



# Taxation of international executives: Norway



February 2024

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**01**

# **Overview and Introduction**

# 1 Overview and Introduction

Individuals resident in Norway are subject to income tax on their worldwide income unless exempt under the provisions of a treaty.

Non-residents are subject to tax on the below mentioned categories of income from Norwegian sources unless exempt under the provision of a treaty:

- remuneration derived from employment in Norway for work carried out for a Norwegian source
- remuneration paid to employees, hired out to a Norwegian source to carry out work in Norway
- income derived from business activity carried out in Norway
- remuneration derived from being a managing director or member of the board of directors in a Norwegian company
- remuneration received from a governmental institution
- income derived from real estate or movable assets in Norway
- income derived from the sale of shares, options, or any other type of financial instrument if considered to be business assets in relation to any business activity carried out in Norway (PE)
- dividends received from a Norwegian company.

The official currency of Norway is the Norwegian Krone (NOK).

Herein, the host country/jurisdiction refers to the country/jurisdiction where the expatriate is going on assignment. The home country/jurisdiction refers to the country/jurisdiction where the expatriate lives when they are not on assignment.

**02**

# **Income tax**

# 2 Income Tax

Income tax information provided by KPMG Law Advokatfirma AS, the Norwegian member firm affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

## 2.1 Tax returns and compliance

### When are tax returns due? That is, what is the tax return due date?

30 April is the due date for tax returns.

### What is the tax year-end?

31 December. The fiscal year (income year) in Norway is the calendar year.

### What are the compliance requirements for tax returns in Norway?

All individuals who are considered employees must file a tax return by the end of April the year following the income year. Individuals on tax card according to Pay As You Earn system (PAYE) are exempt. A pre-filled return will be sent to all taxpayers by mid-March/April. This return has to be checked, reviewed, and if necessary corrected by the taxpayer. The revised tax return must be signed and returned to the tax authorities by 30 April preferably by using the web portal Altinn or Skatteetaten (Min skatt). When the tax return has been checked and reviewed and corrections are not necessary the tax return will be regarded as delivered and accepted even though it is not returned to the tax authorities.

It is possible to obtain an extension of the due date, normally up to 1 month, to file the return. The application for an extension must be sent to the tax office before the end of April. If a tax return is not submitted, the income may be arbitrarily assessed.

Please note that the tax returns are usually filed electronically via [www.altinn.no](http://www.altinn.no)\* or [www.Skatteetaten.no](http://www.Skatteetaten.no). It is possible to make changes in your tax return after it is submitted. This can be done for the following 3 years after the filing deadline. This means that you no longer must file a complaint on the tax assessment in order to make changes after the submission deadline.

\*Please note that altinn is in the process of being replaced, but not yet finalized.

## 2.2 Tax rates

### What are the current income tax rates for residents and non-residents in Norway?

#### Residents

The Norwegian tax system has two bases of income. The ordinary income base is a net base. The tax on ordinary income is 22 percent for 2024.

In addition, we have the personal income base. This is a gross base for taxation. The bracket tax and the social security contributions for employees are based on this. Bracket tax is a progressive tax on gross salary and other personal income.

The bracket tax rates for 2024 are as follows:

- from NOK 208 051 - NOK 292 850: 1.7 percent
- from NOK 292 851 - NOK 670 000: 4 percent
- from NOK 670 001 - NOK 937 900: 13.6 percent
- from NOK 937 901 - NOK 1 350 000: 16.6 percent
- above NOK 1 350 001: 17,6 percent.

Employee's social security contribution is 7,8 percent of gross salary income.

Resident taxpayers are allowed a personal tax deduction before tax calculation in year 2023:

- tax-deduction class 1: NOK 88 250
- tax-deduction class 0: NOK 0

**The classes are defined as follows:**

Class 1: Applies to residents.

Class 0: Non-residents with no presence in Norway and deceased person's estate, if the estate has not yet been settled.

The above-mentioned tax rates are directly applicable for persons resident in Norway for tax purposes for a full 12-month calendar year. For individual's resident in the country/jurisdiction for tax purposes for less than 12-months, or for persons not resident in Norway for tax purposes, the tax- free amounts and the tax rate intervals in regard to the calculation of the tax, municipal and top tax, are reduced according to how many months the person is considered to have been in Norway.

From 2019, a new and simplified tax scheme has taken effect (PAYE) with a flat tax rate of 25 percent (17,1 percent if not a member of the Norwegian social security scheme). Please see below.

**Non-residents**

The same tax percentages for residents are applicable for non-residents, except for the residents that should choose the simplified tax scheme (PAYE), please see below.

**PAYE (Pay As You Earn) for foreign workers**

From 2019, a new and simplified tax scheme has taken effect. The scheme is meant for you as a foreign worker in Norway. This scheme is called PAYE (Pay As You Earn). Most new foreign workers will fall under this scheme the first year they work in Norway.

Short on the PAYE scheme

- Your income from employment is taxed at a rate of 25 percent (17, 2 percent if not a member of the Norwegian social security scheme).
- Your employer deducts the tax directly from your salary, and your tax is settled when you receive your salary.
- You do not claim deductions, and you do not have to submit a tax return nor wait for your tax assessment.

Primarily, the scheme is meant for foreign workers who work in Norway for short periods of time, and who are not tax residents in Norway. In addition to this there is an income limit of NOK 670 000. The scheme also applies to most foreign workers the year in which they become tax residents in Norway. The PAYE

scheme will be applicable if a taxpayer lives abroad and receives director's fees and similar remuneration from Norwegian companies.

Note that the scheme does not apply for foreign seafarers and offshore workers and workers that have business income or taxable income from property in Norway.

