

HORTEN



COVID-19 SUPPORT INITIATIVES

March 2020

COVID-19 OVERVIEW

General information

Fixed expenses	Postponed payment of VAT and tax
Salary compensation	Compensation for loss of revenue
Sickness benefits	Raising of loans with government guarantee

The Danish Government has launched a number of financial support initiatives targeting businesses which will be reviewed in the following.

Some of the support initiatives have been implemented by law, others are in the preparation stages.

Get the full overview [here](#).

CONTENT

- The support initiatives
- Subsequent steps (documentation)
- Horten's COVID-19 crisis package
- Contact.

THE SUPPORT INITIATIVES

Compensation for fixed expenses

Fixed expenses	Postponed payment of VAT and tax
Salary compensation	Compensation for loss of revenue
Sickness benefits	Raising of loans with government guarantee

The support initiatives are relevant for businesses, which for the period between 9 March to 9 June 2020 have:

- An anticipated loss of revenue of more than 40 % as a result of the outbreak, and
- Fixed expenses during the period exceeding DKK 25,000.

The compensation depends on the loss of revenue.

	Revenue loss	Compensation
Revenue loss of the business from 9 March – 9 June	40 – 60 %	25 % of fixed expenses
	60 – 80 %	50 % of fixed expenses
	80 – 100 %	80 % of fixed expenses

THE SUPPORT INITIATIVES

Postponed payment of VAT and tax

Fixed expenses	Postponed payment of VAT and tax
Salary compensation	Compensation for loss of revenue
Sickness benefits	Raising of loans with government guarantee

The Danish Government has enacted legislation which postpones certain payment deadlines:

- Payment of A tax and labour market contributions is postponed by four months for the period April until and including June 2020.
- Payment of B tax for April and May is postponed and may be paid on 22 June and 21 December 2020, respectively.

VAT

Furthermore, the legislation contains rules postponing the payment deadline for VAT by 30 days for the months March, April and May 2020. The rules concerning postponement of VAT payment deadlines apply to businesses with a turnover of 50 million DKK or more.

THE SUPPORT INITIATIVES

Salary compensation when sending home employees

Fixed expenses	Postponed payment of VAT and tax
Salary compensation	Compensation for loss of revenue
Sickness benefits	Raising of loans with government guarantee

Salary compensation is relevant for companies that have been hit particularly hard by COVID-19 and therefore either send 30 % or more than 50 employees home in the period from 9 March to 9 June 2020. The sending home must be an actual alternative to redundancies for the company.

The compensation is as follows:

- 75 % of the salary for salaried employees (max. DKK 23,000 per month).
- 90 % of the salary for hourly paid employees (max. DKK 26,000 per month).

THE SUPPORT INITIATIVES

Salary compensation when sending home employees

Fixed expenses	Postponed payment of VAT and tax
Salary compensation	Compensation for loss of revenue
Sickness benefits	Raising of loans with government guarantee

CONDITIONS FOR RECEIVING SALARY COMPENSATION

The compensation initiative requires that:

- The company does not dismiss any employees for financial reasons during the period, and
- The employees must not work during the period if they are sent home.

It is possible for the company to enter into agreements concerning reduction of salary if such agreement are made before applying for salary compensation.

The employees must contribute with up to five days of holiday for the period. However, this does not apply if if an agreement on salary reduction has been made.

THE SUPPORT INITIATIVES

Compensation for loss of revenue

Fixed expenses	Postponed payment of VAT and tax
Salary compensation	Compensation for loss of revenue
Sickness benefits	Raising of loans with government guarantee

A business owner may receive compensation of 75 % for loss of revenue in the period 9 March to 9 June, but maximum DKK 23,000 per month. The amount of DKK 23,000 per month is taxable compensation per owner of the business.

CONDITIONS:

- The person must work in the business and own at least 25 % of it.
- The business may have maximum 10 full-time employees.
- The owner's personal income may be maximum DKK 0.8 million in the financial year 2020.
- The business must have had an average monthly revenue in a preceding period of minimum DKK 15,000.

THE SUPPORT INITIATIVES

Reimbursement of sickness benefits

Fixed expenses	Postponed payment of VAT and tax
Salary compensation	Compensation for loss of revenue
Sickness benefits	Raising of loans with government guarantee

The employer period of 30 days is suspended for sickness when the employee's incapacity for work is due to COVID-19 for reasons of:

- Sickness or
- Isolation without sickness.

If an employee reports sick, the business may obtain reimbursement of sickness benefits from the first day of sickness absence if the employee solemnly declares that the employee realistically assumes that it is COVID-19.

If the health authorities in Denmark have specifically recommended that special groups stay at home due to COVID-19, the employer may also obtain reimbursement for the employee's absence.

The right to reimbursement is applicable in the period 27 February to 1 January 2021.

THE SUPPORT INITIATIVES

Raising of loans with government guarantee

Fixed expenses	Postponed payment of VAT and tax
Salary compensation	Compensation for loss of revenue
Sickness benefits	Raising of loans with government guarantee

Two schemes have been introduced for the raising of loans with government guarantee:

- One for large companies and
- One for small and medium-sized companies.

For both schemes, it is a requirement that the company is experiencing or expecting a loss of revenue of minimum 30 % as a result of COVID-19.

Under both schemes, the guarantee covers 70 % of the loss.

SUBSEQUENT STEPS (DOCUMENTATION)

For all the schemes, **the same expense may be compensated maximum once.**

Businesses receiving compensation must be prepared to document loss of revenue etc. and fulfilment of the conditions subsequently - see the table below.

Scheme/bailout package	Subsequent documentation requirements
Compensation for fixed expenses	<ul style="list-style-type: none">• Loss of revenue of at least 40 %• Scope of the fixed expenses
Salary compensation	<ul style="list-style-type: none">• Documentation that the company would have had to dismiss employees• Documentation that the employees were sent home and did not work in the period
Compensation for loss of revenue	<ul style="list-style-type: none">• Size of the revenue loss• Income preceding months of at least DKK 15,000 per month.

HORTEN'S COVID-19 CRISIS PACKAGE

Horten's COVID-19 Crisis Package may provide businesses with an overview of the problems that require targeted legal advice in the light of the present crisis.

The crisis package consists of three phases:

- **CONTACT:** An initial and unconditional telephone conversation/e-mail correspondence that sets out your company's specific situation.
- **ANALYSIS:** A Skype meeting of 1½ hours' duration with two of Horten's experts who may provide a more detailed analysis of the company's problems and challenges.
- **CONSEQUENCE:** Effective case handling by Horten's experts within the practice areas in which the analysis has identified challenges.

CONTACT

Contact one of our experts - contact and analysis provided free of charge



POUL HVILSTED
PARTNER

Dir: +45 33 34 42 54
Mob: +45 52 34 42 54
E-mail: PHV@horten.dk



JAKOB KRAG NIELSEN
PARTNER

Dir: +45 33 34 42 21
Mob: +45 52 34 42 21
E-mail: JKN@horten.dk



JONAS ENKEGAARD
PARTNER

Dir: +45 33 34 41 74
Mob: +45 52 34 41 74
E-mail: JEN@horten.dk



ANDREAS SCHØNBECK
SENIOR ATTORNEY

Dir: +45 33 34 42 74
Mob: +45 52 34 42 74
E-mail: ASH@horten.dk