KPMG INTERNATIONAL

# Taxation of Cross-Border Mergers and Acquisitions

Norway

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# Norway

## Introduction

In Norway, a sale of shares in a Norwegian entity is tax-exempt. Thus, it can be useful to purchase entities by setting up a Norwegian purchasing entity so the investor may exit without any major tax costs and reinvest in another Norwegian entity.

Norway's tax system and tax framework for cross-border mergers and acquisitions (M&A) has been relatively stable, except for the general tax exemption introduced in 2004. However, for 2014 and later financial years, Norway has adopted new legislation for limitation of intragroup interest. This legislation applies to limited liability companies as well as Norwegian branches of foreign companies and partnerships. The rules limit the intragroup interest deduction to an amount equal to 30 per cent of tax-adjusted earnings before interest, taxes, depreciation and amortization (EBITDA).

Also, new legislation regarding limited liability companies and public limited companies has been adopted. The purpose of these new rules is to simplify the regulations in the Norwegian Company Law. For tax purposes, the new legislation generally increases the dividend capacity. The rules on calculating distributable reserves have been amended. The booked value of R&D, acquired goodwill and net deferred tax assets is no longer excluded in the basis for calculating distributable reserves. The new rules also provide more flexibility in the timing of distribution of dividends. Another important change is that restrictions on a limited liability company's ability to grant credit to, or provide security in favor of, foreign parent or sister companies is now permitted, provided that the credit or security serves the economic interests of the group. According to the new legislation, it is sufficient that one or more companies in the group benefit from the credit or security.

## Recent developments

The most significant recent change is the new intragroup limitation legislation, which will significantly affect multinational groups with intragroup financing relating to their Norwegian operations. The rules offer few exemptions to the limitation rules, so it might be difficult for these entities to claim full interest deductions in Norway on intragroup financial arrangements. Note that the definition of intragroup loans and interest includes debt secured by guarantees.

Multinational groups with operations in Norway need to consider and evaluate their current financial arrangements in light of these new rules as of the financial year 2014.

The arm's length principle continues to apply in addition to the interest deduction limitation rules. KPMG in Norway assumes the principle will be applied in exceptional cases since the new rules are strict; however, this remains unclear.

Further, as of 1 July 2013, new legislation simplifies the Norwegian limited companies law and public limited companies law.

The amendments to the Limited Companies Act and Public Limited Companies Act revise corporate governance rules, remove certain dividend constraints, and ease the ability to arrange intragroup loans from Norwegian subsidiaries to foreign group companies.

## Asset purchase or share purchase

Acquisition of a Norwegian company may be carried out either through a share purchase or asset purchase, or by a merger. (See below regarding the purchase of vehicles.)

A number of aspects related to asset acquisitions are discussed below, followed by a discussion of share acquisitions.

### Purchase of assets

Asset purchases are normally the preferred choice of the purchaser, as this approach clears any company history and creates a step-up for depreciation.

### Purchase price

The purchase price must be allocated among the individual assets, and this allocation determines the tax bases for future depreciations. Normally, this is not a major obstacle, and, for most practical purposes, it is sufficient to mirror the allocation made for accounting purposes.

Also, it is important that the purchase price is described in a way that avoids the risk of having some of the purchase price deemed as salary for any of the sellers.

### Goodwill

- Goodwill paid for a business can be depreciated for tax purposes at 20 percent on a declining balance.
- Time-limited intangible rights, such as leasing contracts, rights of use or patents, are amortized by equal annual amounts over the lifetime of the asset.

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- Non-time-limited intangible rights, such as a company name or brands, are only depreciable where there is a clear decrease in value, in which case the right is amortized over the asset's projected lifetime.

The seller is taxed on any gain on intangible assets and goodwill. The gain could be deferred and taxed at 20 percent on a declining balance through the company's gain and loss account. A higher amount could be entered as income.