## 2.3 Residence rules

### For the purposes of taxation, how is an individual defined as a resident of Norway?

An individual will be considered resident in Norway for tax purposes if any one of the following requirements is met.

- The individual stays in Norway for more than 183 days in one or more periods during any 12-month period. Residency will take place from the income year for which the requirement is fulfilled.
- The individual stays for one or more periods in Norway for more than 270 days during any 36-month period. Residency will take place from the income year for which the requirement is fulfilled.

**Is there, a minimum number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.**

For establishing residency in Norway according to the Norwegian Tax Act, the above-mentioned requirements apply. Every day, and part of a day, in Norway is counted, without taking into consideration the purpose of the stay in Norway.

### What if the assignee enters the country/jurisdiction before their assignment begins?

The above-mentioned rules still apply.

## 2.4 Termination of residence

### Are there any tax compliance requirements when leaving Norway?

Termination of residence in Norway for persons with a total stay in Norway not exceeding 10 years happens when the following requirements are fulfilled:

- permanent stay in a foreign country/jurisdiction
- stay in Norway must not exceed 61 days within the income year
- do not have the disposal of a permanent home in Norway.

If all three requirements are fulfilled within the same calendar year, the termination of residency will be the latter of the dates when the person either takes a permanent stay in a foreign country/jurisdiction or gives up the disposal of a permanent home in Norway. If the fulfilment of the requirements is spread over 2 different income years, the termination of residence will occur either 1 January the latter income year or the latter date when the person gives up the disposal of a permanent home in Norway or establishes a permanent stay in a foreign country/jurisdiction.

The same conditions apply for persons with a total stay in Norway exceeding 10 years. However, the above-mentioned conditions must be fulfilled for 3 consecutive years following the year of moving. Furthermore, the taxpayer also has a duty to file a Norwegian tax return for the moving year and the following 3 years.

In addition, the individual has a mandatory obligation to inform the Norwegian Registration Office of any change of address.

### What if the assignee comes back for a trip after residency has terminated?



The above-mentioned rules still apply.

### **Communication between immigration and taxation authorities**

#### **Do the immigration authorities in Norway provide information to the local taxation authorities regarding when a person enters or leaves Norway?**

There is no automatic exchange of information, but the immigration authorities may collect information from the tax authorities if needed and vice versa.

### **Filing requirements**

#### **Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?**

There is a filing requirement in Norway as long as the assignee is regarded as resident in Norway according to the Norwegian Tax Act, or as long as the assignee receives salary and benefits related to work performed in Norway/or a tax return is issued by the tax office. Note that property and property related income in Norway will be taxable to Norway

## **2.5 Economic employer approach**

#### **Do the taxation authorities in Norway adopt the economic employer approach to interpreting Article 15 of the Organization for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Norway considering the adoption of this interpretation of economic employer in the future?**

Yes. Norway uses a hire of labor clause with a wide definition, and thereby the employee becomes taxable to Norway from the first day of work if the salary and costs are borne by the Norwegian company. It is sufficient to conclude that hire of labor has taken place when the employee has been put to disposal by a person (hirer), to another person (user) to carry out work for the latter in the course of an activity the user carries on in the state where the work is performed, and where the hirer does not bear the responsibility and risk for the results produced by the employee's work. (See note \*1).

### **The minimum number of days**

#### **Are there the minimum number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the minimum number of days?**

This will apply from the first day of work.

## **2.6 Types of taxable compensation**

#### **What categories are subject to income tax in general situations?**

In principle, all types of remuneration and benefits received by an employee for services rendered in Norway constitute taxable income, regardless of where paid. Typical items of an expatriate compensation package are fully taxable unless otherwise indicated, as follows:

- base salary
- cost-of-living allowances are normally taxable
- housing allowances and the imputed value of housing provided directly by the employer are normally fully taxable
  - However, housing allowances and the imputed value of housing provided directly by the employer may not be taxable if the individual's spouse and children live abroad.
- benefits-in-kind generally form part of taxable compensation

- Where a company car is provided, it will involve a deemed compensation for the private use of the car.
- home leave reimbursements to the employee are normally taxable
  - If the employee receives payment to visit spouse and children living abroad, the remuneration may not be taxable if they work on their travel.

### Intra-group statutory directors

**Will a non-resident of Norway who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in Norway trigger a personal tax liability in Norway, even though no separate director's fee/remuneration is paid for their duties as a board member?**

Non-residents are subject to tax if they receive remuneration derived from being a managing director or member of the board of directors in a Norwegian company, unless exempt under the provision of a treaty. The tax liability is irrespective of whether the board member is physically present at the board meetings in Norway.

**a) Will the taxation be triggered irrespective of whether the board member is physically present at the board meetings in Norway?**

Yes.

**b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Norway (i.e. as a general management fee where the duties rendered as a board member is included)?**

Board member fee is regarded as salary income.

**c) In the case that a tax liability is triggered, how will the taxable income be determined?**

See above.

## 2.7 Tax-exempt income

**Are there any areas of income that are exempt from taxation in Norway? If so, please provide a general definition of these areas.**

- Moving expenses from a foreign country/jurisdiction to Norway when the move is initiated by employment in Norway.
- Business expenses.
- Special regulations apply for commuters.

## 2.8 Expatriate concessions

**Are there any concessions made for expatriates in Norway?**

The person can choose to claim deduction for actual expenses. This can especially prove useful if the person is a commuter, and thereby has the right of tax-free home leave reimbursement and free housing.

Please note that these deductions are not available when using the PAYE system

## 2.9 Salary earned from working abroad

**Is salary earned from working abroad taxed in Norway? If so, how?**

Salary earned by a Norwegian resident from working abroad is subject to income tax in Norway. Standard rates apply. A credit is given in the Norwegian national and municipal income tax for any foreign income tax paid.

