



MAGNUSSON

# NORDIC RELIEF PACKAGES

In response to the Covid-19 crisis, the governments of Denmark, Sweden, Norway and Finland have implemented relief packages to support their local economies.

Magnusson's local experts and our Norwegian colleagues at Kluge have analysed what we consider to be the most useful and relevant measures for businesses currently being introduced in the Nordics in response to Covid-19.

# DENMARK RELIEF PACKAGE

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## 1. Salary compensation and temporary staff layoffs

### 1.1 Temporary salary/wage support scheme

**The scheme is temporary and applicable for the period 9 March to 9 June 2020, only.**

The criteria for being awarded the compensation are:

- Business that contemplating laying off 30 per cent of the employees or more than 50 employees are covered by the scheme.
- The business must continue to pay full salary/wage to the employees sent home not working.
- The employees sent home are not allowed to work.
- The compensation for salaried employees is 75% of the aggregated salaries, however maximum DKK 30,000.
- The compensation for employees covered by a CBA is 90 per cent of the aggregated wages, however maximum DKK 30,000.
- Part time employees are covered by the scheme too, however proportionally to the time they work.
- During the period where the employees are sent home and not working, the employer may not terminate any of their employment due to financial circumstances which the coronavirus outbreak affecting the employer's business.
- Each employee sent home shall utilise five (5) days of accrued holiday or balance overtime equal to 5 days during the compensation period.

### 1.2 Laying off employees

No special or lenient rules or schemes regarding redundancy have been introduced.

## 2. Lost revenue / fixed cost compensation schemes

### 2.1 Compensation for the business' fixed expenses scheme

- All businesses irrespective of line of trade or business format can apply for compensation.
- The business needs to expect a reduction of sales of more than 40 per cent in the period 9 March - 9 June compared to the same period 2019. Furthermore, the fixed expenses must amount to at least DKK 25,000 and maximum DKK 60 million during the period 9 March to 9 June 2020.
- The compensation is calculated as a percentage of the fixed expenses as follows:
  - o a reduction of 40- 60 % triggers a compensation of 25% of fixed expenses
  - o a reduction of 60 - 80 % triggers a compensation of 50% of the fixed expenses
  - o a reduction of 80 - 100 % triggers a compensation of 80 %
- Compensation of 80 % of the fee to a certified accountant, if the application is accepted

### 2.2 Help to cover loss of sales (directed towards small businesses)

The scheme covers business owners who owns at least 25 % of the business and carries out work in the business.

#### **The business format is not decisive. Scheme covers:**

- Businesses with up to 10 employees,
- The business has a prospect of losing at least 30 % of its sales during the period 9 March - 8 June 2020 because of the coronavirus outbreak.
- The sales shall as a minimum amount to DKK 10,000 per month.
- The personal income of the business owner may not exceed DKK 800.000 in the income year 2020.
- The business must have been established prior to 1 February 2020.

When eligible the business can receive a compensation of 75 % of the average monthly loss of sales, however maximum DKK 23,000 to the business owner per month or approximately DKK 69,000 for the whole period 9 March through 8 June 2020. If the loss during the period was less than 30 %, the compensation received shall be repaid.

### 2.3 Scheme for compensation for cancelled or postponed public events

Organisers of events that have been cancelled with expected participants of more than 1,000 because of the coronavirus outbreak can apply for compensation. The event shall have been planned to take place in the period as from 6 March 2020 and until 31 March 2020. However, the Ministry of Culture has announced that the period is prolonged to 9 June 2020.

### **The organiser shall in order to apply for compensation document:**

- That the event was open for registration for the public before 6 March 2020;
- That the organiser is not compensated through insurance;
- That the expenses to carry out the event have been expensed or that the organiser is contractually obligated to expense/honour them at a later date;
- That the tickets sold and for which compensation is sought have been refunded.
- That if the compensation that is applied for exceeds DKK 500,000 a verification from a certified accountant must accompany the application; and
- The organiser cannot claim being blocked by force majeure vis-à-vis to possible sub-suppliers.

The compensation covers only the calculated deficit that the cancellation of the particular event produces. The compensation may not result in a profit for the event organiser.

