DOING BUSINESS IN NORWAY

ATHENE
tax

INDEX

ECONOMIC OVERVIEW

- Location: Northern Europe with its capital Oslo

- Population: 5,38 Mill.
- Language: Norwegian, Saami
- Currency: Norwegian crown (NOK)
  - 1 EUR= 10,3277 NOK*
  - 1 USD= 8,7592 NOK*
  - * Q3 2021 (www.norges-bank.no)

LEGAL ENTITIES

LIMITED LIABILITY COMPANY

LEGAL ENTITIES – AS

Limited company – Aksjeselskap (AS)

The most common legal form of conducting business in Norway is Limited liability company (AS – Aksjeselskap).

The share capital should be at least NOK 30.000.00, divided into one or several shares. The founders can pay more than this for the shares, then they pay premium. The sum of the share capital and the premium constitute the share capital contribution. The amount can be paid in the form of cash or assets, or a combination of these.

If the entire share capital contribution is paid in cash, it is most common to deposit this into a share capital account with the bank. When the entire sum is made up of cash, a bank, an attorney, an auditor or an accountant must confirm the payment.

The founders must prepare a statement containing a description of each asset. They also need to make a statement that the assets the company should take over, have the agreed value. The statement must be signed by all the founders and confirmed by the auditor.

LEGAL ENTITIES – AS

Establish the company

In order to start a limited company, there is an obligation to create a memorandum of association. Before it's done, it would be a good idea to figure out who to join the company's board, as well as choosing its business name. It also must be considered whether the company needs to have an auditor and who this should be.

Board and name of the company

A limited company must have a board consisting of at least one member. The election of the board must be stated in the memorandum of association. The founders must also decide the name of the company.

Audit

If the company chooses to have an auditor, this must be stated in the memorandum of association. Some limited companies may choose not to have its annual accounts audited, assumed that certain criteria are met. We call this to waive audit. Limited company must submit the annual accounts to the Register of Company Accounts even if it is not required to be audited.

LEGAL ENTITIES – AS

Register the company

In order to establish a limited company, the founders must create a memorandum of association. The founders are those who start the company and who own the shares. This can be one or more natural individuals, or legal persons, such as limited companies or general partnerships.
Based on what it's possible to fill out to application for registering new limited company in Norway.

It's unfortunately not possible to send out registration form online for new limited company with foreign Board of Directors and founders who doesn't possess Norwegian national identity number. Such application still must be sent by paper form using post, so all applicants need to be prepared for longer waiting time.

In case of national, residents of Norway, application for registration of new company can be submitted online. When the form has been filled in, everyone who owns shares in the company, must sign the memorandum of association online.
As the end step of registration online, it is a need to proceed directly to filling the Coordinated register notification, and the information filled in the memorandum of association will be directly transferred to this form.

Deadline to submit the form

The deadline for receipt of notification about registration of the company, is three months from the date when the memorandum of association was signed by the founders.

Required attachments

Documents that always must be enclosed when you register a company are:

* Memorandum of association including articles of association
* Declaration from an auditor, a financial institution, bank, lawyer or accountant confirming that the share capital contribution has been paid up if it only consists of money
* By the non-cash contributions (other assets than cash) – statement signed by the founders and confirmed by an auditor
* Declaration from the auditor, confirming payment of the share capital contribution

Roles in a limited company

Board

There must be a chair of the board. If the company has a corporate meeting, there must be at least five members. At least half of the board members must be Norwegian residents, or a citizen of and a resident of an EU/EEA-country .

The board is responsible for the running as well as the organising of the limited company. Members are usually elected by the general meeting, which also decides whether deputy board members are to be elected. The board members must confirm that they have taken on the assignment.

Auditor

A company may elect several auditors. The auditor must be state-authorised. Some companies can choose to waive audit of the annual accounts. The auditor is elected by the general meeting and must confirm taking on the assignment by signing the coordinated register notification.

Accountant

A limited company can choose to have an accountant
If the company has an accountant, that fact must be registered in The Central Coordinating Register for Legal Entities. The register must be notified if there is any change of accountant. It is only possible to register authorised accountants who are registered in the Register of Accountants.