Residents working abroad for a continuous 12-month period may apply for a deduction in the assessed Norwegian income tax, equalling the part of the tax that falls on the remuneration earned abroad. The tax deduction cannot exceed the tax calculated in Norway on the same type of income which is taxed abroad. Please note that there are detailed requirements which need to be fulfilled to obtain the deduction.

## 2.10 Taxation of investment income and capital gains

### Are investment income and capital gains 5 taxed in Norway? If so, how?

For resident individuals, all worldwide income derived from investments and capital gains are treated as ordinary income with a tax rate of 22 percent for 2024. This applies to interest, dividends, and capital gains from sale of shares. When capital gains are taxable, corresponding losses may also be deducted from ordinary income.

However, please note that the gain from sale of shares and dividends will be grossed up before calculation of the tax on capital gain. Please find below an example:

	NOK
Dividend	50,000,00
Deduction $30,000 \times 0,7\%$	210
Taxable Dividend before tax adjustment	49,790
Multiplied by adjustment factor of 2024 (1.72)	85 639
Tax on dividend NOK 85 639, * 22%	18 840

\*Cost of acquisition of share NOK 30,000

### Dividends, interest, and rental income

#### Rental income

The principal rule is that income derived from renting out a private house is taxable. Exemption is made when more than half of the house, based on the imputed rent value, is disposable to the owner. Likewise, the income is not taxable if it is a semi-detached house/duplex and more than half of one of the two sections is at the disposal of the owner. If the whole house or main parts of the house is rented out, the rental income is taxable if gross income from the rental exceeds NOK 20,000. If the rental income is considered taxable, operating expenses are deductible.

Net rental income derived from renting out an apartment in Norway is taxable with a tax rate of 22 percent. Deductions can be made for costs related to the letting out, such as insurance costs, heating, and so on.

Separate rules apply to so-called short-term letting of your own home. If you let your own home for less than 30 days, the income is taxable under the standard method. Under this method, rental income up to NOK 10,000 is tax-free. Of the surplus, 85 percent is considered taxable income. With regards to short-term letting of holiday homes and residential properties you no longer use or live in; the tax rules remain the same.

Please see the following for dividends and interest.

## Gains from stock option exercises

Gains from stock options due to conditions from employment are taxable as salary at the time of exercise.

In addition, there is exit taxation on latent capital gains from stock options in Norwegian and foreign companies at the date the individual is regarded as emigrated from Norway and thereby is no longer considered as a tax resident of Norway either by a double taxation agreement or by the Norwegian Tax Act. Up until 2022 exit tax when moving abroad expired after five years. From November 2022 the rules changed and from this point the future exit tax will never expire unless you move back to Norway. In addition, transfers of shares or qualified assets to family members other than spouses will also be subject to exit tax when the recipient is resident abroad. These changes took place from 29 November 2022. In addition, the Government will consider further tightening of exit tax rules, which will be presented for Stortinget (the Parliament) at a later stage.

Please be advised that the Norwegian tax authorities will require security for the exit tax in the form of mortgage on shares or a bank guarantee. This will not apply if the country/jurisdiction you leave Norway to has a treaty with Norway regarding exit taxation on shares.

Residency status	Taxable at:		
	Grant	Vest	Exercise
Resident	N	N	Y
Non-resident	N	N	Y
Other (if applicable)	N/A	N/A	N/A

## Dividends

Resident shareholders are taxed on dividends as ordinary income – 22 percent. Tax on dividends for individual shareholders is subject to a basic tax-free allowance. The tax-free allowance will be equal to a risk-free interest on the shareholder's tax base cost of the shares. The risk-free interest for the income year 2023 is 0,7 percent. There will be a separate determination of the allowance for all shares of a company on shareholder level. Any unused allowance may be carried forward and set off against future distributions or against a gain on the sales of the shares. It may not be set off against income from other sources. Please note that the risk-free interest for 2023 is set in January 2024.

### Example (2023)

	NOK
Company Profit	100.00
Company tax	22.00
Dividend	78.00
Tax free allowance	
Tax base cost (NOK1,000*0,7 percent)	6.00
Taxable income	72.00
Multiplied by adjustment factor 1.72	123,84
Tax 22 percent	27,25

Note: Based on the presumption that the individual paid NOK1,000 for the shares.

Shareholders in other EEA Member States may be allowed the same basic tax-free allowance on dividend payments. Shareholders resident outside the EEA-area do not receive the basic tax-free allowance. The tax rate / withholding tax are either 22 percent or a lower rate according to an applicable tax treaty.

### **Interest and royalty**

Residents are taxed on interest as ordinary income. Non-residents are not subject to any Norwegian taxation on interest if the interest is not related to business income (PE) in Norway.

### **Capital gains on real estate**

Capital gains on real estate located in Norway are, in general, taxable as ordinary income whether the owner is resident in Norway for tax purposes. A gain from the disposal of a private residence is not taxable if it has been owned by the resident for at least 1 year prior to the date of sale and has been used by the owner as private residence, for at least 1 year, within the last 2 years prior to the date of sale. Without going into detail, other exemptions may apply, for instance moving abroad.

### **Capital gains on shares**

Residents are taxed on capital gains on shares as ordinary income. In addition, there is exit taxation on latent capital gains from shares in Norwegian and foreign companies at the date the individual is regarded as emigrated from Norway, and thereby is no longer considered as a tax resident of Norway either by a double taxation agreement or by the Norwegian Tax Act.

Up until 2022 exit tax when moving abroad expired after five years. From November 2022 the rules changed and from this point the future exit tax will never expire unless you move back to Norway. In addition, transfers of shares or qualified assets to family members other than spouses will also be subject to exit tax when the recipient is resident abroad. These changes were applicable from 29 November 2022. In addition, the Government will consider further tightening of exit tax rules, which will be presented for Stortinget (the Parliament) at a later stage.