## Depreciation

All assets used in the business are depreciable if they are either listed in the following depreciation groups or are documented as having lost value over time. The rates for different depreciation groups are as follows:

| Assets | | Depreciation rates (%) |
|---|---|---|
| Group a | Office machines, etc. | 30 |
| Group b | Acquired (purchased) goodwill | 20 |
| Group c | Trucks, buses, etc. | 20 |
| Group d | Cars, tractors, machines, tools, instruments, inventory, etc.*) | 20 |
| Group e | Ships, vessels, rigs, etc. | 14 |
| Group f | Planes, helicopters | 12 |
| Group g | Electrical plant | 5 |
| Group h | Buildings and plants, hotels, restaurants, etc. | 4 |
| Group i | Business buildings | 2 |
| Group j | Permanent technical installations in buildings | 10 |

* As of 1 January 2014, a 10 percent initial depreciation applies for equipment and other assets in group d. Thus, the depreciation rate for the first year is increased from 20 percent to 30 percent. The increased rate applies similarly to additions to older assets in group d.

*Source: KPMG in Norway, 2014*

## Value added tax

Value added tax (VAT) is levied on any sale of assets, unless it can be deemed a sale of a whole activity. Sales of shares do not trigger VAT, but it is important to check whether the company was part of a VAT group. Further, the continued business activity needs to be de-registered or re-registered for VAT purposes.

The disposal of operating assets or shares as part of the transfer of a business, or part of a business, to a new owner can take place without triggering VAT. One condition is that the new owner continues the activity within the same industry. If there is evidence of purchasing with the intention of closing down the business, a VAT liability is triggered.

## Transfer taxes

Norway does not have transfer taxes, except for registration of new legal owners of cars and real estate. Stamp duty on real estate is 2.5 percent of fair market value.

## Purchase of shares

A share sale is normally the seller's choice because a Norwegian corporate seller benefits from the tax-exemption model and does not remain liable for the business.

There are no immediate Norwegian tax consequences for a foreign company when it acquires the shares of a Norwegian company. Thus, where goodwill is included in the value of shares, depreciation for tax purposes is not permitted.

Apart from the carry forward of losses, as described later in the chapter, the tax position of the acquired Norwegian company remains unchanged. Thus, there is no possibility of a tax-free step-up in the tax base of the assets of the acquired company.

An acquisition of shares can be restructured in such a way that the purchaser obtains tax benefits (see later in the chapter).

It is not possible to obtain assurances from the tax authorities that a potential target company has no tax liabilities or advice as to whether the target is involved in a tax dispute.

Instead, the purchaser must carry out a due diligence. A normal part of the due diligence process involves a review of the tax affairs of the potential target company.

Financing costs generally are considered as ordinary operating costs, and organizational costs are immediately deductible. However, costs for legal assistance, other consultancy costs and costs for due diligence, among others, related to the purchase of shares are treated as part of the shares' cost price. Due to the exemption method, the cost is not deductible for a Norwegian corporate shareholder.

## Tax indemnities and warranties

Such provisions are normal and legal for Norwegian purposes, and the parties may freely agree to the terms.

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### Tax losses

Losses of any kind may be set off against income from all sources and capital gains and may be carried forward indefinitely. Changes in ownership do not change the right to carry forward, provided that it is not likely that the exploitation of the losses was the main reason for the transaction.

### Pre-sale dividend

Dividend payments are taxed in the hands of the receiver, regardless of whether the dividends are paid before or after the transaction or whether the payment is made to the old or the new shareholder.

### Transfer taxes

Norway does not have transfer taxes, except for registration of new legal owners of cars and real estate. Stamp duty on real estate is 2.5 percent of fair market value. Stamp duty for real estate is not payable when shares are transferred in a corporation holding real estate.

### Tax clearances

It is possible to get pre-clearance from the tax authorities on transactions, usually in one to 3 months, provided the facts are clearly presented.

## Choice of acquisition vehicle

The following vehicles may be used to acquire the shares and assets of the target:

- local holding company
- branch of a foreign company
- subsidiary of a foreign company
- treaty country intermediary
- joint venture.

Generally, the advantages and disadvantages of the different acquisition vehicles must be considered on a case-by-case basis.

### Local holding company

Profits and losses within a Norwegian group of companies may be equalized by means of group contributions between group companies. The holding requirement for group contribution purposes is 90 percent ownership or voting rights, directly or indirectly, of the subsidiary. The ownership requirement must be met as at the end of the fiscal year. Such group contributions are deductible for the payer and taxable for the recipient.

