



The Norwegian  
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# Tax issues when doing business in Norway

Senior Tax Auditor - Geir Høyland

Assistant Director General - Linda Udnes



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# Introduction – A brief look at the tax system in Norway

## Direct Tax

- Income tax
  - on money we earn for work
  - business activities
  - interest on bank deposits, etc. so-called income tax.
- Wealth tax
  - on our assets or wealth

## Indirect tax

- Value-added tax on goods and services
- Motor vehicle tax
- Tax on food and beverages
- Air passenger tax
- Alcohol and Tobacco
- Environment
- Clearance and customs credit
- Etc.



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# Introduction – The Norwegian Tax authorities

The Norwegian Tax Administration (Skatteetaten) is subordinate to the Ministry of Finance and is led by the Tax Director. Based on the legislation given by the Norwegian Parliament, the Ministry of Finance gives the Tax Administration instructions for its activities.

There are over 6500 employees in Skatteetaten and our common goal is to secure the funding of the welfare state.

Skatteetaten has several physical located offices around Norway that gives general guidance and a telephone service that offers guidance by telephone.

However, there are a few offices that are specialized on tax issues related to foreign companies and workers that are temporarily located in Norway. They are the Service Centre for Foreign Workers (SUA), the Central Office – Foreign Tax Affairs (COFTA) and the International Tax Collection Office.



# Introduction – Central Office - Foreign Tax Affairs (COFTA)

COFTA is the tax office that assess foreign companies and employees working temporarily in Norway.

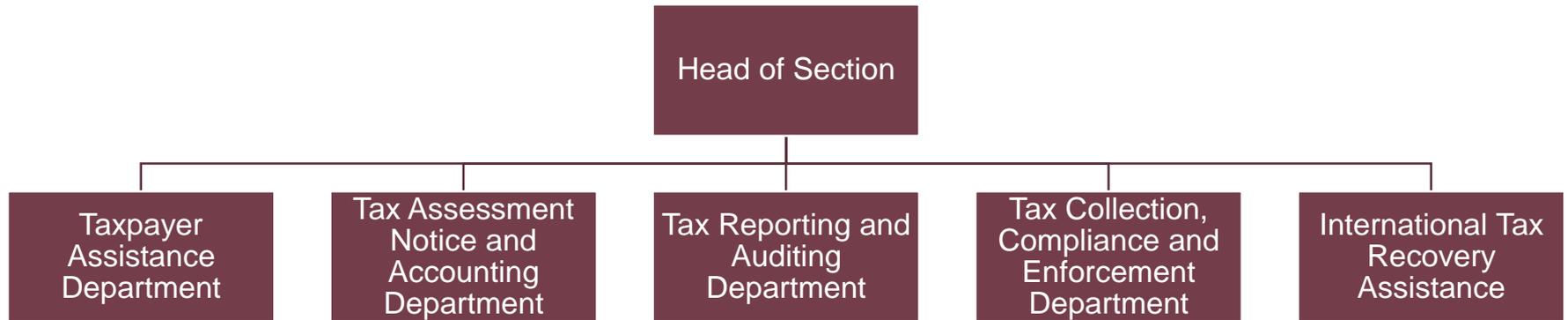




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# Introduction – International Tax Collection Office

International Tax Collection Office (ITCO) is the tax collector for companies and employees assessed by Central Office Foreign Tax Affairs (COFTA)





# Introduction – Lithuanian companies and employees in Norway

- Increasing number of Lithuanian companies and employees since 2004
  - In 2015: Number of employees temporary working in Norway: 9 700
  - In 2017: Number of self employed persons doing business in Norway: 450
  - Lithuanian companies doing business in Norway in 2016: 150 -200
  - Lithuanian employees employed by Lithuanian companies in 2016: 4 500 – 5 000



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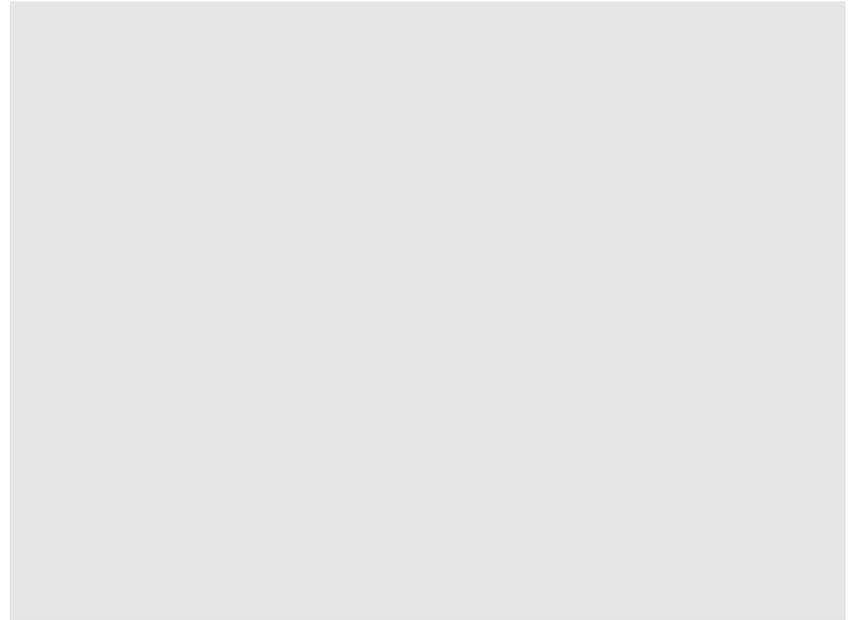
# Introduction – Business sectors

- Lithuanian companies and employees are mainly working in the following businesses:
  - Building- and construction business
  - Painting business
  - Cleaning business
  - Fish industry



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# Tax liability to Norway





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# Assessment of tax liability

- Tax liability to Norway is determined by Norwegian **domestic law**
  - Norwegian Tax Act section 2-1, 2-2 and 2-3
  - Norwegian Petroleum Tax Act section 2 cf. section 1
  - [https://lovdata.no/dokument/NL/lov/1999-03-26-14/KAPITTEL\\_3#KAPITTEL\\_3](https://lovdata.no/dokument/NL/lov/1999-03-26-14/KAPITTEL_3#KAPITTEL_3)
- **Limited tax liability**
  - Foreign nationals who are engaged in business activity in Norway are required to pay tax on income from business activity which they are carrying on or participating in and which is being carried out here or managed from here. This includes activity where employees are placed at the disposal of others within Norway. This means that foreign nationals who are engaged in business activity in Norway which is run for their own account and risk, including those who hire out labour, are liable for tax in Norway on the income generated by their activity. This is known as limited tax liability.



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# Assessment of tax liability

- Exemptions from tax liability to Norway can exist in a **treaty** for the avoidance of double taxation
  - OECD model agreement
    - Income from business activities, OECD art. 7 cf. art. 5
    - Income from employment, OECD art. 15
  - Special provisions for the Continental Shelf
- <https://www.regjeringen.no/no/dokumenter/skatteavtale-norge---litauen/id107001/>
- As regards businesses from a country with which Norway has signed a tax treaty, Norway may waive the right to levy tax either in full or in part. A tax treaty may only be cited by individuals or companies resident/domiciled in the country covered by the treaty. Each tax treaty must be read and interpreted on an independent basis. In order for business income to be taxed in Norway when a tax treaty applies, the income must originate from commercial activity being carried on through a permanent establishment in Norway.