Please be advised that the Norwegian tax authorities will require security for the exit tax in the form of mortgage on shares or a bank guarantee. This will not apply if the country/jurisdiction you leave Norway to has a treaty with Norway regarding exit taxation on shares.

## **2.11 Additional capital gains tax (CGT) issues and exceptions**

### **Are there additional capital gains tax (CGT) issues in Norway? If so, please discuss?**

As mentioned above, there is exit taxation on latent capital gains from shares etc.

### **Are there capital gains tax exceptions in Norway? If so, please discuss?**

There are special rules for tax exemption for capital gains from the realization of residences, please see comments above regarding capital gain on real-estate.

### **Pre-CGT assets**

Not applicable.

### **Deemed disposal and acquisition**

Not applicable.

## 2.12 General deductions from income

A general allowance for expenditure relating to employment is allowed at 46 percent of gross earned income with a minimum of NOK 4,000 in income from employment and similar income and a maximum of NOK 104 450 for the income year 2024. Also, the general allowance is reduced according to the number of months one is resident in Norway. For pension income, maximum deduction amounts to NOK 86 250.

The taxpayer may claim the following deductions:

- interest on debt
- travel expenses to and from working place in Norway
- extra expenses for lodging and in some cases for food incurred (documentation of expenses is mandatory) when working away from home
- parent deduction (expenses for childcare while the parents are working)
- losses when selling shares or other financial instruments.

Please note that this list is not complete, but merely an overview of the most common deductions.

## 2.13 Tax reimbursement methods

### What are the tax reimbursement methods generally used by employers in Norway?

Normally, a Norwegian employer who has an assignee abroad will tax equalize according to a hypothetical tax. Some employers use the tax protection method.

The following is the normal method of recognizing tax reimbursements paid by the employer:

- current year gross-up current
- year reimbursement

## 2.14 Calculation of estimates/ prepayments/ withholding

### How are estimates/prepayments/withholding of tax handled in Norway? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Please see below.

#### Withholding taxes

Norway has a withholding tax system. The employer is obliged to withhold taxes in connection with payment of salary to the employee. The amount withheld is based on a tax card obtained by the employee from the local tax office. Withheld taxes must be submitted to the tax collector on a bi-monthly basis. In March – December of the year following the income year, the individual will get their tax assessment. As for 2024 some taxpayers might receive the tax assessment earlier. If the withheld amount is in excess of the tax assessed, the difference will be paid back to the individual, correspondingly if the assessed tax is in excess of the withheld amount, the balance must be paid by the employee. Interest will be charged.

#### Pay-as-you-earn (PAYE) withholding

A simplified tax scheme meant for foreign works in Norway has taken effect as of income year 2019. For more information, see above. Should the employee choose to use the simplified tax scheme (PAYE), they will be issued a tax deduction card with a PAYE rate of 25 percent when they apply for a tax deduction card. The employer will deduct the tax directly from the salary, and the tax will be settled when you receive your salary. If you have paid too much in taxes, you may apply for a refund contacting the tax office.

## PAYE installments

Please see the above.

As mentioned above, the employer submits the taxes withheld on a bi-monthly basis to the Tax Collector's Office.

Payment dates are:

Salary	Taxes to be paid
January - February	15 March
March - April	15 May
May - June	15 July
July - August	15 September
September - October	15 November
November - December	15 January, the following year

**When are estimates/prepayments/withholding of tax due in Norway? For example: monthly, annually, both, and so on.**

Please see the above.

## 2.15 Relief for foreign taxes

**Is there any Relief for Foreign Taxes in Norway? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?**

Norway uses the credit system as the main rule to avoid the double taxation of persons being liable to taxation on the same income and wealth in more than one country/jurisdiction. A tax treaty with other provisions, however, takes priority.

Only persons considered resident in Norway have the right to claim tax credit in Norway. The tax credit may never exceed the actual tax paid abroad. However, the tax deduction cannot exceed the tax calculated in Norway on the same type of income and wealth which is taxed abroad. The tax credit cannot be carried forward if there is no tax to pay in Norway for that year or in the following 5 years. The claim for tax credit must be put forward, at the latest, at the same time as the individual submits the tax return for the income year in which the foreign income is liable to

Norwegian taxation. If the foreign tax cannot be substantiated in that time, the tax credit claim must be presented at the latest 6 months after the tax is finally assessed abroad.

## 2.16 General tax credits

**What are the general tax credits that may be claimed in Norway? Please list below.**

Please see the section discussing general deductions from income.

## 2.17 Sample tax calculation

This calculation assumes a taxpayer resident in Norway whose 2-year assignment begins 1 January 2022 and ends 31 December 2023. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 2 years.

	2023 USD	2022 USD
Salary	100,000	100,000
Bonus	20,000	20,000
Cost-of-living allowance	10,000	10,000
Housing allowance	12,000	12,000
Company car	15,000	15,000
Moving expense reimbursement	0	0
Home leave	5,000	5,000
Education allowance	3,000	3,000
Interest income from non-local sources	6,000	6,000

Exchange rate used for calculation: USD1.00 = NOK10.00.