A deduction also may be granted for group contributions between Norwegian subsidiaries of a foreign parent company and from a Norwegian company to a Norwegian branch of a European Economic Area (EEA) resident company. Group contributions may be granted from a Norwegian branch of an EEA resident company to a Norwegian subsidiary, subject to the same 90 percent common ownership condition.

Group contributions may be granted from a Norwegian branch of a company outside the EEA to a Norwegian subsidiary to the extent the relevant tax treaty has a non-discrimination clause stating that the taxation of a permanent establishment shall not be less favorable than the taxation of companies.

### Foreign resident company

A foreign resident company purchasing assets in Norway normally is deemed to have formed a permanent establishment. The taxation of a permanent establishment is normally the same as the taxation of a company, but the company is free to remit the profit without awaiting completion of the formalities, such as approving the annual accounts or deciding a dividend distribution, and there is no requirement that payments are within distributable equity.

### Non-resident intermediate holding company

Norway has comprehensive tax treaties with more than 80 countries, including all industrialized countries and most important developing countries.

### Local branch

A non-resident company normally carries on business in Norway through a Norwegian corporation (subsidiary) or through a registered branch. The corporate tax rate of 27 percent applies to both subsidiaries and branches. Although the choice of the legal form of an enterprise should be determined on a case-by-case basis, the following tax issues should be considered:

- Profits of a branch are currently taxed in Norway (the source country) as well as in the home country (where the source country tax is normally credited against the home-country tax unless an exemption applies), while profits of a subsidiary are taxed in Norway only. If distributed, the dividend taxation of the owner must be examined separately for each situation.
- A branch cannot deduct interest on loans from the head office.

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- No branch profits tax is withheld in Norway. Likewise, distributions from a Norwegian subsidiary are normally not subject to withholding tax (WHT), but each case must be examined separately.
- Subsidiaries and branches are not subject to net wealth tax.
- Filing requirements are more extensive for subsidiaries than for branches.

### Joint venture

No special tax legislation applies to joint ventures.

## Choice of acquisition funding

### Debt

Interest on loans is normally deductible for the purposes of calculating the net profits from business activities and when the loan is taken out for the purpose of acquiring shares. The deduction is made on an accrual basis.

### Intragroup interest deduction limitation

Norway has adopted new legislation related to intragroup interest, with effect from the financial year 2014.

The basis for the calculation is the taxable income as stated in the tax returns, including adjustment for group contribution. Tax-exempt income, such as certain dividends and gains on shares, does not increase the basis for deductions. Tax depreciations and net interest expenses (on both related-party debt and debt to unrelated creditors) are added back to the taxable income, and maximum deductible interest on related-party debt is capped at 30 percent of this amount.

Only deductions for interest payments to related parties can be disallowed under the proposed rules. However, payments to third parties also count towards the maximum deductible interest.

The rules apply to interest expenses from related parties (directly or indirectly hold 50 percent or more of the shares) and to loans guaranteed by related parties. The government recently proposed that loans guaranteed by subsidiaries should be exempted as well as loans granted with security in the underlying subsidiaries' shares. The rules also cover arrangements like back-to-back loans.

Companies with tax losses carried forward are required to pay tax on non-deductible interest insofar as it exceeds current-year losses. The rules do not apply to companies with 5 million Norwegian krones (NOK) or less in net interest costs (including interest on related-party and third-party debt). Disallowed related-party interest costs can be carried forward for up to 10 years.

The financial sector and the petroleum industry are currently exempt from the new rules.

For the oil industry, previous practice normally considered a debt-to-equity ratio of 4:1 to be a safe harbor.

Where a Norwegian company is thinly capitalized, the tax authorities might deny the deduction of part of the interest, or part of the interest might be considered a dividend distribution to the foreign parent company.

The arm's length principle continues to apply in addition to the interest deduction limitation rules. KPMG in Norway assumes this would be applied in exceptional cases since the new rules are strict; however, this remains unclear

There is no WHT on interest in Norway.

