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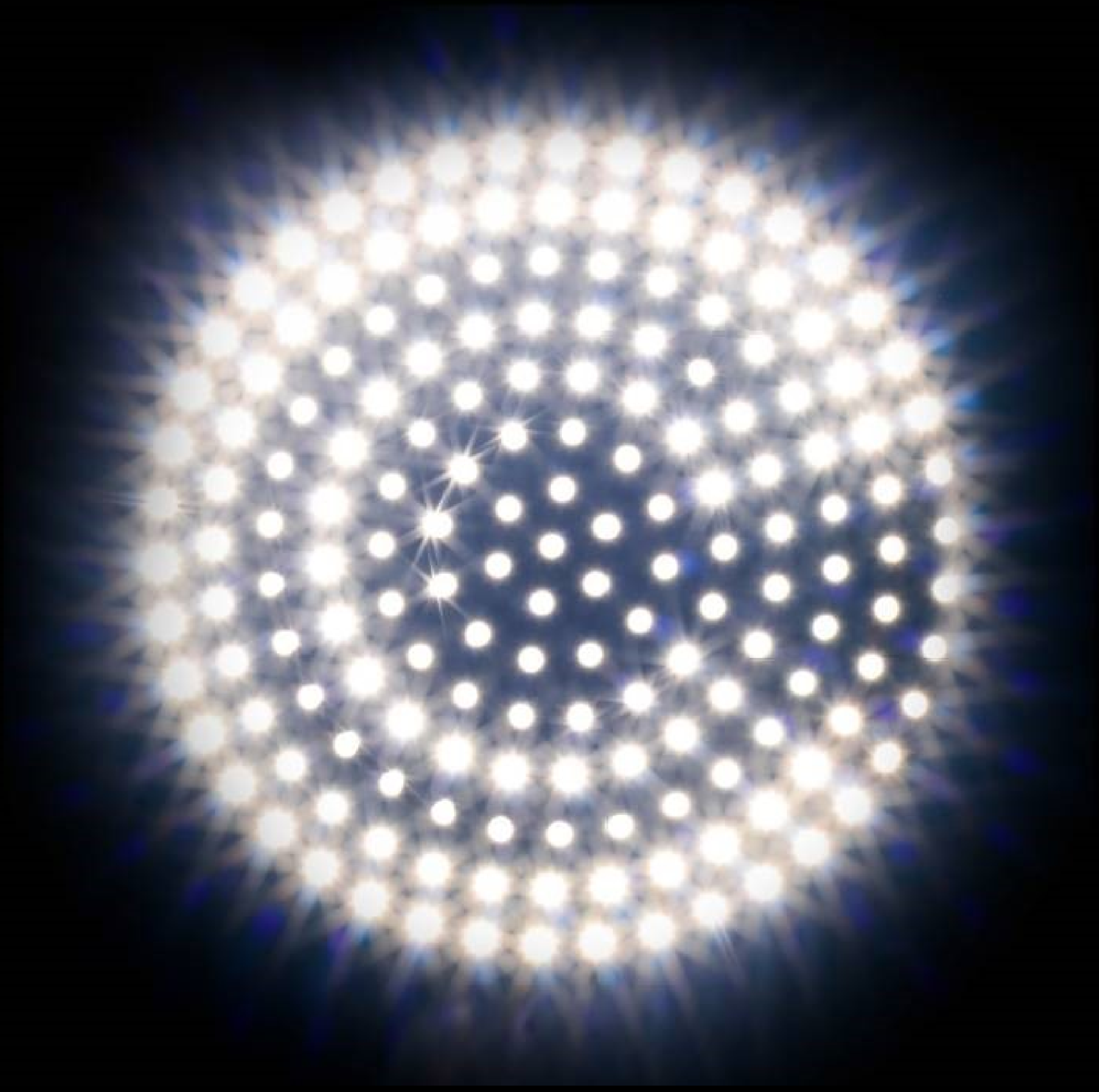

Taxation and Investment in Norway 2017

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Norway is a constitutional monarchy, with a parliamentary democratic system of government. Powers are allocated among the executive, the legislature (*Storting*) and the court system. Many executive powers are granted to the "King in Council." The unicameral parliament has legislative authority; it passes legislative acts, imposes taxes and adopts the fiscal budget. For administrative purposes, the country is divided into 19 counties, which are subdivided into 428 municipalities.

Although not an EU member state, Norway generally is fully integrated in the EU's internal market and free travel area, through the European Economic Area (EEA) and Schengen agreements. Norway is a member of the European Free Trade Association (EFTA), along with Iceland and Liechtenstein. The EFTA has an agreement with the EU (Agreement on the European Economic Area) that provides for zero tariffs on most goods and that effectively implies that Norway has adopted most of the EU articles and directives (but not tax directives).

Norway also is a member of the World Trade Organization and the OECD.

OECD member countries

Australia	France	Korea (ROK)	Slovakia
Austria	Germany	Latvia	Slovenia
Belgium	Greece	Luxembourg	Spain
Canada	Hungary	Mexico	Sweden
Chile	Iceland	Netherlands	Switzerland
Czech Republic	Ireland	New Zealand	Turkey
Denmark	Israel	Norway	United Kingdom
Estonia	Italy	Poland	United States
Finland	Japan	Portugal	

Enhanced engagement countries

Brazil	China	India	Indonesia
South Africa			

OECD accession candidate countries

Colombia	Costa Rica	Lithuania

Norway's economy is, to a large extent, based on international trade. Rich in natural resources, including petroleum and natural gas, the country exports raw materials and partially processed goods to trading partners that include other European countries, Japan and the US. The country has become increasingly services-oriented.

Price controls

The government has the authority to prohibit prices deemed unreasonable, but there are no general price controls. By adopting the EEA agreement, Norway generally has abandoned measures that impede free competition within the EEA.

Intellectual property

Patents, copyrights, trademarks, and industrial designs and models are recognized in Norway.

Under the Patent Co-operation Treaty, patents may be sought either nationally or internationally. For the latter, applications are submitted to the Norwegian Patent Office or another authorized international institution.

Norway's Copyright Act is presumed to comply with the EEA agreement. In Norway, only the copyright owner may challenge copyright violations in court. If software is used illegally in an enterprise where the management has prior knowledge of its use, but fails to prevent such use, the management (as well as the users) can be sued.

Norwegian trademark registration protects a name automatically—the burden of proving prior common use falls on those contesting the claim. There are no restrictions on the sale of trademarks. Moreover, if a firm holding a trademark is sold, the buyer automatically becomes the trademark's owner, unless otherwise stipulated before the sale. A foreign company without a permanent establishment in Norway may, in certain cases, invoke the trademark protection provided in its home country if that country accords the same privilege to Norwegian companies.

1.2 Currency

The currency of Norway is the Norwegian krone (NOK).

1.3 Banking and financing

Foreign companies have access to the same capital sources as their Norwegian counterparts. Most foreign companies prefer to work through foreign banks when raising capital. Foreign banks normally have a representative office or branch in Norway.

Oslo, the capital, is Norway's major banking center, but large commercial banks have branches in other cities, especially Bergen and Stavanger, where the oil industry is based.