## **3. Postponement of payment deadlines for taxes, VAT, etc.**

### **3.1 Postponement of payment deadlines for employee withholding tax and labour market contribution (AM-bidrag)**

The payment deadlines for so-called "A-tax" (employee withholding taxes) and labour market contributions for liabilities arising during the months of April, May, and June are postponed 4 months. No changes are made to the deadlines for reporting A-tax and labour market contributions.

### **3.2 Postponement of payment deadlines for on account tax**

No so-called "B-tax" (on account taxes) is payable in April or May and the payments are postponed to the two months (June and December), which are currently free from payment.

### **3.3 Postponement of payment deadlines for VAT**

For small businesses, the reporting and payment deadlines for the first six months and the last six months of 2020 are aggregated. For medium sized businesses, the reporting and payment deadlines for the first quarter of 2020 are postponed by three months. For large businesses for the months of April, May, and June are postponed 30 days. Large businesses are defined as businesses with a yearly revenue subject to VAT, exceeding DKK 50 million.

## 4. Public support for for business financing

### 4.1 The contra cyclic capital buffer has been released

The contra cyclic capital buffer has been released enabling banks to lend out up to DKK 200 billion to businesses. Currently, the government will guarantee loans for an aggregated amount of DKK 25 billion to SME companies. The businesses must be viable and in a healthy condition.

### 4.2 Businesses affected by the coronavirus/covid-19 can apply for government guaranteed loans and business credits

Businesses, who's sales (turnover) has been affected by the coronavirus/ covid-19 can apply for a guarantee from the Danish Growth Foundation (Vækstfonden) of 70 % of the loans and business credits granted by banks, leasing companies, etc.

#### Two schemes have been set up:

- One directed towards large corporations, and
- One directed towards small and middle-sized businesses.

For both schemes it applies that the businesses shall fulfil a number of requirements in order to be eligible to be granted a guarantee.

## 5. Other country specific measures

Sickness benefit may be paid out from the first day of leave.



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## 1. Salary compensation and temporary staff layoffs

### 1.1 Short-time work allowance

The Swedish government has put forward a support package which includes short-time work allowance programme. The programme is set to enter into force by 7 April 2020, but the financial support can be applied from 16 March 2020. Under the programme, an employee may be granted over 90% of their salary, while the employer's staff costs can be reduced by half as the state will cover a larger proportion.

The support will be available to companies that can show pressing economic hardship due to the Covid-19 outbreak. The hardship must be a result of circumstances out of the employer's control and affect the company's business.

#### **The criteria to be eligible for short-time allowance are:**

- The company needs to have support for short time working within the central or local collective bargaining agreements.
- If there are no collective bargaining agreement in place, a written agreement with a minimum of 70% of the employees in the operating unit may be reached instead. This means that 70% of the employees must approve and participate in the short-term work arrangement (at the fixed levels, see below).
- The employees within the short-time work allowance need to have been employed 3 months prior to the Swedish Agency for Economic and Regional Growth's approval for support.

- The employer must have been obligated to pay employer's social insurance contributions during the month the support is received for the employees whom the support applies to.
- The employer needs to have taken appropriate available measures in order to reduce staff costs, e.g. by laying off employees who are not business-critical and not employed with contract of indefinite duration.
- The company is not at the time of the application under the obligation to prepare a balance sheet for liquidation purposes, undergoing restructuring, or are in bankruptcy/insolvent.

Specific criteria apply to employees belonging to the employer's family.

The reduction in working hours can be made at three fixed levels: 20%, 40% or 60% and, if the application is granted, can lead to reduced costs for the employer of 19%, 36% and 53% respectively. The compensation will be calculated on the employees' regular base salary, up to the maximum SEK 44,000 per month.

The program will be in place throughout 2020 and the support may be granted for a maximum of six consecutive months. There will be a possibility of applying for three additional months (within a statutory time limit).

## **1.2 Laying off employees**

The rules regarding termination of an employment relationship under the Swedish Employment Protection Act (Sw. lagen om anställningsskydd) have not changed since the outbreak of COVID-19, i.e. same rules as before applies.