ROLES – AS

General manager (GM), contact person and business manager
A limited company can have a general manager, contact person or a business manager.
In principle only one of the roles can be registered. However, if the business manager is a legal person, the company must report a natural person as contact person, in addition.
The board employs the GM. The company may have several GM, if it is stated in the articles of association. GM must be a Norwegian resident, or a citizen and a resident of an EU/EEA- country.

Signature
A signature right is an authorisation to act and sign on behalf of the company in all matters.
The board of the limited company always has the right to sign jointly, unless otherwise is stated in the articles of association. The board may additionally authorise selected board members, the GM or designated employees to act on behalf of the company. Signature rights can be withdrawn at any time.

Power of procuration
Power of procuration is an authorisation to act and sign on behalf of the business, associated with the daily operations. A person with power of procuration is called a proxy. A proxy cannot encumber or sell the company's real property and cannot assign his or her power of procuration to another person. A limited company can issue power of procuration to one or more people. If there are several people, they may be empowered to use it jointly or separately. Other limitations, for instance connected to time or amount, cannot be registered.
Powers of procuration can be withdrawn at any time.

LEGAL ENTITIES

Branch office of a foreign company (NUF)

LEGAL ENTITIES – NUF

Branch office of a foreign company (NUF)

Foreign businesses that are doing business operations in Norway are obliged to register in The Register of Business Enterprises 'Foretaksregisteret'. Foreign businesses which are not doing business in Norway have the right to register in The Central Coordinating Register for Legal Entities 'Enhetsregisteret'. It is the foreign business in the country of origin which is responsible for the business in Norway.

Register of Business Enterprises 'Foretaksregisteret'

Business activity are operations where the intent is to make profit of a certain scope and duration. If a business has a turnover of NOK 50,000 or more within a 12 month period, and the activity is running for more than 90 days, it is regarded as business operations. The registration in The Register of Business Enterprises does not require that the business has a Norwegian business address.

<u>Examples of businesses which do not have the right to register in The Register of Business Enterprises due to their business operations:</u>

- Businesses that only do capital investments in Norway
- Businesses that are participants in Norwegian businesses
- Businesses which operate web shops where the sales are not primarily towards Norwegian customers and the businesses do not have an inventory or employees in Norway
- Businesses which need an organisation number in order to open a Norwegian bank account.

LEGAL ENTITIES – NUF

Accounting obligation

NUF that carries out commercial activities in Norway and is taxable to Norway according to Norwegian domestic legislation, has accounting obligation and an obligation to submit annual accounts to the Register of Annual Accounts.

Reporting obligation

Norwegian registered foreign businesses (NUF) that operate or participate in activities in Norway or on the Norwegian continental shelf and are subject to Norwegian taxation in accordance with internal Norwegian legislation, have a duty to account.
An NUF conducting business activities in Norway has the right and the obligation to register in The Register of Business Enterprises 'Foretaksregisteret'. The Register of Company Accounts states that an NUF registered in the Register of Business Enterprises has a duty to account and is obliged to submit annual accounts to the Register of Company Accounts. The submission obligation applies until the business is struck off from the Register of Business Enterprises.
NUF with accounting obligation must submit

- profit and loss accounts
- balance sheet
- note disclosure
- annual report (does not apply to small businesses)
- auditor's report (if the business has an auditing obligation)
- statement of cash flows (does not apply to small businesses)

NUF does not have an accounting obligation if the business in the accounting year had no business activity, no tax obligations according to Norwegian internal law and operates temporarily in Norway, has in addition had a turnover of less than NOK 5 million
<u>Exemption from tax obligations due to tax agreement is not the same as an exemption from tax liability based on Norwegian internal law.</u>

Registration og NUF

Required documents

- Recent proof of registration from the foreign business register in country of origin. As a general rule the document must not be older than three months.
- Memorandum of association and articles of association for the foreign business in country of origin
- Records from a corporate body in the foreign business in country of origin showing a decision to form a business in Norway
- Declaration of acceptance for the ones who hold a position in the entity
- Documentation of real rights owner

If the entity in Norway has elected a board in Norway

- Records from a corporate body in the enterprise which is authorized to elect a board for the business in Norway.