1.4 Foreign investment

As a general rule, Norway encourages foreign investment. Companies (and other entities) do not need permits to acquire assets and conduct business activities in Norway. Concessions are needed, however, for the following:

- Exploration and exploitation of petroleum resources on the Norwegian continental shelf;
- Acquisition of land, which, according to local plans, is to be used for agricultural or leisure purposes;
- Acquisition of built-up areas larger than 100 decare (100,000 square meters), as well as smaller built-up areas if the area comprises crop land greater than 25 decare;
- Acquisition of certain mines and mining activities;
- Acquisition of most waterfalls to be used in connection with hydropower production in Norway. A concession normally is granted only to companies that are at least two-thirds owned, directly or indirectly, by the state, municipalities or counties; and
- Acquisition of most power plants, and construction for the supply of (electrical) power and the sale of (electrical) power.

Applications for exploration and exploitation licenses on the Norwegian continental shelf, as well as applications for waterfall and power plant acquisitions and operations, are submitted to the Ministry of Oil and Energy. Mining applications normally also are dealt with by the Ministry of Oil and Energy, although the Ministry of Trade and Industry is involved with limestone extraction and quartz mines. Municipal bodies deal with (other) real estate permits.

1.5 Tax incentives

Norway offers a range of incentives for investment, research and development (R&D) and exports.

Grants and incentives other than tax credits for R&D are granted on a discretionary basis (within guidelines from the authorities), upon application, by a public entity known as Innovation Norway, which is funded via the annual budget. Its main support is granted to small and medium-sized enterprises (SMEs, as defined below), but larger enterprises also may obtain project-specific support. The support normally consists of the following:

- Low risk loans;
- Innovation loans to enterprises that are presumed to be “socio-economic profitable,” but that face difficulties in obtaining loans from the private credit market;
- Guarantees and investment loans;
- R&D support in connection with agreements between a supplier (which must be an SME) and another party (customer) on the development of new products, processes or services that may benefit one or both of the parties; and
- Entrepreneur grants to individuals or enterprises in the idea-generation phase.

In addition, Innovation Norway provides support regarding R&D to the Research Council of Norway, which approves projects that qualify for tax credits.

A state-owned enterprise known as “SIVA” (the Industrial Development Corporation of Norway) contributes to the achievement of the Norwegian government's policy goals in remote areas and, within this framework, helps to facilitate innovation capability and increase wealth creation in all parts of the country. SIVA’s main objective is to provide infrastructure, typically in the form of buildings, and to provide capital to new innovation enterprises via (minority) shareholdings.

Tax incentives may be granted in the form of tax credits for R&D costs, provided the costs are linked to projects approved by the Research Council of Norway. The maximum cost is NOK 25 million for expenses related to self-performed R&D and NOK 40 million in expenses for projects carried out by research institutions approved by the Research Council, but may not exceed a total of NOK 50 million for both self-incurred expenses and expenses for research institution projects. The (maximum) eligible expenses give rise to a tax credit of 18% if the enterprise does not meet the definition of a SME, and 20% if the enterprise is a SME. If a taxpayer is not in a “sufficient” tax position to utilize the credit, the excess will be paid to the taxpayer.

An enterprise is a SME if it: (i) employs less than 250 persons, and (ii) has annual sales that do not exceed EUR 50 million or an annual total balance sheet that does not exceed EUR 43 million. If a company is “independent” (i.e. less than 25% of the enterprise is owned by other enterprises that do not meet the requirements), the number of employees and the amount of sales or the balance sheet is calculated for the company on a standalone basis. If the company is “dependent” pursuant to the same rules, the calculation is based on the group’s consolidated totals after applying certain rules. The thresholds are based on the enterprise’s last adopted annual financial statement.

There are detailed rules based on the EFTA Surveillance Authority regulations that provide limits for the maximum public support (including tax credits) that may be granted to R&D projects.

1.6 Exchange controls

There are no exchange controls in Norway. Nonresidents may hold term or demand deposits in local or foreign currency without restriction. Residents may freely set up bank accounts abroad, subject to requirements to provide the central bank with the account number and authorize the central bank to obtain account information from the relevant bank at any time.

1.7 Labor environment

Key Norwegian labor laws are as follows:

- Act 9 of 27 January 2012 (relating to labor disputes) and Act 2 of 18 July 1958 (on public service disputes) contain rules of procedure for implementing collective bargaining in the private and municipal sectors (2012 Act) and in central government (1958 Act).
- Act 19 of 28 February 1997 (relating to national social insurance) governs Norway’s system of benefits for sickness, unemployment, rehabilitation, leaves of absence for pregnancy and confinement, and old-age pensions. The act covers all workers.
- Act 61 of 14 December 1973 establishes a state guarantee for wage claims in the event of employer insolvency. The act secures payment of privileged wage and similar claims for a prescribed period prior to the company’s insolvency, if payment cannot be made from the employer’s assets.

- Act 44 of 13 June 1997 (Private Limited Liability Companies Act), Act 45 of 13 June 1997 (Public Limited Liability Companies Act) and Act 83 of 21 June 1985 (Partnership Act) include provisions giving employees the right to participate in such entities' management.
- Act 59 of 21 June 2013 is intended to promote equal job opportunities for men and women, and aims particularly to improve the working status of women.
- Act 62 of 17 June 2005 sets standards for worker protection and the working environment applicable to all enterprises and every person engaged in paid labor on Norwegian territory. Its scope includes leaves of absence (e.g. pregnancy, ill child, etc.), maximum working hours, notice of leave, dismissal and other matters.
- Act 58 of 4 June 1993 and Regulations of November 2014 and February 2015 make collective wage agreements applicable for skilled and unskilled employees performing construction work on construction sites in Norway.
- Act 124 of 21 December 2005 requires all employers to establish and offer employees an occupational pension plan.

There is no general national minimum wage, but foreign employees must earn tariff wages to obtain their work permit.

Pursuant to the Immigration Act and regulations, work permits for foreigners from non-EU/EEA member states may be granted only for certain categories of employee, e.g. seasonal workers, trainees, au pairs and "specialists." In most cases, the application for a work permit must be submitted to the Norwegian Foreign Service Mission in the country in which the applicant resides, and the employee may not enter Norway until a permit has been granted.

Less restrictive provisions may apply for nationals of an EU/EEA member state, who generally may carry out work in Norway without prior approval of the authorities.

Where the employment and/or stay in Norway exceeds three months, the employee must apply for a resident permit through the local police/immigration authorities. The application must be filed within three months of arrival in Norway. Nordic nationals are exempt from this requirement and EEA nationals seeking work in Norway may stay for six months without a permit.

2.0 Setting up a business

2.1 Principal forms of business entity

The usual form of organization for foreign investors in Norway is the public (*Allmennaksjeselskap* (ASA)) or private (*Aksjeselskap* (AS)) limited liability company. Other types of firm, such as general and limited partnerships, individual enterprises and branches, are used less often by foreign investors.

Formalities for setting up a company

Procedures for setting up and registering a local company in Norway are straightforward. All companies must register with the customs authorities and the Register of Business Enterprises.

A limited liability company is formed when founders draw up and sign a memorandum of association and subscribe for shares at the same time. The memorandum of association must contain the price of shares offered for subscription and a proposal for the articles of association, in addition to certain further details. The memorandum of association also must include the elected board members and auditor of the company. If the company is to cover the formation costs, the shares must be subscribed for a premium. The company's articles of association must specify the name of the company, location, corporate objectives and the amount of share capital (including the par value of each share).

