



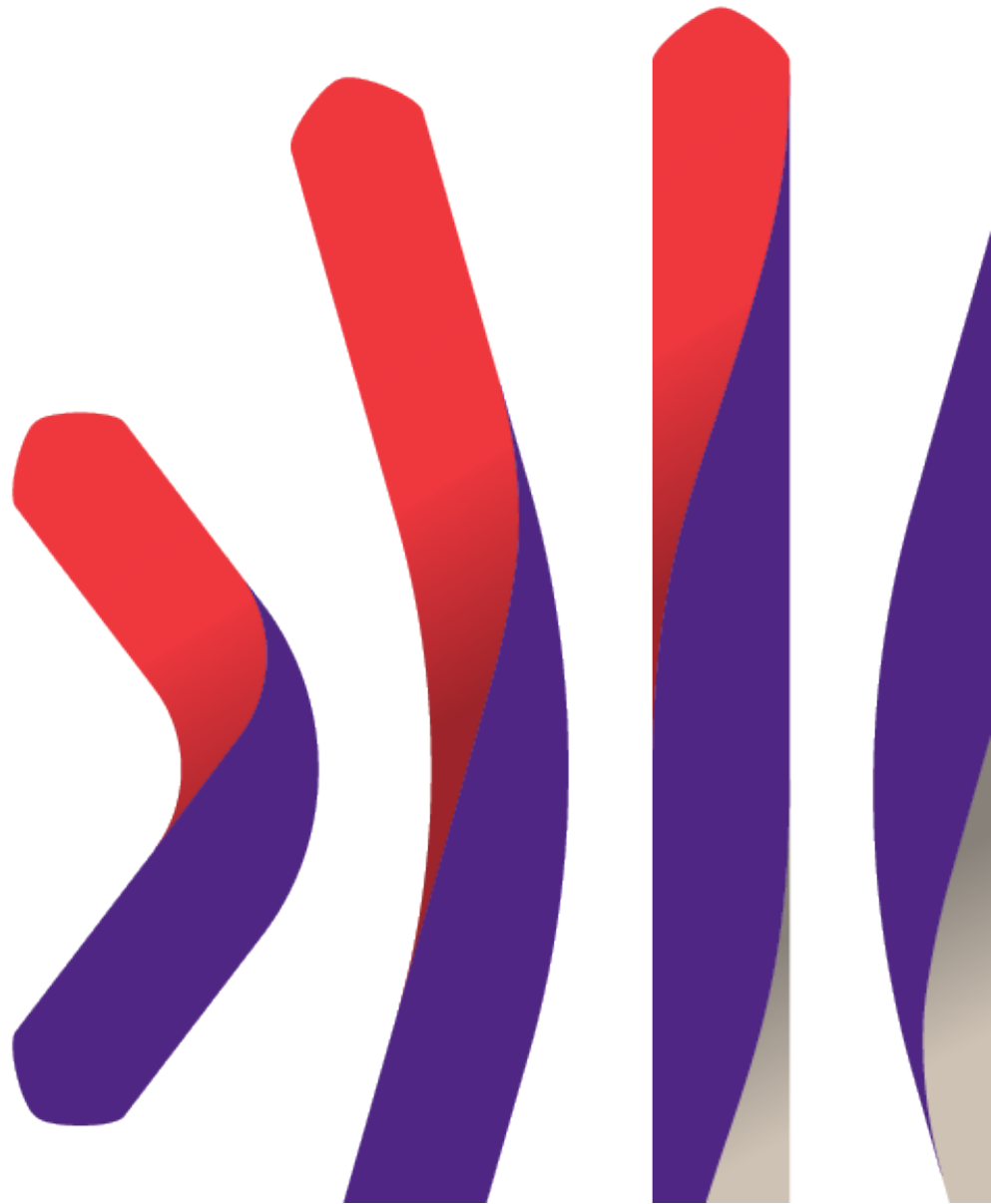
Grant Thornton

An instinct for growth™

Guide for businesses affected by COVID-19

Overview of aid packages and advice on other measures to create liquidity

5 May 2020





**Tax and VAT –
deadlines and
postponements**

**Aid schemes to
retain employees**

**Compensation
for operating loss**

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you can do**

**Also, be
aware of...**

We understand that this is a difficult time when navigating the plethora of information on the internet may be a challenge.

For this reason, we have prepared this overview for businesses affected by COVID-19.