## **2. Lost revenue / fixed cost compensation schemes**

The Swedish government is proposing a temporary discount for fixed rental costs for businesses in certain vulnerable sectors, including the hotel and restaurant industries. The Government is allocating SEK 5 billion towards this measure. The support aims to encourage landlords who lower the fixed rent for their tenants who operate a business in these vulnerable sectors during the period 1 April 2020 to 30 June 2020 by providing compensation for part of the reduction. Compensation will be given to landlords for up to 50% of the reduced fixed rent, to a maximum of 25% of the original fixed rent. The landlord will apply for the compensation afterwards through the relevant county administrative boards.

During the press conference when the proposal was presented, the government stated that this support should make it easier for landlords and tenants to reach agreement on discounts to rents and that these discussions need to start immediately, though the full details on the

support are yet to be finalised. The government further stated that it assumes that landlords are already acting generously towards their tenants and that all stakeholders are prepared to act quickly on these issues. Organisations such as the Swedish Trade Federation (Sw. Svensk Handel) have welcomed the move by the government and have urged their members to act as soon as possible on the proposals, although they note that tenants are at the mercy of landlords to be able to benefit from this support measure.

Unfortunately, the government has to date provided very little information on this support measure and the full details have yet to materialise. This may be due to the effects of the European Union's rules on state aid and the approval required for such measures, which could be holding up the finalisation of the package. The government is currently working on the regulatory framework to ensure that it is in place as soon as possible.

### **3. Budget measures regarding tax to support Swedish companies**

#### **3.1 Postponement of payments to the tax account**

The Swedish government has presented budget measures regarding taxes in response to the current public health crisis. The proposed budget measures for tax purposes include an aim to strengthen the liquidity of Swedish companies through an extension of time for payments to the tax account. The proposal suggests that companies will receive an extension of social security, preliminary tax and VAT payments that are normally made on a monthly, quarterly or yearly basis. The extension covers three months of tax payments and can be granted for a period of up to 12 months. There will be an interest rate, currently set at 1.25%, levied on the amounts for which payment is postponed. In addition, there is a fee of 0.3% per commenced calendar month from the date the extension is granted.

The proposal is set to enter into force by 7 April 2020, but the measures regarding tax can be applied retroactively as from 1 January 2020. This has the effect that companies that made payments to their tax accounts in February and/or March may be entitled to a repayment from the Swedish tax authorities. Extensions will not be granted to companies that do not have proper financials or in some other way are deemed non-compliant. Extensions may not be granted to companies with large tax deficits.

Depending on how things develop, the proposal could comprise up to SEK 300 billion if fully utilised by taxpayers. The cost of the proposal is estimated at SEK 170 million.

Although the proposal is yet to enter into force, companies should note that it is possible to ask for an extension of time for tax payments through the normal procedure codified in the Tax Procedures Act (Sw.



Skatteförfarandelagen), if there are exceptional reasons. It is our view that difficulties in making timely tax payments due to the current public health crises caused by the Corona virus could be considered such an exceptional reason. However, we note that this will be determined on a case by case basis.

It should further be noted, that the business sector has criticised the proposal as being too weak, partly because of the level of interest rate that is currently set to apply to the postponed payments. The government is therefore investigating the possibility of lowering the interest rate should the crisis continue for a prolonged period.

### **3.2 Social security fees**

The government has presented a proposal to reduce social security fees for all companies that are employers. The reduction covers up to 30 employees and salaries up to SEK 25,000 per employee, during the period of 1 March to 30 June 2020. The proposal implies that only the social security fees covering the state pension fees will be paid on said salary payments. The reduction is worth SEK 5,300 per employee per month and fully utilised would save SEK 636,000 per employer in taxes/social security fees. For company groups, the reduction can be applied per company/employer and can thus for a company group entail an even larger saving.

For sole traders, a corresponding proposal has been presented.

The proposal is set to enter into force by 6 April 2020, but as mentioned the measures regarding social security fees can be applied retroactively on salary payments as from 1 March 2020.