If the entity in Norway is going to have an accountant, auditor and/or a Norwegian representative, they must confirm the fact that they have taken on the assignment.

Norwegian representative, Contact person
The business in country of origin confirms that the representative/contact person has been appointed as the Norwegian representative on a separate attachment. If a business enterprise has been notified as the Norwegian representative and the contact person is employed by the representative, the representative may confirm the connection between the contact person and the business in the country of origin.

Registration form
Coordinated register notification form must be submitted by paper form. It is not possible to use the electronic form in Altinn by registration of a new foreign business.

ROLES – NUF

Roles in a foreign business

As a rule, all persons who are registered with a role, must state a complete Norwegian national identity number or d-number. The exception is the board and partners in the country of origin. Legal persons who have roles are to state the organisation number. Examples of legal persons are limited companies and partnerships.

D-number

The d-number is a separate number identifying foreign persons without a Norwegian national identity number. It I s required to enclose a certified copy of a valid proof of identity that contains a photo of the applicant, the applicant's full name, date of birth, gender, expiry date and citizenship by applying for D-number.

General manager, business manager or contact person

A Norwegian registered foreign business is to have a general manager, contact person or business manager. The business is not obliged to have a general manager, but if the business in Norway has a general manager, that must be reported.

Norwegian representative

Foreign businesses without permanent business address/establishment in Norway, which fall under VAT regulations, must notify a Norwegian representative. This does not apply for businesses residing in an EEA state with which Norway has an agreement for the exchange of information and mutual assistance with the collection of VAT claims. In addition, there is an exception for enterprises domiciled in Great Britain. Other foreign businesses without permanent business address in Norway, can voluntarily report a Norwegian representative.

The Norwegian representative can be a natural or legal person. The representative is to have home address or business address in Norway. If the Norwegian representative is a legal person, you need to register a contact person in addition.

Persons with d-number and Norwegian registered foreign businesses (NUF) without a Norwegian business address cannot be the Norwegian representative.

ROLES – NUF

Required by registration of Norwegian representative:

- records from the foreign business showing the appointment of the Norwegian representative
- declaration of acceptance from the Norwegian representative who has taken on the assignment

The board in Norway
If a separate board is elected for the business in Norway, this must be reported in the form with names, addresses and Norwegian national ID-numbers or d-numbers for all the board members.

The board in the country of origin
If the business has a board in the country of origin, it's mandatory to report all these with names, addresses and date of birth.

Partners in the country of origin
If the business has partners in the country of origin, it's mandatory to report all these with names, addresses and national identity number.

Signature and power of procuration
Signature is an authorisation to sign and to act on behalf of the business in all matters.
Power of procuration is an authorisation to sign and to act on behalf of the business in some matters. Power of procuration cannot be used to sell or mortgage the business' real properties.

LEGAL ENTITIES

General partnerships (ANS/DA)
Co-operative (SA)
Sole proprietorship

General partnership

General partnerships (ANS/DA)

A general partnership is a company of two or more partners who have unlimited, personal liability for the company's obligations. There are two types of general partnerships:
1. General partnership (ANS – ansvarlig selskap) where all the partners have an unlimited, personal liability for the company's obligations.
2. General partnership with shared liability (DA - ansvarlig selskap med delt ansvar) where the partners have shared liability for the company's obligations.

Partners

A general partnership must have at least two partners. Both natural persons and legal persons can be partners. Private and public limited companies and general partnerships are examples of legal persons. Only the participants in a general partnership have the right to vote in the partnership meeting, unless the partnership agreement states otherwise.

General manager, contact person or business manager

If the partnership does not have a board, it must have a general manager, contact person or business manager. As a rule it is only possible to register one of these roles. There is an exception if the business manager is a legal person. If so, the company must report a natural person as general manager or contact person.

Board

A general partnership can choose whether they want to have a board. The partnership meeting elects the board. The board members must confirm that they take on the assignment.