A limited company, whether public or private, must be reported to the Register of Business Enterprises no later than three months after the memorandum of association has been signed. The commercial registration can take up to four weeks. Registration also protects a firm's name. Until registration takes place, the promoters bear full legal responsibility for all transactions conducted in the name of the company. All listed companies must make shareholder information available to the public. If a shareholder's participation in a listed company exceeds or falls below 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or votes, the person concerned must notify the company and the Oslo stock exchange of the disposal. If a shareholder's participation in a listed company exceeds 1/3, 40% or 50% of the votes, a mandatory offer (to the remaining shareholders) generally will be triggered.

Filing with the Register of Business Enterprises is required for the liquidation of companies and changes in company structure.

Forms of entity

Requirements for a limited liability company (public/private)

Capital: *ASA:* The shares of an ASA normally are freely available to the investing public, whether Norwegian or foreign; the share capital is a minimum of NOK 1 million. *AS:* An AS is an individual or family-owned company or other small firm that does not go to the investing public to raise capital; the minimum share capital is NOK 30,000. *Both:* The capital must be paid in within three months of formation and reported to the Norwegian Register of Business Enterprises. Limited liability companies must hold general meetings at least once a year, with shareholders approving the annual accounts and annual report.

Promoters, shareholders: *Both:* There must be at least one promoter (the party or parties who are to subscribe for shares). Individuals and legal persons may act as promoters. There are no restrictions on foreign promoters.

Board of directors: *Both:* Members of the board are elected by the general meeting. At least half of the directors generally must be resident in Norway, although exceptions are possible. The residence requirement does not apply to EEA citizens resident in an EEA member state. *ASA*: A minimum of three board members are required, but at least five are required if the company holds "corporate assemblies." Both sexes must be represented, with the representation depending on the total number of board members.

Management: *ASA:* An ASA must have a general manager. *AS:* An AS may opt to have a general manager, but this is not mandatory. *Both:* The general manager is appointed by the board of directors and must reside in Norway or be an EEA citizen resident in an EEA member state.

Labor requirements: *Both:* If a company has between 30 and 50 employees, a majority of the employees may demand that a member of the board and an observer, with alternates, be elected by the employees. In a limited liability company with 50-200 employees, a majority of the employees may demand that up to one-third of the board (at least two board members) be elected by the employees. Companies with more than 200 employees must (unless otherwise agreed with two-thirds of the employees or their labor unions) elect "corporate assemblies," with two-thirds of the representatives elected at the general meeting and the remaining one-third elected by the employees.

Taxes and fees: *Both:* A registration fee (NOK 5,570 for electronic filing and NOK 6,797 for paper filing) is payable upon incorporation. A fee (NOK 1,440, or NOK 2,832 if the change should be publicized) often is charged if there are changes to the registered company (i.e. new name, capital reductions or winding up in the case of a liquidation or merger).

Types of share: *Both:* All shares must be registered. Both common and preferred shares are permitted. A company may not issue shares to itself, nor may it issue shares to a subsidiary. *ASA:* An ASA may, within certain limits, acquire up to 10% of the shares issued in the company. *AS:* An AS may acquire its own shares, as long as the remaining shares not owned by the company exceed the minimum share capital.

Control: *Both*: Most resolutions may be passed by a simple majority of those present at the general meeting. Increases or reductions in share capital, decisions on changes in the corporate charter, mergers and liquidation resolutions must be approved at a general meeting by two-thirds of the shareholders, representing two-thirds of the capital, and by the corporate assembly. Additionally, any decrease in the shareholders' rights to dividends or other types of repatriation will require a vote of shares representing at least 90% of the share capital, while decisions that further restrict shareholders' rights, such as, *inter alia,* increasing the shareholders' liabilities toward the company or introducing a forced redemption of shares, will require unanimity. To a certain extent, the company may set other voting requirements in its corporate charter.

Branch of a foreign corporation

For practical purposes, a branch of a foreign company is treated as a corporation and is subject to the same privileges and responsibilities, including compliance with the tax law. However, the head office of a branch has unlimited liability for a branch's debts, to the extent of the assets of the company.

Like a corporation, a branch must be registered at the Register of Business Enterprises. The registration application must include proof that the foreign head office is legally established in its home country and must indicate the type of business of the head office, the amount of capital and the share distribution. A branch may have its own board of directors and its own general manager. A contact person for the branch is required unless the branch has its own general manager.

The activities of a branch must conform to those outlined in the bylaws of its head office, with all changes reported to the registry. Requirements to keep books and records largely are the same as those for Norwegian companies. Like a company, a branch must maintain a cash book, a general ledger and accounts receivable and accounts payable ledgers.

2.2 Regulation of business

Mergers and acquisitions

Mergers fall under general provisions against harmful restrictive practices. Mergers and acquisitions where the companies concerned have a combined annual turnover in Norway exceeding NOK 1 billion must be reported to the Competition Authority, unless only one of the companies concerned has an annual turnover in Norway above NOK 100 million. The Competition Authority has the power to intervene against a potential acquisition or merger.

Monopolies and restraint of trade

General provisions against harmful restrictive practices regulate monopolies in Norway. Market dominance is not formally prohibited, but abuse by one or more companies of a dominant position is prohibited. If a dominant enterprise affects prices in a manner not considered beneficial to the economy, the Competition Authority is authorized to act to remedy the situation.

2.3 Accounting, filing and auditing filing requirements

Norwegian companies and most other Norwegian entities engaged in business operations are required to prepare annual financial statements and annual reports, regardless of the size of the entity. Norwegian branches of non-Norwegian entities generally also are required to prepare branch financial statements and branch annual reports. An exemption is available for non-Norwegian entities with Norwegian operating income of less than NOK 5 million, provided the entity does not have a "permanent connection to Norway."

Norwegian entities that qualify as “small entities” are subject to simplified requirements, such as an exemption from preparing cash flow statements, and simplified and less-detailed disclosure requirements. Entities normally are defined as small if two out of three requirements are met on the balance sheet date: (1) sales revenue is NOK 70 million or less; (2) the balance sheet total is NOK 35 million or less; and (3) the average number of employees during the financial year is no more than 50 “man-labor years.” For parent companies, the thresholds are measured on a consolidated basis.

Norwegian entities with securities listed on a regulated market must prepare consolidated financial statements based on IFRS. The separate (standalone) financial statement does not have to be based on IFRS (except for certain financial service and insurance entities with separate regulations mainly based on IFRS), but may be prepared based on Norwegian GAAP or a simplified version of IFRS (mainly involving reduced disclosure requirements and certain exemptions from the recognition and measurement requirements related to intragroup transactions). However, if the entity does not have any subsidiaries/affiliates (i.e. consolidated statements are not prepared), the entity (company) financial statement must be prepared according to IFRS.

Other Norwegian entities generally may choose whether they will apply IFRS, the simplified version of IFRS (see above) or Norwegian GAAP, both with respect to the separate financial statement and the consolidated statements.

Norwegian accounting standards generally are based more on historical cost than IFRS, and the disclosure requirements are less onerous than under IFRS.

Entities with a statutory obligation to keep accounts must file a copy of the annual accounts, the director’s report and the auditor’s report with the Norwegian Register of Company Accounts no later than one month after the adoption of the accounts. Except for branch financial statements, these are public documents. Branches of foreign enterprises also must file a copy of the entity’s annual accounts, the director’s report and the auditor’s report (for the enterprise of which the branch is a part). These documents are public documents.