### **3.3 Tax allocation reserves**

The government has presented a proposal to allow sole proprietors to set aside 100% of taxable profits for 2019, up to SEK 1 million, in the tax allocation reserve to set off future tax losses (the normal rule stipulates 30% of the profit). The proposal indicates that taxes on such profit amounts can be postponed and that the profit can be off set against future losses. Given the timing, many taxpayers will be able to get back the preliminary tax paid in 2019.

The proposal is set to enter into force during April 2020, but will have retroactive effect on the taxable profit for 2019.

## **4. Public support for business financing**

The Swedish Government has put in place several measures to facilitate access to funding for companies and businesses that are negatively affected due to the Covid-19 outbreak. While most of the measures are designed to stimulate private lending from banks and other credit institutions, the Government has also taken measures to ensure that small and medium-sized companies, as well as export companies, have access to increased loan facilities and credit guarantees.

## **Loan Guarantee Program**

On 3 April 2020, the Swedish National Debt Office opened a SEK 100 billion programme for emergency economic relief. Under the programme, the National Debt Office will provide loan guarantees to credit institutions that provide loans to small and medium-sized businesses, which are financially impacted by the coronavirus. By guaranteeing up to 70% of the loans, the Government will in effect share the credit risk with the lenders and, thereby, facilitate increased lending to businesses in need of liquidity.

To participate in the programme, credit institutions must enter into a guarantee agreement with the National Debt Office. 26 credit institutions have applied to participate in the programme as of 6 April 2020. Companies that wish to apply for a state guaranteed loan must do so by contacting their credit institution. In order to qualify for a guaranteed loan, the company must be a non-financial company with its main operations or domicile in Sweden. A guaranteed loan cannot normally exceed SEK 75 million (although exceptions may be made by the National Debt Office) and the credit institutions may offer the loans amortisation-free throughout their maturity and with interest deferral for up to a year.

## **Measures to Increase the Supply of Credit on the Market**

The Swedish Central Bank has established several measures intended to ensure the supply of credit on the market and to enable companies to finance their business activities. Among other things, the Central Bank has launched a programme to stimulate corporate lending under which the Central Bank is offering up to SEK 500 billion in zero interest rate loans to banks and credit institutions for onward lending to companies in need of liquidity.

Further, the Central Bank has established several other measures intended to make it easier for banks to gain access to central bank money and avoid a shortage of credit in the market. The measures include easing the requirements for the collateral that banks can pledge when they borrow money from the Central Bank and lowering the lending rate for overnight loans from the Central Bank. To further increase the supply of liquidity in the market, the Central Bank will also increase its purchasing of securities on the market.

In addition to the measures from the Central Bank, the Swedish Financial Supervisory Authority (the Swedish FSA) has lowered the countercyclical capital buffer requirement for banks from 2.5% to 0%. The measure was taken to ensure a well-functioning supply of credit on the market and, according to the Swedish FSA, the lowered capital requirements should create a capacity of around SEK 900 billion for new lending from Swedish banks.

### **Increased Loan Facilities and Credit Guarantees**

The Swedish government has also decided to provide SEK 3 billion in extra funding to Almi to increase Almi's ability to meet the need of businesses that are negatively affected by Covid-19. Almi is offering bridge loans with beneficial terms for start-up companies, as well as already established small and medium-sized companies, in need of financing due to the spread of the coronavirus.

The government has also decided to increase the Swedish Export Credit Corporation's credit framework from SEK 125 billion to SEK 200 billion and has increased the credit guarantees from the Swedish Export Credit Agency to SEK 500 billion. The measures are intended to provide additional support to export companies, as well as subcontractors to export companies, during the Covid-19 crisis.

## **5. Other country specific measures**

The state will cover all sick pay during April and May 2020. The normal qualifying day of sickness is abolished from 11 March until 31 May 2020. Should an employee fall ill, the state will cover sick pay from the first day of absence.

The government has also put forward a temporary reinforcement of the unemployment insurance. Under the proposal, the requirements for an employee to be able to receive money from an unemployment insurance fund will be temporarily relaxed as regards to how much the employee need to have worked and how long the person need to have been a member of an unemployment insurance fund. In addition, the highest and the lowest amounts paid out could be raised temporarily.