We hope it will help you – but remember also that you are always welcome to contact your personal advisor for sparring and assistance.



Tax and VAT – deadlines and postponements

1/3

Payment of VAT for large businesses

Applies to businesses with a turnover of more than DKK 50 million

The VAT return is deferred for one month for businesses that pay VAT on a monthly basis. The new deadlines for declaration and payment are thus: For the month of March moved to 25 May, for the month of April moved to 25 June and for the month of May moved to 27 July.

As always, VAT returns with negative VAT may be filed after the end of the VAT period and the payment will be made within three weeks. If the company owes money on its tax account, or if the Danish Tax Agency selects the return for verification, expect that it will take longer than three weeks.

Payment of VAT for medium-sized and small businesses

Applies to businesses with a turnover of less than DKK 50 million

Quarterly payments: The payment deadline for Q1 was 2 June 2020. This has been postponed to 1 September 2020.

Biannual payment: The payment deadline for the first half of 2020 was 1 September 2020. The deadline has been postponed to 1 March 2021.

The deadlines for VAT returns are unchanged - updates are automatic.

As always, VAT returns with negative VAT may be filed after the end of the tax period and the payment will be made within three weeks. If the company owes money on its tax account, or if the Danish Tax Agency decides to verify the return, expect that it will take longer than three weeks.

Labour-market contribution and income tax collected at source

Applies to all businesses

Companies' deadline for payment of tax collected at source and labour market contribution is extended by four months for the payment months April, May, and June 2020.

The e-Income reporting deadline is unchanged.

If you have not paid income tax and labour market contribution for March 2020, you can look into the possibilities of whether your company meets the criteria for applying for interest- and fee exemption.

Tax not collected at source

Applies to non-corporations

The 20 April 2020 rate is postponed to 22 June 2020.

The 20 May 2020 rate is postponed to 21 December 2020.

The 20 March 2020 rate falls due for payment now. However, the preliminary assessment of income may be changed and if it turns out that there is less tax not collected at source is required to be paid, the rates may be changed. You then have to remember to reject payment via PBS automatic funds transfer.

Tax and VAT – deadlines and postponements

2/3

Notification deadline for taxpayers

Applicable for personally owned businesses and companies

The notification deadline for businesses and companies has been prolonged for the financial year 2019. The deadline has now been prolonged until 1 September 2020 for both types of taxpayers.

For personally owned companies, the deadline has been prolonged from 1 July 2020. However, there may be advantages by observing the original deadline. For instance, the companies can be refunded possible excess tax faster whereas outstanding tax is still added an additional percentage of 4% if paid after 1 July 2020.

The deadline is prolonged until 1 September 2020 for companies with a deadline of filing information for the financial year 2019 on 31 March 2020 and later.

Postponement of the deadline for payment of payroll tax for Method 4

Applies for small and medium-sized companies

Companies that are not subject to VAT but pays payroll tax instead, will now get a postponement of the payment of payroll tax for Q2 and Q3. However, this only applies for companies following the payroll tax' method 4, e.g. dentists, occupational therapists, haulers etc.

The payment deadline for Q2 was 15 July 2020. This is postponed to 1 September 2020.

The payment deadline for Q3 was 15 October 2020. This is postponed to 16 November 2020.

Interest-free loan of paid VAT and payroll tax

Applies for small and medium-sized companies

Small and medium-sized companies that pay VAT semiannually or quarterly can borrow the VAT that they paid on 2 March 2020, free of interest.

Companies that pay payroll tax according to the so-called Method 4, i.e. for instance dentists, physiotherapists, and psychologists also have the possibility of an interest-free loan of the payroll tax for Q1 2020 paid no later than 15 April 2020 and a fourth of the payroll tax that was paid of the profits for the financial year 2019.

Who can apply and application deadline

Applications can be filed from 5 May 2020 through 15 June 2020.

Please note that companies under bankruptcy, reconstruction, compulsory dissolution, and liquidation are not covered by the scheme.

Repayment deadline

The loan must be repaid no later than 1 April 2021.

Tax and VAT – deadlines and postponements

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Payment from the tax credit scheme is advanced

Applies for companies

Normally, companies with deficits from research- and development activities can apply for payment from the tax credit scheme with payment in November. Now, the scheme is advanced so that companies can apply for payment for their research- and development activities in 2019 already in June 2020. The advance is expected to strengthen the companies' cash flow, when especially small and medium-sized companies can get an increased cash flow five months before normally.