All entities with a statutory obligation to keep accounts generally must have the statements audited in Norway. Norwegian companies with operating income of less than NOK 5 million, a balance sheet total of less than NOK 20 million and an average of less than 10 man-labor years, may choose not to have the financial statement audited.

The accounts can be prepared in another functional currency, but the tax returns still must be prepared in NOK.

3.0 Business taxation

3.1 Overview

The main taxes relevant to companies are the national income tax and value added tax (VAT). Withholding taxes do not play a prominent role in the Norwegian tax system, since Norway does not levy withholding tax on interest or royalty payments. Dividend withholding tax is imposed on distributions, unless an exemption is provided under a tax treaty. However, an exemption is available for dividends paid to corporate shareholders resident in the EEA that have an "actual establishment" and conduct a real business activity in the relevant jurisdiction.

As noted above in 1.5, Norway offers a range of incentives for investment, R&D and exports, but these are for the most part granted on a discretionary basis.

The Norwegian Tax Administration is the government agency responsible for resident registration and tax collection in Norway.

Norway Quick Tax Facts for Companies

Corporate income tax rate	24%
Branch tax rate	24%
Capital gains tax rate	0%/24%
Basis	Worldwide
Participation exemption	Yes
Loss relief	
• Carryforward	Unlimited
• Carryback	Two years (liquidation losses only)
Double taxation relief	Yes (credit method)
Tax consolidation	No, but group contributions are permitted
Transfer pricing rules	Yes
Thin capitalization rules	Yes, through an interest deduction limitation rule and a general transfer pricing rule. For certain oil companies, special thin capitalization rules apply
Controlled foreign company rules	Yes
Tax year	Calendar year, but a different financial year can be chosen if the parent company or the head office outside of Norway has that financial year
Advance payment of tax	Yes
Return due date	31 May following the tax year
Withholding tax	
• Dividends	0%/25%
• Interest	0%
• Royalties	0%
• Branch remittance tax	0%
Capital tax	No
Social security contributions	Varies
Real estate tax	0.2%-0.7%
Stamp duty	2.5%

VAT	25% (standard rate)/15%, 10%, 0% (reduced rates)

3.2 Residence

Residence is not defined in the tax law. Limited companies incorporated in Norway and foreign companies with their effective management and control in Norway are treated as resident in Norway. A company incorporated according to Norwegian law with its effective management and control outside of Norway, and with no (or few) other functions performed in Norway, may be deemed to be nonresident.

The Ministry of Finance opened a public hearing in March 2017 proposing changes to the tax law to define "residence" to include companies established in Norway and companies having their effective management in Norway. Comments were invited by 16 June 2017 and any amendments would take effect from fiscal year 2018.

3.3 Taxable income and rates

Corporations and branches of foreign companies pay a flat state (national) tax of 24% (reduced from 25% as from the fiscal year ending in 2017) on net taxable income. Enterprises engaged in financial activities generally are subject to corporate tax at a rate of 25%. Petroleum companies granted a license to explore and exploit petroleum resources on the Norwegian continental shelf face an additional flat rate tax of 54% (increased from 53% as from the fiscal year ending in 2017) on income derived from the extraction and processing of petroleum resources and from pipeline transport. Shipping companies that qualify for the tonnage tax regime are exempt from corporate income tax on operating income, but pay a small tax based on the net tonnage of the ships owned by the company.

Taxable income defined

Resident companies are taxed on worldwide income; nonresident companies are taxed only on Norwegian-source income. Branches of foreign corporations are taxed on income derived from activities that are operated in, or managed from, Norway, and deductions are the same as those for locally incorporated firms. The taxation of nonresidents may be restricted by a tax treaty.

Taxable income includes ordinary business income, interest, royalties, gains on foreign currency and capital gains (subject to an exemption for capital gains on shares, see 3.4, below). For Norwegian companies, 97% of dividend income derived from shares in resident companies is tax-exempt, as are dividends arising from participations in companies that are resident in the EEA (with the remaining 3% taxed at the ordinary rate of 24%). However, dividends received from shares in a company in a low-tax jurisdiction (a jurisdiction where income effectively is subject to less than two-thirds of the applicable effective Norwegian tax rate) within the EEA are fully taxable if the company does not have an actual establishment or real business activities are not carried out in that jurisdiction. If the participation is in a non-EEA country, an exemption (of 97%) is available only if the Norwegian recipient holds at least 10% of the share capital and voting power for two consecutive years, and the company is not resident in a low-tax jurisdiction.

Intragroup dividends from Norwegian companies may be 100% exempt from taxation, provided the shareholder owns and controls more than 90% of the subsidiary, or the ultimate parent (which need not be Norwegian) owns and controls directly or indirectly more than 90% of the shares of both companies. The exemption for intragroup dividends also applies if the distribution is from a limited company resident in the EEA, provided the distribution would qualify for the 97% exemption had there not been an intragroup distribution.

Beginning with fiscal years ending in 2016, the benefit of the participation exemption for dividends received by a Norwegian company is denied if the dividends are tax-deductible for the payer company (see 3.6 below).

Resident companies' income from foreign sources is taxable, but foreign taxes paid are deductible (creditable) against Norwegian taxes on income from foreign sources if no other relief from double taxation is available under a tax treaty (see below).

Deductions

Ordinary business expenses generally may be deducted in calculating taxable income. Allowable deductions include depreciation, social security payments, research expenditure, losses, and interest and royalty payments. Entertainment expenses are not deductible. As a general rule, anticipated losses (e.g. classification reserves for vessels, anticipated losses on contracts, reserves to meet expected declines in prices for inventory products, etc.) may not be deducted, even if the company has accounted for the anticipated losses in its financial accounts.

Stock must be valued at cost; the value may not be written down because of damage, low demand or risk of a decrease in price. Unrealized losses from outstanding debt claims generally are not deductible, although there is a special rule for banks and certain financial service companies. However, a standard deduction calculated under a special formula based on realized losses of the firm in the previous two years is allowed for customer debt. New enterprises may deduct 2% of customer debt in the year of establishment and in the following two years.

Depreciation

Permanent and high-cost business assets that are subject to a reduction in value for wear-and-tear are depreciable. These depreciable assets are defined as those costing NOK 15,000 or more, with an estimated life of at least three years; the declining-balance method is mandatory for such assets. The cost of assets not meeting the minimum threshold may be deducted immediately. The depreciation schedule is not affected by when an asset is acquired during a year (thus, a purchase on 31 December is eligible for a full calendar year's depreciation).

Hydroelectric power plants use straight-line depreciation for certain fixed capital categories. Special provisions apply to assets transferred into or out of the Norwegian taxing jurisdiction. Tangible assets and acquired goodwill are divided into groups, and then depreciated using a certain percentage of the book value of the balance.

Intangible assets (except for acquired goodwill) with an unlimited useful life are amortized if, and to the extent, the "fall in value is obvious." The declining-balance method applies to acquired goodwill, at a 20% rate. Intangibles with a limited useful life are amortized using the straight-line method over the period for which the intangible is available to the taxpayer.

Losses

Losses from a business activity may be deducted from income from other business activities within the same company. If the company is in a net loss position, the loss may be carried forward without limit. The carryback of losses generally is not permitted, except in the case of losses arising in the year of liquidation of a business, which may be carried back for two years.

3.4 Capital gains taxation

Capital gains derived from the sale of depreciable and nondepreciable business assets, immovable property and securities are included in income for corporate tax purposes and taxed at a flat rate of 24%. There is a corresponding right to a deduction for losses.

