

Reporting duties when conducting business in Norway

When conducting business in Norway, there may be reporting obligations applicable for your business. In this letter we have summarized the most common reporting obligations for Norwegian branches. A branch (NUF) must be registered to fulfill any reporting requirements.

Corporate income tax return

Income from business activities carried out in Norway are taxable according to Norwegian domestic law.

Branches that are taxable to Norway according to Norwegian domestic law are obligated to file a corporate income tax return. This also applies if the branch is tax exempt according to a tax treaty.

Permanent establishment risks

Even if a branch is taxable according to Norwegian domestic law, the tax liability may be exempt under a tax treaty. This is usually provided that the branch is not considered to have a permanent establishment in Norway.

A permanent establishment could e.g., be a place of management, a branch, an office, employees or a factory in Norway. There are some exemptions from this again, such as temporarily construction work, auxiliaries, agents.

The assessment of whether or not the branch has established a permanent establishment must be made specifically for each individual case on the basis of the type of business and the relevant tax treaty.

VAT

All supply of goods and services within the Norwegian territorial border is levied with Norwegian VAT. This also applies for sale of

goods and some services from abroad to Norway.

VAT-registration

Registration in the Norwegian VAT-register is mandatory once the sales exceed NOK 50 000 during a 12-month period. Registration may be accepted in advance in some cases.

Only VAT registered businesses may calculate output VAT and deduct input VAT.

VAT is reported bi-monthly. A yearly reporting could be accepted by application for branches with sales less than NOK 1 000 000 during a 12-month period.

Payroll reporting obligations

A branch will have payroll reporting and tax withholding obligations for all employees working in Norway. Employers' national insurance contribution must also be calculated and paid. It is necessary to set up and operate a shadow payroll.

Employees from the Nordic countries may be exempted from tax withholding if the employer files the NT 1-form which confirms tax withholding is made in their homeland in the Nordic countries.

Employers' national insurance contribution may be exempted if an A1-form has been submitted documenting the employee is covered by national insurance in his/her country of residence.

These reporting obligations must be met even if the employee is tax exempt according to the tax treaty.

All employees who carry out work in Norway must register at the local tax office to receive a D-number (identification number) and tax withholding card.

HSE/(HMS) - Card for employees

All businesses within the branches of cleaning, construction and building are obligated to order HMS-card for every employee from the Norwegian Labour Inspection Authority before the employee start their work in Norway. The card identifies the enterprise and the employee.

Employees

- Employers' national insurance contributions will apply with 14.1 % of the salary.
- Mandatory occupational pension scheme must be paid with at least 2 % of the salary.
- Calculation and payment of holiday money with at least 10.2 % of salary.
- Mandatory occupational injury insurance.
- The employees' work will be regulated by the Norwegian Working Environment Act which among others regulates working hours and overtime payment.
- The employee will also be entitled to annual holiday and time off on public holidays according to the Holiday Act.
- Work travels must be compensated with set rates per day/hour and food expenses.

Reporting of employees, contracts, contracting parties

All assignments to foreign contractor must be reported in the Assignment and employee register. It is the client's duty to report the assignment. The branch as contractor is obligated to report the employees that work on the assignment (form RF-1198).

Annual accounts

Branches which carry out or participate in activities in Norway, and which are taxable in Norway according to Norwegian domestic law, are required to file annual accounts. However, exempt if the turnover for the Norwegian activity is less than NOK 5 million and does not exceed 90 days per year.

If exempt we recommend informing the register of Company accounts of this as fines could be imposed.

Audit

Audit is required if turnover exceeds NOK 6 million.

Bookkeeping and SAF-T (Standard Audit File-Tax)

A company required to file annual accounts, corporate income tax return or VAT returns is defined as a bookkeeping entity and is required to follow the Norwegian Bookkeeping Act. The Bookkeeping Act specifies requirements for the content of the information.

Electronic accounting material must be able to be reproduced in the SAF-T format (Standard Audit File – Tax).