It is required that the application for the scheme include an auditor's statement.

Aid schemes to retain employees

Compensation for wage / salaries for temporary lay-offs

Applies to all businesses that are about to dismiss at least 30% or more than 50 employees due to COVID-19

The company may receive compensation amounting to 75% of the salary due to each employee, however a maximum of DKK 30,000 per month per employee.

For hourly-paid workers, the compensation amounts to 90%, however a maximum of DKK 30,000 per month per employee. So far, for a maximum period of three months (9 March – 9 July 2020).

Employees are not allowed to work during the lay-off period. The employee must be entitled to their usual salary or wage and must take five special holidays / days off in lieu of pay during the period.

The company cannot dismiss employees during the compensation period. However, it is possible to dismiss staff before joining the scheme, just as it is possible to leave the scheme. We recommend that you contact us so that we can discuss the different possible combinations.

Compensation can be sought on the Danish Business Authority's ("Erhvervsstyrelsens") company portal [Virk.dk](https://virk.dk). When you have filed your request for salary compensation with the appropriate documents, then the compensation will be paid as soon as possible. Subsequent documentation that the requirements are met will be required, including an auditor's statement.

Division of work as an alternative to dismissal

Applies to all businesses

The rules have been made more flexible and may therefore be implemented more quickly, so that employees may receive supplementary unemployment benefits.

Previously, the division of work had to be reported to the job centre one week before start. Now, it can be started once the job centre has been notified.

Sickness benefit

Applies to all businesses

The employer's payment of the first day of sickness is waived for employees who suffer from COVID-19 or have been quarantined.

For employees who are absent due to sickness for reasons other than COVID-19, the general rules apply.

Compensation for operating loss

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Compensation for the company's fixed costs

Applies for all companies regardless of industry, business form etc.

The company must meet the following demands in order to receive compensation:

You should expect that your company will experience a decrease in turnover of 35% or more as a consequence of the coronavirus / COVID-19. Your fixed costs must amount to at least DKK 12,500 in a four months' period. Compensation can be sought for the period 9 March 2020 through 8 July 2020.

You can receive compensation for a share of your fixed costs, including e.g. rent, interest expenses, and contractual expenses (e.g. leasing). The share of fixed costs depends on your expected decrease of turnover:

Decrease 35-60%: Compensation 25%
Decrease 60-80%: Compensation 50%
Decrease 80-100%: Compensation 80%

Companies that are banned and have to close can receive compensation of 100% of the fixed costs.

Companies with a deficit in the last financial report, or alternatively in the calendar year 2018, will be offset against a share of the deficit in the compensation amount, corresponding to the compensation percentage of the deficit accrued proportionally over the compensation period.

A maximum compensation of DKK 110 million can be received. Companies applying for compensation are not allowed to pay dividend or make stock repurchases for the financial years 2020 and 2021 if the company receives more than DKK 60 million in compensation for fixed costs.

An auditor's statement must be attached to the application stating that the costs are entitled for refund and that the requirements in general have been met. You can receive compensation for 80% of your costs for an auditor's statement if your application is accepted.

Compensation can be sought via the Danish Business Authority's (Erhvervsstyrelsens) company portal www.virk.dk.

Compensation for operating loss

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Compensation for turnover- and B-income loss for self-employed and freelancers

Applies to smaller businesses with a maximum of 25 full-time employees. To be covered by the scheme, the average monthly turnover must be at least DKK 10,000 and an expected turnover- or B-income loss of minimum 30%.

The compensation will amount to 90% of your company's average monthly turnover- or B-income loss in the period 9 March 2020 through 8 July 2020.

However, the compensation to the business owner may amount to a maximum of DKK 23,000 per month and, thus, a total of just under DKK 92,000 for a four-month period.

In cases where the spouse is assisting, the maximum amount is doubled.

Companies that are banned and thus closed can receive compensation of 100% of lost turnover or B-income to a maximum of DKK 23,000 per month. To receive compensation, you must motivate that the loss of turnover is a consequence of coronavirus/ COVID-19.

Compensation can be sought via the Danish Business Authority's (Erhvervsstyrelsens) company portal www.virk.dk

Compensation for turnover loss for freelancers with A- and B-income loss

Applies for freelancers. To be covered by the scheme you must expect an A- and B-income loss of minimum 30% and have had a total average taxable turnover of A- and B-income exceeding DKK 10,000 on a monthly basis over the last year, whereof at least DKK 5,000 per month has been B-income and no more than DKK 20,000 has been A-income.