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# Business activity or hired labour?

- There are different rules that determine the enterprise or employees tax liability to Norway. These rules are dependent on whether the assignment concerns hiring in/out of labour or business activities.
- The concept **business activities** is used when a service (or similar) is bought from another enterprise.
  - The contractor is liable for the content and quality of the service that are delivered.
- The concept **hiring in/out of labour** is used when a client purchase the right to administer the employees for a certain amount of time.
  - The client is liable for the organization and management of the work.



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# Contracts regarding business activities

The following may indicate that the contract is consistent with business activities:

- Responsibility for the result of the work, e.g. responsibility for delays, defects and negligence.
- The person in question carries the risk of lack of assignments and is not entitled to a minimum remuneration etc.
- The financial settlement is based on the result, e.g. a fixed price, commission or profit from sales.
- The person performing the work has own employees
- The person in question actually has several different clients at one time or successively
- A high degree of independence in performance of the work, which means that the less professional and administrative instructions the client is entitled to exercise, the more business activity/self-employment is indicated.



# Contracts for the hiring in/out of labour

The following may indicate that the contract is for the hiring out of labour:

- The hirer bears the responsibility or risk for the result produced by the employees
- The hirer has the authority to instruct the employee
- The work is performed at a place which is under the control and responsibility of the hirer
- The payment is based on an hourly rate
- Tools and materials are mainly put at the employee's disposal by the hirer (user)
- The number and qualifications of the employees are not solely determined by the lessor (the employer)



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# Business activity or hired labour?

- The decision will depend on an overall assessment.
- How the parties themselves characterize the relationship is not binding on the Tax and VAT authorities.
- It is the actual relationship between the parties that is decisive.



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# Assessment of tax liability

## For business activity:

- The enterprise is tax liable **if** they create a permanent establishment in Norway.
- The employees are tax liable **from day one** if they work on a contract/business premises that creates a permanent establishment.

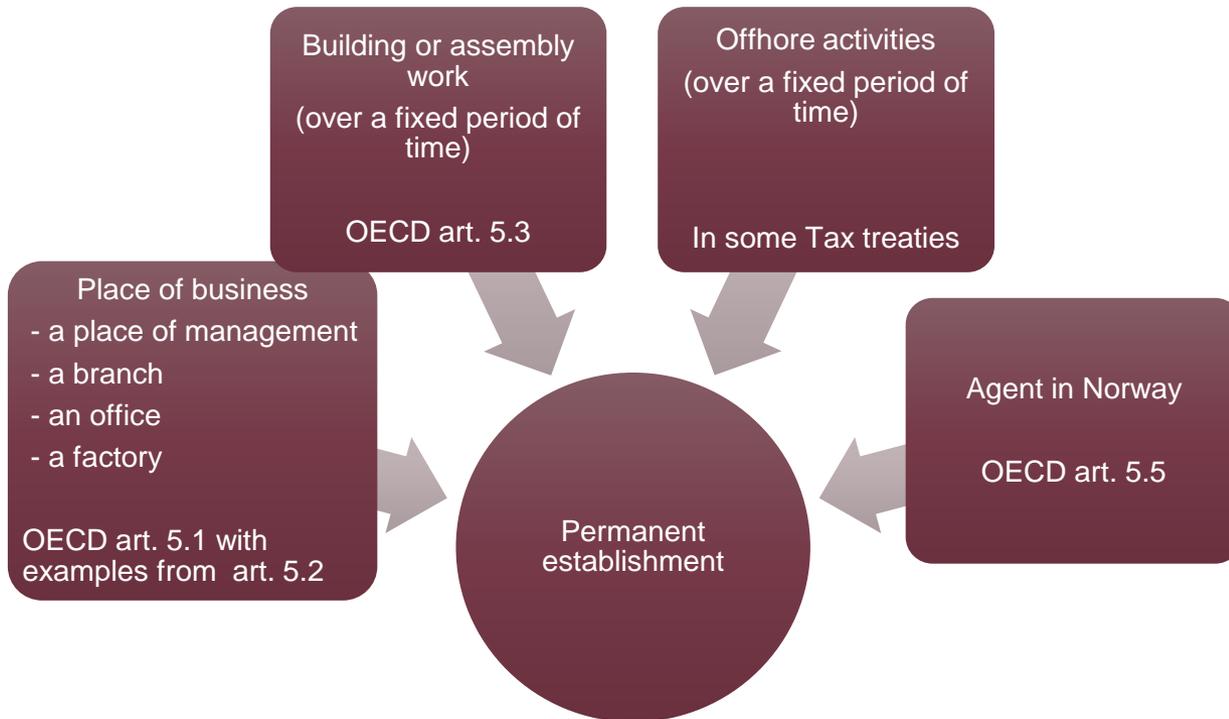
## For hiring in/out of labour:

- The enterprise would **normally not** create a permanent establishment for these assignments. However, there are exemptions.
- The employees are tax liable **from day one**. The interpretation of art. 15(2) in the tax convention is that the client is considered to be the employer. See also the tax convention between Norway and Lithuania protocol 7.



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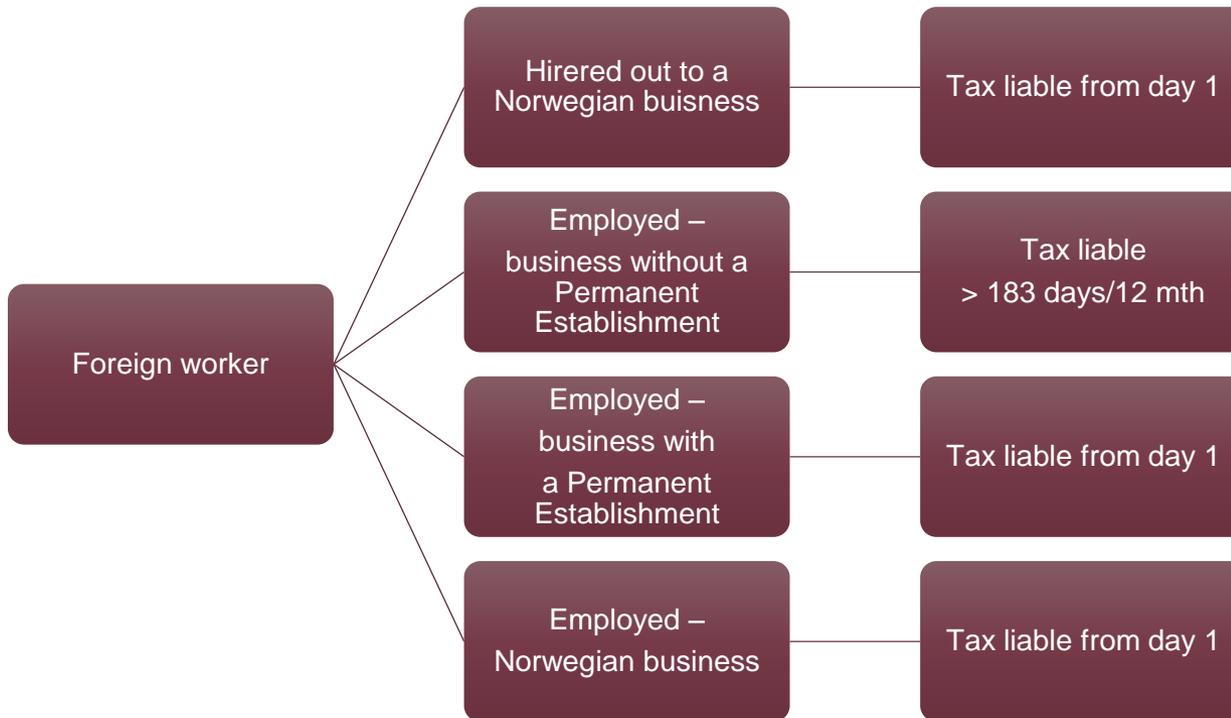
# Assessment of tax liability – Permanent Establishment