Auditor

A general partnership is obliged to have an auditor, if at least one of the following conditions are met:

- The operating revenues exceed NOK 6 million
- The balance sheet total is NOK 23 million or more
- The average number of employees corresponds to ten man-years or more

The auditor is elected by the partnership meeting and must confirm that he/she has taken on the assignment.

Signature

The partners have the right to sign separately, however can agree on signature separately or jointly.
If the partnership has a board, it is the board members jointly who are entitled to sign.

Co-operative

Co-operative (SA - Samvirkeforetak)
A co-operative is an association where the main object is to promote the members' financial interests by participating in the activity of the enterprise either as consumers, suppliers or in any other way. The return in a co-operative remains in the enterprise or distributed among the members based on their turnover with the enterprise. None of the members are personally liable for the obligations of the enterprise.

Founding a co-operative
In order to establish a co-operative, a memorandum of association will have to be created. The founders have no obligation to make deposits at the foundation, but if a deposit is to be made, this must be stated in the memorandum. The memorandum must be dated and signed by all the founders. When all the founders have signed the memorandum, the membership is registered and the enterprise is established.
The memorandum must also show any information about: whether deposits in connection with the foundation, is to be settled with other assets than money and whether someone are given special rights at the foundation.

Content requirements at deposit capital
There are no requirements for a minimum capital when you establish a co-operative, and it can therefore be formed without any capital contributions. The founders may also make deposits at the foundation.
If the founders have contributed capital in connection with the founding, the memorandum must contain information about the amount paid by each founder, the entire amount of the contributed capital and the time of the capital settlement.
If contributions are made in other assets than money, the memorandum must contain information about which assets are included, the name and address of the contributor and which conditions apply.
Before registering the company in the Register of Business Enterprises, any capital to be contributed must be fully paid-up.

Co-operative

General Manager (GM)
A co-operative should normally have a general manager. If the enterprise chooses not to register a general manager and/or to have less than three board members, this must be stated in the statutes.

Business manager and contact person
A co-operative may have a business manager. This can be a natural person or a legal person. Examples of legal persons are limited companies, public limited companies, and general partnerships.
If the enterprise has decided not to engage a general manager or a business manager either, it is allowed to state a contact person.

Board
As a rule, the board must consist of at least three members. The board must have a leader/chair. The annual meeting elects the board. At least half of the board members must be resident in Norway or be a citizen of an EU/EEA state.
The co-operative can decide to have only two board members, but if so, the enterprise must also have at least one deputy board member. This must be stated in the statutes.
The board is responsible for the running of and the organisation of the co-operative, however the annual meeting is the highest authority in a co-operative.

Co-operative

Auditor

A co-operative is legally bound to keep accounting records when the revenue exceeds NOK 2 million, and has a statutory audit obligation when the revenue exceeds NOK 5 million.

- The operating revenues exceed NOK 6 million
- The balance sheet total is NOK 23 million or more
- The average number of employees corresponds to ten man-years or more

The annual meeting elects the auditor, who must confirm taking on the assignment.

Signature

Signature right is an authority to perform and sign on behalf of the enterprise in all situations.
Unless otherwise is decided in the statutes, it is the board jointly which has the right to sign on behalf of the enterprise. The board can assign signature right to board members, to the general manager or employees mentioned by name. A signature right can be revoked at any time.

ACCOUNTING & RECORD-KEEPING

Record keeping

The following are required to keep accounts:
- Entities which have an accounting obligation
- Entities which run a business and has a duty to submit a tax return for wealth and income tax
- Entities which are obliged to submit a VAT return

Exemption: providers of electronic services who submit a VAT return as ‘sale of electronic services to private individuals (VOEC)’.

SAF-T Financial

Norwegian accounting legislation requires to provide accounting data for bookkeepers in a given standard format SAF-T.
SAF-T Financial is a standard format used in the exchange of accounting data. SAF-T, or Standard Audit File-Tax, is the result of a joint development collaboration between the business community, the accounting sector and the Norwegian Tax Administration, based on a recommendation by the OECD.
Businesses with less than NOK 5 million in turnover are exempt from this requirement. However, if these businesses do have bookkeeping information electronically available, the requirement will apply to them.
The enterprises with a bookkeeping obligation are only obliged to submit accounting information on SAF-T format when in relation to a potential control, and upon request by The Tax Administration.

