

Doing business in Norway

Although the basic compliance obligations may appear to be burdensome, failure to comply can result in severe sanctions. As always, it is better to do the right things from the start than to clean up afterwards. Continue reading for a general overview of the most important topics that foreign companies must consider when conducting business in Norway.

What kind of legal entity?

Business activities may be organised in various ways. You must consider 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)

Enterprise registration

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

Tax registration

There is no specific corporate tax registration, but the tax office has access to the Registry at Brønnøysund. Thus, the tax office expects that all entities comply with all the various reporting obligations and file a tax return. This applies 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 physically 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 22 % for 2019. 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 individuals working in Norway become subject to Norwegian tax from day one. However, a tax exemption may be granted according to the tax treaty between Norway and the home country of the individual.

The employee will also have to pay contribution of 8.2 % to the Norwegian social security system 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 of up to 14.1 % (employer social security contribution) unless an 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.

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, which 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. It is expected an ease of these rules, which will imply that enterprises from [certain EEA states](#) no longer will be required to appoint a Norwegian VAT representative. Visma employs several VAT experts and 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 custom duties 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 audit

In general, all entities 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.

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