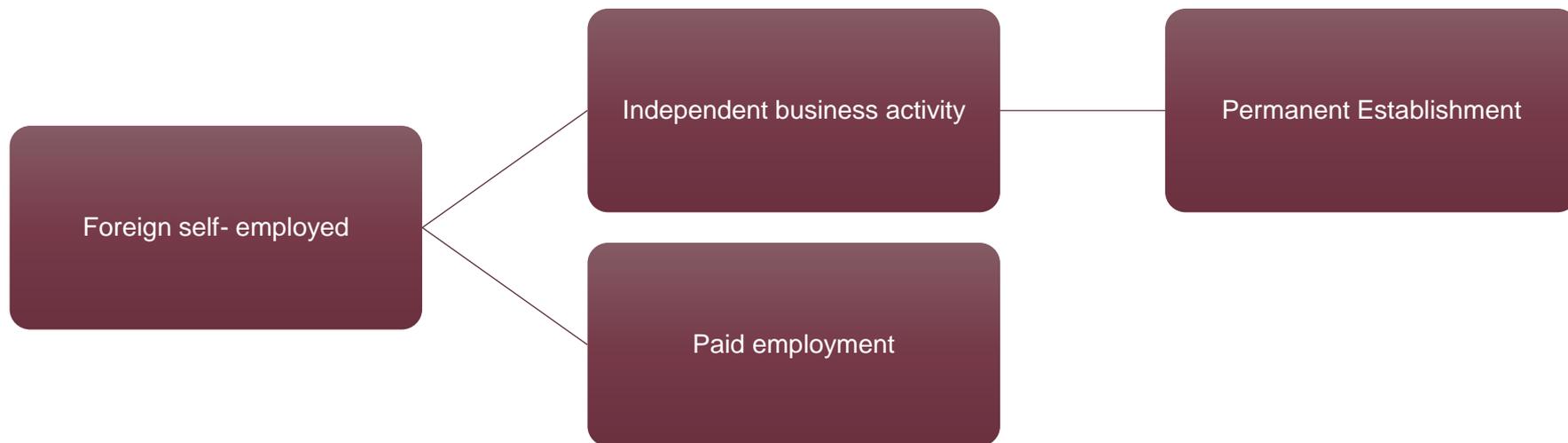


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# Assessment of tax liability – Employment



# Assessment of tax liability – Self employed





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# Assessment of tax liability – Offshore

Most tax treaties that Norway has signed with other countries contain separate provisions on tax liability for income from activity on the Continental Shelf.

- activity that in total lasts for more than 30 days during a 12-month period will be deemed to constitute a permanent establishment
- employees will be liable to tax in Norway from day 1, after 30 days or other provisions

Different tax treaties may have different regulations when it comes to offshore activity. Some countries does not regulate activity on the Continental shelf and tax liability will be according to domestic law cf. the Norwegian Petroleum Tax Act 13 June 1975.



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# Duties for foreign businesses





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# Duties for foreign businesses operating in Norway

## When you begin to operate

- 1. Register your company in Norway
- 2. Register your company in the value added tax register
- 3. Report assignments and employees on RF-1199
- 4. Keep accounts for the company and have them audited

## When you operate in Norway

- 5. Report salaries and employer's contributions for employees (A-meldingen)
- 6. Open a Tax Withholding Account
- 7. Obligation to give access to the accounts
- 8. Net salary arrangement
- 9. Pay tax for the company
- 10. Submit tax returns
- 11. Receive tax assessment notice

## When you ceases to be active in Norway

- 12. Tell us that the commercial activity has ceased
- 13. Close your company in the Central Coordinating Register for Legal Entities

## You must be aware of the following

- 14. Exemption from Norwegian National Insurance
- 15. Employer's duties
- 16. Joint and several liability

For more information visit <http://www.skatteetaten.no/en/International-pages/Employers/Do-you-run-a-non-Norwegian-company/>



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# When you begin to operate



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# 1. Norwegian organisation number – Register your company in Norway

- Every enterprise who is engaged in business activity in Norway or on the Norwegian continental shelf must have a Norwegian organisation number. The same applies to enterprises that only have employees who work in Norway.
- An organisation number identifies legal persons (entities) and is necessary in order to fulfil certain statutory obligations in relation to the authorities, for example the payment of tax withholdings, reporting on RF-1199, A-melding, National Insurance contributions and value added tax.
- An organisation number is assigned by the Central Coordinating Register for Legal Entities in Brønnøysund, see form [BR1080 “Coordinated register notification”](#).
- For more information visit <https://www.brreg.no/business/other-types-of-entities/norwegian-registered-foreign-business/> or call The Brønnøysund Register Centre +47 75 00 75 00.



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## 2. Value Added Tax (VAT) – Register in VAT Register and pay VAT

- Foreign enterprises that sell goods or services that are liable for VAT in Norway, must be registered in the VAT Register if sales and taxable withdrawals exceed NOK 50,000 during a 12-month period.
- The general VAT rate in Norway for the income year 2017 is 25 %. Some sectors and areas have specific rates for VAT.
- Registration in the VAT Register use [BR1080 “Coordinated register notification” – part 2 complement for VAT Register](#).
- For more information about VAT visit <http://www.skatteetaten.no/en/business-and-organisation/duties1/value-added-tax---vat/>



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## 3. RF-1199 - Reporting of assignments and employees in Norway

- There is an obligation to report foreign businesses assignments performed in Norway and/or on the Norwegian continental shelf and employees working in connection with the assignment. The information shall be reported on form RF-1199.
- This obligation is independent of any tax liability to Norway.
- Form RF-1199 is a basis for assessment of tax liability in addition to other information given about the business activity.
- <http://www.skatteetaten.no/no/Bedrift-og-organisasjon/Arbeidsgiver/utenlandsk-arbeidskraft/arbeid-utfort-i-norge/>
- <http://www.skatteetaten.no/en/Forms/Information-from-principal-on-contractorcontracts1/>