Compensation amounts to a maximum of 90% of your expected A- and B-income loss in the period 9 March 2020 through 8 July 2020. The compensation is subject to tax.

The compensation cannot be more than DKK 20,000 per month and thus a total of almost DKK 80,000 in a four-month period.

The yearly income in 2020 must not exceed DKK 800,000.

The freelancer must not be entitled to other public support such as for instance unemployment and cash benefits.

In order to receive compensation you must motivate that the turnover loss is a consequence of coronavirus / COVID-19.

Compensation for operating loss

3/3

Compensation for cancelled events

Applies for organizers of major events

A compensation scheme has been established for organizers of major events with more than 1,000 participants – or more than 500 participants if the event is aimed at designated COVID-19 risk groups. In relation to this, it is recommended that organizers act responsibly and reduce their costs.

Subsequently, the scheme has been adjusted so that it partly in general covers events with more than 350 participants and partly covers more kinds of events. For instance, the scheme covers events at a higher frequency than what is the case at present, where only events taking place once or a very few times are covered. Further, the scheme has been expanded from only covering private organizers to now covering primarily publicly financed organizers of major culture- and sports events.

Following the expansion, events are now defined as follows:

- single events in Denmark that are unique in their content and / or communicative expressions from time to time
- single events that are planned to take place less often than on a daily basis (not more often than every second day, e.g. sports events taking place on a weekly basis) or take place daily for a limited period of time of up to four weeks' duration. The four-week period applies for each location where the event takes place.

The expansion implies that e.g. touring musicals may be better covered by the scheme.

Compensation can be granted for loss of income from a number of different sources, e.g. income from ticket sale, fee to the artists, sale of food / drinks and merchandise, advertisement income etc. It is a condition that the compensation does not result in a profit.

If more than DKK 0.5 million is applied for, then an auditor's statement must be submitted.

Everything else you can do ^{1/4}

Payment of tax not collected at source

Applies to non-corporations

Reduce or avoid tax payments on reduced income or loss.

Do so by changing the preliminary assessment of income in the Danish Tax Agency's self-service system.

Increased payment threshold on the tax account

Applies to businesses and persons

Companies may have up to DKK 10 million in their tax account for a limited period of time if, on or after 25 March 2020, the companies adjust their threshold. Deposits with the bank which are subject to negative interest rates may advantageously be transferred to the tax account, within the DKK 10 million threshold. At the time of writing, the interest rate is 0%.

Subsequently, the scheme has been adjusted so that the payment limit is temporarily abolished in the period from 4 May 2020 – 1 April 2021.

Change the payment threshold for the company in the self-service system of the Danish Tax Administration, SKAT. There are no conditions that must be met. If the amount is to be paid out later, the payment threshold is to be adjusted downwards, and the excess amount is then paid out.

Take out a loan against your equity

Applies to businesses and persons

Your liquidity may be improved by taking out a loan against your equity.

Consult your financial institution, etc.

Remortgaging

Applies to businesses and persons

Remortgaging to a longer-term mortgage or, alternatively, with an interest-only profile to achieve a long-term improvement in cash-flow.

Consult your financial institution, mortgage provider, etc.

Corporation tax

Applies to all businesses

Reduce or avoid tax payments on reduced income or loss.

Companies are able to immediately reduce payments themselves. The Danish Tax Authority may subsequently ask for the required documentation.

Restructuring of banking credits, etc.

Applies to businesses and persons

Restructure bank credit facilities, etc. to longer-term loans or, alternatively, with an interest-only profile.

Consult your bank, etc.

Everything else you can do ^{2/4}

On-account invoicing

Applies to all businesses

Optimise your working capital by bringing invoicing forward. Carry out general invoicing immediately after delivery and, if possible, use on-account invoicing.

Frequently review cases for faster / more frequent invoicing.

Debtor management

Applies to all businesses

Optimize your working capital by increasing focus on debtor management.

An effective reminder procedure is extremely important during this period. Contact debtors as soon as invoices are due. An agreement for partial payment may be entered into. In case of non-payment, decide whether continued deliveries should be made to the customer.

Factoring

Applies to all businesses

When factoring, you take out credit against for example 80% of the value of your invoices and the credit is, thus, financed by the loan-to-value ratio.

