

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

Notes: (a) Treaty signed with former Yugoslavia applies.

Forms of doing business Limited Liability Companies (AS)

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



Residence and tax system

The term "resident" is not defined in the 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 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 by March 30 (if hard copy) or by May 31 electronically. 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 any interest payable on the tax. The difference between the tax paid in the two installments and the final tax payable is due three weeks after the tax assessment.

Tax rate

The standard corporate income tax rate is 27 percent.

Withholding tax rates

On dividends paid to non-resident companies

25 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

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

No

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% exemption (no 3% 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% 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 EEA 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.

Registration duties

Registration fee of NOK 6,797 (NOK 5,666 if done electronically) (approximately EUR 780) and additional fees of NOK 2,832 (approximately EUR 325) 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

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 resident country. 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 the 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.

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 30 per cent 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 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 to tax positions only 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 tax position itself.

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 18 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 33 million.

Other incentives No

VAT The standard rate is 25 percent, and the reduced rates are 15 and 8 percent.

Other relevant points of attention No

Source: Norwegian tax law and local tax administration guidelines, updated 2015.



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