### Withholding tax on debt and methods to reduce or eliminate it

There is no WHT on correctly priced interests in Norway. Payments on interests above fair market value from Norway could be deemed dividend payments and thus trigger WHT on dividends. Documentation of fair pricing should be maintained to avoid such taxation.

### Checklist for debt funding

When funding a Norwegian entity, the following questions should be asked:

- Will the new intragroup interest legislation limit the deduction of intragroup interest? Will interest paid to a third party be considered as intragroup interest due to debt secured by intragroup guarantees?
- Is there a business reason for setting up a Norwegian purchasing entity? If not, the anti-avoidance rules may apply and the interest deemed void for tax purposes.
- Is the interest set at fair market value? If so, are the market conditions well documented (e.g. similar types of loan, similar market, similar security, etc.)? For subordinated loans, interest could be challenged if the situation of the company is such that the interest poses a threat to the equity.

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### Equity

There is no capital duty of any kind on contribution to equity.

### Hybrids

The tax treatment of a financial instrument usually is determined by the instrument's form rather than its substance. No single characteristic is of decisive significance for the classification. However, the following characteristics are considered to be typical of debt:

- There is an obligation to repay the capital, possibly with the addition of interest.
- There is an agreement governing interest, date of maturity and the loan's priority in relation to other creditors.

The following characteristics are considered to be typical of equity:

- A right is granted for a share in surplus liquidity and any dividend in the intervening period.
- The equity must take a certain form and be subject to certain restrictions and obligations regarding repayment of the provider of capital.
- The equity is intended to cover ongoing losses, and the yield is conditional on the company's performance.

### Deferred settlement

Any settlement that permanently reduces the company's obligation to make payments or reduces its claims against third parties is accepted as income/loss at the time of settlement, as long as the settlement is made with third parties. Any settlement within a group must be documented as a fair market action or it will likely be challenged.

## Other considerations

### Concerns of the seller

The seller normally prefers a sale of shares, because this frees them from responsibilities and historic risk and attracts more favorable tax treatment. However, the tax benefit is normally a part of the purchase price discussions, which makes the choice less crucial for both parties.

### Company law and accounting

In Norway, labor laws are protective and favor employees, who are entitled to have all their earned rights transferred with them.

Norwegian legislation also makes all contracts, etc., valid after a sale of shares, unless there are specific changes of control clauses or a change of ownership is clearly a breach of important explicit and implicit conditions.

For the dissolving entity, a formal merger is not considered liquidation. The company is regarded as a fully continuing corporation in all legal aspects unless the contracts state otherwise.

For accountancy purposes, a purchase of assets is considered to be a transaction, and the purchase price must be allocated. Only transactions within a group, without change of control, are treated as a continuous transaction, provided the consideration is shares in the purchasing company.

### Group relief/consolidation

There is no consolidation of groups for tax purposes, but relief for losses may be claimed within a group by way of group contributions. Group contributions are deductible for the contributor and taxable income for the recipient. The holding requirement for group contribution purposes is 90 percent. The parent company must hold, directly or indirectly, more than 90 percent of the shares and the voting rights of the subsidiary. The ownership requirement must be met at the end of the fiscal year.

Group contribution (with tax effect) may not be given or received with respect to income subject to the special petroleum tax.

Group relief is available between Norwegian subsidiaries of a foreign parent as long as the 90 percent ownership requirement is fulfilled at year-end. The same applies to foreign companies resident within EEA, which are considered comparable to Norwegian companies regarding group relief as long as they are taxable in Norway through a permanent establishment and the group relief is taxable in Norway. Also, under non-discrimination clauses of tax treaties, group relief is available for contributions made from branch of a foreign resident company to a Norwegian subsidiary of the same tax group.

### Mergers/demergers and exchanges of shares

A takeover may be carried out as a merger. Mergers and demergers may be treated neutrally for tax purposes. The companies may carry forward tax losses after the merger, provided the main motive for the transaction is not the tax position itself. A prerequisite for tax neutrality is that there be continuity in the tax positions involved before and after the transaction.