Record retention

Primary documentation

The minimum retention period for most forms of primary documentation is five years after the end of the financial year. Following reports will thereafter be included in the concept of mandatory financial reporting:

- The annual accounts and the information in the annual report that relates to the annual accounts
- VAT notifications or annual VAT notification
- Tax return with attachments
- Specifications of mandatory financial reporting
- A-message – payroll information reports

Secondary documentation

The secondary documentation must be kept for 3 years and 6 months after the end of the financial year

- Agreements, with the exception of agreements of minor importance
- Correspondence that provides significant additional information
- Outgoing packing slips or equivalent documentation that accompanies the item or is sent to the buyer in another way
- Price overviews that are required to be prepared in accordance with law or regulations

Customs documents

From 1 February 2021, the retention period for customs documents has been reduced from ten to five years. This means that the storage obligation for import and export declarations with accompanying basic documents will be the same as for primary documentation. The reduction in the retention period also applies to documentation of declarations made before 1 February 2021. Basic documents include all relevant documents in connection with the import and export of goods. Order, acceptance, contract, invoice and payment documents are examples of the most relevant documents. But also transport documents, permits and licenses, etc. will be current. Specially prepared documentation that shows the basis for calculating VAT on the import of goods and the tax itself is covered by the storage requirement.

Other documentation

Document overview listed above is not full, however covers basic and most relevant overview for every entity in Norway. There is a number of documents with storage requirements that extend beyond five years.

Reporting obligations to the Register of Company Accounts

All enterprises with an accounting obligation must submit annual accounts to the Register of Company Accounts no later than one month after it has been approved.

It is the type of organisation, size of the business activity, or whether entity are subject to supervision that determines whether company has an accounting obligation.

- All limited companies (AS) and public limited companies(ASA)
- All unit trusts
- All jointly owned shipping companies

- General partnerships (ANS/DA) and other participant-like companies that have
  * more than NOK 5 million in sales revenue
  *number of employees corresponding to an average of 5 man-years
  * more than 5 partners, or
  *partners which are legal persons with limited liability

- Sole proprietorships which have
  * assets worth more than NOK 20 million, or
  * employees constituting to more than 20 man-years on average

- Co-operatives and economic associations with sales revenue exceeding NOK 2 million
- Other associations which during the year had assets worth more than NOK 20 million, or the number of employees exceeded more than 20 man-year on average
- Norwegian registered foreign businesses practicing or participating in activity in Norway, or on the Norwegian continental shelf and are subject to Norwegian taxation in accordance with internal Norwegian legislation
- Others which pursuant to special provisions, or according to law, have accounting obligation

Reporting obligation

When the accounting obligation depends on size limits, it is required to report annual accounts when the limit has been passed two years in a row. For the obligation to cease, it must be below the limit two years in a row.
Enterprises with accountable obligation, shall draw up annual accounts consisting of at least profit and loss accounts, balance sheet and notes. The accounting information is to be publicly available.
Enterprises that according to the Accounting Act are small enterprises, have simplified accounting rules and do not need to draw up an annual report.

First year reporting

Enterprises founded on or prior to 30 June, must draw up annual accounts for the year of foundation and submit this to the Register of Company Accounts within time limit.
Enterprises founded on 1 July or later, can choose to draw up annual accounts for this year or combine them with the next year. It is not necessary to notify the Register of Company Accounts about this. The annual accounts may not exceed 18 months.

Reporting obligation for internal partnerships

For internal partnerships, own rules apply for submission of annual accounts.
Internal partnerships are liable for accounting based on the type of organisation if he company

- has sales revenues of more than NOK 5 million
- has 5 or more man-years (average throughout the year)
- has 6 or more partners, or
- one of the partners is a legal person with limited liability (for example AS, ASA, BA, SA, SF, BBL and BRL)

Internal partnerships cannot register in the Central Coordinating Register for Legal Entities and does not have its own organisation number. Therefore, it's not possible to use Altinn to submit the annual accounts. Internal partnerships have to submit the annual accounts by e-mail to the Register of Company Accounts with required attachment: annual accounts in pdf-format and correctly filled in and signed copy of the covering letter Appendix to annual accounts.