#### Other assumptions

- All earned income is attributable to local sources.1000
- Bonuses are paid at the end of each tax -year and accrue evenly throughout the year. Interest income is not remitted to Norway.
- The company car is used for business and private purposes and originally cost USD 50,000. The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

#### Calculation of taxable income

Year-ended	2023 NOK	2024 NOK
<b>Days in Norway during year</b>	<b>365</b>	<b>365</b>
Earned income subject to income tax		
Salary	1,000,000	1,000,000
Bonus	200,000	200,000
Cost-of-living allowance	100,000	100,000
Net housing allowance	120,000	120,000
Company car	150,000	150,000
Moving expense reimbursement	0	0
Home leave	50,000	50,000
Education allowance	30,000	30,000
Total earned income	1,650,000	1,650,000
Deductions	104 450	104 450



Total taxable net income	1 545 550	1,545 550
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### Capital income

Year-ended	2023 NOK	2024 NOK
Interest income	60,000	60,000
Norwegian tax (22%)	13,200	13,200

### Calculation of tax liability

Year-ended	2023 NOK	2024 NOK
Taxable salary income as above	1,545,550	1,545,550
Norwegian tax thereon (incl. social security tax)	578,423	573,967
Interest income taxes	13,200	13,200
Total Norwegian tax	591,623	587,167

The calculation is based on the following assumptions.

- The taxpayer is considered resident in Norway for tax purposes since their stay in Norway exceeds 183 days each income year. They will therefore be taxable for all their income, both in Norway and abroad. Reference is made to the fact that tax treaties are ignored for the purpose of this calculation.
- As a resident in Norway the taxpayer will be a member of the National Social Insurance Scheme and will pay employee's contribution, which is 7,8 for 2024 percent of gross income.
- The taxpayer will be taxed in Tax Class 1
- The calculations not taking into consideration the moving expenses reimbursement since this is tax-free according to Norwegian rules.

### FOOTNOTES

\*1 Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or, a calendar year of a 12-month period), the employee remains employed by the home country/jurisdiction employer but the employee's salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country/jurisdiction.

**03**

**Special considerations  
for short term  
assignments**

# 3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

## 3.1 Residency Rules

### Are there special residency considerations for short-term assignments?

The same residency rules apply for short-term assignees as for other persons.

## 3.2 Payroll considerations

### Are there special payroll considerations for short-term assignments?

There are reporting requirements to the Norwegian authorities, equal to the reporting obligations for a Norwegian employer.

## 3.3 Taxable income

### What income will be taxed during short-term assignments?

If the assignee is regarded as resident in their home country/jurisdiction according to the double taxation agreement with Norway, the remuneration derived from work performed in Norway will be taxable in Norway. Please note that income from real estate in Norway is also taxable. However, the relevant double taxation agreement must always be taken into consideration.

## 3.4 Additional considerations

### Are there any additional considerations that should be considered before initiating a short-term assignment in Norway?

There are at least three main issues for short term assignees. These are tax, social security, and immigration issues.

As for tax issues, there are different planning opportunities depending on the length of the assignment in Norway. These rules are quite complex. KPMG Law Advokatfirma AS will be able to assist in these matters.

**04**

# **Other taxes and levies**

# 4 Other taxes and levies

## 4.1 Social security tax

Are there social security/social insurance taxes in Norway? If so, what are the rates for employers and employees?

Employer and employee 2023

Type of insurance	Paid by employer	Paid by employee	Total
Social security contribution	14.1%	7,8%	21,9%
Additional employer's national insurance contributions on wages over NOK 850,000	5%		
Total	14,1% (19.1%)	7,8%	21,9% (27%)

An individual working in Norway is subject to Norwegian social security contributions. The normal rate for the employer is 14.1 percent on gross earnings. Please note that the rate does differ from 0% - 14, 1 percent depending on where in Norway the company is situated. The employee's contribution is 7,8 percent based on gross wages.

There are three exceptions from Norwegian social security membership and payment of social security contributions that can come into force.

- A person insured under another EEA/EU country/jurisdiction social security scheme can be wholly exempted by presenting an A1 certificate.
- Furthermore, Norway has entered into several other reciprocal agreements on social security, for example with Canada and Quebec, Australia, India and the U.S. These agreements may wholly or partially exempt, both the employee and the employer, from contributions to the Norwegian social security system by presenting a valid Certificate of Coverage.
- A foreign employee from a country/jurisdiction without a reciprocal agreement on social security with Norway and outside the EEA-area, may in some circumstances be exempted, wholly or partially, from contribution to the Norwegian social security system.

Conditions are strict and the employee needs to have a similar and satisfactory coverage as governed by the Norwegian social security scheme. An application must be filed towards the Norwegian social security body.

In Norway, there is a mandatory occupational pension. This is paid by the employer and the minimum rate is 2 percent (2021) of gross income. Exceptions can be granted under certain conditions.

## 4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Norway?

There are no gift or inheritance tax in Norway for 2024.

An individual resident in Norway for tax purposes on 1 January in the year following the income year is subject to net wealth tax on their worldwide wealth, please see below. Non-resident individuals are only subject to wealth tax on certain property in Norway, generally on real estate and on assets connected to a permanent establishment or fixed place of business in Norway.

### **Municipal wealth tax on individuals 2024**

The municipal wealth tax is 0.7 percent of wealth above NOK1,700,000.

### **State wealth tax on individuals 2024**

0 – NOK 1 700 000 0 percent

NOK 1 700 001 kroner – NOK 20 000 000 kroner 0,3 percent

NOK 20 000 001 above 0,4 percent

Marginal rate on wealth tax is 1,1 percent (0.7 percent + 0,4 percent).

## **4.3 Real estate tax**

### **Are there real estate taxes in Norway?**

The municipalities may levy a real estate tax. It is payable by the owner of the property, irrespective of their residence. The tax is computed on the assessed value of the property and must be between 0.1 and 0.7 percent of the property tax basis. The tax is payable by instalments that are decided by the local authorities.

