



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.

TABLE OF CONTENTS

Note: This overview covers new regulations and schemes in force or soon to enter into force in Sweden, Finland, Denmark and Norway as at 16 May 2020, as well as some proposals still under consideration.

[Denmark](#) [Page 3](#)

[Sweden](#) [Page 8](#)

[Finland](#) [Page 15](#)

[Norway](#) [Page 20](#)

DENMARK RELIEF PACKAGE

Contact information

Magnusson Copenhagen
T: +45 82 51 51 00
copenhagen@magnussonlaw.com
www.magnussonlaw.com

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 8 July 2020, only.

The criteria for being awarded the compensation are:

- Businesses contemplating layoffs of 30% of its 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 from work;
- The employees sent home are not allowed to work;
- The compensation for salaried employees is 75% of the total salary, to a maximum of DKK 30,000 per employee;
- The compensation for employees covered by a collective bargaining agreement (CBA) is 90% of the aggregated wages, to a maximum of DKK 30,000 per employee;
- Part time employees are covered by the scheme too, however in proportion to their working hours;
- 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 arising out of the effects of the coronavirus outbreak on the employer's business; and
- Each employee sent home shall utilise five days of accrued holiday or balance overtime equal to five 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 to 9 June 2020 compared to the same period in 2019. Furthermore, the fixed expenses must amount to at least DKK 25,000 during the period 9 March to 9 June 2020.
- The compensation is calculated as a percentage of the fixed expenses as follows:
 - a reduction of 40-60% triggers compensation of 25% of fixed expenses;
 - a reduction of 60-80% triggers compensation of 50% of the fixed expenses; and
 - a reduction of 80-100% triggers compensation of 80%, however if the government orders the business to close, the compensation will be 100%.
- Compensation of 80% of the fee to a certified accountant, if the application is accepted
- Maximum compensation of DKK 110 million for the period 9 March to 8 July 2020
- Previously businesses that had a loss of income in their 2019 annual accounts would have to accept that the loss was set off in the compensation received under the scheme. Now, the rule is that if a business due to extraordinary circumstances had a loss of income in 2019, that business may be able to use a different period as point of reference. However, inefficiently operated businesses will still not be able to receive compensation for income losses in 2019.

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

The scheme covers business owners who own at least 25% of the business and carry out work in the business, without regard to the form of business.

The 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 to 8 June 2020 because of the coronavirus outbreak.
- The sales would 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.

Eligible businesses can receive compensation of 90% of the average monthly loss of sales, to a maximum of DKK 23,000 paid to the business owner per month (DKK 46,000 per month if the business owner's spouse is working in the business without receiving salary) If the losses during the period are less than 30%, the compensation received will have to be repaid. If the authorities have ordered the business to shut down, the compensation can be 100 % of the fixed expenses. This applies with retroactive effect from 9 March 2020.

2.3 Scheme for compensation for cancelled or postponed public events

Organisers of events expecting over 350 participants that have been cancelled because of the coronavirus outbreak can apply for compensation. The event should have been planned to take place during the period 6 March 2020 to 31 August 2020. The extension of the scheme until 31 August 2020 was intended to include recurring arrangements, however to a maximum of every second day or every day for a maximum of 4 weeks. The expansion of the scheme has retroactive effect as from 6 March 2020.

In order to receive compensation, the organiser must demonstrate:

- that the event was open to the public for registration 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, verification from a certified accountant must accompany the application; and
- the organiser cannot claim a force majeure vis-à-vis any sub-suppliers.

The compensation covers only the calculated deficit arising from the cancellation of the specific event. 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 marked contribution

The payment deadlines for so-called "A-tax" (Da. AM-bidrag, employee withholding taxes) and labour market contributions for liabilities arising during the months of April, May and June are postponed by 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, payment deadlines are postponed by 30 days for the months of April, May and June. Large businesses are defined as businesses with annual revenue subject to VAT, exceeding DKK 50 million.

Additionally, the payment of taxes for labour costs has been postponed, which applies to businesses that do not pay VAT (e.g. dentists, physiotherapists, and hauliers).

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 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 whose sales (turnover) have been affected by the Covid-19 outbreak can apply for a guarantee from the Danish Growth Foundation (Da. Vækstfonden) for 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.

Eligible businesses must meet a number of requirements in order to be granted a guarantee under each scheme.

