

GMS Flash Alert

2025-027 | 31 January 2025

Norway – Approval for National Budget 2025

The 2025 Norwegian National Budget (*Statsbudsjettet 2025*) was finalised on 17 December 2024.¹ Below we provide a brief overview of the main tax changes, with a focus on the additional employer's tax, income tax rates and thresholds, and exit tax.

WHY THIS MATTERS

The Budget for 2025 includes changes in tax thresholds that result in a moderate reduction in taxes on income below NOK 1 million and a slight increase in taxes for incomes above this threshold.

Additionally, the social security rate has experienced a small reduction.

The impact of the Budget changes to the taxation of Norway-inbound assignees who are subject to Norwegian tax, and Norway-outbound assignees who are still subject to Norwegian tax, will depend on each taxpayer's particular set of circumstances.

It is worthwhile noting that employers will experience a lower employment-related tax burden as the additional employer's tax is being abolished.

There are significant changes in the exit tax rules. It is partly a tightening of the rules, but also an important change that may result in fewer people with short-term stays in Norway being subject to exit tax. A basic allowance of NOK 3,000,000 is introduced.

It is essential to get in front of the changes described in this newsletter and to communicate quickly and clearly with key stakeholders, so that they can properly plan, budget, and make any necessary payroll and other adjustments.

Employer's Tax – Abolished

In 2024, the authorities raised the income threshold from NOK 750,000 to NOK 850,000, for the additional employer's tax of 5 percent on top of the standard 14.1 percent. The introduction of the additional employer's tax was meant to be a temporary tax, and the authorities have decided to discontinue it starting from the income year 2025. This means that the employer's tax will now be 14.1 percent, unless the employer meets the conditions to use reduced rates.

Changes to Tax Thresholds for Income Tax, Social Security Rate, and Standard Deductions

There have been some minor changes in the thresholds for income tax; see the table in the Appendix.

In addition, the social security rate has been lowered from 7.8 percent to 7.7 percent.

The standard deductions – the standard minimum deduction (*minstefradrag*) and the personal allowance (*personfradrag*) – have been changed. The standard minimum deduction has been decreased from NOK 104,450 to NOK 92,000 and the personal allowance has been increased from NOK 88,250 to NOK 108,550.

The changes are considered minor and will not result in any significant changes to taxpayers' tax burdens.

Exit Taxation

The exit-taxation rules are a heavily-debated subject in Norway. The rules are designed to prevent individuals from leaving Norway without paying taxes on accrued gains. The new amendments aim to close existing loopholes and enhance tax fairness.²

Threshold for Exit Tax Raised and Introduced as a Basic Allowance, Scope of Exit Tax Expanded

There are two important changes regarding the exit tax. The first is that a basic allowance has been introduced, set at NOK 3,000,000. This means that latent gains below NOK 3,000,000 do not result in any exit tax. Furthermore, latent gains exceeding NOK 3,000,000 will be included in the basis for calculating the exit tax. The authorities have expressed the view that this will lead to individuals with temporary residence in Norway largely avoiding paying exit tax.³

The second is that the scope of the exit tax has been expanded. Exit tax will now also be calculated based on share savings accounts (the so-called "ASK" in Norway) and endowment insurance (*kapitalforsikring*).

Reduction in Value after Emigration

If the value of the underlying asset that forms the basis for the exit tax decreases in value from the time of emigration to the actual sale, the reduced value will not have any impact on the calculation of the exit tax. Latent gain will still be calculated based on the value at the time of emigration.

Avoidance of Double Taxation

It will no longer be possible to claim a credit in Norway for tax paid abroad upon the actual sale of assets that are subject to exit tax. To prevent double taxation, the taxpayer must claim credit abroad.

Payment of Exit Tax and Deferral

The basic principle is that the exit tax must be paid upon emigration. Previously, taxpayers could be granted a deferral (indefinitely) on the payment of exit tax if adequate security for the tax liability could be provided. This rule has been changed to allow only a 12-year deferral, calculated from the end of the year the exit tax was originally due.

Moving Back to Norway and Consequences for Exit Tax

If the taxpayer becomes a resident of the country again within 12 years after the end of the year the exit tax is due, the taxation for the assets the taxpayer owns at the time of return will be canceled.

Date of Effectuation

The amended exit tax rules were effective from 20 March 2024⁴ and some minor parts were effective from 7 October 2024.

KPMG INSIGHTS

Taxpayers with questions about how the above-noted measures may impact them and/or what steps they may need to take to be in compliance, should consult with their usual tax service provider or a member of the GMS tax team with KPMG in Norway (see the Contacts section).

FOOTNOTES:

1 For the status of the budget and budget documents, see the webpage of Norway's parliament, the Stortinget (in Norwegian) at: <https://www.stortinget.no/no/Saker-og-publikasjoner/Saker/Sak/?p=100213> .

For analysis by KPMG in Norway, see (in Norwegian) "[Statsbudsjettet 2025](#)."

2 For a related news report, see "[Norway: Proposed amendments to exit tax rules secure sufficient support in Parliament](#)" in *TaxNewsFlash* (26 December 2024), a publication of KPMG LLP in the United States.

3 [Prop. 1 LS \(2024–2025\)](#): *For budsjettåret 2025 — Skatter og avgifter 2025*. (Also on this webpage a link is available to an English-language version.)

4 Ibid.

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NOK 1 = EUR 0.085
NOK 1 = USD 0.088
NOK 1 = GBP 0.07
NOK 1 = SEK 0.978

Source: www.xe.com

APPENDIX

Table: Tax Rates and Deductions Following the 2025 Budget Agreement

Category	2024	2025 (Agreement)	Change: 2024 to 2025
Tax on Ordinary Income			
<i>Individuals</i>	22%	22%	
Bracket 1			
Threshold	NOK 208,050	NOK 217,400	+ 4.5%
Rate	1.7%	1.7%	
Bracket 2			
Threshold	NOK 292,850	NOK 306,050	+ 4.5%
Rate	4.0%	4.0%	
Bracket 3			
Threshold	NOK 670,000	NOK 697,150	+ 4.1 %
Rate	13.6%	13.7%	+ 0.1 percentage point
Bracket 4			
Threshold	NOK 937,900	NOK 942,400	+ 0.5 %
Rate	16.6%	16.7%	+ 0.1 percentage point
Bracket 5			
Threshold	NOK 1,350,000	NOK 1,410,750	+ 4.5%
Rate	17.6%	17.7%	+ 0.1 percentage point
Social Security Contribution			
Wage Income	7.8%	7.7%	- 0.1%
Extra Employer Contribution			
Threshold	NOK 850,000	-	
Rate	5%	-	
Tax on Gross Income for Foreign Workers (PAYE Scheme)			
(Withholding Tax)	25%	25%	

Source: KPMG in Norway

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Norway:



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