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# 3. RF-1199 - Reporting of assignments and employees in Norway

- The obligation to report on form RF-1199 is regulated by section 7-6 in the Tax Administration Act and sections 7-6-1 to 7-6-6 in the Tax Administration Regulation.
- Section 7-6 covers any **production** and **service contracts**, including contracts for the hiring out of labour.
- Does not include contracts only for the sale and purchase of goods
  - Where a contract is part sale/purchase and part production/service, the latter part must be reported
- Exemption – there is no obligation to report assignments for which the agreed remuneration is less than NOK 10.000



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# 3. RF-1199 - Reporting of assignments and employees in Norway

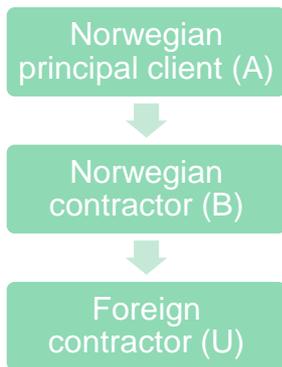
- The obligation to report applies when the assignment is carried out:
  - on sites for building and assembly work in Norway, or
  - on a site that is under the client's control in Norway, or
  - on the Norwegian Continental Shelf
- Who is obligated to report what?
  - The principal client and client are obligated to report RF-1199 part 1 and 2
  - The foreign contractor is obligated to report RF-1199 part 2



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### 3. RF-1199 – Examples

Assignments carried out on sites for building and assembly work in Norway, or are carried out on the Norwegian Continental Shelf. A has awarded a contract to Norwegian contractor B. B passes on the whole or part of the contract to foreign business U. U uses Norwegian and foreign employees in the performance of the contract



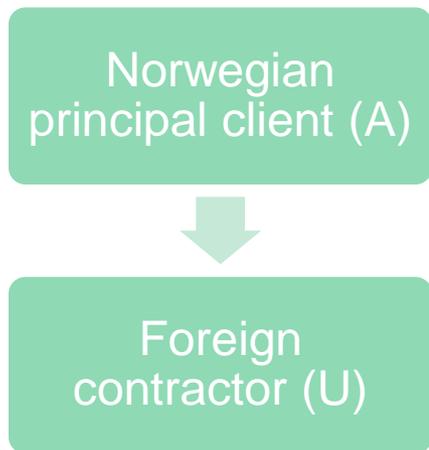
- A and B both have a duty to report the contract awarded by B to U.
- A is not obliged to report the contract awarded to B
- A, B and U have a duty to report U`s employees used in performance of the contract.



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## 3. RF-1199 – Examples

Reporting of contracts in Norway performed on a site that is under the client's control. A awards a contract to foreign business U. The contract is performed on A's premises.



Is the contract performed on a site under the client's control?

- *Yes, because the contract is performed on A's premises.*

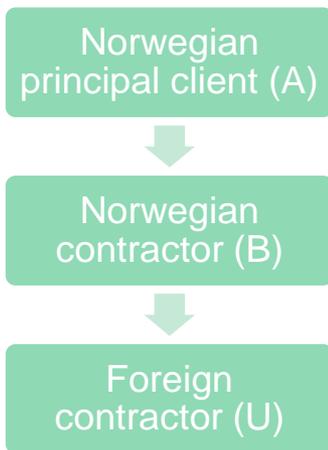
- A has a duty to report the contract awarded to U.
- A and U have a duty to report U's employees used in performance of the contract



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### 3. RF-1199 – Examples

Reporting of contracts not under a site under the client`s control. A awards a contract to B. B passes on the whole or part of the contract to U. The contract is performed on B's premises.



Is the contract performed on a site under the client (A)'s control?

*-No, because the contract is performed on B's premises.*

- A does not have a duty to report the contract awarded to U.
- B has a duty to report the contract awarded to U, see example 1.
- B and U have a duty to report U`s employees used in performance of the contract.



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## 3. RF-1199 - Sanctions

- The Tax Administration Act sections 14-1 and 14-7.
- Failure to comply with the obligation to report on form RF-1199 may impose a daily enforcement fine until the information is submitted or a penalty charge.



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## 3. RF-1199 – Access the Assignment register

- The Norwegian Tax Administration now offers electronic access to information about assignments and employees reported on [form RF-1199](#). Entities obliged to report may view assignments in which they take part either as main client, client or contractor regardless of who has reported and whether the reporting has been submitted on paper or electronically. The solution contains full history of reported assignments.
- <http://www.skatteetaten.no/en/business-and-organisation/Arbeidsgiver/utenlandsk-arbeidskraft/arbeid-utfort-i-norge/assignment-register/>



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# 3. RF-1199 – Part 1, the parties



**Sentralskattekontoret for utenlandssaker**  
**Central Office - Foreign Tax Affairs**

P.O. Box 8031, NO-4068 STAVANGER Tel +47 51 96 96 00  
Fax +47 51 96 96 96 e-mail: sfu@skatteetaten.no

Fjern utfylling

**Opplysninger om kontrakt, oppdragstaker  
og arbeidstakere**  
**Information about contracts, contractors  
and employees**

Ligningsloven av 13. juni 1980 § 6-10 og forskrift av 15. august 2008 nr. 929  
Tax Assessment Act of 13 June 1980 and regulations 15 August 2008 no 929

## DEL 1/PART 1

Hvem gir opplysningene?

Who submits the Information?

Oppdragsgiver/Client (Party awarding the contract)

Hovedoppdragsgiver/Main client (Party awarding the contract)

Oppdragstaker/Contractor

Oppdragsgiver/Client (Party awarding the contract)

Norsk org.nr./Norwegian org.no

Hovedoppdragsgiver/Main client (Party awarding the contract)

Norsk org.nr./Norwegian org.no

Oppdragstaker/Arbeidsgiver/Contractor/Employer

Norsk org.nr./Norwegian org.no

**Fylles ut dersom oppdragstaker/arbeidsgiver ikke er registrert med norsk organisasjonsnummer**  
**To be filled in if the contractor/employer does not have a Norwegian organisation no**

Adresse i hjemlandet/Address in country of residence

Selskapsform/Legal form of business

Reg.nr. i hjemlandet/Reg.no in country of residence

1. Who submits the information?
2. Norwegian organisation number
3. Legal form of business
4. Reg.no. in country of residence



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# 3. RF-1199 – Part 1, the contract

5. Onshore or offshore?
6. Hired labour?
7. Date and signature

## Opplysninger om oppdraget/Information about the contract

Startdato/Start date	Slutt dato/Termination date	Kommune/Municipality	Arbeidssted/Place of work
Land?/Onshore? <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No		Sokkel?/Offshore? <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No	
Kontraksnummer hovedoppdrag/Main contract no		Kontraksnummer/Contract no	
Kontraktstype/Type of contract Innleie?/Hired labour? <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No Bygge- eller monteringsarbeid?/Construction or assembly work? <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No		Kontraksbeløp i norske kroner/Contract amount in Norwegian currency NOK <input type="text"/> <input type="radio"/> Fastpris/Fixed price <input type="radio"/> Timepris/Payment by the hour	
Blir det benyttet underleverandør på kontrakten? Will any subcontractors be used in connection with the contract? <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No		Blir det benyttet arbeidstakere på kontrakten? Will any employees be used in connection with the contract? <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No	Antall ansatte Number of employees
Hvis oppdragstaker er personlig næringsdrivende, tar inneholder del i arbeidet som utføres i Norge eller på norsk sokkel i forbindelse med kontrakten? If the contractor is self-employed, has he/she personally performed work in Norway or on the Norwegian continental shelf in connection with the contract? <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No			