Rules for cross-border mergers and demergers were introduced with effect from 1 January 2011. The new rules

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allow for tax-neutral cross-border mergers and demergers between Norwegian private limited companies/public limited companies and foreign limited companies that are resident within the EEA area.

Under these rules, a merger or demerger between a Norwegian transferring company and a foreign qualifying company does not trigger taxation at the level of the company or shareholders. However, where assets, rights or liabilities are taken out of Norwegian tax jurisdiction, the general exit tax rules apply.

The new legislation also allows for the tax-neutral exchange of shares under certain conditions. A general condition for tax-free cross-border mergers, demergers or exchanges of shares is that the participating companies are not resident in low-tax countries within the EEA area, unless the company is genuinely established and carries on business activities in the EEA country. Exchanges of shares can be carried out outside of the EEA, provided that the companies are not resident in 'low-tax countries'.

Another general condition is that the transaction is tax-neutral in all countries and that all tax positions are unchanged for the shareholders and the companies involved. There are some exceptions.

The new rules grant the Ministry of Finance authority to adopt new regulations on tax-free transfers of business in following situations:

- transfer of business in a Norwegian company's foreign branch to a limited company in the same country
- transfer of business in a Norwegian branch of a foreign company to a Norwegian limited company
- transfer between branches of related assets, liabilities and business, provided that the foreign ownership companies constitute a part of a group.

### Transfer pricing

In Norway, transfer pricing policies must be documented at the request of the tax authorities. Failing to comply with such a request leads to fines. In addition, the company must keep a documentation file that can be forwarded to the tax authorities on short notice. Transfer pricing documentation rules impose an obligation for companies to prepare specific transfer pricing documentation. Norway's transfer pricing system is based on the Organisation for Economic Co-operation and Development (OECD) guidelines.

### Dual residency

Dual residency is treated in accordance with a relevant tax treaty between Norway and another country. However, domestic law clearly states that a person is a Norwegian tax-resident if they spend more than 183 days in Norway in any given one-year period.

## Comparison of asset and share purchases

### Advantages of asset purchases

- The purchase price (or a portion) can be depreciated or amortized for tax purposes.
- A step-up in the cost base for tax purposes is obtained.
- No previous liabilities of the company are inherited.
- No acquisition of a tax liability on retained earnings.
- Possible to acquire only part of a business.

### Disadvantages of asset purchases

- Possible need to renegotiate supply, employment and technology agreements, and change stationery.
- A higher capital outlay is usually involved (unless debts of the business are also assumed).
- Possibly unattractive to the vendor, so the price may be higher.
- Accounting profits may be affected by the creation of acquisition goodwill.
- Potential benefit of any losses of the target company remains with the vendor.

### Advantages of share purchases

- Lower capital outlay (purchase net assets only).
- More attractive to the vendor, since a capital gain is (almost) tax-free for companies.
- Purchaser may benefit from tax asset and losses of the target company.
- Purchaser may gain the benefit of existing supply and technology contracts.

### Disadvantages of share purchases

- Purchaser acquires an unrealized tax liability for depreciation recovery on the difference between the market and tax book values of assets.
- No deduction for the purchase price or underlying goodwill.

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## Norway – Withholding tax rates

This table sets out reduced WHT rates that may be available for various types of payments to non-residents under Norway's tax treaties. This table is based on information available up to 1 March 2014.