The factoring company will carry out professional debtor management, including sending reminders to debtors.

Consult with your financial institution, etc.

Energy dues

Applies to businesses that usually receive annual reimbursements exceeding DKK 30,000

Companies may apply to be reimbursed on a monthly basis.

Apply by using form 23.008, which must be submitted to the Danish Tax Authority. Expect that the processing time will be extended - expect a processing time of approx. one to two months.

Search virk.dk.

Financing through leasing

Applies to all businesses

By using e.g. the sale and lease back of assets, a better liquidity situation is achieved in relation to short-term credits and an improvement in liquidity in the medium term.

Consult with your leasing company, financial institution and any mortgagees.

Consider investments and expenditure

Applies to all businesses and persons

Consider whether investments and expenditure are "nice to have" or "need to have" to optimize your working capital. Consider whether unnecessary investments and expenditure should be cancelled or deferred. Any fees, fines, etc. should be considered in connection with any cancellation or deferral.

Everything else you can do 3/4

Guarantee scheme for the bank loans of large businesses

Applies to large businesses that employ more than 250 people or have an annual turnover exceeding EUR 50 million (approx. DKK 373 million) and an annual total balance of or exceeding EUR 43 million (approx. DKK 320 million)

Establishes an opportunity to obtain additional loans and credits to cover expected losses in turnover of minimum 30% compared to a reference period constituting the same period of 2019 (the period is 1 March 2020 to 30 September 2020). The period must cover at least 14 days. Applications for guarantees for loans may be made several times during the period 1 March 2020 to 30 September 2020, however not more than once for the same period. The term of the guarantee is a maximum of six years and is depreciated on a straight-line basis throughout the term. A guarantee of 70% of the loan principal can be achieved.

In the case of applications for guarantees where there are no accounting figures for the company's turnover during the relevant period of 2019, the financial institution, leasing company, etc. will estimate the company's loss of turnover based on the company's budgeted turnover.

The application for a guarantee must be submitted by the lending financial institution, leasing company, etc. to Vaekstfonden no later than 15 October 2020. Before submitting the application, the financial institution, leasing company, etc. must have made a credit assessment of the company according to the general rules of the financial institution, leasing company, etc. The cost is an establishment fee of 0.25% and an annual commission of the security deposit.

The commission may be deducted from the taxable income.

Guarantee scheme for the bank loans of small and medium-sized businesses

Applies to businesses that are not covered by the definition of a large business

A similar guarantee scheme has been established for companies that are not covered by the scheme for large companies. However, the term of the guarantee is up to seven years and is depreciated on a straight-line basis throughout the term.

The application procedure is similar to that of large companies. The cost is an establishment fee of DKK 2,500 and an annual commission of 1 of the sum guaranteed. The commission may be deducted from the taxable income.

Commercial leases subject to an order for closure

Applies to businesses with commercial leases which have been ordered closed by the government

Any reduction or waiver of lease payments must be assessed on an individual basis and we recommend seeking legal advice.

Extending the reinsurance of private credit insurers

Applies to businesses and persons

Now also covers exports to OECD nations. Meant to ensure that the corona crisis does not discourage private credit insurers from insuring the export orders of Danish exporters. The Danish export credit association, EKF, covers up to 90% of the risk of credit insurers on new export orders.

Contact your credit insurance company or EKF.

Everything else you can do 4/4

Advance of investments, payments, and flexibility from state institutions, municipalities, and regions

Applies to businesses and persons

Through 31 October 2020, state institutions can make exemptions from a number of license rules that may affect state purchases. The exemptions will be withdrawn earlier if the extraordinary situation is improved before. For municipalities and regions the agreed capital investment ceiling is lifted. The easing is used for the following initiatives:

1. Up to 1 July 2020, government institutions may make prepayments for deliveries of a maximum value of DKK 1 million.
2. State institutions may exercise flexibility and elect to not rely on default clauses, including the refraining from levying fines.
3. State institutions will bring forward payments for goods already delivered as well as the processing of received and approved invoices, regardless of the payment terms.

Further, it has been agreed that the municipalities have a possibility of postponing the companies' payment of the second installment of contribution rate in 2020 to 2021. Legal documents have been forwarded to the Danish Finance Committee for approval of the initiatives. To obtain the benefits you must contact the public institutions to which you have supplies or to which you pay contribution rate.

