



Norway alert

Proposed interest expense limitations not included in budget 2018

Norway's Ministry of Finance presented the budget for 2018 on 12 October 2017.

As anticipated, the government has proposed to reduce the general corporate tax rate from 24% to 23% with effect from 2018 (a fiscal year ending in 2018).

However, the most significant news from a corporate tax perspective is that the budget does *not* contain a proposal for new restrictions on the deductibility of interest expense as proposed by the Ministry of Finance in a consultation paper dated 4 May 2017 (for prior coverage, see the tax alert [dated 4 May 2017](#)). One of the reasons for the proposed restrictions would be to bring Norway's rules in line with the OECD's recommendations in the final report on action 4 of the BEPS project.

Based on the consultation paper, the new rules were intended to apply from a fiscal year ending in 2018. However, the Ministry of Finance now has stated that more time is needed to review comments on the proposal before a bill is presented to the parliament. The ministry has indicated that any future proposal will not contain an entry into force date before fiscal year 2019.

The budget does not contain any other concrete measures relating to BEPS-type measures. However, the minister did announce that the government will present a proposal to the parliament during "2017/2018" on the ratification of the OECD's multilateral instrument, which Norway signed on 7 June 2017.

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