

Denmark Extends Duration of COVID-19 Support Programs and Introduces New Measures

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Original post [here](#).

On April 18, [Denmark announced](#) two new credit facilities to support small businesses and extended previously announced temporary support programs which will increase total spending by [DKK 100 billion](#) (US\$15 billion).

Introduction of New Measures for Lending Based on VAT and Payroll Taxes

The government announced a new credit facility for businesses based on value-added tax (VAT) payments. [Companies with fewer](#) than 250 employees can apply to the government for a zero-interest loan based on the amount of VAT paid in 2019. Companies with revenue less than DKK 5 million can receive a loan based on VAT paid in the second half of 2019, while companies with revenue between DKK 5 million and DKK 50 million can receive a loan based on the VAT paid in the fourth quarter of 2019. [These loans](#) must be repaid by April 1, 2021, or interest will be charged.

The government also made a [lending facility](#) available to small businesses that are exempt from VAT based on their payroll taxes. This is open to businesses including dentists, doctors, and taxis. These firms can access a loan with a value of the payroll tax paid for the first quarter of 2020 and a quarter of the payroll tax paid in 2019. Similar to the loans based on VAT payments, these loans will carry no interest and must be repaid by April 1, 2021.

Extension of Wage Subsidy Program

The announcement also extended existing temporary support measures, including the wage subsidy program. It will be available through [July 8](#), a month longer than initially planned. The wage subsidy program provides 75% of total salary expenses or 90% of total wages for non-salaried employees to companies, with a maximum of DKK 30,000 per employee per month. Under the wage subsidy program, [95% of the companies](#) that applied for the program as of May 1 received support, with more than DKK 6 billion paid.

Extension and Modification of Fixed Cost Compensation Scheme

The fixed cost compensation scheme will also be available through July 8. In addition to extending the program, the government modified terms and criteria. Companies can now [receive compensation](#) of 25% of fixed costs if revenue falls between 35-60%, compared to the prior requirement of 40-60%. The [government lowered](#) the minimum fixed cost criteria so that companies with fixed costs of DKK 12,500 over a three-month period are eligible, compared to the prior DKK 25,000 requirement. The government raised the [limit](#) on support to DKK 110 million per company, up from DKK 60 million.

The [government also introduced](#) a new eligibility condition for the fixed cost compensation scheme that prohibits companies that receive more than DKK 60 million from the scheme from paying dividends or buying back shares in 2020 and 2021. A company that intends to either buy back shares or pay dividends in 2020 or 2021 must repay funds in excess of DKK 60 million.

Extension and Modification of Compensation Scheme for Self-Employed

The government also extended the compensation scheme for the self employed and freelancers and increased the compensation rate [from 75%](#) to 90% of lost income or revenue. For those who are unable to open due to the government ban, the compensation rate is 100%.