Norway Country Profile

EU Tax Centre

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Key tax factors for efficient cross-border business and investment involving Norway

EU Member State No

Double Tax Treaties With:

Albania	Denmark	Ivory Coast	New Zealand	Tanzania
Argentina	Egypt	Jamaica	Pakistan	Thailand
Australia	Estonia	Japan	Philippines	Trinidad & Tobago
Austria	Faroe Islands	Kazakhstan	Poland	Tunisia
Azerbaijan	Finland	Kenya	Portugal	Turkey
Bangladesh	France	Rep. of Korea	Qatar	Uganda
Barbados	Gambia	Latvia	Romania	UK
Belgium	Georgia	Lithuania	Russia	Ukraine
Benin	Germany	Luxembourg	Senegal	US
Bosnia & Herzegovina	Greece	Macedonia	Serbia	Venezuela
Brazil	Greenland	Malawi	Sierra Leone	Vietnam
Bulgaria	Hungary	Malaysia	Singapore	Zambia
Canada	Iceland	Malta	Slovakia	Zimbabwe
Chile	India	Mexico	Slovenia	
China	Indonesia	Morocco	South Africa	
Croatia	Rep. of Ireland	Nepal	Spain	
Cyprus	Israel	Netherlands	Sri Lanka	
Czech Rep.	Italy	Netherlands Antilles	Sweden	
			Switzerland	

Forms of doing business Limited Liability Companies (AS)

Legal entity capital requirements Minimum capital requirement for AS is NOK 30,000.

KPMG

Residence and tax system

The term "resident" is not defined in Norwegian legislation, but a company is deemed to be resident if its management and control are exercised in Norway. In practice, however, a company is normally deemed to be resident if it is incorporated under Norwegian law. The management and control test is therefore applied mainly to companies set up outside of Norway. Norwegian resident companies are subject to tax on their worldwide income.

Compliance requirements for CIT purposes

The fiscal year is the calendar year. There is no specific tax registration process in Norway. If the company is registered in the Companies Register, it is a Norwegian tax-resident company with a tax filing obligation. The tax return must be filed electronically by May 31. The tax payable is due in two installments, the first due on February 15 and the second on April 15. Any additional tax must be paid before June 1 to avoid late payment interest. The difference between the tax paid in the two installments and the final tax payable is due three weeks after the tax assessment, which is usually issued in October.

Tax rate

The standard corporate income tax rate is 24 percent.

Withholding tax rates

On dividends paid to non-resident companies

24 percent, unless a lower rate applies under a DTT. There is no withholding tax on dividend payments to corporate shareholders within the EEA, subject to certain conditions.

On interest paid to non-resident companies

No. There is no withholding tax on interest. The Tax Commission's 2014 report on tax reform recommended that withholding taxes need to be implemented and applied on interest.

On patent royalties and certain copyright royalties paid to non-resident companies

No. There is no withholding tax on royalties. The Tax Commission's 2014 report on tax reform recommended that withholding taxes need to be implemented and applied on royalties.

On fees for technical services

No

On other payments

No

Branch withholding tax

No

Holding rules	Dividend received from resident/non-resident subsidiaries Exemption (97 percent). 3 percent of the fully exempt income from dividends under the participation exemption regime is added to the taxable income and, therefore, taxed in the hands of a Norwegian corporate shareholder. 100 percent exemption (no 3 percent add-back) within tax groups (more than 90 percent of the share capital and voting rights) where the distributing company is resident within the EEA. The same applies for non-resident subsidiaries, except for dividends from non-EEA companies, in which the shareholder holds less than 10 percent of the share capital and voting rights, or where shares are held for less than two years, or non-EEA companies which are low taxed (2/3 of the equivalent Norwegian rate). A 'white list' and a 'black list' apply. A substance requirement applies to EEA-resident companies which are subject to a low tax rate, as defined above. Capital gains obtained from resident/non-resident subsidiaries Exemption (100 percent). As of January 1, 2012, there is no add-back for capital gains.
Tax losses	Losses of any kind may be offset against income from all sources and against all capital gains. Excess losses may be carried forward indefinitely, regardless of changes in ownership or reorganization, provided the main objective of the reorganization is not the sale of the loss. With regard to the winding up of a company, the losses may be carried back two years.
Tax consolidation rules/Group relief rules	Group relief is available between Norwegian subsidiaries of a foreign parent as long as the 90 percent ownership requirement is fulfilled. Also, under non-discrimination clauses of double tax conventions, group relief is available for contributions made between a branch of a foreign resident company and a subsidiary of the same foreign company. Further, foreign companies resident within the EEA are considered comparable to Norwegian companies for group relief purposes as long as they are taxable in Norway through a permanent establishment and the group relief is taxable in Norway.
Registration duties	Registration fee of NOK 6,797 (NOK 5,570 if done electronically) (approximately EUR 720) and additional fees of NOK 2,832 (approximately EUR 300) for other declarations.
Transfer duties	On the transfer of shares No. On the transfer of land and buildings On the transfer of immovable property: 2.5 percent of the fair market value. No other stamp duties apply. Stamp duties No

Real estate taxes

From 0 percent to 0.7 percent at municipal discretion. Local municipal authorities may levy a property tax. The tax may vary between 0.2 to 0.7 percent of the taxable fiscal value of the property. For residential property the property tax may be levied on the wealth tax basis. Each municipality is free to decide whether or not to levy property tax.

