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## FAQs for employers and employees during the COVID-19 alert

COVID-19 has left its mark on Denmark and the rest of the world. The impact of the virus is both seen in our everyday life and especially on business. This has led to state initiatives trying to help business in Denmark. On March 24 2020 the Danish parliament passed a law securing wage compensation for Danish businesses. Herein is a summary of the law and the conditions of the law.

### Who is included in the new law?

The agreement is targeted at financially pressured companies that are in a situation where they have to lay off employees:

- Applies to employees in all private workplaces affected by the coronavirus
- Covers employees who are employed by March 9, 2020
- Is set to expire on June 9, 2020
- Employees must have a Danish CPR number.

### Under which circumstances can a Danish business receive salary compensation during the current COVID-19 crisis?

To apply for salary compensation, the company must face layoffs for:

- Minimum 30% of staff, or
- More than 50 employees

The company cannot apply for salary compensation if:

- The company have employees who have been sent home without pay, e.g. by a collective agreement on division of labor
- The company have the cost of salaries covered through other support schemes as a result of COVID-19
- If the employees have not been sent home. They are also not allowed to work from home
- If the company is an institution or similar where public subsidies for operating costs consist of more than half and is expected to continuously cover half or more of the institution's ordinary operating costs.

### How much should the employer pay the employees?

The employer must pay their employees full salary including any pension throughout the compensation period - even if the business is severely affected by the effects of COVID-19. If

all the compensation requirements are fulfilled, the company will receive the salary compensation after the application for all the employees that have been sent home.

The compensation is as follows:

- Permanent employees: Salary compensation amounts to 75% of the total payroll expenses to the affected employees, however a maximum of DKK 30,000 per employee per month per full-time employee
- Hourly pay: The salary compensation amounts to 90% but a maximum of DKK 26,000 per month per employee

The employees do not need to be full-time employees to receive compensation. However, it is a requirement that you can present a contract of employment. It is therefore irrelevant whether the conditions of employment are temporary workers, part-time employees, students, full-time employees, hourly workers, employees in fixed-term positions or similar. When applying for compensation, it must simply be stated how many hours the employee is employed to work and the compensation will be calculated on the basis of that.

### **Are the employees allowed to work during the period they are sent home?**

The employees are not allowed to work during the compensation period in order to receive compensation. Also, the employer is not allowed to fire employees if it is due to financial reasons. If the need of dismissal occurs in the period where compensation is received, it must be a well-documented decision independent of financial reasons.

Companies may apply for compensation even though they have made redundancies prior to joining the scheme due to COVID-19 / financial reasons.

In this case, companies cannot be granted compensation to employees who have already been dismissed, even though the employees still have to work in the company during their notice period.

If an employee has terminated his / her own position, this will not affect the company's eligibility to receive salary compensation during the notice period if the other conditions are met.

### **The employees must take time off for 5 days on their own account**

The employee for whom the company seeks salary compensation must complete holidays and/or time off in lieu for a total of 5 days during the compensation period. If the employee does not have holidays, time off in lieu, etc. corresponding to 5 days, leave without pay or days from the new holiday year must be held. It will not be possible to receive salary compensation for these 5 days.

The days off must be proportionate over the period where the employee is sent home. For example, if an employee is sent home for 1.5 months, it will correspond to 50% of the period, and the time off therefore constitutes 2.5 days.

Time off which has already been settled before the law was adopted, but after March 9, 2020, count towards the 5 days.

### **What documentation is required to apply?**

To apply for salary compensation, the following is needed:

- Number of employees sent home

- CPR number, salary and type of employment for each employee
- The period for which compensation is sought, as well as justification – e.g. lack of work.
- Sworn statement by the management that the information is correct

The company will then be paid the compensation as soon as possible. It is important that the company can document the cause and number of employees. Be sure to involve an accountant who can provide the proper documentation.

The Ministry of Employment informs that all companies that receive pay compensation may subsequently be investigated. It is therefore a good idea to have everything in writing and save the documentation. It is a requirement that the application for compensation is done with the company NemID.

### **Is it possible to shift between home employees?**

As a starting point, companies can apply for salary compensation one time between March 9, 2020 and June 9, 2020. Within this period the company can apply for one continuous period for each of the specific employees that they want to send home.

It is not a requirement that the same period is reported for all affected employees, and if it turns out that the initial reporting on an employee was not long enough, it is possible to apply again.

In special cases, it will be possible to call employees back to work if, for example, unexpected orders come, etc., but then the compensation for the employee in question must be repaid for the remaining period.

It is not possible to make a rotation scheme among employees, simply because it is only possible to have one period for each employee.

It is a complex situation for business owners affected by the corona crisis. There are many conditions that need to be in order to receive compensation.

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