5

6

7

**Skal du rapportere arbeidstakere og/eller personlig næringsdrivende på oppdrag i Norge/norsk sokkel, må del 2 fylles ut  
If you are to report employees and/or self-employed persons on assignment in Norway or the Norwegian continental shelf  
Part 2 must be completed**

Dato og underskrift Date and signature	Kontaktperson for rapportering Contact person for the reporting
	Tlf./tel
	E-post/e-mail

Vennligst bruk blokkbokstaver/Please use capital letters



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# 3. RF-1199 – Part 2, the employees

## DEL 2/PART 2

### Opplysninger om kontrakt, oppdragstaker og arbeidstakere Information about contracts, contractors and employees

Del 1 må leveres sammen med del 2  
Part 1 has to be enclosed with part 2

Etternavn Surname		Alle fornavn All first names		Norsk fødselsnr./D-nr. Norwegian national id no or D-no	
Første arbeidsdag First day of work		Siste arbeidsdag Last day of work		Personlig næringsdrivende Self employed <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No	
<b>Fylles ut dersom arbeidstaker/oppdragstaker ikke er registrert med norsk fødselsnummer/D-nummer</b> <b>To be filled in if the employee/contractor does not have a Norwegian national identity number or D-number</b>					
Fødselsdato Date of birth	Statsborgerskap Nationality	Kjønn Sex <input type="radio"/> Mann/Male <input type="radio"/> Kvinne/Female	Sivilstand Marital status <input type="radio"/> Gift/Married <input type="radio"/> Ugift/Single	Identitetsnr. i hjemlandet Personal identity no in country of residence	Vedlagt kopi av pass/ id.dokument Copy of passport/ ID document enclosed <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No
Adresse i Norge/Address in Norway		Adresse i hjemlandet/Address in county of residence			Bekreftelse av personens identitet Confirmation of the person's identity <input type="radio"/> Ja/Yes <input type="radio"/> Nei/No

8

9

10

- 8. Norwegian national id no or D-no
- 9. Copy of passport
- 10. Confirmation of the person's identity



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## 4. Obligation to keep accounts

- Foreign companies/entities are obliged to keep account according to the Norwegian Accounting Act if:
  - Taxable according to Norwegian domestic legislation
  - A letter from Ministry of Finance to The Norwegian Tax Payers Association dated 16.01.2008 concluded that a foreign company hiring out employees to perform work in Norway, is taxable to Norway after domestic legislation even if the company not has a office in Norway or all the management is done abroad
- Foreign companies/entities that are obliged to keep accounts, have to comply with the provisions in the Bookkeeping Act



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# When you operate in Norway



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## 5. Obligation to report salary, allowances and benefits in kind

- Employers having employees performing work in Norway have a statutory obligation to submit a-melding
- Salary shall be reported on a-melding regardless whether the salary is taxable or not
- All salary, allowances and benefit in kind earned whilst working in Norway shall be reported on a-melding. This includes:
  - Holiday pay and bonus regarding work performed in Norway even if the payment is done after the working period in Norway is finished
  - Number of working hours (if salary based on working hours)
  - Overtime – amount and number of hours
  - Free housing



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## 5. Obligation to report salary, allowances and benefits in kind (cont.)

- Free board and lodging (fixed rates – board NOK 89 per day – lodging NOK 34 per day)
  - Home travels – amount and number of return trips
  - Subsistence allowance – amount and number of days
  - Savings on household costs for commuters NOK 89 per day
- 
- Further information how to report on a-melding you'll find on the web site to Altinn, <https://www.altinn.no/en/a-ordningen/Guide-to-a-meldingen/>



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## 5. Obligation to report salary, allowances and benefits in kind (cont.)

The Tax Administration can impose the following sanctions and penalties:

- Penalty for not sending a-melding or evidently wrong information
  - Compulsory fine - one court fee NOK 1 049 per day max NOK 52 450 (administrative sanction)

Court decision

- Fine or prison up to two years



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## 6. Obligation to deduct withholding tax

All employers have to deduct withholding tax in salary paid while employees working in Norway. This also applies to foreign companies.

- Foreign companies can apply for exemption for deducting withholding tax
- Application has to be sent to Central Office – Foreign Tax Affair (COFTA)
- When there is justifiable reason to assume that income is not taxable to Norway, the tax office will issue a statement that exempt the tax payer from withholding tax for a period or for certain benefits or remuneration (cf. regulations to the Tax Payment Act section 5-3-3)



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## 6. Obligation to deduct withholding tax (cont.)

- If an employee do not have a tax card the employer is obligated to deduct 50 % tax.
- Part two of form RF-1199 will issue a tax deduction card on employees who have attended an ID-check or employees who are exempted from attending an ID check. Employees that do not receive a tax card after being reported on RF-1199 needs to apply for a tax deduction card on form RF-1209.
- The Tax Administration is no longer sending out tax deduction cards in the post to employer. As an employer, it is now up to you to obtain your employees' tax deduction cards electronically.
- <http://www.skatteetaten.no/en/business-and-organisation/Arbeidsgiver/skattetrekk/employers-order-electronic-tax-deduction-cards/>



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## 7. Obligation to give access to the accounts

Norwegian Tax Authorities can at any time demand access to the accounts. Examination of the accounts can either be done in Norway or in Lithuania.

- If the examination is taking place in Norway and the accountancy is done in Lithuania, the company has to bring the accountancy to Norway for examination
- If the examination is taking place in Lithuania, the examination must be done in cooperation with Lithuanian Tax Authorities. All correspondence and exchange of information must go through Competent Authority.



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## 8. Net salary arrangement

Many companies use a net salary arrangement when posting employees to Norway

- If the employer uses a net salary arrangement, the net salary must be grossed up to gross salary
- If the employer use a net salary arrangement, the employer is responsible for correct calculation of tax and gross salary and for any tax arrears

We experience many mistakes when using net salary arrangement:

- The basis for grossing up is wrong
  - E.g. private expenses are deducted in the bases for grossing up



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## 8. Net salary arrangement (cont.)

