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## Denmark COVID-19 Legislative and Regulatory Measures

On Wednesday 11 March 2020, the Danish Prime Minister, Mette Frederiksen, announced the introduction of various measures intended to combat the increasing spread of COVID-19, colloquially known as the coronavirus. The measures have been supplemented by a legislative package rushed through parliament with further initiatives underway meant to both effect the "shutdown of Denmark" and ameliorate its economic and societal consequences. This article seeks to provide a broad overview of the current and coming measures in Denmark to address COVID-19.

### ***Adopted measures***

The measures described below cover the preliminary responses by the Danish government and parliament to the ongoing COVID-19 outbreak in Denmark.

#### *Closure of all non-critical public and governmental functions*

All public employees working in non-critical functions have been ordered home from Friday 13 March and, tentatively, two weeks forward. Critical functions include, among others, hospital workers, emergency response-authorities, elderly care services and various business, commercial and economic services.

#### *Non-citizens may only be admitted entry into Denmark if they have a recognised purpose*

All Danish borders have been shut down to non-citizens travelling into Denmark until tentatively 13 April 2020, though an individual may be admitted entry for any of the following purposes:

- The individual is a resident of Denmark or works in Denmark;
- The individual is transporting goods in or out of Denmark;
- The individual has visitation rights to a child living in Denmark; or
- The individual has a close relative who is seriously ill

The Danish travel ban will be in force parallel with the proposed EU-wide travel ban for all non-essential travel into the European Union. The Danish travel ban does not seek to halt the cross-border movement of goods.

## *Restrictions on large gatherings*

All gatherings exceeding 100 persons (subject to adjustment at the discretion of the Danish Minister of Health) have been banned. The ban covers both private and public gatherings, including general meetings in Danish companies. The current deadline for holding the ordinary general meeting for a Danish company whose financial year follows the calendar year is 31 May 2020 (30 April 2020 for listed companies), though the new legislation contains a waiver-option for such and other, similar legally mandated deadlines to be employed at the discretion of the Danish Minister of Health.

## *Postponement of payment deadlines for certain tax liabilities*

The measure, which was adopted by parliament on 17 March, entails that the coming deadlines for payment of tax on regular income and labour market contribution by Danish enterprises are postponed in accordance with the below table:

	<b>Small and medium-sized enterprises</b>		<b>Larger enterprises</b>	
	<i>Current rules</i>	<i>Postponed payment</i>	<i>Current rules</i>	<i>Postponed payment</i>
April instalment	11 May	10 September	30 April	31 August
May instalment	10 June	12 October	29 May	30 September
June instalment	10 July	10 November	30 June	30 October

In addition, larger enterprises with an annual VAT liable revenue of more than DKK 50 million may similarly postpone the coming VAT payment deadlines with 30 days.

## ***Anticipated measures***

The measures described below cover the preliminary proposed initiatives that address the long-term economic consequences of the COVID-19 outbreak in Denmark. The proposals may be amended as a result of the political process, however, they are all expected to be enacted soon. Similarly, additional legislative changes are likely to be proposed to parliament over the course of the coming days and weeks along with more strict governmental recommendations and orders.

### *Compensation scheme for employers whose employees are absent due to COVID-19*

Pursuant to a tripartite agreement entered into between the Danish government and representatives from the Danish labour market, Danish private undertakings whose employees are unable to work as a result of the COVID-19 outbreak, whether due to illness or government restrictions, may be eligible for participation in a government funded salary compensation scheme if they satisfy either of the following conditions:

- The employer is faced with having to announce the termination of at least 30% of its employees; or
- The employer is faced with having to terminate at least 50 employees

The compensation scheme will be structured as follows:

- **Salaried employees:** The compensation from the Danish government amounts to 75% of the salary of the employees in question (however, with a cap of DKK 23,000 per month per full-time employee covered by the scheme)
- **Hourly-paid employees:** The compensation from the Danish government amounts to 90% of the salary of the employees in question (however, with a cap of DKK 26,000 per month per full-time employee covered by the scheme)
- The employers may be covered by the aid scheme for a maximum of three months

Employers wishing to participate in the scheme must waive their existing rights to send home employees without pay and must continue to pay their employees' salaries in full during the time where the employees are sent home and are not performing any work.

It is expected that the scheme will be formalised in the near future with the support from the parliament.

#### *State guarantee on bank loans to private enterprises*

In acknowledgement of the liquidity challenges that many Danish companies are or will be faced with due to the COVID-19 outbreak, the Danish Ministry of Finance has announced the introduction of two guarantee schemes on bank loans to, respectively, small and medium-sized enterprises and larger enterprises.

Both schemes contemplate a state guarantee of 70% of bank loans to enterprises that have suffered a loss in revenue of more than 50% due to the COVID-19 outbreak. The schemes will be available for all types of businesses affected by COVID-19 though actors in the the travel and tourism industries are exemplified as likely recipients.

The SME-scheme relies on state subsidies and will therefore be subject to approval by the EU Commission, whereas the scheme for larger enterprises will act on market terms.

#### **Final remarks**

Common across the board for the current and anticipated initiatives adopted in Denmark to address the impact of COVID-19 is that the measures are adopted swiftly in response to the developing situation. The remedies provided to government authorities are broad with their exact scope still being unknown. Many pose a variety of practical issues, solutions to which rely on the pragmatic application of the new legislation and the prudent conduct of businesses and individuals alike. The impact of the COVID-19 outbreak extends to virtually all areas of business and law beyond the few mentioned herein. Accordingly, if you are doing business in Denmark, we encourage you to seek counsel on how your business might be affected by the COVID-19 outbreak and the legislative and regulatory responses in Denmark.