



New agreement on temporary short-time working during COVID-19

Earlier this year, the Danish Government and the two sides of industry implemented a gradual phasing out of the salary/wage compensation scheme up until and including 29 August 2020. As a supplement to this phasing out, the two sides of industry concluded on 31 August 2020 a new agreement to enable private enterprises to establish a new short-time working scheme until the end of this year for all their employees, whether covered by collective agreements or not.

New act on short-time working

The new temporary short-time working scheme is expected to be enacted during the week beginning Monday 7 September 2020 to be in force until 31 December 2020 with the possibility that established short-time working schemes with a maximum period of four months can extend into 2021. Today, some collective agreements already provide for rules on short-time working and unemployment insurance. These rules can still be applied as before, but the enterprise in question must choose between using the present scheme or the new scheme, in that the rules cannot be used concurrently.

Enterprises that prior to 31 August 2020 already had a short-time working scheme can convert to the new scheme before the

end of September 2020. If an enterprise wishes to use the new scheme, the enterprise must inform and consult its employees in this regard according to the rules in cooperation agreements or the Danish Act on information and consultation of employees. An enterprise can decide to dismiss the employees who do not wish to participate in a short-time working scheme that is based on objective reasons. An employee has 24 hours to decide whether he/she wishes to participate in the scheme.

Financing of the scheme

The scheme works in the way that the employer pays compensation for three days (so-called G days) per month to each employee participating in the new law-based short-time working scheme. The employee will not get unemployment

benefits for these days, and the Danish State covers the difference between the unemployment benefit rate and the G-day rate. Payment of three G days corresponds to DKK 2,643.00 per month for each employee.

By the establishment of the scheme, the unemployment benefit rate is increased to 20.5%, and this corresponds to an unemployment benefit rate of DKK 23,000 per month for a full-time unemployed person. The present requirement for payment of G days upon notification or approval of a short-time working scheme is non-applicable until the end of 2020.

Other issues?

The aim of the scheme is to retain the employees who cannot be employed full time and thereby compensate them by way of

unemployment benefits for the time when they do not work. The new short-time working scheme will not affect an employee's period of unemployment benefits.

The new scheme has just been adopted, but it cannot be applied until it has been enacted, and, for the time being, this is expected to be in the week of 7 September 2020. Our reservations are made in respect of the final wording of the Act.

Should you have any questions to the new short-time working scheme etc., please feel free to contact our labour and employment law team.

Contact

You are more than welcome to contact our team.



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