



3 April 2020

Denmark News

This is a general information to all clients and important contacts of Sheltons Accountants Denmark covering both, our client servicing and government assistance to business concerning the new coronavirus (SARS-CoV-2) and the resultant disease, COVID-19.

We are well aware that the pandemic has far reaching effects, and we are astutely aware that the vast majority of our clients and good contacts are negatively impacts, both at the personal and businesses levels. You may well be a business that is affected, or you may be an adviser to one or more affected businesses. To the extent that you or your clients are operating in Denmark, you may find our summary below to be of benefit. In any event we trust you are not overwhelmed by the enormity of it all, and we wish you the strength and courage to ride out the storm.

Sheltons – client servicing

We at Sheltons have taken measures in order to ensure the uninterrupted delivery of services to our clients.

An important step to that end is to arrange for all of our Danish members of staff to work from their home offices. We have currently been doing so for two weeks, as the safety of our staff members is crucial to deliver the services requested by our clients.

You will still be able to communicate with any one of our team at all times in the usual manner - via email, skype or telephone. Furthermore, all incoming post, clients' official correspondence and couriers will still be received normally at our office.

Therefore the decision for all of us to work from home will undoubtedly have little or no impact on our clients.

Government assistance - update on subsidies and financial assistance being introduced in Denmark

The following is a high level overview of measures announced in the past few days. There are many conditions involved (only very few are mentioned below). Further, some measures still require legislative approval.

Postponement of employee withholding tax

Payment of the April, May and June employee withholding tax (PAYE in the UK, payroll tax in the US) have been postponed four months as follows:

- April is postponed to 10 September (normal deadline is 10 May)
- May is postponed to 10 October (normal deadline is 10 June)
- June is postponed to 10 November (normal deadline is 10 July)

March taxes are still to be paid on 10 April and there is no information about delaying the tax for other months.



Postponement of VAT payment

Payment for companies with monthly VAT reporting has also been postponed 30 days for March (deadline is 25 May 2020), April (deadline is 25 June 2020) and May (deadline is 27 July 2020).

For companies with quarterly VAT reporting, the payment of Q1 2020 VAT is postponed until payment for Q2 2020 is due (deadline is 1 September 2020).

For companies with half-yearly VAT reporting, the payment of 1H 2020 VAT is postponed until payment for 2H 2020 VAT is due (deadline is 1 March 2021).

Preliminary tax assessment 2020

The Danish tax office reminds companies to adjust the preliminary tax assessment for 2020 if they have reason to believe that the taxable result for 2020 will change dramatically.

Increase limit of deposit on the corporate taxpayers account with the Danish tax office

Currently the maximum amount that can be deposited on the company tax account is DKK 200,000 but up until end of November 2020 it will be possible to deposit up to DKK 10 m. In Denmark most banks have introduced negative interest rates of up to 0.75% on deposits and the Danish tax office have therefore accepted that fund can be deposited interest free with the Danish tax office instead. At the end of November any positive balance on a company's tax account will automatically be paid out to the company's nominated bank account (Nemkonto).

Sick leave compensation

Companies can apply for sick leave compensation from day one (normally the company bears the fully salary cost for the first 30 days) if the employees are either sick with COVID-19 or put in quarantine due to risk of COVID-19.

Bank loans to large companies

The Danish Growth Fund has offered to provide a guarantee for large companies (defined as having more than 250 employees and revenue of minimum DKK 372 m or balance sheet of minimum DKK 320 m) that are applying for bank loans due to loss of revenue of more than 30% as a result of COVID-19; the guarantee is valid for seven years.

There is a fee for setting up the guarantee (0.25% of the loan amount/guarantee amount) and in addition there is an annual fee (this is not specified but is individually evaluated based on the credit rating of the company given by the bank).

The guarantee and annual fee are evenly reduced over the period.

Bank loans to small and medium-sized companies

The Danish Growth Fund have also provided a guarantee to banks for lending to small and medium-sized companies, on the same conditions as above. The fee for setting up the loan is DKK 2,500 and in addition there is an annual fee of 1% of the guaranteed amount. The guaranteed amount is up to 70% of the value of the loan.

Help package to businesses - salary compensation for not terminating employees

The compensation is an agreement between the Government, the Employers Association and the Employees Union which allows companies to apply for compensation in the form of a 75% refund (a maximum of DKK 30,000 per blue collar employee per month) based on the below conditions:

- The agreement is limited to cover the period 09 March to 09 June 2020
- It is possible to receive compensation for three months
- Only companies that would have had to terminate minimum 30% of the employees or minimum 50 employees as a result of COVID-19 can apply for the compensation
- The employees in question must be sent home and cannot work during the compensation period
- The company may not terminate any employees due to the crisis during the compensation period, due to economic difficulties
- As a condition the employees are to use five days of holiday/overtime.

As part of the application the employer have to inform the following:

- Name and CPR number on each of the employees that compensation is applied for
- The period that compensation is applied for
- Reason why compensation is applied for.

The company will later be required to have a certified auditor verify that the employees have been sent home and have not worked during the compensation period. In addition the local union representative for the employees must also submit a statement to the same affect, if such is appointed.

Help package to businesses - compensation for fixed costs for companies

If a company experiences a reduction in revenue of more than 40% it is possible to receive compensation for part of the company's fixed costs. The compensation scheme ranges from 25-80% of the fixed costs depending on the percentage of reduction in revenue. If the business has been closed due to a decree, 100% of the fixed costs can be claimed during the period of the decree.

Fixed monthly expenses include but are not limited to the following:

- Rent
- Interest on loans
- Leasing costs.

However the total amount of fixed expenses must exceed DKK 25,000 between 09 March and 09 June.



Help package to small businesses and sole proprietorships

This help package is aimed at sole proprietorships and small businesses with no more than 10 employees. If the revenue is reduced by more than 30% due to COVID-19, any owner of more than 25% of the company can claim back up to DKK 30,000 per month. In order to qualify for said scheme the revenue must be at least DKK 15,000 on average per month, totalling DKK 180,000 per year. Further, it is also a requirement that the owner does not earn more than DKK 800,000 in 2020.

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New measures to assist companies are being discussed on a daily basis in addition to the above.

In any event you can expect further updates from us as further measures are announced.

We would be pleased to make application and manage the process on your behalf should you be interested. If you wish to discuss whether your business is eligible for any of the abovementioned incentives, please feel free to contact Sheltons Denmark as outlined below.

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