TAXATION

The Norwegian taxation system

Direct taxes
Income and net wealth tax are the direct taxes. Income tax is paid on the money earned from work, business activities, interest on bank deposits, etc.

Indirect taxes
Value-added tax (VAT) is an indirect tax levied when goods and services are purchased.
Excise duties – on oil, mineral products, sugar, tobacco, petrol, air passengers, motor vehicles, road traffic insurance, alcohol and non-alcohol beverages.

Ordinary tax liability
Ordinary tax liability in Norway means that taxpayer is liable to pay tax to Norway on all wealth and income both in Norway and abroad. Companies and other businesses that are domiciled in Norway are subject to the ordinary tax liability in Norway.
A company or similar which is established under Norwegian company law, is usually resident in Norway. A company established in another country can also be resident in Norway if the company's real management is in Norway. This is usually determined by where board meetings are held and where the management of day-to-day operations takes place, but other circumstances concerning where the company's real management happens may also be taken into account.

Limited tax liability
Companies and other businesses that are not domiciled in Norway and self-employed persons who are not resident in Norway may become liable for tax in Norway on income generated through activity that they carry on or participate in and which is operated or managed from Norway. They may also become liable to pay tax for the hiring of labour to Norway.

Special rules concerning the continental shelf
In accordance with the Petroleum Tax Act, liability to pay tax in Norway arises with regard to income from exploration for and extraction of subsea petroleum deposits in Norwegian territorial waters and on the continental shelf. This also applies to associated activity and work.

Tax treaties
The above description applies to tax liability under Norwegian law. Norway has entered into tax treaties with many countries. If a company or business is resident in a country with which Norway has entered into a tax treaty, Norway may have entirely or partially waived its entitlement to tax the income. If a company or business is resident in a country with which Norway has entered into a tax treaty, the condition for there being tax liability in Norway as regards the business income is that the income was earned through activity which is carried out through a permanent establishment in Norway.

General income

General income is a net income and must be calculated by all those who are subject to taxation, both individuals and companies. All types of taxable income, after the deduction of all deductible expenses, are covered.
Special tax rules apply to tax payers resident in Troms and Finnmark.

Rates:

Persons	- 22.0 %
Persons in Troms and Finnmark	-18.5 %
Businesses liable for arrears taxation	- 22.0 %

Bracket tax

Bracket tax is a progressive tax on gross salary and other personal income.
Personal income is mainly a gross income concept and includes income from personal work and efforts or income that replaces income from personal work – it is the calculation basis for step tax to the state and social security contributions to the National Insurance Scheme.

Bracket tax consists of four steps:

	Income between NOK 0 - 184,800	No bracket tax
Step 1	Income between NOK 184,800 – 260,100	1.7% bracket tax
Step 2	Income between NOK NOK 260,100 – 651,250	4.0% bracket tax
Step 3	Income between NOK 651,250 – 1,021,550	13.2% bracket tax
Step 4	Income over NOK 1,021,550	16.2% bracket tax

National insurance contribution

Calculated on personal income and helps to finance the National Insurance scheme. Lowest limit in personal income/ basis for calculation national insurance contribution is stated as 59.650,00 NOK. The contributions must never amount to more than 25% of the proportion of the personal income/basis which exceeds 25%

Salary income, sickness benefit, etc. (persons aged 17 to 69)	8.2%
Salary and business income, pensions (persons aged under 17 or over 69)	5.1%
Primary business income within fishing/hunting	8.2%
Other business income	11.4%
Pension income, etc.	5.1%

PAYE (Pay As You Earn) for foreign workers

Most foreign workers who are new in Norway will automatically become part of a voluntary PAYE tax scheme. Under this scheme, person is taxed at a fixed percentage that employer deducts from persons salary.
In PAYE system, tax is completed after the salary is paid to employee and tax is transferred to Norwegian State. Taxpayer doesn't submit and tax return nor receive a tax assessment notice. Instead, taxpayer receives a receipt for PAYE tax, which shows how much salary and tax employer has reported to the Tax Administration.
PAYE scheme is voluntary and can be opt out by taxpayer.

