

Denmark, April 08 2020

## Compensation and help for your business during Covid-19

Considering the current situation in relation to Covid-19 the Danish Parliament has adopted several company relief initiatives. Below is a general overview of the Danish political initiatives with respect to companies.

### Compensation to self-employed persons

Self-employed, freelancers and other companies with a maximum of 10 full-time employees may receive temporary compensation for lost revenue due to Covid-19.

To apply for lost revenue compensation, it requires:

- Your revenue has been at least DKK 10,000 on average per month prior to 9 March 2020
- You have a maximum of 10 full-time employees. A half-time employee counts as a half full-time employee. The business owner and employee spouse do not count in the 10 full-time employees
- You have an expected loss of at least 30% due to covid-19
- You own at least 25% of the company
- You work actively in the company
- You can obtain compensation for lost revenue from March 9 through June 8, 2020.

The compensation amounts to 75% of your company's average monthly loss in revenue excluding VAT.

However, the compensation is capped at DKK 23,000 per month and thus a total of DKK 69,000 for a period of three months.

The compensation is taxable.

If your personal income exceeds DKK 800,000 for the financial year 2020, the compensation must be repaid including interest. Special rules apply to spouses working in the company.

It is possible to obtain both salary compensation for your employees and compensation for lost revenue. However, you cannot receive compensation for lost revenue if you also receive compensation from other initiatives to cover the same expenses. Thus, salary compensation can be sought for employees, and business owners can apply for compensation for lost revenue.

You must apply for compensation yourself with your NemID on [www.virk.dk](http://www.virk.dk). Your accountant or others cannot apply on your behalf.

### Compensation for fixed expenses

All Danish companies with a CVR-number can apply for compensation for certain fixed expenses if the fixed expenses amount to at least DKK 25,000 in the period from 9 March through 8 June 2020. Application for fixed expenses is further subject to:

- The company must expect a decline in revenue of at least 40% throughout the period due to Covid-19, or
- the company has been closed due to mandatory rules.

The company may be compensated for a proportion of the company's fixed costs depending on the decrease in the company's revenue:

- Decrease of 40-60%: Compensation 25%
- Decrease of 60-80%: Compensation 50%
- Decrease of 80-100%: Compensation 80%.

If the company has closed due to mandatory rules and there have been no revenue during that period, the company can receive 100% compensation of the company's fixed costs during this period.

If the company experiences a 75% decrease in revenue, the company may be compensated for 50% of its fixed costs. However, the company cannot receive more in compensation than the total decline in revenue.

The company can receive a maximum compensation of DKK 60 million.

The company cannot be compensated for more than it has lost in revenue. The decrease in revenue in the period the company applies for, must be compared with the same period in 2019. Thus, if the company's revenue is DKK 1 million less than in 2019, no more than DKK 1 million for fixed costs can be compensated.

Compensation for fixed costs is taxable.

In addition, you can receive reimbursement up to 80% of your expenses (up to a maximum of DKK 16,000) for the auditor's statement if your compensation application is accepted.

### General meeting and annual report

In these specific time a year many companies are obligated to have their annual ordinary general meeting where the company's annual report must be approved. These companies now have the opportunity to postpone the general meeting and the submission of the annual report.

Previously, an extension to the deadline for having the general meeting and adopting the annual report was passed for companies with more than 10 owners. New rules have now been adopted that allow for the extension of the deadlines which can be used by all companies.

The new rules include all companies that should have submitted the annual report to the Danish Business Authority on March 31, 2020 or later.

If the company's fiscal year ends in the period from October 31, 2019 through April 30, 2020, the company will receive a longer deadline.

If the normal deadline for submitting the annual report is in the period from March 31, 2020 through September 30, 2020, then the submission deadline is extended. That is, for example, if the company's fiscal year follows the calendar year and your normal deadline is May 31.

If the financial year is not within the mentioned period, the company must submit the annual report within the normal deadlines, i.e. no later than 5 months after the end of the financial year.

The deadline for submission of the annual report is extended with 3 months. Thus, the Danish Business Authority must receive the annual report no later than 8 months after the end of the fiscal year. If the normal deadline is 31 May, the deadline is now 31 August.

This only applies to the annual report to be submitted this year.

### **Payment of tax and VAT**

Deadlines for payment of AM contributions and A tax for the periods April, May and June are extended by four months. The extension of the deadlines applies only to the payment of AM contributions and A tax and not the notification to the Danish Tax Authorities through "eIndkomst".

For small and medium-sized businesses, the VAT periods for the first and second quarters are combined and the first and second halves of the year are combined.

For large businesses, the payment deadline for VAT is extended by 30 days for three months.

The payment deadline for AM contributions and A tax for SMEs are changed as follows:

- The payment deadline of May 11 will be moved to September 10, 2020.
- The payment deadline June 10 will be moved to October 12, 2020.
- The payment deadline July 10 will be moved to November 10, 2020.

Reporting deadlines do not change.

The payment deadline for AM contributions and A tax for large companies are changed as follows:

- The payment deadline of April 30 will be moved to August 31, 2020.
- The payment deadline May 29 will be moved to September 30, 2020.
- The payment deadline June 30 is moved to October 30, 2020.

Reporting deadlines do not change.

### Adjustment of company tax

It is possible to reduce or avoid tax payment if the income is reduced or negative. Companies can reduce the payment themselves right away without documentation. The Danish Tax Agency can request the necessary documentation subsequently.

## **CONTACT**

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