

# COVID-19 Response: Norway

## GOVERNMENT MEASURES FOR BUSINESSES

## ELIGIBILITY

## WHEN?

### Finance / Loan Schemes

#### State guarantee

- ▶ The Norwegian government has stepped in to guarantee bank loans to Norwegian companies that incur losses related to COVID-19. The scheme is designed so that the Norwegian government will guarantee up to 90% of the principal amount of any loan funding received if the applicant company fulfils the terms of the loan scheme
- ▶ Larger companies can borrow up to NOK 150 million (c. €13.7m) under the scheme, while the maximum loan amount for Norwegian SMEs (a company with less than 250 employees and with an annual turnover that does not exceed €50 million or a total balance sheet not exceeding €43 million) is NOK 50 million (c. €4.5m)

- ▶ All companies with a business activity in Norway, who are taxable in Norway and who are registered in the Norwegian Register of Business Enterprises. (NB: maximum amounts that can be borrowed by Norwegian SMEs)

27 March for SMEs and 2 April for larger companies

#### Government bond fund

- ▶ The Norwegian government has reinstated the Government Bond Fund. The purposes of this fund is to enhance liquidity and access to capital in the Norwegian bond market. The fund will provide up to NOK 50 billion (c. €4.5 billion), to be invested in bonds issued by Norwegian issuers. The scheme will be administered by *Folketrygdfondet*, which is the Norwegian state's asset manager of Pension Fund Norway (the petroleum fund), and will resemble the fund that was put in place following the 2008 financial crisis

- ▶ All Norwegian companies with a credit rating greater than CCC+

27 March

#### Extraordinary loans

- ▶ Additional extraordinary loans (F-loans) to be granted by the Central Bank of Norway to other commercial Norwegian banks with a maximum maturity date of 12 months

- ▶ Norwegian commercial banks

20 March

#### Adjustments to the regulation of innovation and development loans

- ▶ Innovation Norway, the Norwegian government's instrument for enhancing innovation and development of Norwegian enterprises and industry, has received additional funding of total NOK 4.5 billion (c. €405 million) in order to grant extraordinary innovation and commercialization loans to assist SMEs in developing new projects. Innovation Norway has also adjusted the terms of the loans that it grants by reducing interest rates, modifying normal requirements to guarantees for loans and agreeing to deferred payments. When providing loans to start-up businesses, Innovation Norway is now permitted to increase loan funding from 50% to 75% of the total project costs

- ▶ Norwegian SMEs (see definition above) and smaller start-up businesses in Norway. Grants and loans are approved based on an assessment of the project being undertaken by the borrower business

Live

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#### Aviation guarantee scheme

- ▶ The Norwegian government has implemented an aviation guarantee scheme totalling NOK 6 billion (c. €540 million) with a 90% government guarantee on each loan

- ▶ Norwegian Air Shuttle (NOK 3 billion – c. €270 million), Norway SAS (NOK 1.5 billion – c. €135 million), Widerøe and other Norwegian airlines (NOK 1.5 billion – c. €135 million)

31 March

### Tax

#### Postponement of wealth tax

- ▶ Lossmaking companies can postpone payments of wealth tax for one financial year

- ▶ All companies in Norway that post losses for their 2020 financial year

12 May

#### Tax loss set-off

- ▶ Companies will be able to set-off tax losses in 2020 against taxed profits generated in the preceding two years, up to a maximum of NOK 30 million (c. €2.7 million) of such profits. The tax value of losses generated in 2020 will be paid out to companies at the time of tax settlement in 2021

- ▶ All companies required to pay the relevant taxes

27 March

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GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
<b>Employment</b>		
<p><b>Statutory leave</b></p> <ul style="list-style-type: none"> <li>▶ The number of statutory paid days an employee will receive from their employer if they are temporarily laid off is reduced from 10 days to two days (with the Norwegian government funding the days no longer provided by the employer)</li> </ul>	<ul style="list-style-type: none"> <li>▶ All companies requiring their employees to go on temporary leave</li> </ul>	20 March
<p><b>Statutory sick pay</b></p> <ul style="list-style-type: none"> <li>▶ The number of statutory paid days an employee will receive from their employer for sick leave will reduce to three days (with the Norwegian government funding the days no longer provided by the employer). Furthermore, from 17 April 2020, employees who do not follow the government's travel advice, and therefore must be placed in quarantine upon re-entry into Norway, may be denied sickness benefit</li> </ul>	<ul style="list-style-type: none"> <li>▶ All companies with employees that need to take sick leave</li> </ul>	16 March
<p><b>Option to temporarily lay-off workers</b></p> <ul style="list-style-type: none"> <li>▶ The number of weeks employees can be temporarily laid off is increased from 26 to 52 weeks (the employer will be exempted from the obligation to pay salary for the same period)</li> </ul>	<ul style="list-style-type: none"> <li>▶ All companies requiring to lay-off their employees for a temporary period of time</li> </ul>	1 November

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<b>Other</b>		
<b>Financial restructuring legislation</b> <ul style="list-style-type: none"><li>▶ The Norwegian government has enacted financial restructuring legislation (to be in force until 1 January 2022 (and which may be extended)) which sets out new rules on debt repayment negotiations and details of the extended scope of restructuring agreements that can be reached between debtors and creditors to avoid greater instances of bankruptcy. Details are being finalised and will be published in the coming weeks</li></ul>	<ul style="list-style-type: none"><li>▶ All Norwegian companies</li></ul>	11 May 2020

## Note:

- ▶ This document only summarizes key measures implemented to benefit businesses operating in Norway
- ▶ The measures described above were in place as of **30 October 2020**. Updates and additional government measures are expected