- The method for grossing up is wrong
  - Using the calculator on the web site to Tax Administration and using one month every month instead of using cumulative net pay and number of months
- Employees are grossed up in tax class 2 (married person with spouse earning less than NOK 46 300 = EUR 5 080) without being entitled to tax class 2
- Link to guidelines for grossing up net salary
- <http://skatteetaten.no/en/business-and-organisation/Arbeidsgiver/utenlandsk-arbeidskraft/tables-for-employers-with-employees-on-net-salary-agreements/net-salary-with-variable-monthly-salary/>
- <http://skatteetaten.no/en/business-and-organisation/Arbeidsgiver/utenlandsk-arbeidskraft/tables-for-employers-with-employees-on-net-salary-agreements/>



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## 9. Advance tax – Self employed

- If you run your own independent business (sole traders) [you must make advance tax payments](#). This means that you pay the tax as soon as the income arises. The advance tax is based on the profit you expect to make.
- You can apply for advance tax with form RF-1102 “Application for new or changed tax card/advance tax 2017”, see <http://www.skatteetaten.no/globalassets/Skjemaer/2017/RF-1102E.pdf> or form RF-1209 item 8, see [http://www.skatteetaten.no/globalassets/skjemaer/alltid/rf-1209b\\_utskriftsversjon.pdf](http://www.skatteetaten.no/globalassets/skjemaer/alltid/rf-1209b_utskriftsversjon.pdf)
- Advance tax falls due for payment four times a year (15 March, 15 May, 15 September and 15 November).
- For more information visit <http://www.skatteetaten.no/en/person/Tax-deduction-card-and-advance-tax/Status-of-your-order/Advance-tax--personal-taxpayers/> or <http://www.skatteetaten.no/en/International-pages/Felles-innhold-benytted-i-flere-malgrupper/Articles/Paying-tax-and-value-added-tax-for-the-company-/>



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## 9. Advance tax – non-personal taxpayers

- Non-personal taxpayers such as private limited liability companies must make advance tax payments. Advance tax for foreign companies registered at the Central Office – Foreign Tax Affairs is paid to the International Tax Collection Office.
- If the company want to change the advance tax they can use form RF-1097.
- Advance tax falls due for payment in two equal instalments. 15 February and 15 April in the year after the income year.
- More information about payment of tax for foreign companies visit <http://www.skatteetaten.no/en/International-pages/Felles-innhold-benytttes-i-flere-malgrupper/Articles/Paying-tax-and-value-added-tax-for-the-company-/>



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# 10. Submit tax return – Self employed

- Any foreign self-employed with activities in Norway and/or on the Norwegian Continental Shelf has a legal obligation according to Norwegian tax law to complete and submit a Tax Return. The tax return must be submitted electronically by 31 May. It is no longer possible for businesses to submit tax returns on paper.
- **Forms to submit**
  - Pre-completed Tax Return
  - Income statement 1 RF-1175E (Guidelines for the RF-1175E form)
  - Personal income from sole proprietorship RF-1224E (Guidelines for the RF-1224E form)
- Some self employed can use the Business Tax Return. [The Business Tax Return is a new electronic form of submission for businesses with simple tax circumstances.](#)



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# 10. Submit tax return – Enterprises

Anyone who has assets or receives income in Norway must submit a tax return. This obligation applies even if the company disputes its obligation to pay tax to Norway. The tax return must be submitted electronically by 31 May. It is no longer possible for businesses to submit tax returns on paper.

- **Mandatory forms:**

- Tax return for private limited companies (RF-1028)
- Income statement 2 (RF-1167) (only in Norwegian)
- [Extract of accounts \(RF-1045\)](#)

- **Other relevant forms:**

- [Differences between accounting and tax values \(RF-1217\)](#) (only in Norwegian)
- [Salary and pension costs \(RF-1022\)](#) (only in Norwegian)
- [Depreciation \(RF-1084\)](#) (only in Norwegian)



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# 10. Submit tax return

- **Other information:**
  - Relevant information from the company may also be attached the tax return.
- **The consequences of not submitting a tax return could be:**
  - daily penalty fine
  - estimated assessment
  - imposition of supplementary tax
  - reporting to the police



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# 11. Tax Assessment Notice

- When the tax office has processed the information given on the tax assessment, companies and employees will receive a tax settlement. Tax settlements contain information about the basis for the calculation and assessed/paid advance tax.
- For employees tax settlements are sent out in the end of June or at the latest in October and for other tax payers in October. The tax payers are responsible for ensuring that the Norwegian Tax Administration [has the correct address.](#)
- If not enough tax has been paid, the outstanding amount must be paid by the deadline stated on the back of the tax settlement. In the event of a change in the tax assessment, the deadline for payment is three weeks after the date shown on the tax settlement.



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# 11. Tax Assessment Notice (cont.)

- In case of tax arrears – the claim must be paid
- Payment of tax arrears is not the same as acceptance of the claim
- If the assessment is wrong?
  - **New from the year of income 2016:** You can correct the tax assessment by re-submitting your tax return, either in Altinn.no or by post. This can be done the three first years after your tax assessment notice was published.



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# When you ceases to operate in Norway



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# 12. Cessation of activity in Norway

- **Duty for companies to request advance tax assessment**
  - Companies registered as a NUF in Norway are not a legal entity and the activity performed are considered as a branch of the main office. The rules of requesting advance tax assessment only applies when the main office is dissolved. As soon as your company's board or manager has decided that the company is to be dissolved, the company must request advance tax assessment. You must then submit the form RF-1028 ["Tax return for private limited company"](#) and tick off for requesting advance tax assessment. Income received up until the final date of dissolution must be declared in the tax return.
- **Reporting duty**
  - If you are subject to a reporting duty to the Central Tax Office - Foreign Tax Affairs, you must tell the office the correct end date of your assignment and employees using the form RF-1199 ["Information about contracts, contractors and employees"](#).



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# 13. Close your company in the Central Coordinating Register for Legal Entities

- As long as you are registered in the Central Coordinating Register, we will assume that you are operating in Norway. You can close your company in the register by submitting the coordinated register notification form in Altinn.
- For more information visit <https://www.brreg.no/business/other-types-of-entities/norwegian-registered-foreign-business/closing-a-foreign-business/>



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**You must be aware  
of the following**



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# 14. Exemption for Norwegian National Insurance

- Employees must have an A1 from Lithuanian Social Authorities to get exempted from Norwegian National Insurance
- Lithuanian employers are only exempted for calculation of employers contribution to Norwegian National Insurance (14,1% of gross salary) if the employees hold an A1
- It is important to provide A1 forms as early as possible
- If salary is reported at the a-melding as exempted for Norwegian National Insurance and no A1 is registered in our systems, we will impose 14,1% employer's National Insurance contributions



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## 15. Employer's duties – Employment contract, holiday pay e.g.

- All workers shall have written employment contract
- Holiday payment at least 10,2% of gross salary
- Overtime payment at least 40% of the agreed hourly pay
- For more information, see the web sites to Labour Inspection
- <http://www.arbeidstilsynet.no/working-conditions-in-norway.html?tid=240097>



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# 15. Employer's duties – Minimum wages

Statutory duty to pay minimum salary in some business areas. The following sectors have generally applicable collective agreements (regulated in separate regulations):

- Construction sites (for construction workers)
- The maritime construction industry
- The agriculture and horticulture sectors
- Cleaning workers
- Fish processing enterprises
- Electricians
- Freight transport by road
- Passenger transport by tour bus

Link to web site - minimum wage: <http://www.arbeidstilsynet.no/fakta.html?tid=240096/>



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# 15. Employer's duties – Minimum wages (cont.)

