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Norway – Inflow of Migrants Obliges Government to Amend Budget's Tax Rates

by Roger Hoffmann and Louise Hemmestad, KPMG Law Advokatfirma AS, Oslo (KPMG Law Advokatfirma AS in Norway is a KPMG International member firm)

For our earlier report on the 2016 budget, see GMS [Flash Alert 2015-132](#) (4 November 2015)

On October 30, 2015, Norway's government issued an amendment to the budget for 2016 that raises individual income tax rates by 0.1-percentage points, as compared to the rates originally presented in the budget.¹

Why This Matters

While in general, the 2016 budget will reduce taxpayers' marginal tax rates, this amendment means the reduction will be slightly less than had been anticipated. Ultimately, the overall impact of the tax changes in this budget will depend on each person's particular circumstances.

International assignment cost projections and budgeting for assignments to Norway, and for assignees outside Norway still subject to Norwegian taxation, should reflect these changes, once they take effect. Also, where appropriate, adjustments by payroll administrators to withholdings should also be made once the changes take effect.

Context for Amendment to Rates

In order to help cover the government's expenses tied to its recent commitments to take in a growing number of migrant asylum seekers coming into Norway, the government has issued an amendment to the budget for 2016. Among the measures to help cover these costs, the individual income tax rates in the budget proposal have been increased by 0.1-percentage point. See the changes in the table below (in red).

| Tax Rate* | Income Brackets |
|----------------------|---------------------------------|
| 25% | Ordinary income (uncapped) |
| 0.0% | Up to NOK 158,800 |
| 0.9% (0.8%) | Over NOK 158,800 to NOK 224,900 |
| 1.7% (1.6%) | Over 224,900 to NOK 565,400 |
| 10.7% (10.6%) | Over 565,400 to NOK 909,500 |
| 13.7% (13.6%) | Over NOK 909,500 |

* Rates in parentheses are what the government originally proposed.

Footnote:

1 For the announcement of the amended rates, see *Prop. 1 S Tillegg 1 (2015–2016) Endring av Prop. 1 S (2015–2016) Statsbudsjettet 2016 og Prop. 1 LS (2015–2016) Skatter, avgifter og toll 2016 (økt antall asylankomster)*. Go to: <https://www.regjeringen.no/no/dokumenter/prop.-1-s-tillegg-nr.-1-20152016/id2459718/>.

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