

BEPS Actions implementation by country

Norway

On 5 October 2015, the G20/OECD published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. The output under each of the BEPS actions is intended to form a complete and cohesive approach covering domestic law recommendations and international principles under the OECD model tax treaty and transfer pricing guidelines. The G20/OECD output broadly falls into the following categories:

OECD categorisation	Definition
Minimum standard	All G20/OECD members are committed to consistent implementation
Revision of existing standard	
Common approach	Common approaches to facilitate convergence of national practices
Best practice	Guidance drawing on best practices

It is now for governments to digest and introduce the necessary legislation. The table below sets out a summary of the expected local country implementation and timing in Norway.



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Norway: BEPS Actions implementation

Last updated: August 2017

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Action	OECD categorisation	Notes on local country implementation	Expected timing
VAT on business to customers digital services (Action 1)	Common approach	Norway already has legislation that requires nonresident suppliers of digital services to Norwegian private customers to register and collect VAT on the services rendered.	N/A
Hybrids (Action 2)	Common approach	The 2016 budget introduced a measure that will deny the application of the participation exemption for dividends received by a Norwegian company to the extent the company paying the dividends is entitled to a deduction for the payment made. Further changes have been announced in a tax white paper, and will be submitted for public consultation.	1 January 2016 (participation exemption); otherwise, not yet known
CFCs (Action 3)	Best practice	The Ministry of Finance has announced that the CFC rules will be reviewed and proposed changes will be subject to public consultation.	Not yet known
Interest deductions (Action 4)	Common approach	The threshold for deducting interest expense on related party loans was reduced from 30% to 25% of EBITDA in the 2016 fiscal budget. The Ministry of Finance has proposed amendments to the interest deduction limitation rules that would include external debt, a de minimis exception (net interest expenses of NOK 10 million on a consolidated basis for all Norwegian entities) and the introduction of two equity-based escape clauses.	1 January 2016 (EBITDA reduction); public consultation on potential changes currently underway and final proposal and adoption by the parliament is anticipated some time during the autumn of 2017
Harmful tax practices (Action 5)	Minimum standard	No Norwegian tax regimes currently are considered harmful. Norway has implemented necessary legislation for the	1 January 2017

Norway: BEPS Actions implementation

Last updated: August 2017

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exchange of tax rulings.

Prevent treaty abuse (Action 6)	Minimum standard	<p>Norway currently does not have LOB or PPT clauses in most of its tax treaties, although the government is expected to approve the implementation of these rules.</p> <p>Norway signed the multilateral instrument (MLI) on 7 June 2016 and the Ministry of Finance has published Norway's positions. Norway regards the PPT as an interim measure and the intention where possible is to adopt an LOB in addition to, or instead of the PPT through bilateral negotiations.</p>	Subject to implementation of the MLI
Permanent establishment status (Action 7)	Revision of existing standard	<p>Norway is expected to implement the changes proposed in the MLI that concerns commissionaire arrangements and similar arrangement, specific activity exemptions (option A) and the splitting-up of Contracts (save for exploration and exploitation of natural resources which will not be not affected by the change).</p>	Subject to implementation of the MLI
Transfer pricing (Actions 8-10)	Revision of existing standard	<p>Norway's transfer pricing rules generally follow the OECD guidelines and refer to various chapters of the guidelines. Any changes made to these chapters of the guidelines by the OECD are immediately adopted into Norwegian legislation.</p>	N/A
Disclosure of aggressive tax planning (Action 12)	Best practice	<p>Norway does not have disclosure rules for tax planning. It is not yet clear if the proposed recommendations will be implemented, but they are currently part of a consultation regarding lawyers' obligations to disclose information.</p>	Not yet known

Norway: BEPS Actions implementation

Last updated: August 2017

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Transfer pricing documentation (Action 13)	Common approach	Not yet known.	Not yet known
CbC reporting (Action 13)	Minimum standard	CbC reporting rules have been introduced. Norway is one of the countries that signed a multilateral competent authority agreement for the automatic exchange of CbC reports.	Fiscal years starting on or after 1 January 2016
Dispute resolution (Action 14)	Minimum standard Complemented by best practice	Norway was one of the countries committed to binding arbitration but has not chosen arbitration in the published MLI position.	N/A
Multilateral Instrument (Action 15)	Applicable across all four categories	Norway has signed the MLI and the Ministry of Finance will present proposals for the approval needed to ratify the MLI.	Ratification expected in autumn 2017

Unilateral BEPS Actions

No developments to note.

Other Tax Developments

In October 2016, the European Free Trade Association (EFTA) Surveillance Authority (ESA) issued a reasoned opinion stating that Norway's interest deduction limitation rules are in breach of EEA obligations. The Ministry of Finance has objected to the conclusions of the ESA, and it is not yet clear whether there will be a law change or an EFTA court case.



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