In addition to the above entrepreneurs, venture capital businesses can also obtain a special new denominated match financing where- by the Danish Growth Foundation can grant a loan of 75-100% of the capital infusion to help the business sustain its investors. The Growth Foundation will thus in principle be offering a 1:3-match- ing. In some rare cases a 100% financing may be offered.

5. Other country specific measures

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



NIKOLAJ JUHL HANSEN

Magnusson Denmark
Attorney-at-law / Partner

T: +45 82 51 51 00
M: +45 27 74 05 07
njh@magnussonlaw.com

SWEDEN

RELIEF PACKAGE

Contact information

Magnusson Stockholm

T: +46 8 463 75 00

stockholm@magnussonlaw.com

www.magnussonlaw.com

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 Swedish government has presented further crisis measures on 14 April 2020. The proposal inter alia includes a scale up for the system of short term layoffs. According to the proposal employers will be able to reduce their employees' working hours by up to 80 percent and the state will cover a clear majority of the cost. The reinforcement is proposed to apply for three months from 1 May 2020 (i.e through May, June and July).

Employers who apply for the support before 1 May 2020 must do so according to the three fixed levels of reduction in working hours (i.e. 20%, 40% or 60%). The support will thereafter be adjusted after the law has been amended.

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

Following the European Commission's approval under state aid rules, on 16 April 2020 the Swedish government adopted an ordinance to provide a temporary discount for fixed rental costs for businesses in certain vulnerable sectors, including the hotel and restaurant industries (full list available in Swedish [here](#)). 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 retrospectively through the relevant county administrative boards, coordinated by Västra Götaland County Administrative Board. The retroactive nature of the support means that landlords can apply for the compensation from 1 July 2020 up to 31 August 2020 at the latest. The government has urged landlords to “take responsibility” to enter into the discount agreements to support their tenants.

At the press conference on 9 April 2020 when the measure was first presented, the government stated that the 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 were then yet to be finalized. 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.

Organizations such as the Swedish Trade Federation (Sw. Svensk Handel) initially welcomed the move by the government and urged their members to act as soon as possible on the proposals, noting that tenants are at the mercy of landlords to be able to benefit from this support measure. According to the Swedish Trade Federation, not enough businesses are getting the support they need, with only approximately 16% of businesses having received rent discounts as of 24 April 2020.

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. Further, the Government has put forward a reorientation support.

Support based on loss of turnover

On 30 April 2020, the Government proposed that businesses facing acute economic hardship will receive "reorientation support" totalling SEK 39 billion to mitigate a loss of turnover due to the virus outbreak. The size of the support will depend on how large a loss of turnover a business has had and may vary between 22.5% and 75% of the business's fixed costs excluding wage costs for March and April 2020.

The reorientation support is intended to help companies to overcome their financial difficulties while facilitating the reorientation and adaptation of their activities. For example, the support could apply to manufacturing companies which pivot to producing health care materials or taxi companies which start making deliveries. The maximum amount of support has been proposed at SEK 150 million per business.

An eligible business:

- is registered to pay company tax (Sw. F-tax);
- had a turnover of at least SEK 250,000 during the past financial year; and
- had a reduction in turnover of at least 30% in March and April 2020 compared with the same period last year.

The support will not be paid to businesses that are resident in a tax haven. It is proposed that the maximum amount be set at SEK 150 million per business.

The Government will engage in dialogue with the European Commission which may need to approve the measure from a state aid perspective. The Government is aiming for the measure to enter into force on 1 July 2020.

Loan Guarantee Program

On 3 April 2020, the Swedish National Debt Office opened a SEK 100 billion programme for emergency economic relief. Under the program, 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.



MAGDALENA BERG

Magnusson Sweden
Attorney-at-law / Partner

T: +46 8 463 75 00

M: +46 707 75 57 25

magdalena.berg@magnussonlaw.com

FINLAND

RELIEF PACKAGE

Contact information

Magnusson Helsinki
T: +358 207 419 500
helsinki@magnussonlaw.com
www.magnussonlaw.com

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 (i.e. fewer 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. Businesses also have the option to layoff fixed term employees.

2. Salary compensation schemes

As of 8 April 2020, unemployment benefits will also be granted to entrepreneurs. 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. Lost revenue / fixed cost compensation schemes

The government is providing direct support for restaurants, cafes and bars as follows:

(i) A EUR 1,000 one-time salary compensation per employee up to 800 employees per company, provided that the employee was working at the company full-time before the current Covid-19 related restrictions and received a salary of at least EUR 2,500 in total for the following 3 months after cancelling the restrictions. Applications will be through local Centres for Economic Development, Transport and Environment (ELY Centres), although the application process is currently pending.