## **4.4 Sales/VAT tax**

### **Are there sales and/or value-added taxes in Norway?**

There is value added taxes, VAT, which is a general tax levied on sales within the country/jurisdiction and on import. Value-added tax is levied on goods and services and applies to all stages in the chain of production and distribution. Any person engaged in trade or business is required to register and to charge and pay VAT on goods and services they supply. Value-added tax on inputs purchased by the registrants is deductible in the VAT accounts. Value-added tax is thus not a tax on the registrants but a tax on final consumption.

## **4.5 Unemployment tax**

### **Are there unemployment taxes in Norway?**

Not applicable.

## **4.6 Other taxes**

### **Are there additional taxes in Norway that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.**

Please contact KPMG Law Advokatfirma AS for additional information as there are some additional taxes that may be applicable depending on the actual circumstances.

### **Foreign Financial Assets**

### **Is there a requirement to declare/report offshore assets (e.g. foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?**

If the employee is considered tax resident in Norway, they will have a global tax liability. All income and wealth (assets) must be declared in the Norwegian tax return.

**05**

# **Immigration**

# 5 Immigration

**Following is an overview of the concept of Norway's immigration system for skilled labour.**

(Including the necessary steps, involved authorities, processes both in-country/jurisdiction and foreign consular, review/draft flow chart illustrating the process).

This summary provides basic information regarding business visits and work authorization in Norway. Please note that this information is of a general nature and should not be relied upon as legal advice.

When considering entry and residence in Norway, it is essential to distinguish between nationals of the Nordic countries/jurisdictions, nationals from the European Union respectively the European Economic Area and so-called third country/jurisdiction nationals.

Most foreign nationals intending to engage in activities, and employment in Norway will need a Residence Permit for Work. Depending on the purpose of travel to Norway and the nationality of the traveller, various types of residence permits may apply, each differing in their processes and processing times.

For Nordic nationals there is no requirement for any Immigration-related registrations or applications. EU citizens have the right to Freedom of movement, allowing them to enter Norway and start working from day one. However, if their stay exceeds 90 days, there is an obligation to complete an EU/EEA registration with the Immigration authorities.

Third country/jurisdiction nationals must apply for a Residence Permit for Work before commencing work in Norway.

Norway further distinguishes between Visa-free Nationals and Visa Nationals. Visa-free Nationals can enter Norway without applying for an entry visa. Norway has visa waiver agreements with over 60 countries/jurisdictions. However, they may not commence work until the appropriate Residence Permit for Work is issued.

Norway utilizes an online application process for Norway. Applicant must create a user-ID in the Immigration portal, where they can fill in the relevant application/registration form, pay the processing fee, and book an appointment with the Immigration office to submit supporting documents. Since March 2020 it has been possible in many cases to upload the supporting documents electronically into the online application portal. If a meeting is required to submit documents, the appointment to submit documents can either be booked with a Foreign Service Mission in the applicants' home country/jurisdiction or a country/jurisdiction where the applicant has had a legal stay for more than 6 months. For some applicants the meeting can also be booked with the local police or at a Service Center in Norway. Certain categories of applicants can submit the application through a representative in Norway, Provided the representative has a Power-of-attorney.

If an Entry Visa is required for a third country/jurisdiction national to enter Norway and start working, the the Entry Visa will be issued automatically by the Immigration authorities upon the applicant being granted a Residence Permit for Work. The Entry Visa will be issued by the Norwegian Embassy/Consulate in the applicant's home country/jurisdiction (or by a Foreign Visa Service Center, FVS), upon request from Norwegian Immigration authorities. Hence, there is no need for a separate application for an Entry Visa if the employee has been granted a Residence Permit for Work.



EU/EEA- registrations are also submitted online in the Immigration portal.

## 5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Norway as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

If Non-European nationals visit Norway as either tourists or business visitors, they are allowed to enter Norway using their passports and stay for up to 90 days.

Nordic nationals have an unlimited period of stay.

In some cases, a treaty or special agreement authorizes citizens of certain countries/jurisdictions to enter Norway without obtaining a visa (referred to above as Visa-free nationals). Many countries/jurisdictions that have established visa exemptions with Norway. Norwegian visa waivers often permit foreign nationals to conduct business activities for up to 90 days, provided they are citizens of a country/jurisdiction that has a mutual immigration agreement with Norway.

For an overview of visa exemptions for entry into Norway, please refer to:

[https://lovdata.no/dokument/SF/forskrift/2009-10-15-1286/KAPITTEL\\_26#KAPITTEL\\_26](https://lovdata.no/dokument/SF/forskrift/2009-10-15-1286/KAPITTEL_26#KAPITTEL_26)

In Norway, business travellers must generally limit their activities to participate in meetings, conferences, contract negotiations etc. By business meetings and contract negotiations is meant, in this context, the planning, reporting, presentation and handover of results/products and discussion at a more general level relating to a contract or project. In this context, certain categories of inspectors (for instance veterinary inspectors, shipping inspectors and people with similar inspection duties) can be regarded as business travellers. The definition 'business traveller' also covers people who are to sell goods at trade fairs and who engage in marketing and presentation of goods with a view to future deliveries at such trade fairs. The 'business traveller' term also covers persons in managerial positions who are to establish a branch or other commercial presence in Norway on behalf of a service provider based abroad. All work relating to the realization of a contract (product development) is however not an activity typically performed by a business traveller and falls outside the permitted activities.

Business visitors are generally prohibited from engaging in any kind of productive 'work'. By 'work' is meant in this context, and in a broad sense, any performance that represents value creation. It is irrelevant in this context whether the value creation is of a material or more intangible nature. It does not take much for a performance to be deemed to constitute work.

The following mode of calculation will apply: A traveller is required to count back 179 days from the current day of stay. The current day of stay counts as the 180th day. Within this time frame the days of stay in all Schengen member states must not exceed 90 days. Days of stay spent in the issuing Schengen member state (in this case: Norway) based on a national visa or national residence permit do not count against the 90 days limitation.