Alternative financing

Applies to all businesses

There are alternatives to the traditional bank loans which are aimed at small and medium-sized companies, e.g.: smverhvervslån.dk, lendino.dk, flexfunding.dk.

We are ready to guide you on any alternative forms of financing.

Early dialogue with the bank

Applies to businesses and persons

If you are experiencing, or expect to experience, liquidity problems, it is important to enter into an early dialogue with your financial institution.

Some of the options available may be increasing credits or negotiating an interest-only period on debts.

Prepare liquidity statements. These may be both short- and long-term statements, depending on your situation.

Liquidity guarantee for small and medium-sized export companies

Applies to businesses that employ less than 250 people and have an annual turnover of less than EUR 50 million (approx. DKK 373 million) and/or an annual total balance of less than EUR 43 million (approx. DKK 320 million)

EKF can provide a guarantee to a lending financial institution, leasing company, etc. for new loans and business credits which the financial institution, leasing company, etc. provides to an export company that has suffered or expects to suffer a loss of turnover of at least 30%. Generally, the loss of turnover is calculated as the difference between the company's turnover / expected turnover in the period, for which an application for a guarantee is based, and a reference period. The guarantee scheme means that, in 2020, the state can guarantee up to 80% of the loans given by financial institutions, leasing companies, etc. to otherwise creditworthy export companies.

A document on the plan has been sent to the Finance Committee for approval. To obtain the benefits, contact your financial institution or EKF.

Also, be aware of...

Postponement of the deadline for filing annual report to the Danish Business Authority (Erhvervsstyrelsen)

Applies for companies in reporting classes B, C, and D whose financial year is ended between 31 October 2019 and 30 April 2020

On 2 April 2020, the Danish government has passed a bill authorizing the Danish Business Authority (Erhvervsstyrelsen) to prolong the deadline for filing of companies' annual reports. The order with the precise regulations issued after this came into force on 8 April 2020.

In concrete terms, the postponement means that the annual report must be filed with the Danish Business Authority no later than eight months after the expiry of the financial year for reporting classes B and C – and no later than seven months after for reporting class D. Thus, the deadline is 31 August 2020 for companies and 31 July 2020 for stock listed companies whose financial year is similar to the calendar year.

Should you postpone your annual report?

Right now, many Danish companies are busy with for instance reducing their turnover loss and file documentation for salary compensation or guarantee schemes. We at Grant Thornton recommend that companies – where possible – still focus on filing their annual report observing the original deadline. The annual report is an important tool for many company owners and external interested parties and thus, a timely filed annual report with contemporary information sends a signal of stability in an otherwise unstable time.

Contact your auditor if you have questions regarding postponing your annual report.

Further deadline for submission of annual report to the Danish Business Authority (Erhvervsstyrelsen) as a consequence of the assembly ban

Applies to businesses that meet all of the following conditions:

- 1. have not already held their general meeting**
- 2. have more than ten owners, and**
- 3. due to making no provision in the articles of association for the holding of electronic meetings without access to physical attendance, cannot hold a complete electronic general meeting**

After the extension of the deadline with three months, companies may defer submission of the annual report to the Danish Business Authority until no later than eight weeks after the expiry of the assembly ban. However, it must always be submitted without undue delay after the general meeting.

As the Danish Business Authority is not aware of the number of owners, all companies that report later than the ordinary deadline will receive a reminder from the Danish Business Authority.

The reminder will state that companies that have more than ten owners and which are, therefore, subject to the longer submission deadline must notify the Danish Business Authority of this within a specified period of time.

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We reserve our position on any errors and deficiencies in our summary of the legislation, et al, and assume no consultancy liability without prior consultation on the topics discussed herein.

Updated 05.05.2020

About Grant Thornton

At Grant Thornton auditing and advisory services are two sides of the same coin. We help companies to release their potential for growth by providing meaningful, proactive advice in auditing, accounting and tax matters. Proactive teams, led by unbureaucratic partners, use their knowledge and experience to understand and communicate on complex problems and to help identify the optimum solutions. Being recommended by others mean a great deal to us, as the fact that we receive referrals is the ultimate test as to whether we are good auditors and advisors. This is how we have always gained new clients. We are made up of approx. 270 competent and committed members of staff which is an ideal size. Large enough to be able to solve all national and international jobs – but no bigger than we are able to ensure our clients personal advice and client-affiliated employees. Our membership of the international Grant Thornton network also provides us access to global resources and methods – all to the benefit of our clients.



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