Capital gains derived by a Norwegian limited company on the disposal of shares in another Norwegian (or EEA resident) limited company are exempt from taxation; losses on such shares are not deductible for tax purposes. For gains realized on the disposal of shares in a company in a low-tax jurisdiction within the EEA, the exemption applies only if real business activities are conducted in that jurisdiction by a company having an actual establishment there. There is no deduction for a loss on realization of shares in companies resident in a low-tax jurisdiction within the EEA, regardless of whether the company is conducting real business activities and has an actual establishment.

Capital gains realized by a Norwegian limited company on shares in a company resident in a non-EEA country are exempt from taxation if at least 10% of the shares have been held for at least two years and the foreign company is not resident in a low-tax jurisdiction. If shares in non-EEA companies are sold, leaving ownership at less than 10% before two years elapse, a distribution that initially was exempt will be recaptured.

Nonresidents generally are not taxed on capital gains on shares in Norwegian companies.

Exit taxation applies when a company migrates out of Norway's taxing jurisdiction, subject to certain exemptions when migration is to another EEA jurisdiction. If a company migrates to a low-tax jurisdiction within the EEA, the exemption is conditional on the company conducting real business activities in the new jurisdiction. When assets are migrated out of Norway, a built-in gain exceeding certain thresholds is taxable. With respect to assets owned by a taxpayer resident in an EEA country, the payment of the tax assessed may be deferred in certain cases. However, 1/7 of the original tax must be paid every income year from the year of the migration. The deferral is subject to an interest charge and if there is genuine risk that the tax may not be recovered, security must be provided.

3.5 Double taxation relief

Unilateral relief

A tax credit is granted for foreign tax paid, with the credit allocated to two baskets: low-tax and "other." The maximum credit within each basket is limited to the lower of the foreign tax paid or 24% of the foreign-source income. A credit for underlying foreign corporate tax relating to dividends received is available against Norwegian taxes on dividends received if the dividends are fully taxable in Norway and the shareholder is a Norwegian company holding at least 10% of the shares in the foreign payer for at least two consecutive years. However, no credit is available for foreign taxes (withholding taxes or underlying foreign corporate taxes) in cases where only 3% of the dividends received is taxable.

Tax treaties

Norway has a broad tax treaty network, which aims to eliminate double taxation and provides for reduced rates of withholding tax on dividends, interest and royalties. The five Nordic countries (i.e. Denmark, Finland, Iceland, Norway and Sweden) cooperate under a single multilateral treaty. Norway's treaties generally follow the OECD model treaty. Norway is a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and has entered into a number of bilateral tax information exchange agreements.

A nonresident generally may obtain benefits under Norway's treaties by applying the treaty directly, i.e. without an application/clearance procedure. Payments to a nonresident (for services rendered) are not subject to withholding tax. As for withholding taxes on dividend distributions where the beneficial owner is not known to the distributing company (typically, distributions from listed companies), the nontreaty rate (25%) normally will be applied by the distributing company. Non-Norwegian custodians may obtain advance clearance from the tax authorities (the Central Office for Foreign Tax Affairs (COFTA)) to apply the treaty rate, but not to apply the zero rate that may be applicable to corporate and certain institutional shareholders resident in the EEA. If a rate higher than the correct rate is applied up front, as a general rule, a refund application must be submitted to the COFTA. If, however, the shareholder has been granted a refund on a previous occasion, the custodian may be granted a zero rate up front.

Norway was one of the 68 countries that signed the OECD multilateral instrument on 7 June 2017.

Norway Tax Treaty Network

Albania	Finland	Luxembourg	Singapore
Argentina	France	Macedonia	Slovakia
Australia	Gambia	Malawi	Slovenia
Austria	Georgia	Malaysia	South Africa
Azerbaijan	Germany	Malta	Spain
Bangladesh	Greece	Mexico	Sri Lanka
Barbados	Greenland	Montenegro*	Sweden
Belgium	Hungary	Morocco	Switzerland
Benin	Iceland	Nepal	Tanzania
Bosnia-Herzegovina*	India	Netherlands	Thailand
Brazil	Indonesia	Netherlands Antilles**	Trinidad & Tobago
Bulgaria	Ireland	New Zealand	Tunisia
Canada	Israel	Pakistan	Turkey
Chile	Italy	Philippines	Uganda
China	Ivory Coast	Poland	Ukraine
Croatia*	Jamaica	Portugal	United Kingdom

Cyprus	Japan	Qatar	United States
Czech Republic	Kazakhstan	Romania	Venezuela
Denmark	Kenya	Russia	Vietnam
Egypt	Korea (ROK)	Senegal	Zambia
Estonia	Latvia	Serbia	Zimbabwe
Faroe Islands	Lithuania	Sierra Leone	

* The treaty concluded with the former Yugoslavia applies to Bosnia-Herzegovina, Croatia and Montenegro.
** Following the dissolution of the Netherlands Antilles, the treaty has effect with regard to Bonaire, Curaçao, St. Maarten, St. Eustatius and Saba.

3.6 Anti-avoidance rules

Transfer pricing

In principle, intercompany transactions are acceptable for tax purposes if the transactions are carried out on arm's length terms and the taxpayer maintains satisfactory documentation. The arm's length standard is applied on the basis of the price-quality relationship of the goods and services and whether they benefit the Norwegian company.

The Norwegian tax authorities intervene in many instances where they deem payments of interest and management fees to be at unreasonable rates, and in cases involving the capitalization of Norwegian companies. Moreover, they do so with respect to the pricing of goods. When the tax authorities determine that a taxpayer has unreasonably reduced its reported income through dealings with an affiliate, the authorities are authorized to adjust the taxpayer's income as if the companies had no common interest. The resulting increase in the tax burden can be substantial.

Norway has transfer pricing documentation rules, and a separate tax return form is required to report related party transactions. The documentation rules apply to Norwegian entities (including transparent entities) that hold or control at least 50% of another entity, and to entities (including Norwegian branches) that are at least 50% owned or controlled by an entity or person. The documentation requirements do not apply to enterprises that, on a (worldwide) consolidated basis, employ less than 250 persons and either have sales revenue not exceeding NOK 400 million or have a balance sheet total not exceeding NOK 350 million. The documentation should, at a minimum, contain a description of the parties and the intercompany transactions, a functional analysis, a description of the transfer pricing method applied and a comparability analysis. Upon the request of the tax authorities, the taxpayer must submit its transfer pricing documentation within 45 days.

Country-by-country (CbC) reporting

Norway introduced CbC reporting rules in December 2016. As a main rule, the reporting obligation, for other than Norwegian-based ultimate parents, applies for accounting years starting on or after 1 January 2017. In connection with the tax return filing for 2016, however, Norwegian group companies must state which company within the group will perform the CbC reporting and the country where that entity is a resident.

The rules generally are in line with the final report on OECD BEPS action 13 and require all Norwegian companies which head multinational groups with consolidated turnover of at least NOK 6.5 billion to file a CbC report.

The CbC report will be made available to the tax administrations in all countries in which the group operates insofar as this is based on reciprocal agreements with those countries.

Thin capitalization

Except for oil companies engaged in exploration and exploitation activities on the Norwegian continental shelf, Norway does not have a specific thin capitalization rule, but the tax authorities may take action where they deem a company to be thinly capitalized based on the general transfer pricing rule. In addition, interest deduction limitation rules apply on related party debt.