Source: *International Bureau of Fiscal Documentation, 2014.*

| | Dividends | | Interest (%) | Royalties (%) |
|---|---|---|---|---|
| | Individuals, companies (%) | Qualifying companies[1] (%) | | |
| **Domestic rates** | | | | |
| *Companies:* | 25 | 0 | 0 | 0 |
| *Individuals:* | 25 | N/A | 0 | 0 |
| **Treaty rates** | | | | |
| *Treaty with:* | | | | |
| Albania | 15 | 5 | N/A | N/A |
| Argentina | 15 | 10 | N/A | N/A |
| Australia | 15 | 0/5[2] | N/A | N/A |
| Austria | 15 | 0 | N/A | N/A |
| Azerbaijan | 15 | 10[3] | N/A | N/A |
| Bangladesh | 15 | 10[4] | N/A | N/A |
| Barbados | 15 | 5 | N/A | N/A |
| Belgium | 15 | 5 | N/A | N/A |
| Benin | 20 | 20 | N/A | N/A |
| Bosnia and Herzegovina[5] | 15 | 15 | N/A | N/A |
| Brazil | –[6] | – | N/A | N/A |
| Bulgaria | 15 | 15 | N/A | N/A |
| Canada | 15 | 5[7] | N/A | N/A |
| Chile | 15 | 5 | N/A | N/A |
| China (People's Rep.)[8] | 15 | 15 | N/A | N/A |
| Croatia | 15 | 15 | N/A | N/A |
| Cyprus[9] | 5 | 0[10] | N/A | N/A |
| Czech Republic | 15 | 0 | N/A | N/A |
| Denmark | 15 | 0 | N/A | N/A |
| Egypt | 15 | 15 | N/A | N/A |
| Estonia | 15 | 5 | N/A | N/A |
| Faroe Islands | 15 | 0 | N/A | N/A |
| Finland | 15 | 0 | N/A | N/A |
| France | 15 | 0/5[11] | N/A | N/A |

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| | Dividends | | Interest (%) | Royalties (%) |
|---|---|---|---|---|
| | Individuals, companies (%) | Qualifying companies[1] (%) | | |
| Gambia | 15 | 5 | N/A | N/A |
| Georgia | 10 | 5 | N/A | N/A |
| Germany | 15 | 0 | N/A | N/A |
| Greece | 20 | 20 | N/A | N/A |
| Greenland | 15 | 5 | N/A | N/A |
| Hungary | 10 | 10 | N/A | N/A |
| Iceland | 15 | 0 | N/A | N/A |
| India | 10 | 10 | N/A | N/A |
| Indonesia | 15 | 15 | N/A | N/A |
| Ireland | 15 | 5 | N/A | N/A |
| Israel | 15 | 5 | N/A | N/A |
| Italy | 15 | 15 | N/A | N/A |
| Ivory Coast | 15 | 15 | N/A | N/A |
| Jamaica | 15 | 15 | N/A | N/A |
| Japan | 15 | 5 | N/A | N/A |
| Kazakhstan | 15 | 5 | N/A | N/A |
| Kenya | 25 | 15 | N/A | N/A |
| Korea (Rep.) | 15 | 15 | N/A | N/A |
| Latvia | 15 | 5 | N/A | N/A |
| Lithuania | 15 | 5 | N/A | N/A |
| Luxembourg[12] | 15 | 5 | N/A | N/A |
| Macedonia | 15 | 10 | N/A | N/A |
| Malaysia | 0 | 0 | N/A | N/A |
| Malta | -[13] | 0[14] | N/A | N/A |
| Mexico | 15 | 0 | N/A | N/A |
| Morocco | 15 | 15 | N/A | N/A |
| Nepal | 15 | 5/10 | N/A | N/A |
| Netherlands | 15 | 0 | N/A | N/A |
| Netherlands Antilles[15] | 15 | 5 | N/A | N/A |
| New Zealand | 15 | 15 | N/A | N/A |
| Pakistan | 15 | 15 | N/A | N/A |
| Philippines | 25 | 15 | N/A | N/A |
| Poland | 15 | 0[16] | N/A | N/A |

