m in an extraordinary increase in the innovation funds scheme for boosting innovations
- Increase the check and control of cheating and fraud with the abovementioned relief packages in 2020 and 2021.

Any questions regarding the abovementioned can be directed to ahy@horesta.dk