(ii) A one-time direct compensation of up to EUR 500,000 in the amount corresponding to 15% of lost sales in April compared to the January-February average one-month sales, when the average monthly sale was less than EUR 1 million and 5% for losses greater than EUR 1 million. The compensation will be paid automatically without application in accordance with the taxation information.

The public support schemes mentioned below can partly be applied to cover fixed costs.

4. 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.
- Business have the option to get back their Q1 VAT-payments as a loan with 3% interest.

5. Public support schemes for business financing

SMEs and entrepreneurs are currently entitled to the following financial support (however, we note that the conditions for the support are currently being reconsidered and will likely be amended):

Sole entrepreneurs

Direct grants of EUR 2,000

Conditions: Sole entrepreneurs regardless of the form of legal entity will be able to apply for one-time grant of EUR 2,000 if the sole entrepreneur has no employees working more than 30 hours per week.

How to apply: Apply to the local municipality. For more information, see [For more information, see here.](#)

Companies with less than 5 employees (excluding sole entrepreneurs)

(i) Direct grants of up to EUR 10,000 for conducting a situation analysis

Who can apply: Companies employing maximum of five persons can apply for so called situation analysis grant for salary costs in the maximum amount of EUR 10 000.

How to apply: At local ELY Centres by submitting an application available [For more information, see here.](#)

(ii) Direct grants of up to EUR 100,000 direct grant for carrying out development measures

Who can apply: Companies employing a maximum of five people can apply for a so called development measures grant for costs incurred out of product development, including:

- direct and indirect salary payments and costs;
- external services and expert costs; and
- raw materials and semi-finished products.

How to apply: At local ELY Centres by submitting an application available here. For more information, see [For more information, see here.](#)

Companies with between six and 250 employees and a maximum annual revenue of EUR 300 million

(i) Direct grants of up to EUR 10,000 for preliminary funding

Who can apply: Companies with between six and 250 employees and a maximum annual turnover of EUR 300 million can apply for preliminary funding of up to EUR 10,000 for investigating and planning new business, alternative

subcontracting chains, and ways to organize production during and after the disruption caused by the coronavirus.

How to apply: [Through Business Finland by submitting an application here.](#)

(ii) Direct grants of up to EUR 100,000 for development funding

Who can apply: Companies with between six and 250 employees and a maximum annual turnover of EUR 300 million can apply for preliminary funding of up to EUR 100,000 to carry out development plans, as identified in an exploratory study or otherwise in their operations, in order to improve their potential for success during and after the disruption caused by the coronavirus.

How to apply: [Through Business Finland by submitting application here.](#)

[For more information on the above Business Finland funding grants, see here](#)

Government guaranteed loan for all companies and entrepreneurs

The state-owned financing company Finnvera provides bank guarantees covering 80% of the loan amount for companies and entrepreneurs up to EUR 1 million and companies having operated more than 3 years can apply for 100% guarantees for loans of up to EUR 150,000. Moreover, Finnvera grants reliefs for its current debtors such as instalment-free months.

Who can apply: All companies and entrepreneurs.

How to apply: Via your bank granting the loan to be guaranteed.
[For more information, see here.](#)

6. Other country specific measures

Reduction of Employer's pension payments

The employer's pension payments have been reduced by 2.6% for the period of 1 May to 31 December 2020.

Option to postpone annual general meeting

Annual general meetings (AGM) can be held by the end of September 2020 (it is normally obligatory for an AGM to be held not later than six months following the end of the financial year, which is typically 31 December).

Publicly listed companies can decide that the shareholders can participate only via a remote connection or through an authorized independent representative appointed by the company. A number of special rules are included in the temporary rules to facilitate the exercise of shareholder rights when these restrictive rules are applied.

Amendments to the insolvency proceedings

The government has proposed amendments to Bankruptcy Act to lift the threshold to file for bankruptcy. Currently, a company is deemed insolvent and shall be filed for bankruptcy by application to district court, if the company has not satisfied an indisputable claim for debt with reference to the bankruptcy filing within 7 days from receipt and until the district court finds the company bankrupt. By the proposed amendments, the company shall not be deemed insolvent and found bankrupt if the failure in satisfying the claim for debt is likely caused by the Covid-19 pandemic.