Interest on related party debt generally may be deducted in a year, to the extent that the net interest expense does not exceed 25% of adjusted EBITDA (earnings before interest, tax, depreciation and amortization). “Related party” for the purposes of the rules means direct or indirect ownership or control of at least 50% of, or by, a debtor. Related parties may be resident in Norway or abroad.

The limitation rules apply once the net interest expense exceeds a threshold of NOK 5 million. The limitation is calculated on an entity-by-entity basis, so a consolidated group approach is not available. Net interest expense in excess of the limitation may be carried forward for 10 years, provided the expense falls within the 25% limitation for the relevant years.

External loans that are guaranteed by a related party generally will be considered internal debt and, therefore, will fall within the scope of the rules; however, certain exceptions apply. The most important exception is that a subsidiary can guarantee a parent company’s debt without being restricted by the limitation rule.

Controlled foreign companies

A Norwegian resident is taxed on its proportionate share of income earned by a non-Norwegian direct or indirect subsidiary (and certain other entities) if the foreign company effectively is subject to less than two-thirds of the applicable effective Norwegian tax rate that would have applied on the same income had the company been resident in Norway, and the Norwegian resident shareholders directly or indirectly own or control, in total, at least 50% of the shares in the foreign company—both at year-end and at the beginning of the year—or at least 60% at the year-end (regardless of the ownership at the start of the year). The total income from the foreign company will be apportioned between the Norwegian shareholders at year-end, based on their shareholdings as at that date.

Norway has black and white lists setting out countries that are considered low-tax countries with respect to the controlled foreign company (CFC) rules and countries that generally are not low-tax countries, respectively.

If Norway has concluded a tax treaty with the jurisdiction in question and the non-Norwegian entity is covered by the treaty, the CFC rules apply only if the entity’s income is primarily of a passive nature (interest income, royalties, etc.). Additionally, the rules do not apply to a company resident in an EEA country, to the extent the company has an actual establishment and performs real business activities in that country.

General anti-avoidance rule

There is no general anti-avoidance provision in Norway’s legislation, but a doctrine has developed through case law and administrative practice, under which a transaction may be disregarded for tax purposes if the transaction has no, or only minor, consequences other than the reduction of tax, and the result of respecting the transaction would be contrary to the basic policy for the tax provision in question.

Special anti-avoidance rule

There is a specific statutory anti-avoidance rule that aims to prevent mergers, acquisitions or conversions of companies where the utilization of the target company’s tax positions/attributes is the predominant motive. If such a motive is substantiated, the tax positions/attributes will be lost.

BEPS measures

The following table summarizes the steps Norway has taken to date to implement the BEPS recommendations:

Action	Implementation
VAT on business to customers digital services (Action 1)	Norway already has legislation that requires nonresident suppliers of digital services to Norwegian private customers to collect VAT on the service rendered.
Hybrids (Action 2)	Beginning with fiscal years ending in 2016, the benefit of the participation exemption for dividends received by a Norwegian company is denied if the dividends are tax-deductible for the payer company. Further changes have been announced in a tax white paper and will be submitted for public consultation.

CFCs (Action 3)	The Minister of Finance has announced that the CFC rules will be reviewed and changes submitted for public consultation.
Interest deductions (Action 4)	The threshold for deductible interest expense on related party debt was reduced from 30% to 25% of EBITDA with effect for fiscal years ending in 2016 and subsequent years. Further changes have been issued for public consultation, including the inclusion of external debt and the introduction of an equity based group ratio rule.
Harmful tax practices (Action 5)	Currently, no Norwegian tax regimes are considered to be harmful. Legislation on the exchange of tax rulings has been introduced.
Prevent treaty abuse (Action 6)	Norway does not currently have limitation on benefits (LOB) or principal purpose test (PPT) clauses in most of its tax treaties, although the government is expected to approve the implementation of the proposed changes. The government has not yet confirmed whether they will opt for both the PPT and a simplified LOB but both seem to be a part of Norway's current tax treaty policy going forward.
Permanent establishment status (Action 7)	Norway is expected to implement the changes proposed in the multilateral instrument.
Transfer pricing (Actions 8-10)	Norway's transfer pricing rules generally follow the OECD guidelines and any changes to the guidelines are immediately adopted in Norwegian legislation.
Disclosure of aggressive tax planning (Action 12)	Norway does not have any disclosure rules for tax planning. It is not yet clear if the proposed recommendations will be implemented but it is currently party to a consultation regarding lawyers' obligation to disclose information.
Transfer pricing documentation and CbC reporting (Action 13)	Not yet known.
CbC reporting (Action 13)	Norway introduced CbC reporting rules in December 2016. As a main rule, the reporting obligation, for other than Norwegian-based ultimate parents, apply for accounting years starting on or after 1 January 2017 (see under Country-by-country (CbC) reporting, above). Norway is one of the countries that signed a multilateral competent authority agreement for the automatic exchange of CbC reports.
Dispute resolution (Action 14)	Norway is one of the countries that has committed to mandatory binding arbitration and already has arbitration clauses in some of its tax treaties
Multilateral instrument (Action 15)	Norway was one of the 68 countries that signed the OECD multilateral instrument on 7 June 2017. Norway's MLI position at the time of signature will be made available as soon as Norway has submitted the MLI to its parliament in line with the required domestic procedures.

3.7 Administration

Tax year

The fiscal year normally is the calendar year. Subsidiaries and branches of non-Norwegian companies may apply the fiscal year of the parent company.

Filing and payment

Advance payment of corporate tax is due twice a year (15 February and 15 April in the year following the tax year). The tax authorities estimate the amount of the first two payments, based on the previous year's income.

A tax assessment is made during the fall (normally during November), based on the tax return filed (if the figures in the return are accepted). Any shortfall or overpayment compared to the advance payments is payable or refundable three weeks after the assessment is made.

All companies must file a tax return electronically by 31 May in the year following the tax year.

Penalties normally are 20% or up to 60% of the tax that is, or could have been, avoided. Interest also can be charged.

Consolidated returns

Companies within a group are taxed in Norway as separate entities, and consolidated tax returns are not permitted. However, the tax act provides for a form of combined taxation for related companies. The rules apply when capital contributions are made from one Norwegian company to another Norwegian company in the same group, and the ultimate parent company owns directly or indirectly more than 90% of the shares and votes in the transferor and transferee companies. The purpose of the rules is to enable a profit-making company to transfer a capital contribution to a loss-making company, and to claim a deduction for the contribution. Although the contribution is taxable in the hands of the transferee company, losses may be offset against it. Both trading and capital losses may be used.

This system also applies to distributions between Norwegian companies and branches of companies resident in an EEA country that are taxable in Norway on profits generated in Norway.

The ultimate parent company and other intermediate group companies may be nonresident. The rules on consolidated taxation do not apply to oil and gas companies subject to the Petroleum Tax Act.

Statute of limitations

The general statute of limitations period is 10 years after the end of the relevant fiscal year. If a potential adjustment relates to the tax authorities' interpretation of Norwegian tax law or their estimates, the limit is three years. If a potential amendment disadvantages the taxpayer and the taxpayer has provided complete information, the limit is two years. There is a three-year statute of limitations for the collection of taxes, counted from the end of the year in which the payment became due. Tax payments normally become due three weeks after a decision made by the tax authorities, even if the decision is appealed or the tax authorities are taken to court.