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## 1. Temporary staff layoffs

**For employers within the scope of a Finnish cooperative procedure (CP) (i.e. 20 or more employees), the 5+5+5 calendar days CP model for layoffs applies, which entails:**

- Negotiation proposal to employees or their representatives five days before the start of the negotiations;
- Five days of negotiations (instead of 14 days or six weeks; applicable also to negotiations started before 1 April 2020); and
- Five days layoff notice period (instead of 14 days).

For employees not within the scope of CPs (less than 20 employees) or employees invoking the exception rule under 60 § Act on Co-operation within Undertakings, layoffs will be permitted with 5 days' notice (instead of 14 days) and prior advance explanation and discussion.

Importantly, trade unions have agreed that the current situation constitutes grounds for layoff without prior negotiations in accordance with 60 § Act on Co-operation within Undertakings, where businesses experience an abrupt and heavy reduction in demand of their goods or services.

Business also have the possibility to layoff fixed term employees.

## 2. Salary compensation schemes

Unemployment benefits will be granted to entrepreneurs, although as of 3 April 2020, this measure is yet to be implemented. Unemployment benefits will be granted from the first unemployment day without the normal 5 days waiting period. Unemployment benefits will be

conditional on the previous 13 weeks employment, instead of the previous 26 weeks if the employment commenced on or after 1 January 2020. The usual maximum length of time to receive unemployment benefits has been suspended for layoffs arising out of Covid-19

If an employee is ordered to isolate themselves by an authority based on the Finnish Act on Infectious Disease, they are entitled to a daily Infectious Disease Allowance from the Social Insurance Institution of Finland (Kela). The daily Infectious Disease Allowance is equal to the amount of lost earnings. If the employer has paid sick leave to the employee, the daily Infectious Disease Allowance is paid to the employer.

### **3. Postponement of payment deadlines for taxes, VAT etc.**

- Business may apply for an extension of time to submit income tax declarations.
- The Finnish tax authority will refrain from imposing penalties for late VAT-declarations.
- Reliefs for qualifications of personal loan arrangement implemented.

### **4. Public support schemes for business financing**

Companies can apply for financial support from Finnfund, for instance due to difficulties in the subcontracting chain.

Regional state authorities are channelling EUR 2,000 per month in non-refundable subsidies to sole entrepreneurs (including those operating as legal persons) through municipal authorities.

The state-owned financing company Finnvera provides three different kinds of guarantees and is now treating the applications with a very flexible fast-track process. In each case the client negotiates the loan with the bank, and the bank applies for Finnvera's guarantee, which covers 80% of the loan amount.

- The Start Guarantee for bank loans of EUR 12,000-100,000 for companies which have been operating for a maximum of three years. A special guarantee of 25% from the principal shareholders is required.
- The SME Guarantee for bank loans of EUR 12,000-150,000 is directed at companies which have been in operation for more than three years. No collateral is required.
- The Finnvera Guarantee for bank loans of EUR 150,000-1,000,000. No collateral is required.

On 3 April 2020, the Finnish Government announced additional measures that will be implemented in the coming weeks.

The Finnish Government's investment fund TESI will finance medium-sized

companies with investments in the amount of EUR 1-10 million per company.

**The eligibility criteria for businesses are:**

- revenue of over EUR 50 million;
- more than 50 employees; and
- a profitable business prior to Covid-19 crisis with prospects for profitability in the future.

**Moreover, direct support and guarantees will be targeted as follows:**

- Sole business owners can apply for support from municipalities (EUR 100 million in total);
- Small businesses can apply for support from the relevant Centre for Economic Development, Transport and the Environment (EUR 200 million in total)
- Financing by Business Finland to small and medium-sized companies (EUR 700 million in total).
- Finnvera to guarantee companies' loans (EUR 10 billion in total).

## **5. Other Country specific measures**

There will be a reduction to employer contributions of 2.6% between 1 May 2020 and 31 December 2020, to be applied from 1 June 2020 or earlier.