- To whom does the minimum wage apply to?
  - The regulations apply to skilled and unskilled workers. By skilled worker it is meant a worker who holds an officially approved trade certificate or corresponding formal qualifications in the field of work. An unskilled worker is a worker who does not hold such a trade certificate.
- Who is responsible for minimum salary is paid?
  - Undertakings that perform work are responsible for ensuring compliance with these regulations. This also applies to any person managing the undertaking on the employer's behalf.



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# 15. Employer's duties – Minimum wages (cont.)

Minimum hourly wages - construction sites:

- For skilled workers: NOK 193.60 (EUR 21,16)
- For unskilled workers without any experience of construction work: NOK 174.00 (EUR 19,02)
- For unskilled workers with at least one year's experience of construction work: NOK 181.50 (EUR 19,84)
- For workers under 18 years of age: NOK 116.70 (EUR 12,75)

The rates apply from October 28th 2016.



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# 15. Employer's duties – Documentation of salary

Salary shall be documented according to Norwegian law. For each period the documentation must contain following information specified on each employee:

- Norwegian ID number
- Name and position
- Tax municipality
- Tax table number
- Date for payment and which period the payment covers
- Gross salary. If based on number of hours: Number of hours shall be stated
- Any additional benefits subject for taxation
- Deduction for trade union (if applicable)
- Basis for withholding tax
- Amount of withholding tax







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# 15. Employer's duties – Documentation of working hours

If the salary is based on numbers of working hours, the following documentation must be available:

- Date for work performed
- Number of hours the actual day
- Sum number of hours for the actual period



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# 15. Employer's duties – Obligation to issue pay slips

Employers are obliged to issue a pay slips to the employees that complies with the regulations to the Tax Payment Act. The following information must be stated:

- Name of the employee
- ID number
- Period for the payment
- Tax table number
- Gross salary
- Basis for withholding tax
- Amount of withholding tax
- Name and organization number of the employer



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# 15. Employer's duties – Documentation of allowances and payments in kind

Subsistence allowance, lodging and travel expenses are tax free for commuters (if payments comply with the Norwegian rates).

Important to know:

- Allowances and payments in kind shall be reported at the a-melding even if they are tax free
- Subsistence allowance should be paid in addition to the agreed salary and the pay slips shall be in accordance with the employment contract



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# 15. Employer's duties – Documentation of allowances (cont.)

- Allowances and payments in kind are tax free for commuters. To be regarded as a commuter, the following conditions must be fulfilled:

## Family commuters

If the employee has common home with spouse and/or child in home country, he/her is a commuter. He/her has to commute at least 3-4 times per year to be regarded as commuter.

## Single persons over 21 years

Tax residence for a single person over 21 is ranked in the following order:

- Self-contained house/flat
- Parent's house
- Dependent housing

A single person over 21 years has to travel home every third week



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# 16. Joint and several liability

In cases where employees are hired out, both the employer and the principal are responsible for correct payment of:

- Lack of deducting and payment of withholding tax for the employees
- Employer's National Insurance
- Lack of submitting a-melding



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# 16. Joint and several liability (cont.)

International Tax Collection Office had 38 cases with joint and several liability in 2018 – among them 3 companies from Lithuania

## Consequences

- The Norwegian principal/client had to pay the taxes the foreign employer should have paid
- The amounts can be very high – up to several millions Norwegian kroner
- Examples where the principal has gone bankrupt
- It will be hard for the foreign company to get new contracts in Norway



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# Practical examples



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# Example from construction business

A Lithuanian company had only reported salary and withholding tax to Norwegian Tax Authorities. The employees had subsistence allowance according to Lithuanian rules (LTL 200 per day).

Either taxable subsistence allowance or non taxable subsistence allowance were reported.

How bad can it turn out?

- International Tax Collection Office (ITCO) performed an audit of payroll
- ITCO recalculated taxable income and regarded the difference between Lithuanian rates (LTL 200) and Norwegian tax free rates as taxable income



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# Example from construction business (cont.)

- In this case it were many employees, therefore ITCO suggested doing the corrections by use of joint settlement
- The Lithuanian company had to pay EUR 2 800 000 (taxes, employers NIS and surcharge)
  - If tax administration has to do corrections for many employees, the corrections can be done with use of joint settlement
  - The employer has to pay the tax bill on behalf of the employees
  - As bases for calculation of tax we use sum not reported taxable salary



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## Example from construction business (cont.)

- Sum not reported salary is grossed up to a gross salary with factor 1,5385 (tax rate 35% -  $1/0,65$ )
- Tax is calculated with 35% of the grossed up amount
- Example: Not reported taxable income EUR 100 000. Tax to pay:  
 $100\ 000 * 1,5385 = 1\ 53\ 850 * 35\% = 53\ 847$
- If the employees in question have high salary, we use 2 as gross-up factor and 50% tax



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# Example from ship yard industry

Lithuanian company hired out employees to a Norwegian ship yard

- Salary not reported to Norwegian Tax Authorities or too low salary reported
- International Tax Collection Office (ITCO) performed an audit of payroll
- ITCO recalculated the taxable income and calculated the gap between what was paid and what should have been paid
- We made the principal responsible for the missing payment of withholding tax with EUR 840 000



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# Example from ship yard industry<sub>(cont.)</sub>

- The tax claim was a huge amount for the shipyard, but they had some unpaid invoices for performed work from the Lithuanian company so they offset the tax bill against the unpaid invoices
- Lack of payment from the yard caused problems for the Lithuanian company and they had not money to pay salary to the employees
- The employees denied to work and took long smoking- and coffee breaks
- The Lithuanian company was kicked out of the shipyard



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# Duties for employees





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# Obligations for employees working in Norway

If you work in  
Norway you  
need to

- 1. Attend an ID Check
- 2. Have a tax card
- 3. Check and submit a tax return
- 4. Receive a tax assessment notice
- 5. Report move or change of address
- 6. National Insurance contributions



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# 1. Duty to attend an ID-check

- Foreign citizens that work onshore in Norway and that do not have a Norwegian national ID number or a valid ID check, must visit a tax office which performs identity checks in order to apply for a tax deduction card. They are required to appear in person at a tax office and present valid proof of identity.
- Exemptions from obligation to attend an ID check
  - Foreign citizens who only work on the Norwegian continental shelf
  - Seafarers working on a NIS/NOR vessel who are resident abroad for tax purposes
  - People with a D-number who have reported for an ID check during the past three years
  - Application for exemption for persons who are in a situation that would make it very difficult to attend a tax office to prove their identity in order to apply for a tax deduction card

<http://www.skatteetaten.no/en/person/Tax-deduction-card-and-advance-tax/Foreign-employees/Apply-for-a-tax-deduction-card/Tax-deduction-cards-for-persons-without-a-Norwegian-national-ID-number/>



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# 1. Duty to attend an ID-check

- Foreign citizens can have their ID checked at one of 42 ID offices.
  - <http://www.skatteetaten.no/en/person/Tax-deduction-card-and-advance-tax/Foreign-employees/Offices-for-ID-validation/>
- The employee/citizen need to bring with them:
  - **EU/EEA/EFTA citizens**
    - A passport or national ID card containing a photo and mentioning the persons nationality and gender.
    - They must also prove that they need a tax deduction card, for example present a employment contract or a written offer of employment.
  - **Non-EU/EEA/EFTA citizens**
    - Passport containing a photo and mentioning your nationality and gender
    - Residence card showing permission to reside in Norway with a right to work
    - They must also prove that they need a tax deduction card, for example present a employment contract or a written offer of employment.

