



CORONA IMPLICATIONS IN NORWAY – HIGHLIGHTS

In line with a number of other European countries, the Norwegian government has adopted the most far-reaching restrictions in society in peacetime to combat mass infections as a result of the corona virus. Here is what you need to know.

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IMPLICATIONS FOR BUSINESSES

As a result of the overall restrictions (see below), virtually all Norwegian businesses are affected by the current outbreak of corona virus. Despite a strong underlying economy with an unemployment rate of less than 4 %, mass-layoffs have already been announced and bankruptcies are looming. Travel and tourist industries are particularly affected. The Norwegian stock market has plunged in line with world markets, affecting businesses and investors.

To alleviate businesses and employees from a severe economic downturn, the Norwegian government has on 16 March offered a crisis package worth NOK 100 billion (approximately EUR 10 billion). Further, a new crisis package was presented on 19 March 2020. The packages includes inter alia temporary tax and VAT postponement and reductions, an opportunity for lossmaking companies to reallocate loss towards previous years' taxed surplus and suspension on air passenger tax and aviation charges. The government has also indicated that it will establish guarantees amounting to NOK 6 billion (approximately EUR 0,6 billion) to the benefit of airline companies, whereby the government will provide 90 % of the amount and the airline companies will have to contribute the remaining 10 % through obtaining loans from a bank or other financial institution. Airlines operating air routes as public services will also be compensated with approx. MNOK 40 per month. Further, the employers' national insurance contributions have been lowered with 4 % for two months and compensation regimes amounting to MNOK 300 and MNOK 600 will be established to alleviate the cultural scene, and sports- and voluntary organizations, respectively.

In addition, the Norwegian Ministry of Finance has reduced the Norwegian countercyclical capital buffer for banks from 2.5 % to 1 %, enabling banks to increase their commitments. Norwegian banks are solid and profitable and have sufficient capital to absorb losses in a downturn. They have been subject to stricter capital buffers than most other European countries. Further, Norges Bank has reduced the policy rate to 0,25 % and has decided to offer extraordinary three-month F-loans to banks for as long as this is deemed necessary.

Work is ongoing with respect to establishing a framework for governmental guarantees for loans to small and medium sized businesses and a governmental bond fund for larger businesses.

The Financial Supervisory Authority of Norway has urged banks and Norwegian bank holding companies to conduct a renewed assessment of the distribution of 2019 proceeds in light of the ongoing crisis and financial uncertainty. The Norwegian Ministry of Finance shall be informed of the banks' assessments within 23 March 2020, and the process may lead to the companies' board of directors amending its proposal on the distribution of profit. New information must be sent to the shareholders, and a new notice to the general meeting may be necessary.

The government has stressed that further measures are not excluded.

For reference on the Government's measures to avoid layoffs and bankruptcies in viable companies, please see: <https://www.regjeringen.no/no/aktuelt/the-government-acts-to-mitigate-effects-of-the-covid-19-pandemic-on-the-economy/id2693471/>

IMPLICATIONS FOR EMPLOYEES AND SELF EMPLOYED

Employees who are subject to leave/lay-offs are secured full compensation up to a certain level for 20 days and thereafter 80 % salary, payable by the government from day 3 of the layoff. Special rules are in place for self-employed, securing a temporary compensation of 80 % of the average of the last 3 years from day 17 of the income loss. The government has also notified that it will establish a temporary regime to alleviate students experiencing income loss due to the corona virus outbreak.

See further our newsletter ["Corona virus- this is what employers must be aware of"](#).

CORONA RESTRICTIONS IN A NUT-SHELL:

TRAVEL RESTRICTIONS AND QUARANTINE

The following travel restrictions apply:

Non-Norwegians (except EEA citizens and their families working or living in Norway) will as of 16 March 2020, not be permitted to enter the country. Norwegians returning home from abroad shall be admitted and key airports are kept open. Passport control applies for all persons entering the country, also from within the Schengen area.

The authorities have recommended postponement of all travels (including domestic travels) up to 14 April which are not strictly necessary. Upon return to Norway from travel abroad, a 14 day quarantine period will apply. Special restrictions apply to health workers.

The vast majority of governmental employees have been instructed to work from home (except for health workers etc.), and home-office solutions are in general encouraged and must be considered. The government has also prohibited all Norwegian inhabitants from staying in vacation homes outside of their own commune, in order to alleviate pressure on local health facilities.

MEETINGS AND GATHERINGS

Gatherings: A restriction on maximum 50 persons applies, and such meetings shall only be held subject to strict requirements in order to control the risk of infections. In practice, all conferences and large meetings have been cancelled unless they can be held by electronic participation.

Further, all cultural and sports arrangements, fitness centres, swimming halls etc. are closed.

PUBLIC TRANSPORTATION, SHOPS, RESTAURANTS

Public transportation are not subject to shut-down but restrictions to accommodate for safe distancing apply.

Restaurants are subject to strict restrictions (closure unless they can accommodate serving guests at table with at least 1 meter's distance; take-away service is allowed). Most restaurants have as a consequence been closed.

Hotels are subject to restrictions in order to handle quarantines and combat infections. Most hotels are closed.

Beauty saloons, hair dressers etc have been ordered closed since 12 March.

SCHOOLS

Schools, kindergartens and universities have been ordered closed until 26 March.

DURATION

Some restrictions are temporary with a specific end-date, which may be prolonged by adoption of additional regulation, others apply until further notice.

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