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Factsheet for case NO-2020-10/730

Business Compensation Scheme

Factsheet generated on 29 April 2020, 13:43

Country	Norway, applies nationwide
Time period	Temporary, 01 March 2020 - 31 May 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Direct or indirect financial support
Case created	19 April 2020 (updated 23 April 2020)

Background information

The government has established a compensation scheme where the state covers parts of the fixed costs for companies that have had at least 30 percent decrease in turnover due to the outbreak of Covid-19 and infection control measures. The goal is to help the business sector avoid bankruptcies and recover quickly after the crisis is over. The scheme is temporary and will apply for the months of March, April and May. The government has set up a dedicated site where the companies can apply for grant to cover fixed and unavoidable costs. It is meant to be both easy to use and manage, and designed to give quickly imbursement. The scheme was designed by the government in close collaboration with The Confederation of Norwegian Enterprise (NHO), The Norwegian Confederation of Trade Unions (LO), Enterprise Federation of Norway (Virke), SMB Norway, Norwegian Employers Association for the Financial Sector (FA) and the Tax Administration. The EFTA Surveillance Authority ESA has approved the scheme.

Content of measure

The Business Compensation Scheme will comprise companies with at least 30 per cent drop in sales compared to the same month the year before. For March, the rate will be 20 per cent, since the strict anti-infection measures were first introduced on March 12. The scheme will initially apply to March, April and May, and payments will be made in arrears based on actual sales in the months in question. A two-part model is used for calculating compensation. 1) Companies instructed by the state to shut down to prevent spread of Covid-19 virus will be able to apply for compensation of up to 90 per cent of their unavoidable fixed costs in the specified months, calculated as follows: reduction in turnover x unavoidable fixed costs x 90 percent adjustment factor. 2) Firms that are not required to shut down, but still experiencing a reduction in

turnover of 30 percent or more (20 percent in March), will have to pay an excess. Compensation is calculated as follows: reduction in sales x (unavoidable fixed costs - excess of NOK 10,000/approximately EUR 890) x 80 percent adjustment factor. The minimum limit for compensation is NOK 5,000. If the support per enterprise exceeds NOK 30 million per month, the excess will be bisect.

Use of measure

No information to date.

Actors, target groups and funding

Actors	Target groups	Funding
National government Social partners jointly Trade unions Employers' organisations	All companies One person or microenterprises	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

Social partners have been consulted regularly during design and implementation of the measure.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 02 April 2020: Foretak med minst 30 % omsetningsfall kan få kompensasjon (www.regjeringen.no)
- 17 April 2020: Act on temporary grant scheme for enterprises with a large drop in turnover (lovdata.no)
- 19 April 2020: Business Compensation Scheme (kompensasjonsordning.no)