<http://www.skatteetaten.no/en/person/Tax-deduction-card-and-advance-tax/Foreign-employees/Apply-for-a-tax-deduction-card/Apply-for-a-tax-deduction-card/>



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## 2. Tax deduction card

- Foreign employees are obligated to obtain a Tax deduction card when working in Norway. If an employee do not have a tax card the employer is obligated to deduct 50 % tax.
- Part two of form RF-1199 will issue a tax deduction card on employees who have attended an ID-check or employees who are exempted from attending an ID check. Employees that do not receive a tax card after being reported on RF-1199 needs to apply for a tax deduction card on form RF-1209.
- The Tax Administration is no longer sending out tax deduction cards in the post to employees. As an employer, it is now up to you to obtain your employees' tax deduction cards electronically.
- <http://www.skatteetaten.no/en/business-and-organisation/Arbeidsgiver/skattetrekk/employers-order-electronic-tax-deduction-cards/>



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## 2. Tax deduction card

- **You'll find a guide for foreign workers who want to start work in Norway at <http://www.skatteetaten.no/en/person/Tax-deduction-card-and-advance-tax/Foreign-employees/i-will-be-working-in-norway--what-do-i-need-to-do/>**
- The tax deduction cards do not contain information about your residence permit, and are not proof of your right to work or stay in Norway. Employers have an independent responsibility for ensuring that all employees have the right to work in Norway. [The Directorate of Immigration \(UDI\)](#) will be able to answer any questions you have.



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# 3. Tax return

- All employees working in Norway or on the Norwegian continental shelf are obligated to check, fill out and submit a tax return to the Norwegian Tax Administration. Normally a pre-completed tax return will be send to the employees in March/April. The pre-completed tax return gives an overview of their income, deductions, assets and debts for the last income year. Changes in the tax return must be submitted before the 30. April.
- Foreign employees that does not receive a tax return before the end of April, must complete and submit the form [RF1281 - Tax return for individuals who have not received a pre-completed tax return.](#)



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# 3. Tax return

Check the following before submitting the tax return:

- All income derived in Norway
- Be especially aware of completing post 1.5.5 in the tax return.
  - Number of months working in Norway (12-parts / working period)
  - Number of days with physical presence in Norway/Norwegian continental shelf
  - Non taxable income, allowances and benefits in kind
  - Tax class
  - National Insurance (8,2% of gross salary)
  - Important: Bank account details

Practical guide for checking the tax return

<http://www.skatteetaten.no/en/person/Tax-Return/About-the-tax-return/tax-return---step-by-step/tax-return---what-is-it/>



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# 3. Tax return

- How to submit the tax return
  - If all information in the pre-completed tax return is correct and complete you don't need to submit the tax return. The pre-completed tax return will in that case be regarded as the final «submitted» tax return.
  - The tax return can be submitted either in Altinn.no (if you are an electronic user) or by post.
  - How to become an electronic user visit <http://skatteetaten.no/en/person/Tax-deduction-card-and-advance-tax/Foreign-employees/i-will-be-working-in-norway--what-do-i-need-to-do/Sign-up-as-an-electronic-user/>

For more information:

<http://www.skatteetaten.no/en/International-pages/If-you-work-in-Norway-you-need-to/Submit-a-tax-return-/Submit-a-tax-return-/>



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## 4. Tax assessment notice

- Employees that submit the tax return in Altinn.no may receive their tax assessment notice in June. Other employees will receive it during the summer, at latest in October.
- The Tax Assessment Notice will either show balance in favour or tax arrears
- In case of tax arrears – the claim must be paid
- The balance in favour will be transferred to the employee's bank account
- Payment of tax arrears is not the same as acceptance of the claim



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## 4. Tax assessment notice (cont.)

- If you think the tax assessment is wrong or you want to add information:
  - **New from the year of income 2016:** You can correct the tax assessment by re-submitting your tax return, either in Altinn.no or by post. This can be done the three first years after your tax assessment notice was published.
  - Exception: If the Tax authorities corrects items in your tax assessment you will receive an official decision about this. If you disagree with this decision you need to submit an appeal to Central Office – Foreign Tax Affairs (COFTA) supported with documentation within six weeks from the publishing date of your tax assessment notice.



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## 5. Report move or change of address

- It is important to notify the Norwegian Tax Administration of the address at which you receive post. You must also notify Norway Post if you have a new postal address in Norway.
- For more information visit <http://www.skatteetaten.no/en/International-pages/Felles-innhold-benytttes-i-flere-malgrupper/Articles/Reporting-a-move-and-change-of-address/> or <http://www.skatteetaten.no/en/person/National-Registry/>
- For change of address form for person with D-number visit <http://www.skatteetaten.no/globalassets/taxnorway/2016/sfu/adresseendringsskjema-dnr.pdf>



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## 6. National Insurance contributions (A1)

- Employees that enter Norway to work will usually become a member of the mandatory Norwegian National Insurance Scheme from the first day of work, cf. the National Insurance Act section 2-2.
- Employees from EU/EEA countries or other countries with which Norway has entered into social security agreements, may be able to maintain their membership of their own country's social insurance scheme. In order to be exempted from membership obligation in the Norwegian scheme, they must provide documentation that they have similar coverage elsewhere. For EU/EEA members the forms E101 or A1 are accepted as documentation. The documentation must be sent to NAV.



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## 6. National Insurance contributions (A1) – change tax deduction card

- If an employee have received an A1 form they may have to apply for a new tax deduction card on form RF-1209 that takes the A1 form into consideration. Remember to attach a copy of the A1 form with the application.

# The Norwegian Tax Administration

## Resources:

Miniguide for Foreign businesses and employees

<http://www.skatteetaten.no/en/business-and-organisation/Arbeidsgiver/utenlandsk-arbeidskraft/Mini-guide-for-Foreign-businesses-and-employees/>

Forms, Tax topics and brochures

<http://www.skatteetaten.no/en/International-pages/Tell-me-about/Forms-Tax-topics-and-brochures-1/Forms-Tax-topics-and-brochures-/>

Link to Labour Inspection in Lithuanian language

[http://www.arbeidstilsynet.no/language\\_content.html?lang=lit](http://www.arbeidstilsynet.no/language_content.html?lang=lit)

Call 800 80 000. From abroad +47 22 07 70 00.

For English menu, press 9.

Link to taxnorway.no – useful information for foreign employers and employees,

<http://www.skatteetaten.no/en/International-pages/>

**Skatteetaten.no**