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| | Dividends | | Interest (%) | Royalties (%) |
|---|---|---|---|---|
| | Individuals, companies (%) | Qualifying companies[1] (%) | | |
| Portugal | 15 | 5[17] | N/A | N/A |
| Qatar | 15 | 5[18] | N/A | N/A |
| Romania | 10 | 10 | N/A | N/A |
| Russia | 10 | 10 | N/A | N/A |
| Senegal | 16 | 16 | N/A | N/A |
| Serbia | 16 | 16 | N/A | N/A |
| Sierra Leone | 5 | 0 | N/A | N/A |
| Singapore | 15 | 5 | N/A | N/A |
| Slovak Republic | 15 | 5 | N/A | N/A |
| Slovenia | 15 | 0[19] | N/A | N/A |
| South Africa | 15 | 5 | N/A | N/A |
| Spain | 15 | 10 | N/A | N/A |
| Sri Lanka | 15 | 15 | N/A | N/A |
| Sweden | 15 | 0 | N/A | N/A |
| Switzerland | 15 | 0[20] | N/A | N/A |
| Tanzania | 20 | 20 | N/A | N/A |
| Thailand | 15 | 10 | N/A | N/A |
| Trinidad and Tobago | 20 | 10 | N/A | N/A |
| Tunisia | 20 | 20 | N/A | N/A |
| Turkey | 15 | 5[21] | N/A | N/A |
| Uganda | 15 | 10 | N/A | N/A |
| Ukraine | 15 | 5 | N/A | N/A |
| United Kingdom | 15 | 0[22] | N/A | N/A |
| United States | 15 | 15 | N/A | N/A |
| Venezuela | 10 | 5 | N/A | N/A |
| Vietnam | 15 | 5/10[23] | N/A | N/A |
| Zambia | 15 | 15 | N/A | N/A |
| Zimbabwe | 20 | 15 | N/A | N/A |

**Notes:**

1. Unless otherwise indicated, the reduced treaty rates given in this column apply if the recipient company holds directly or indirectly owns at least 25 percent of the capital or the voting power, as the case may be, of the Norwegian company.
2. The 5 percent rate applies if the Australian company holds at least 10 percent of the voting power in the Norwegian company; the zero rate applies if more than 80 percent of the voting power is held, subject to several conditions.
3. The rate applies if the recipient company owns at least 30 percent of the capital in the Norwegian company and has invested in Norway at least USD100,000.
4. The rate applies if the recipient company owns at least 10 percent of the capital in the Norwegian company.
5. The treaty concluded between Norway and the former Yugoslavia applies to Bosnia and Herzegovina, Croatia and Serbia.
6. The domestic rate applies; there is no reduction under the treaty.
7. The rate applies if the recipient company owns at least 10 percent of the voting power in the Norwegian company.
8. The treaty does not apply to Hong Kong.
9. Extension of the 1951 treaty with the United Kingdom.

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10. The rate applies if the recipient company owns at least 50 percent of the voting power in the Norwegian company.
11. The lower rate applies if the recipient company owns at least 25 percent of the capital in the Norwegian company; the higher rate applies if it owns at least 10 percent of the capital in the Norwegian company.
12. The treaty does not apply to exempt Luxembourg holding companies.
13. The tax on the gross amount of the dividends shall not exceed the tax chargeable on the profits out of which the dividends are paid.
14. This rate applies if the dividends are derived and beneficially owned by the government, Central Bank of Malta or other qualifying government institution.
15. Treaty benefits do not apply to Antilles holding companies, etc.
16. The rate applies if the Polish company owns directly at least 10 percent of the capital in the Norwegian company for an uninterrupted period of at least 24 months.
17. This rate applies if the beneficial owner is (i) a company (other than a partnership) that for an uninterrupted period of at least 12 months prior to the payment of the dividends or if the company paying the dividends has existed for less than 12 months, during the lifetime of the company, holds directly at least 10 percent of the capital of the company paying the dividends; (ii) in the case of Portugal, the state, a political or administrative subdivision or a local authority thereof, or the Central Bank of Portugal; or (iii) in the case of Norway, the government of Norway, a political or administrative subdivision or a local authority thereof, or the Central Bank of Norway.
18. The rate applies if the Qatari company owns at least 10 percent of the capital in the Norwegian company.
19. The rate applies if the Slovenian company owns directly at least 15 percent of the capital in the Norwegian company.
20. The rate applies if the Swiss company owns directly at least 10 percent of the capital in the Norwegian company.
21. The rate applies if such dividends are exempt in Norway and are derived by (i) a beneficial owner (other than a partnership) who holds directly at least 20 percent of the capital in the Norwegian company; or (ii) the Government Social Security Fund (Sosyal Güvenlik Fonu).
22. This rate applies if the beneficial owner of the dividends (i) owns at least 10 percent of the voting power in the Norwegian company, or (ii) is a pension scheme.
23. The 5 percent rate applies if ownership is at least 70 percent. The 10 percent rate applies if ownership is at least 25 percent, but less than 70 percent.

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