Moreover, the government has proposed amendments to the enforcement code to allow the execution officer to postpone the enforcement of a valid judgment and grant six months for payment (instead of current three months) due to Covid-19 pandemic related reasons. The rationale behind the amendment is to give the debtor a longer period to balance its financial position and satisfy the valid judgment voluntarily. Moreover, the government has proposed amendments to the enforcement code to allow the execution officer to postpone the enforcement of a valid judgment and grant six months for payment (instead of current three months) due to Covid-19 pandemic related reasons. The rationale behind the amendment is to give the debtor a longer period to balance its financial position and satisfy the valid judgment voluntarily. The amendments to insolvency proceedings are currently being considered by the parliament.



TOMI MERENHEIMO

Magnusson Finland
Attorney-at-law / Managing Partner
Chairman of Magnusson International

T: +358 207 419 500
M: +358 40 560 6101
tomi.merenheimo@magnussonlaw.com

NORWAY

RELIEF PACKAGE

Contact information

Kluge Oslo

T: +370 5 248 7388

oslo@kluge.no

<https://www.kluge.no/en>

1. Temporary staff layoffs

Temporary lay-offs in Norway are implemented by a notice of lay-offs. After the notice period (of 14 or 2 days), the employer has normally been obliged to pay a lay-off 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 lay-offs 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 softened:
 - (i) The reduction of working hours has been reduced from 50% to 40%;
 - (ii) 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.

- The entitlement to unemployment benefit has been prolonged to 30 June 2020 for persons who had 18 weeks or less left of the period as of 29 February 2020. In the proposed Revised National Budget (Nw. Revidert nasjonalbudsjett), the Government has proposed that the entitlement to unemployment benefit is prolonged to 31 October 2020 and that the employer is exempted from the obligation to pay salaries during this time.
- Employees working within agriculture, forestry and gardening nurseries may report half of the hours they actually work to the Labour and Welfare Organisation, while receiving unemployment benefits.
- Apprentices that are temporarily laid-off or lose their apprentice-training place during the Covid-19 pandemic are entitled to unemployment benefit as long as they continue their education throughout the period of receiving unemployment benefit. For apprentices, the rate of unemployment benefit is 100% of salary at the time of the temporary lay-off up to NOK 149,787 and 62.4% of salary between NOK 299,574 and NOK 599,148.

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. Sickness benefit may be denied for persons that are in breach of the authorities' advice for travels and as a consequence are quarantined. A medical certificate may be given without a face-to-face consultation, if the doctor deems this as proper in his/her medical judgment. For absence due to the Covid-19 pandemic, the employer-financed period of sickness benefit has been reduced from 16 to 3 days. The state will pay the remaining 13 days (the employer receives 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 pandemic. For absence due to the Covid-19 pandemic, the employer-financed period of care benefit has been reduced from 10 to 3 days. The employer prepays the care benefit and can then claim reimbursement from the Labour and Welfare Organisation.

The maximum number of days of care benefit are 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 if the child is chronically ill or disabled, and if the parent has sole responsibility for the child(ren).

Work assessment allowance: the period of entitlement of work assessment allowance has been prolonged by six months. The entitlement to work assessment allowance for persons seeking employment is prolonged to 30 June 2020 for persons who had four months or less left of the period as of 29 February 2020. In the Revised National Budget, the government has proposed that the period of entitlement to work assessment allowance for persons seeking employment is prolonged to 31 October 2020.

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: Self-employed persons and freelancers with income over NOK 74,893.50 and between the age of 18 and 67 are secured 80% of their average income either over the previous three years (self-employed persons) or over the previous year (freelancers), capped at NOK 599,148. This will apply from day 17 after documented loss of income, but not earlier than from 30 March 2020.

4. Credit supply

Cash contributions: Norwegian enterprises 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 enterprise are capped at NOK 30 million per month, provided that groups of companies may be entitled to higher amounts. Further conditions apply, and enterprises receiving cash contributions are encouraged to moderate payment of dividends and bonuses.

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 SMBs with up to 250 employees or with less than EUR 50 million in sales, but was later opened for larger companies as well. Further conditions apply, e.g. 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 originally was introduced in the aftermath of the 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 rate and specified maturity. The IRB introduction of capital requirements is postponed (requirements that are demanding for smaller banks to meet).

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

Assistance to growth companies: Innovation Norway, the Government's instrument for innovation and development of Norwegian enterprises and industry, has lowered interest rates and offered postponement of instalments on loans to help SMBs with access to capital and liquidity. A number of other offerings has 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 0.00%.