Tax authorities

The Norwegian Tax Administration is the government agency responsible for resident registration and tax collection in Norway. The administration, which is under the Ministry of Finance, is responsible for collecting income and wealth tax, national insurance contributions and VAT. The municipalities collect real estate taxes.

Rulings

A taxpayer may request that the tax authorities issue a binding ruling on the tax consequences of a concrete, planned disposition before it is implemented, in cases where it is essential to know the tax consequences before the disposition or if the question raised is presumed to be of general interest. The ruling scheme applies to direct taxes, social security contributions and VAT. A ruling costs NOK 12,900.

A ruling is binding on the tax authorities, provided the disposition is implemented according to the facts and circumstances described in the ruling request. A ruling is not binding on the taxpayer, and an assessment based on a ruling may be appealed under the ordinary rules.

The tax authorities are not required to issue a ruling, and there are limitations on the issues that may be the subject of a ruling. For example, the tax authorities may not issue a ruling on whether an individual or a corporation is tax resident in Norway, whether an entity qualifies for the (97%) exemption on certain dividend distributions or on questions that are governed by Norway's tax treaties. Valuation and transfer pricing issues also are outside the scope of the ruling scheme.

3.8 Other taxes on business

Other taxes include petroleum revenue tax and tonnage tax.

Enterprises engaged in financial activities are, as a main rule, subject to an additional tax calculated as 5% of compensation paid to employees (the same compensation as is used for the purposes of calculating the employer's social security contribution).

4.0 Withholding taxes

4.1 Dividends

Dividends paid to nonresident companies or individuals are, as a starting point, subject to statutory withholding tax of 25%, but the rate may be reduced or eliminated in accordance with a relevant tax treaty. However, no withholding tax is imposed on dividends paid to corporate shareholders resident in the EEA, provided the shareholder conducts a real business activity and has an actual establishment in the relevant jurisdiction.

4.2 Interest

Norway does not levy withholding tax on interest payments to nonresidents.

4.3 Royalties

Norway does not levy withholding tax on royalty payments made to nonresidents.

4.4 Branch remittance tax

Norway does not levy a branch remittance tax.

4.5 Wage tax/social security contributions

To the extent an employee is subject to taxation in Norway (see 6.1 below), the employer must withhold tax based on a tax deduction card issued by the Norwegian tax authorities and pay the tax withheld every two months. The tax withheld will be set off against the employee's final tax liability (which is based on the tax return filed).

To the extent an employee is covered by the Norwegian National Insurance Scheme, an 8.2% social security contribution is levied on the employee on the gross compensation. The employee contribution for other types of personal income (e.g. pensions) is 5.1%. A preliminary payment is made via withholding based on the tax deduction card. (Assessment of social security contributions normally is carried out by the tax authorities in Norway.) Joint tax deduction cards covering both (assumed) taxes and social security contributions are issued.

An employer also must contribute to the National Insurance Scheme contribution; the contribution varies regionally and ranges between 0% (some rural districts) and 14.1%. The basis is the same as for the social security contribution, and there is cap on the basis. The contribution is payable on the same dates as the tax/social security contribution withheld from an employee's compensation.

5.0 Indirect taxes

5.1 Value added tax

Norway operates a VAT system similar to that in the EU and VAT is as a general rule levied on the supply of goods and services, exports and imports, unless an exemption applies. VAT applies at each stage of production and distribution for most goods and services, including royalties, advertising and hotel services. The final consumer ultimately bears the VAT as part of the purchase price.

Although, in principle, all sales of goods and services are liable to VAT, some supplies are exempt and others are zero-rated. In the case of exempt supplies, i.e. supplies that fall outside the scope of VAT, the business is not permitted to charge VAT and is not entitled to deduct input tax. Examples of VAT exempt services are financial services, education and healthcare. Zero-rated supplies are within the scope of VAT, although output VAT is in effect not charged because the rate is zero. The right to deduct input VAT remains. Examples of zero-rated supplies are exports and supplies to offshore industries.

The standard VAT rate is 25%, with a reduced rate of 15% applying to foodstuffs. A reduced rate of 10% applies to passenger transport, hotel accommodation and cinema tickets.

Persons engaged in trade or business whose turnover from supplies of taxable goods and services exceeds NOK 50,000 during a 12-month period are obliged to register for VAT. The monetary threshold for charitable or philanthropic institutions and organizations is NOK 140,000.

Taxable persons with no place of business or residence in the Norwegian VAT area must register through a representative who resides or has its place of business in Norway.

Registered taxable persons are required to submit bimonthly electronic VAT returns through the Norwegian public reporting portal Altinn and pay the VAT due with reference to prescribed accounting periods. There are six filing and payment dates each year.

Taxable persons and public institutions that are not obliged to register for VAT and which purchase services from abroad subject to the reverse charge mechanism, must submit quarterly VAT returns for this purpose.

Norway offers a refund scheme, which allows foreign entities that are not obliged to register for VAT in Norway to recover input VAT incurred, subject to formal requirements. The refund is restricted to entities carrying on a business that would have been subject to Norwegian VAT if conducted in Norway.

5.2 Capital tax

Norway does not levy capital duty.

5.3 Real estate tax

Municipal authorities levy "rates" on the occupation of real property. A property tax applies to the assessed value of real property, at rates ranging between 0.2% and 0.7%, depending on the location of the property. Some municipalities do not levy the tax.

5.4 Transfer tax

Only a stamp duty is levied on the transfer of real property. Transfer tax generally is not levied, although there are some exceptions (e.g. registration fees on cars).

5.5 Stamp duty

A 2.5% stamp duty is levied on deeds of conveyance.

5.6 Customs and excise duties

Customs duty is levied on agricultural products, some textiles and clothing. Excise duties are levied on alcohol, tobacco, cars and other vehicles, mineral oil products, electric power, dangerous chemicals, chocolate, sugar and sugar products, non-alcoholic beverages and packaging.

5.7 Environmental taxes

"Green" taxes are used to steer environmental policy. For instance, vehicles operating on hydrogen without greenhouse gas emissions are exempt from motor vehicle registration tax and annual fees. A trading system for greenhouse gas emission rights for companies that do not pay carbon dioxide tax also applies. To reduce various types of greenhouse gas emission and encourage recycling, taxes are levied on everything from diesel fuel to sulfur dioxide to pesticides. However, tax breaks may be granted to encourage environmentally friendly activities.

5.8 Other taxes

None

6.0 Taxes on individuals

Norway Quick Tax Facts for Individuals	
Income tax rate	24%
“Level tax” on employment income	0%/0.93%/2.41%/11.52%/14.52% marginal tax rate applies over certain thresholds
Capital gains tax rate	24%
Basis	Worldwide
Double taxation relief	Yes
Tax year	Calendar year
Return due date	30 April/31 May following the tax year
Withholding tax	
• Dividends	25%
• Interest	0%
• Royalties	0%
Net wealth tax	0.85%
Social security (employee portion)	8.2%
Social security (employer portion)	Standard rate 14.1%, lower rates in some selected regions
Inheritance tax	No
Real estate tax	0.2%-0.7%
VAT	25% (standard rate)/15%, 10%, 0% (reduced rates)

6.1 Residence

A person becomes a permanent resident in Norway if he/she is present in Norway for a period exceeding 183 days during any 12-month period, or if the stay exceeds 270 days during any 36-month period. Individuals do not become resident during the first (or potentially the next) calendar year if the day limit has not been reached by the end of the calendar year.