Controlled Foreign Company rules

CFC rules apply where Norwegian companies or individuals, jointly or separately, directly or indirectly, hold 50 percent or more of the share capital of a low taxed, non-resident company (threshold of two-thirds of the equivalent Norwegian rate). The CFC legislation is not applicable to controlled EEA companies that satisfy the substance test, nor where a DTT has been concluded with the company's state of residence. A 'white list' and a 'black list' apply.

Transfer pricing rules

General transfer pricing rules

A general arm’s length provision is contained in the General Tax Act. Furthermore, the OECD Transfer Pricing Guidelines will, in principle, be taken into account for the purpose of applying the arm’s length principle.

Documentation requirement

Reporting requirements and transfer pricing documentation rules apply to companies that own or control, directly or indirectly, at least 50 percent of another legal entity. If the taxpayer is covered by the rules, the taxpayer must provide brief information on its transfer pricing-related issues in the annual tax return. In addition, the taxpayer must prepare transfer pricing documentation outlining the activities within the company and in the group, including the type and the volume of the transactions between related parties, functional analysis, comparable analysis, and an analysis of the transfer pricing method applied. Small and medium-sized enterprises may be exempt from the obligation to prepare transfer pricing documentation. As of the income year 2016, multinationals based in Norway with consolidated revenues exceeding BNOK 6.5 must comply with country-by-country reporting requirements, which, to a large degree, follow recommendations from the OECD's BEPS (base erosion and profit shifting) project. In specific cases, Norwegian subsidiaries of foreign multinationals are covered by the country-by-country reporting rules.

Thin capitalization rules

Interest deduction limitation rules apply to limited liability companies, Norwegian branches of foreign companies and partnerships. The rules will limit the intra-group interest deduction to an amount equal to 25 percent of taxable ordinary income adjusted for the value of tax depreciation and net interest expenses for tax purposes. This value approximates earnings before interest, taxes, depreciation and amortization (EBITDA). Disallowed interest expenses can be carried forward for ten years. There is a general exemption from the limitation rules if the net (external and internal) interest cost is less than NOK 5 million per taxpayer per financial year.

General Anti-Avoidance rules (GAAR)	A general anti-avoidance standard developed by the courts exists, under which transactions undertaken with little or no other purpose than avoiding tax under certain circumstances may be disregarded for tax purposes. The standard is wide-ranging.
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions	A special anti-avoidance rule applies where a company has been part of a merger/demerger or the ownership was changed through any other transaction. Tax positions not linked to an asset or debt may be lost if the main reason for the transaction is the target company's tax position.
Advance Ruling system	The Directorate of Taxes as well as local tax inspectors can issue binding advance rulings.
IP / R&D incentives	Companies conducting research and development may be granted tax relief, provided that the research program has been approved by the Research Council of Norway. The tax relief is generally limited to 18 percent of the company’s R&D costs, with a maximum relief of NOK 20 million. However, under specific conditions the tax relief may be granted for an amount corresponding to 20 percent of the company’s R&D costs, with a maximum tax relief of NOK 50 million.
Other incentives	No. There are few tax incentives in Norway. The exemption method opens for a sale of a business or assets as a tax exempt sale of shares. The tonnage tax regime is aimed at aiding the shipping business. In addition, there is a beneficial capital allowances regime for the development of a large-scale plant for cold compression of natural gas in northern Norway. Furthermore, a company can get a refund of the tax value of losses related to exploration on the Norwegian shelf (i.e. 78 percent).
VAT	The standard rate of VAT is 25 percent, and a reduced rate of 15 percent applies to food products. A further reduced rate of 10 percent applies to public transportation services, hotel lodging, broad- casting charges, cinema shows, and some cultural and sporting services. Admission to theatres, opera, concerts, etc. are outside the scope of VAT.
Other relevant points of attention	Extra taxation on income from financial services: In Norway, the financing and insurance sector is exempted from VAT. However, a new type of tax (“finansskatt”) was introduced with effect from January 1, 2017, which is meant to compensate for this exemption. The additional tax is levied at 5 percent of the total salary payments reported by the company, in addition to an increased standard corporate tax rate of 25 percent (for most other sectors the standard tax rate is 24 percent). The tax covers companies in the financing and insurance sector with more than 30 percent of their business exempt from VAT.

Source: Norwegian tax law and local tax administration guidelines, updated 2017.

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