The Finnish Ministry of Justice is currently preparing legislation to allow the postponement of companies' annual general meetings.



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## 1. Temporary staff layoffs

Temporary staff layoffs in Norway are implemented by a notice of lay-offs. After the notice period (of 14 or 2 days), the employer is obliged to pay a layoff salary for 15 days. Upon expiry of this period, the employer is exempted from the obligation to pay salaries for a period of 26 weeks during an 18-month period. During this time, the employee may apply for unemployment benefits, financed by the state.

**New temporary adjustments to these rules have been adopted in order to provide some financial relief for the employer as well as to reduce the financial impact of temporary layoffs for the employees:**

- The employer-financed period during temporary lay-offs has been reduced from 15 to 2 days.
- The state covers full wages for the laid-off employees from day 3 to day 20, capped at NOK 599 148.
- The three days of waiting between the employer financed period and entitlement to unemployment benefit have been suspended.
- The rate of the unemployment benefit has been increased from 62.4% of salary up to NOK 599,148 (for most employees), to 80% of salary up to NOK 299,574 and 62.4% of salary between NOK 299,574 and NOK 599,148.
- The requirements to be eligible for unemployment benefits have been relaxed:
  - The reduction of working hours has been reduced from 50% to 40%;
  - The threshold of earnings has been reduced from NOK 149,787 to NOK 74,893 for the last 12 months or NOK 224,681 for the last 36 months.



## 2. Sickness and care benefits

### **Sickness benefit:**

The right to sickness benefit is extended to situations where the employee is absent from work due to suspected covid-19 infection. A medical certificate may be given without a face-to-face consultation, if the doctor deems this as proper in their medical opinion. For absences due to the Covid-19 pandemic, the employer-financed period of sickness benefit has been reduced from 16 to 3 days and the state will pay the remaining 13 days. The employee will receive the sickness benefit from the employer, who may claim reimbursement from the state.

### **Care benefit:**

The right to care benefit is extended to situations where the employee is absent from work to take care of children under the age of 12 due to closed kindergartens/schools as a result of the Covid-19 outbreak. For absences due to the Covid-19 pandemic, the employer-financed period of care benefit has been reduced from 10 to 3 days.

The maximum number of days of care benefit has been doubled for the year of 2020. Generally, each parent is now entitled to 20 days of care benefit if they have the responsibility for one or two children under the age of 12, and 30 days each if they have three or more children under the age of 12. Additional days may be applied for if the child is chronically ill or disabled, and if the parent has sole responsibility for the child or children.

## 3. Salary compensation schemes for self-employed persons and freelancers

### **Sickness benefit:**

Self-employed persons and freelancers are entitled to sickness benefit from the state from day 4 if absent from work due to the Covid-19 pandemic.

### **Care benefit:**

Self-employed persons and freelancers are entitled to care benefit from the state from day 4 if absent from work to take care of children under the age of 12 due to closed kindergartens/schools as a result of the Covid-19 pandemic.

### **Salary compensation scheme:**

The Norwegian parliament has agreed on a proposal to securing 80% of the average income over the previous three years for self-employed persons and freelancers, capped at NOK 599,148. This will apply from day 17 after loss of income and is planned to be paid retrospectively, calculated from 16 March 2020.



## 4. Credit supply

### **Cash contributions:**

Norwegian businesses that have suffered a decline in turnover of more than 20% in March 2020 and 30% in April and May 2020 may be eligible for a cash contribution from the Norwegian state to the extent required to pay unavoidable fixed costs, such as rent, electricity, insurance premiums and interest payments. Monthly contributions per business are capped at NOK 30 million per month, although groups of companies may be entitled to higher amounts. Further conditions apply, and there are ongoing governmental negotiations as to whether recipients of the contributions must refrain from paying dividends and laying off employees.

### **Guaranteed loans:**

The Norwegian state guarantees 90% of new loans of up to NOK 50 million per company, with a maximum term of three years. The scheme was originally intended for SMEs with up to 250 employees or with less than EUR 50 million in sales but was later opened to larger companies as well. Further conditions apply, including that the borrower must be suffering from an acute liquidity shortfall due to the Covid-19 outbreak and be deemed profitable under normal circumstances.