Rate for year 2021 is stated as 25%, however if taxpayer is a member of foreign Insurance scheme, it can be applied under certain circumstances to decrease tax of 8,2% national insurance contribution.

Dividends from Norwegian companies to foreign shareholders

Foreign shareholders (final dividend recipients) are liable to tax in Norway for dividends received from Norwegian companies. If the Norwegian distributing company does not know the identity and tax status of the foreign shareholder, the company must deduct 25 percent withholding tax on dividends.
The distributing company may however apply a reduced withholding tax rate in accordance with a double taxation treaty or a 0 percent tax rate pursuant to the exemption method, if the shareholder has provided documentation that proves they're entitled to a reduced withholding tax rate.

Corporate shareholders (dividend recipients who are not private individuals) can apply for a pre-approval from the Norwegian Tax Administration. A pre-approval substantiates that the shareholder is entitled to a reduced or 0 percent withholding tax rate according to a double taxation treaty or exemption from withholding tax pursuant to the exemption method.
The approval scheme allows shareholders to document their right to a lower withholding tax rate than 25 percent, without having to claim a refund of withholding tax.

Brexit: From 1 January 2021, Norway’s relationship to the United Kingdom is no longer regulated by the EEA agreement. This means that corporate shareholders domiciled in the United Kingdom are no longer covered by the exemption method. Consequently, they are no longer entitled to exemption from withholding tax under the exemption method after this date.

Tax return - entity

Sole proprietorships, including both Norwegian sole proprietorships, Norwegian-registered foreign enterprises (NUF) and Norwegian enterprises, must submit the tax return and mandatory forms/attachments.
The deadline for submitting the tax return is 31 May.

Tax assessment notice – entity
Once the Norwegian Tax Administration has processed entities tax return, enterprise receives a tax assessment notice. This notice contains information concerning the basis for the calculation and assessed/paid advance tax.
Tax assessment notices for self-employed persons are available from August.

Tax return – personal taxpayer

Personal taxpayers receive a pre-filled tax return with request of confirmation that the information regarding income, allowances, deductions. If the information is wrong, taxpayer must make the necessary corrections.
Tax returns not submitted by 30 April are considered as having been submitted with the pre-completed information as stated when the deadline expired.

Tax assessment notice – personal taxpayers

Once the tax office has processed the tax return, taxpayer receives a tax assessment notice. Tax overpayment is refunded to the bank account number stated in the tax return. If the underpaid tax is over NOK 1,000, the claim is divided into two instalments.

Registration in the Value Added Tax Register

Any self-employed person, or person responsible for an organisation with turnover above a certain threshold amount, will normally be obliged to register the enterprise in the Value Added Tax Register.

Treshold:
NOK 50,000 for businesses and most organisations
NOK 140,000 for charitable and benevolent organisations

* Some types of goods and services are not liable for VAT. Only turnover liable for VAT is taken into consideration when we decide whether the business or organisation is required to register.

Registration procedure
The Tax Administration has launched a new registration solution for the Value Added Tax Register. The new solution replaces Coordinated register notification part 2. Applications can no longer be submitted on paper. Enterprise must be registered in the Central Coordinating Register of Legal Entities before VAT registration is launched.

Pre-register in the Value Added Tax Register
If entity expects significant VAT-liable sales within a short period, it's possible to register in advance in the Value Added Tax Register (VAT Register).
To apply for advance registration, following criteria must be met:
• Purchase of goods and services for the enterprise of at least NOK 250,000 that can be directly linked to future vatable turnover
• and it will be more than four months from your application to the registration threshold is reached

or

• Vatable revenue will exceed the registration threshold within three weeks of the start-up

If enterprise is granted advance registration, it's entitled to claim deductions for input VAT on purchases of equipment made by the enterprise before turnover has started. The Norwegian Tax Administration decides if applicant can be advance registered.

