

The law firm Visma Advokater



Doing business in Norway

This info sheet gives a general overview of the most important topics that foreign companies must consider when conducting business in Norway. Visma Advokater will be happy to assist you with all practicalities and compliance obligations, in addition to solving your legal issues related to Norwegian tax & VAT, contracts, corporate and labour law as well as other areas of commercial law.

Important topics to consider:

- What kind of entity?
- Registration and reporting obligations
- Corporate tax
- Payroll tax and employee taxation
- Labour law
- Value Added Tax (VAT)
- Import and export of goods and services
- Accounting and auditing

What kind of legal entity?

Business activities may be organised in various ways. We can help you decide which entity that best suits your purposes, taking into account commercial considerations, tax and VAT issues, compliance and administrative costs, limitation of liability, etc.

The most common alternatives are:

- Branch (permanent establishment or NUF)
- Limited Liability Company (AS or ASA)
- Partnership and joint venture (ANS, DA, KS, etc.)
- Sole-proprietorship

Enterprise registration

Everyone that conducts business in Norway must register with the centralised registers at Brønnøysund. The Registry grants the enterprise a Norwegian ID number, called "organization number" or "org.no.". Such org.no is required when entering into contracts, invoicing, when communicating with public authorities, etc.

Tax registration

There is no specific corporate tax registration, but the tax office has access to the registers at Brønnøysund. Thus, the tax office expects that all entities comply with the various reporting obligations and file a tax return even if tax liability may be exempted according to a tax treaty.

Also note that foreign entities seconding employees to Norway must file reports to the tax office upon commencement of the work. These employees must obtain a Norwegian personal ID number (called "D-number"). In order to obtain the D-number the individual must meet at the tax office for an ID-control.

Corporate taxation

In principle, all foreign enterprises conducting business activities in Norway are subject to Norwegian corporate tax at a rate of 25%. However, Norway has entered into tax treaties with about 90 countries, which may provide exemption from Norwegian tax liability. Thus, an assessment of tax liability must be made specifically for each foreign enterprise.

Employee tax and social security contribution

The basic rule is that an individual working in Norway becomes subject to Norwegian tax at rates up to 38.7% from day one, unless an exemption is granted in a tax treaty between Norway and the home country of the individual.

The employee will also have to pay contribution to the Norwegian social security system (8.2%) unless an exemption is granted according to the relevant social security agreement.

Also, note that employers with employees working in Norway may suffer Norwegian payroll tax (employer social security contribution at rates up to 14.1%) unless exemption is granted.

Employee rights

Employees working in Norway are covered by the Norwegian working environment regulations, including provisions on minimum salary in certain industries, overtime pay and vacation rights.

VAT

The Norwegian default VAT rate is 25%, although reduced to 15% on food and 10% on e.g. public transportation, hotel accommodation.

Enterprises selling goods or services exceeding NOK 50 000 over a twelve month period are obliged to register for VAT in Norway and add VAT on the invoices. On the other hand, a VAT registered entity is entitled to a refund of the input VAT on its own purchases of goods and services used in the business. The

VAT is reported on VAT returns that normally are filed every other month.

A foreign VAT liable enterprise without any fixed place of business in Norway must register via a Norwegian based VAT representative. The VAT representative is obliged to control that the VAT handling is correct and is responsible for filing the VAT return. Visma acts as a VAT representative for a vast number of enterprises in various industries.

Import and export of goods and services

When importing goods and services import-VAT and customs might incur, and the actual customs transaction is based on the principle of declaration. Bear in mind that Norway is not a member of the EU and thus regarded as a third country in relation to transaction of goods and services cross border from the EU. It is possible to obtain custom credit upon application.

Accounting and auditing

In general, all enterprises conducting business in Norway must keep books of accounts based on the Norwegian general accepted accounting principles ("NGAAP"), and the annual accounts must be filed with the Norwegian Registry of Accounts. Note that Visma is the largest accounting bureau in Norway.

Further, note that an independent auditor shall audit the accounts when certain thresholds are met.

Sanctions and penalty charges

From a pure business perspective, you will experience that any committed business partner or principal will require that foreign contractors or business partners comply with Norwegian laws and regulations. Further, for noncompliance the authorities may levy serious sanctions including penalty taxes, late filing penalty and interest charges, deemed discretionary assessments, etc.

The law firm Visma Advokater has offices in Oslo, Kristiansand, Stavanger Bergen and Trondheim. We are more than 35 professionals with extensive experience on corporate law – including TAX and VAT, labour law, public procurement, company law and contract law.

Our lawyers are happy to assist you with any of the above subjects. Please do not hesitate to contact us should you have any questions.

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