### **Re-introduction of the State Bond Fund:**

The State Bond Fund, which was originally introduced in the aftermath of the global financial crisis in 2009, has been re-introduced to make investments to secure liquidity in the bond market. The fund has a wide mandate and can invest up to NOK 50 billion.

### **F-loans to the banks and postponement of IRB requirements:**

The central bank of Norway has issued extraordinary F-loans to banks. F-loans is the instrument used primarily to provide liquidity to the banking system against collateral in securities with fluctuating interest rates and specified maturity. The introduction of IRB (internal ratings-based) capital requirements has been postponed (requirements that are demanding for smaller banks to meet).

### **Aviation sector support:**

A government loan guarantee totalling NOK 6 billion has been put in place, of which NOK 3 billion is allocated to Norwegian, NOK 1.5 billion to SAS and the remaining NOK 1.5 billion to Widerøe and other airlines.

### **Assistance to growth companies:**

Innovation Norway, the Government's instrument for innovation and development of Norwegian enterprise and industry, has lowered interest rates and offered postponement of instalments on loans to help SMEs with access to capital and liquidity. Several other offerings have also been introduced, such as grants, loans and guarantees.

### **Reduction of policy rate:**

The Norwegian central bank has reduced the policy rate in Norway (Nw. styringsrenten) from 1.5% to 0.25%.

## 5. Taxes and duties

### **Reduction/postponement of employer's contribution:**

The Government has proposed a temporary cut in the employer's contribution tax of 4% for May and June 2020. Zones with 0% (Nord-Troms and Finnmark) will receive a total compensation of NOK 250 million. More details on the proposal are expected 12 May 2020. Payment of the term of the employer's contribution tax which originally was due 15 May 2020 has been postponed until 15 August 2020 without interest.

### **Postponed wealth tax:**

Business owners with deficits in 2020 may be granted postponement of payment of wealth tax on corporate assets (working capital) when due for payment in 2021. Owners who can demonstrate that their company will make a deficit, may be able to reduce their withholding tax, which includes wealth tax, in 2020.

### **Aviation charges are abolished:**

The air passenger fee is temporarily abolished for flights between 1 January 2020 and 31 October 2020 and all airport fees are temporarily abolished until 30 June 2020. Private airports will be compensated for the cancellation of airport charges.

### **Reduced low VAT rate:**

The low rate of VAT of 12% has been reduced to 6% from 1 April 2020 to 31 October 2020 for industries such as tourism and leisure.

Postponed VAT: Payment of VAT due 14 April 2020 is postponed until 10 June 2020 without interest.

### **Postponed withholding tax:**

Payment of withholding tax for companies, including the profit share of financial tax, second term 15 April 2020 is postponed to 1 September 2020. This does not apply to companies that are subject to natural resource tax and basic interest tax (Nw. naturressursskatt- og grunnrenteskattelikige). Payment of withholding tax for self-employed persons and other personal taxpayers is postponed so that due dates in 2020 will be 1 May, 15 July, 15 September and 15 November 2020.

### **Loss carryback:**

Companies can retroactively choose to apply losses in 2020 to the previous profitable 2018 and 2019 to obtain a tax refund for monies already remitted or incurred on the profits earned in those years. The cap is NOK 30 million.

### **Punitive fees stopped:**

The tax authorities have temporarily halted the imposition of a penalty for the late delivery of tax returns.

**Special fees are postponed:**

The Government has proposed postponing the payment of the road user fee on fuel, basic tax on minerals etc., tax on lubricating oil, CO2 tax on mineral products, sulphur tax, alcohol tax, alcohol-free tax and beverage packaging tax until June 2020.

**Exemption from CO2 tax:**

The Government has proposed that the previous exemption from CO2 tax for natural gas and LPG for chemical reduction or electrolysis, metallurgical and mineralogical processes be reintroduced from 1 April 2020. The aim is to increase the tax rates up to 25% of the general level of taxation in the CO2 tax on natural gas and LPG in 2021, to 50% in 2022, to 75% in 2023 and to 100% from 2024



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