The short-stay calculator on the following website can be used for calculating the period of allowed stay under the Schengen rules:

## [Schengen Visa Calculator \(visa-calculator.com\)](http://visa-calculator.com)

Describe (a) the regulatory framework for business traveller being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

Visa nationals are required to obtain a Schengen (C) visa to be able to enter into Norway for business visitor activities. The Schengen Visa can be issued for one single entry or for multiple entries.

Although circumstances may vary, a business visitor may receive authorization to visit Norway for up to 90 days within a 180-day rolling period.

Schengen Visas are generally not eligible for in-country/jurisdiction extension, however in exceptional cases an extension could be possible.

The application for the Schengen Visa must be filed at the Norwegian embassy/consulate in the respective country/jurisdiction of residence in order to be allowed to enter Norway for up to 90 days within 180 days rolling period.

Regarding the permitted activities and permitted duration of stay please see answers to question 2.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

- Set up a user-ID in the Immigration portal (application portal), fill in online application form, pay processing fee, book appointment with the Norwegian Embassy/consulate closest to where the applicant lives (1 day)
- Document gathering (1-2 weeks)
- Submit supporting documents to the Visa application with the Norwegian embassy/ consulate at the place of residence (5-10 business days)
- Obtain Visa and travel to Norway (1 day)

### GENERAL REQUIREMENTS FOR BUSINESS VISITORS

- Receipt for paid processing fee Passport
- photo
- Valid passport or travel document
- Established purpose for the visit (i.e. Letter of Invitation (LOI) from the Norwegian company including a guarantee to cover certain expenses)
- Confirmation letter of the employer, if requested
- Documentation of ability to return or proof of onward travel
- Proof of sufficient funds to cover trip and all costs while in Norway; and
- Proof of medical insurance coverage while travelling and staying in Norway.

Original documents must be presented, and copies of the original documents must be enclosed along with a Norwegian or English translation. Documents in other languages than Norwegian or English must, as a rule, be translated by an authorized translator. It must be clear who has carried out the translation, and when.

### **Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?**

Yes, for some categories of work there are exemptions from the Residence Permit requirement for short term assignments. One of the categories are for 'persons with technical qualifications'.

Please see the relevant Circular letter section 3.1.2; [https://www.udiregelverk.no/en/documents/udi-circulars/rs-2011-032/#\\_Toc467830494](https://www.udiregelverk.no/en/documents/udi-circulars/rs-2011-032/#_Toc467830494)

Please be informed that nationals that are not Visa-free will still need to obtain a Business Visa for Norway and also for some of the categories there is an obligation to file a Notification to the local police prior to entering Norway.

## 5.2 Long-Term Assignments

**What are the main work permit categories for long-term assignments to Norway? In this context outline whether a local employment contract is required for the specific permit type.**

In Norway we mainly differentiate between the following work permit categories;

- 'Skilled workers' with local employment (Norwegian employer/Norwegian payroll).
- 'Service providers' that remain employees in their home country/jurisdiction.

In order to be categorized as a 'Skilled worker' (local employment – No. 1 above) it is in general a requirement to have a local employment contract, however this category of permit is also used when the employee is on Norwegian payroll (even if there is in fact not a local contract). In this latter scenario it is however a condition to prepare an 'Offer of Employment form' (standardized form from the Immigration authorities).

The 'service providers' can be categorized based on who the client in Norway is:

- 'international companies' where the client in Norway is a branch of the same company they are employed with in home country/jurisdiction
- where the client in Norway is a company that is not in the same group of companies as their home country/jurisdiction employer.

**Provide a general process overview to obtain a work and residence permit for long-term assignments (including processing times and maximum validation of the permit).**

- Set up a User-ID with the Immigration portal /application portal (1 day).
- Fill in relevant application form online, pay the processing fee and book appointment with the Immigration office (Norwegian embassy/consulate in home country/jurisdiction or local police/Service Center in Norway if represented by POA) to submit supporting documents (1-7 days). This meeting (no 3 below) is not required in cases where UDI allow for electronic filing of documents through the online application portal.
- Meeting #1: meet at the Norwegian embassy/consulate in home country/jurisdiction or local police/Service Center in Norway if represented by POA) to submit supporting documents (can take up to 3 weeks depending on the waiting time for available appointment in the online booking calendar).
- Immigration authorities process the application (up to 8 weeks, might vary).
- (Meeting #2: if Entry Visa is required the applicant need to meet at the embassy/consulate/visa service center in home country/jurisdiction to obtain the Entry Visa (1-7 days depending on where Entry Visa shall be obtained).
- Meeting #2/#3: After arrival in Norway - applicant meet with the local police or at a Service Center to effectuate the residence permit for Work and to order the Residence Card. The applicant can start working legally in Norway from this day (waiting time for available appointment in the online booking calendar might vary).
- Approximately 10 days after the effectuation meeting the applicant will receive their Residence card.

**Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?**

Yes. It is a requirement that the pay and working conditions are not poorer than the applicable collective agreement or pay scale for the industry in question. Any new agreements/pay scales, or adjustments, must be reflected in the applicant's pay and working conditions from the day they enter into force, so that they are paid in accordance with the applicable collective agreement/pay scale at all times.

If no such collective agreement or pay scale exists, the pay and working conditions must not be poorer than is normal for the occupation and place concerned.

Where it is not possible to say what is 'normal' for the occupation and place it is determined that the minimum pay should be set based on what level of qualifications the job require.

If a Bachelors degree is required: NOK448 900per year

If a Masters degree is required: NOK480 900per year.

(Please note that these are the rates applicable from 2023. Rates are adjusted yearly).

Cash allowances can be included when calculating the salary (such as cost of living allowance and assignment allowance). The employers' coverage of travel expenses and housing can however not be included.

