

## Denmark

The following developments amending labour and fiscal law as anti-crisis measures find their source in the Reform Programme Denmark 2012<sup>1</sup> published in April 2012, pursuant to the European Commission's country-specific recommendations for Denmark<sup>2</sup>. Based on an analysis of the country's economic situation, recommendations were made with regard to measures the country should adopt over the coming 12 months.

In May 2012 tripartite negotiations were launched on the reforms needed to improve the competitiveness and growth of Danish businesses, while at the same time increasing the employment rate and improving occupational skills. The key challenges were

- To increase working time, including the possibility of changing the amount of national holidays and annual leave;
- Increased labour organization flexibility, and the promotion of full-time rather than part-time work;
- Improving occupational skills
- Fighting social dumping.

However, in June 2012, the trade union Dansk Metal refused to allow working time to be increased by eliminating public holidays, with the result that negotiations came to a stop on this issue.

A fiscal reform agreement was signed between the government and the Conservative opposition later that month in order to reduce taxes on labour. In the same vein, another agreement was signed on 30 June 2012 to reform flexible work. This was the basis for the government bill which came into force in early 2013.

Put in a nutshell, the upper tax limit (*topskattegrænsen*) will increase by €7,760 which means that it will only affect annual earnings over €62,810 in 2012. Furthermore, the employment deduction (*Beskæftigelsesfradraget*) will double, from 5.6 % currently up to 10.65 % in 2012. Single parents will get an additional 6.25 % deduction.

Concerning measures against social dumping, the agreement provides for a series of initiatives to keep social dumping from spreading. These include halving the tax deduction (*rejsefradrag*) for non-resident low-wage earners; tougher subcontracting regulations, including taxing foreign workers and businesses in Denmark when

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<sup>1</sup> [http://ec.europa.eu/europe2020/pdf/nd/nrp2012\\_denmark\\_en.pdf](http://ec.europa.eu/europe2020/pdf/nd/nrp2012_denmark_en.pdf)

<sup>2</sup> [http://ec.europa.eu/europe2020/europe-2020-in-your-country/danmark/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-your-country/danmark/index_en.htm)

they perform a job which is an “integral part” of work done by a Danish company; and higher taxation of foreign workers if they spend more than 183 days a year in Denmark.

The *flexiwork* reform intends to allow incapacitated workers to work less and receive welfare in addition to their salary and will also apply to people with extremely reduced working capacities. However, the amount of the benefits will vary according to the number of hours worked, will be cut for highly-paid workers and increased for low-wage earners and workers with a reduced working capacity, thereby allowing them to work less. The social partners are being asked to back diversity. A tripartite committee is to monitor the evolution of the reform and determine any adjustments needing to be made in collective agreements.

The government was also expected to put forward a proposal for a new Act on Temporary Agency Work (transposing the Temporary Agency Work Directive (2008/104/EC)) at the beginning of the new session of the Danish Parliament (October 2012). According to its legislation agenda for 2012/2013, the government was supposed to propose it in December 2012. This has however been delayed due to a number of disputes between the social partners, and as of January 2013, no proposal had yet been put forward.

## **References/sources**

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Contributions by ETUC affiliated organisations:

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ETUC Social Policy and Legislation Ad hoc working group (Meetings 13 November 2011, 5 April 2012, 24 October 2012).

ETUC Legal Experts Network NETLEX (Annual Conference 1-2 December 2011, 11–12 December 2012)