Joint registration for cooperating companies
Cooperating companies can apply for joint registration.

This applies to:

- Several enterprises operated by the same owner, either a person or a company
- Cooperating companies
- Student welfare organisations
- Universities
- Health authorities
- Credit unions
- Business run jointly, such as joint ownership

For cooperating companies, it's a condition that one or more of the other companies own at least 85 % of the capital in each company. The enterprises can register separately if they are separated from the rest of the business.

Voluntary registration for the letting of buildings or installations
It's possible to apply for voluntary registration in the Value Added Tax Register for the letting of buildings or installations for use by enterprises that are registered in accordance with the Value Added Tax Act. This also applies to buildings and installations intended for use by public sector enterprises that are entitled to VAT compensation.

VAT representant - foreign enterprises
Enterprises that do not have a place of business or domicile in Norway, must register with a representative. The representative must have his / her domicile or registered business address in Norway and is jointly responsible for submitting the VAT report and paying due value added tax (joint and several liability).
Altinn roles or access to the registration service for value added tax is required to fill in and/or send applications for all registrations. For Norwegian-registered foreign enterprise (NUF), this means that the contact persons for the enterprise must be online users.

The obligation to register by representative does not apply if you're resident in Great Britain or in one of the following EEA countries: Belgium, Denmark, Finland, France, Iceland, Ireland, Italy, Luxembourg, Malta, The Netherlands, Poland, Portugal, Slovenia, Spain, Sweden, Germany, Czech Republic, Bulgaria, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Romania, Slovakia, Hungary and Austria.

If enterprise still choose to have a representative for one of these countries, the representative is not jointly and severally liable for paying value added tax.

Indirect tax

Enterprise obligation in order to VAT :

- Collect value added tax on behalf of the government
- Pay value added tax on goods and services which you purchase for the enterprise in Norway
- Calculate how much VAT is payable by import of goods for the enterprise
- Declare to the Norwegian Tax Administration how much value added tax is paid and collected
- Pay the difference between the value added tax collected on sales (output VAT) and the value added tax paid on the purchases (input VAT)

Value added tax - rates

Value added tax (VAT) is payable on sales of most goods and services. Some sectors and areas have specific rates for VAT.

General rate	25%
Food	15%
Passenger transport, cinema tickets, letting of rooms	12%

Value added tax - Exception

For particular item or service turnover, rules in the VAT Act do not apply. The exceptions from VAT may apply to a particular occupational group and be tied to certain conditions. Exception applies to non-profit and scientific organization.

Value added tax - Exemption

For particular item or service turnover the VAT rate is 0% (exempt). VAT must not be calculated on such turnover, however sale is mandatory to report on VAT return. Enterprise may be entitled to deduction for VAT that is paid on goods and services (input VAT) for the business when taxpayer is registered in the VAT Register.

Turnover exempt:

- newspapers
- books in the last sales stage
- used cars
- electric cars
- sale and repair of certain vessels
- goods and services as part of the transfer of business
- sales abroad

Tax return for VAT for general industry
The tax return for VAT must be submitted by all entities that are registered in the VAT Register. If the due date is Saturday, Sunday or public holiday, the following working day is the deadline for submission and payment.

Submission deadlines, every other month:
- 1st period 10 April
- 2nd period 10 June
- 3rd period 31 August
- 4th period 10 October
- 5th period 10 December
- 6th period 10 February

Small enterprises – annual reporting

Following requirements apply to applicants for annual periods
1. Turnover during the past 12 months must be less NOK 1 million.
2. Entity is registered in the VAT Register for at least one year.
3. Enterprise must have submitted tax returns for VAT correctly and punctually every other month for at least one year.

Application deadline is stated as 1 February. Deadline for submission: 10 March (applies to applicants for annual periods).

Contact us

Petra Remman
Head of Athene Tax

petra@athene-group.no
909 27 771

Hans Haugan
Sales Manager

hanshaugan@athene-group.no
906 35 579