**Is there a fast-track process which could expedite the visa/ work permit?**

Yes, for those seeking a quicker start to work, there is an opportunity to request a so-called Early Employment Start. Given that the typical processing time for a residency permit application is around two months, the early employment start, if granted, allows applicants to begin working in Norway while their residency permit application is still processing.

**The Early Employment Start Arrangement is only put into practice at the discretion of certain local police offices. Consequently, the application process for this arrangement will differ from the standard application procedure. At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?**

See our respond above regarding the application process (point 6). The employee is allowed to start working from the day of their effectuation meeting with the local police/Service Center in Norway.

**Can a short-term permit/ business visa be transferred to a long-term permit in Norway?**

No, a new application for a Residence permit for Work would be required, however some categories of applicants might be allowed to submit this application from within Norway.

**Is it possible to renew work and residence permits?**

Yes.

First-time Residence permits for Work can be granted for 3 years, but not, however, for longer than the period applied for and not for a period that exceeds the duration of the employment relationship.

If there are considerations indicating that the duration should be further limited, the permit shall be granted for a shorter period. An example of such considerations would be a need to check whether the conditions for the permit continue to be met. In such cases, it is therefore established practice to grant a permit for 1 year, or shorter, in accordance with the above.

An application for a residence permit as a skilled worker can be renewed provided that the requirements for a first-time permit are still met. In that connection, it shall be verified that the applicant has actually worked in accordance with the original offer of employment, including that they have received the agreed pay.

If the application for renewal is submitted no later than 1 month before the permit expires, the applicant is entitled to continue residence on the same conditions until the application has been finally decided.

#### **Is there a quota or system or a labor market test in place?**

Yes, however it hardly ever affects the possibility to obtain a Residence permit for Work.

It is a condition that the applicant is either covered by the quota stipulated by the Ministry of Labor and Social Affairs in consultation with the Ministry of Trade, Industry and Fisheries and the Ministry of Finance, or that the position cannot be filled by domestic labor or labor from the EEA.

Every year, the Ministry of Labor and Social Affairs stipulates a quota stating how many residences permits for skilled workers can be granted without carrying out an individual labor market assessment. The quota is published in a circular from the Ministry and is available on the Ministry's website.

The requirement for a quota or labor market assessment does not apply to a permit as a skilled worker for an applicant who is a national of a country/jurisdiction that is a member of the World Trade Organization (WTO), and who is employed by an international company.

Only when the quota has been filled shall an individual labor market assessment be carried out before any more such permits can be granted in the same calendar year. In such case, a statement shall be obtained from the Norwegian Labor and Welfare Administration (NAV). A residence permit cannot be granted without NAV's consent.

## **5.3 General Immigration Related Questions**

#### **Would it be possible to bring family members to Norway?**

Yes, both Residence Permits for Skilled Workers (local employment) and Residence Permits for Service Providers (seconded employees/service providers) constitutes the basis for family immigration. Please be informed however that for Service providers (that are not employed in an international company) it is a requirement that the main applicant is granted a Residence permit for a period exceeding 6 months in order to bring family to Norway.

#### **Is it possible to obtain a permanent residence permit?**

Yes, if you have had a Residence permit for Work as a skilled worker (local employment) for 3 years, this constitutes the basis for applying for a Permanent Residence permit in Norway.

Residence permit for Work as a service provider does not constitute the basis for a Permanent Residence permit.

#### **What if circumstances change after the Work and Residence application process (e.g. change of employment or personal situation, including job title, job role or salary)?**

An employee holding a Residence permit for Work as a skilled worker (local employment) can change employer without applying for a new Residence permit. However, if there are any changes in their job title or role, the person will have to apply for a new first-time application.

Changes in salary must be evaluated on a case-to-case basis. If a person's salary is increased or decreased (even if still above minimum salary requirements), this can be an indication that also their job title/job role has changed.

An employee holding a Residence permit for Work as a Service provider is not allowed to take on assignments other than that described in the assignment offer form that was submitted for the first application. Nor is the person entitled to carry out assignments for another client or carry out work for an employer in Norway.

#### **How long can a permit holder leave Norway without their permit becoming invalid?**

Any extended absences from Norway may affect future Permanent Residency and Citizenship applications. A permit is granted under the assumption that the applicant will be working in Norway. If it is detected that the applicant does not work in Norway as stated in the application the permit might be revoked.

#### **Must immigration permissions be cancelled by the end of the assignment/employment?**

This is not a general requirement, however if the expiry date of the granted permit is long after the date the employee leave the country/jurisdiction, we recommend that the employee notify the Immigration authorities that they have left the country/jurisdiction.

The reason for this is that having a valid permit in Norway might affect the employee's possibilities of obtaining a residence permit for work in a different country/jurisdiction. And also, for some categories of residence permits there is a maximum period of allowed stay in Norway before a quarantine period applies. For instance, a person holding a Residence permit for Work as a service provider cannot have a permit in Norway for more than 6 years in a row. After 6 years there will be a 2-year quarantine period before a new permit on the same grounds can be granted.

#### **Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?**

Yes, non-compliance can be sanctioned with both deportation, expulsion, imprisonment and fines depending on the severity of the breach.

Sanctions might apply both to the employee and the employer.

## **5.4 Other Important Items**

#### **List any other important items to note, or common obstacles faced, in Norway when it comes to the immigration processes.**

**Processing time:** The most common obstacles that you need to be aware of is the processing time. Employees and employers need to start the process early in order to meet the planned start date for work in Norway. You should allow at least 8 weeks for the process. No processing guarantees can be provided.

**Education/Work experience - documentation:** For third-country/jurisdiction nationals there are strict requirements related to their level of education and how this must be documented.

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