Proposal for Revised National Budget: The Norwegian government presented their proposal for the Revised National Budget (Nw. Revidert nasjonalbudsjett) on 12 May 2020, which included proposals for new relief packages and measures.

The proposal is subject to negotiations in Parliament and is scheduled for voting on 19 June 2020:

- **Loan programme for travel organisers:** The government proposes to establish a loan programme for organisers of package travel. Under the programme, organisers may borrow up to 80% of their reimbursement obligations for cancelled travel between 14 March 2020 until 14 June 2020. NOK 2 billion is allocated to the loan programme, which will enable repayment of required reimbursements for consumers and avoid bankruptcies among the travel organisers. The programme is subject to approval by the EFTA Surveillance Agency (ESA).
- **Guarantee programme for re-insurance of credit insurance:** The government proposes to establish a new guarantee programme for re-insurance of credit insurance. The programme shall contribute to relieve risk for private offerors of credit insurance and enable the offerors to maintain their credit insurance offerings to Norwegian businesses selling their goods both domestically and abroad. The programme is proposed to be organized through the Norwegian Guarantee Institute for Export Credits (GIEK) and NOK 20 billion is allocated to the programme. The programme is subject to approval by the ESA.

5. Taxes and duties

Postponement of employer's contribution: Payment of the term of the employer's contribution tax (Nw. arbeidsgiveravgift) 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 are compensated for the cancellation of airport charges.

Reduced low VAT rate: The low rate of value added tax has been reduced to 6% from 1 April 2020 to 31 October 2020 for industries such as tourism and parts of the sport. These industries originally have a VAT rate of 12%.

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. naturressurskatt- og grunnrenteskattepliktige). 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 15.

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. Cap is NOK 30 million.

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

Special fees are postponed: The Government has proposed to postpone the payment of the road user fee on fuel, basic tax on minerals etc., tax on lubricating oil, CO2 tax on mineral products, sulfur 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.

Postponed deadline for submitting tax return: The deadline for submitting the tax return for 2019 for independent businesses and enterprises is postponed from 31 May 2020 to 31 August 2020.

Proposal for Revised National Budget: The Norwegian government's proposal for the Revised National Budget also includes several temporary measures on the area of tax and duties:

- **Reduced employer's contribution:** The Government proposes that the employer's contribution tax is reduced by four percentage points for May and June 2020. Zones with 0% (Nord-Troms and Finnmark) will receive a salary contribution equal to 4% of the salary basis. Payment of the third term of the employer's contribution tax is proposed to be postponed from 15 July 2020 until 15 August 2020.
- **Flexible rules on postponement of tax payments:** The Government proposes new and more flexible rules on postponements of tax and duties for businesses hit by the virus outbreak. The interest on overdue payments (Nw. forsinkelsesrente) on new payment postponements is proposed to be reduced from 9% to 6%.
- **Temporary changes to depreciation rules:** The Government proposes a temporary 10% start-depreciation rate for machines and other equipment in balance group d (cars, machinery and fixtures and fittings, etc.) acquired in 2020, including expenditure in 2020 on older equipment in balance group d. The amendment implies that the 2020 depreciation rate on acquisitions and expenditure is increased from 20% to 30%.
- **Changes to the petroleum tax system:** The Government proposes temporary changes to the petroleum tax system, including (i) allowing companies to immediately write off costs related to certain investments with the addition of an uplift (Nw. friinntekt) of 10%; and (ii) payment of the taxable value of deficits and unused uplift for 2020 and 2021 from the State. Further conditions apply to these proposed changes.

KLUGE

Kluge Oslo
T: +370 5 248 7388
oslo@kluge.no
<https://www.kluge.no/en>

ANDREAS WULFF

+47 934 27 957
andreas.wulff@kluge.no

KARI ELINE BJØRNDAL KLOSTER

+47 416 49 655
kari.eline.kloster@kluge.no





M A G N U S S O N

MAGNUSSON SWEDEN

T: +46 8 463 75 00
stockholm@magnussonlaw.com
www.magnussonlaw.com/se

MAGNUSSON FINLAND

T: +358 207 419 500
helsinki@magnussonlaw.com
www.magnussonlaw.com/fi

MAGNUSSON DENMARK

T: +45 82 51 51 00
copenhagen@magnussonlaw.com
www.magnussonlaw.com/dk

COVID-19 RESPONSE TEAM

covid19@magnussonlaw.com