6.2 Taxable income and rates

All persons domiciled or permanently resident in Norway are subject to Norwegian income tax on their worldwide income, although certain exemptions apply for foreign oil industry workers. Individuals pay national and municipal taxes.

Nonresidents are taxed on income received from real and personal property in Norway and on directors’ fees from Norwegian corporations. In addition, income from personal services carried out through private or public employment in Norway by nonresidents temporarily present in Norway, including persons sent to Norway by employment agencies or other hired-out employees, is taxable. However, an applicable tax treaty can limit Norway’s right to tax.

The parliament adjusts the tax rates and brackets annually.

Taxable income

Taxable income includes salaries; dividends, interest and royalties; income from real property and other capital; industrial, commercial and agricultural profits; and shares of partnership net income, whether or not paid out. Gains from the sale of real property used as a permanent residence are taxable where the taxpayer owned the property for less than one year (or five years for a holiday home). Gains from the sale of securities are included in taxable income. Losses incurred on the sale of securities may be fully deducted from taxable income. Dividends are taxed as ordinary income (with some minor adjustments).

Deductions and reliefs

A standard minimum deduction from ordinary income is available for incidental personal expenses of up to 44% of salary, with a minimum of NOK 31,800 for employment income and a maximum of NOK 94,750. The standard personal deductions are NOK 53,150 for single taxpayers and NOK 78,300 for married taxpayers filing jointly. A resident taxpayer is entitled to an unlimited deduction for interest paid on debts. (For individuals investing via certain transparent partnerships, the limitations regarding "thin capitalization" mentioned above under 3.6 may apply.)

For individuals becoming resident or ceasing to be resident during a year, the standard deductions and tax brackets for national tax levied on personal income generally are reduced proportionally.

A resident taxpayer is entitled to a deduction for supporting dependent children (i.e. those who are younger than 12 years old at year end). The deduction is granted only for documented expenses, up to a maximum of NOK 25,000 for one child and a maximum of NOK 15,000 for each additional child. These limits are the same for both married and single taxpayers.

A savings scheme offering a specific tax relief is available to individuals aged under 34 who are saving to buy a house. The current annual savings limit is NOK 25,000, which will result in income tax relief at 20% of the annual amount saved. The upper limit for accumulated savings is NOK 300,000. Contributions to individual pension plans may be deducted up to a maximum of NOK 15,000 for both single and married taxpayers.

All financial instruments, including convertible bonds and equity options received by employees as perquisites, are subject to tax.

Expatriates are entitled to choose a 10% deduction of gross remuneration with an upper limit of NOK 40,000 per annum. The deduction is available only for the first two tax assessments for individuals who are considered resident according to domestic law. There is no limitation for expatriates who are nonresidents. The standard deduction replaces certain itemized deductions.

An EEA-resident individual with limited tax liability in Norway may choose to claim deductions as if the individual were resident in Norway during the entire year, under the presumption that a substantial part (i.e. 90%) of the individual's income from employment is taxable in Norway. This also applies for deductions due to interest on loans. Nonresidents from countries outside the EEA who are liable to Norwegian tax on Norwegian-source income may claim a deduction only for costs that relate to Norwegian-source income taxable in Norway (in practice, the individual will need to choose between the standard deductions and commuter deductions, if applicable.)

Rates

A combined municipal and national tax of 24% applies on net income, except in Finnmark and Nord-Troms, where the combined rate is 20.5%. (Except for Finnmark and Nord-Troms, the national tax rate is 9.55%, and the municipal tax rate is the remainder.) To encourage residence in Finnmark and Nord-Troms, taxpayers in these areas are entitled to a special deduction of NOK 15,500 (the deduction is the same for both single taxpayers and married taxpayers filing joint tax returns).

Income derived from share ownership and partnership interests, such as gains on realization or distributions, is subject to a 1.24 multiplier before taxation, resulting in an effective 29.76% tax rate.

Personal income also is subject to the national income tax at progressive rates as follows, giving a top marginal income tax rate of 38.52% (24% + 14.52%).

Taxable income (NOK)	Rate (%)
Up to 164,100	0
164,100 – 230,950	0.93
230,950 – 580,650	2.41
580,650 – 934,050	11.52
Over 934,050	14.52

The rates are different for Finnmark and Nord-Troms.

The employee contribution to Norwegian social security is 8.2% of personal gross income and 11.4% of self-employment income or compensation earned by partners in partnerships, except in fishing, where it is 8.2%. (Pension and medical insurance are included in the social security tax.)

6.3 Inheritance and gift tax

None

6.4 Net wealth tax

Resident individuals are subject to national net wealth tax and municipal net wealth tax on their worldwide net wealth. The net wealth taxes are levied on the net value of the taxpayer's assets at the end of the tax year. The net wealth of married couples living together is aggregated for tax purposes. National and municipal wealth tax (currently at rates of 0.15% and 0.7%, respectively) are payable on net wealth exceeding NOK 1,480,000.

Nonresident individuals pay wealth tax on Norwegian real property. The same rates apply as for resident individuals, but there is, as a rule, no tax-free bracket for the 0.7% municipal tax. A mortgage related to the Norwegian property will reduce net taxable wealth for a nonresident.

6.5 Real property tax

Municipal authorities levy “rates” on the occupation of real property. A property tax applies to the assessed value of real property, at rates ranging between 0.2% and 0.7%, depending on the location of the property. Some municipalities do not levy the tax.

6.6 Social security contributions

A person resident or working in Norway is a compulsory insured “member” under the Norwegian National Insurance Scheme (NI-scheme). There are exemptions, for example, for foreign citizens with short-term employment in Norway, as well as exemptions derived from social security agreements between Norway and other states, including the EEA agreement.

The NI-scheme consists of a pension plan and a medical plan. Persons subject to the scheme generally are covered by both plans.

The NI-scheme is financed by contributions from its members, employers and the Norwegian state. Parliament sets the contribution rates on an annual basis. The employee’s contribution is 8.2% of gross income derived from employment. Specific rates (i.e. a maximum of 11.4%) apply for income derived from self-employment and remuneration for work performed by partners in partnerships. The contribution for other types of personal income (e.g. pensions) is 5.1%. The employer’s contribution varies regionally and ranges between 0% and 14.1%.

6.7 Other taxes

None

6.8 Compliance

The taxable period for individuals is the calendar year.

Married taxpayers may choose to file jointly or separately, to minimize their tax burden.

Tax payable on employment income is withheld at source by the employer. Most Norwegian residents will file a precompleted return, for which the deadline is 30 April following the year end. The deadline is 31 May for self-employed individuals. All self-employed individuals and partners in a partnership are obliged to file electronically.

Penalties normally are 20% or up to 60% of the tax that is, or could have been, avoided. Interest also can be charged.

7.0 Deloitte International Tax Source

The Deloitte International Tax Source (DITS) is a free online database that places up-to-date worldwide tax rates and other crucial tax information within easy reach. DITS is accessible through mobile devices (phones and tablets), as well as through a computer.

Connect to the source and discover:

A database that allows users to view and compare tax information for different jurisdictions that includes:

- Corporate income tax rates;
- Historical corporate rates;
- Domestic withholding tax rates;
- In-force and pending tax treaty withholding rates on dividends, interest and royalties;
- Indirect tax rates (VAT/GST/sales tax); and
- Information on holding company regimes.

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