

# Norway

## Legal Provisions

Complied by:

### Embassy of Switzerland in Norway

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#### GENERAL REMARKS

The law of Norway can be regarded as a hierarchy of norms. The highest level is the Constitution of 17 May 1814. Statutes made under the Constitution are subordinate to it. Regulations made under such a statute are subordinate to such law. Norwegian law is based on Germanic law. Theoretically located between Anglo-Saxon and Continental European law, in practice it is comparable to that of Western European countries in many areas. The EEA Treaty makes Norway almost a full member of the EU's internal market. Consequently, Norwegian economic law is strongly influenced by or identical to EU law.

#### CUSTOMS

Trade in goods between Switzerland and Norway is regulated by the EFTA Agreement. Almost all industrial products of Swiss origin can be imported duty-free on presentation of a certificate of origin. Although a member of the EU internal market, Norway is not part of the Customs Union. Practical information is available at the customs office in Oslo and Akershus (Tollvesenet) ([oslo@toll.no](mailto:oslo@toll.no) / [www.toll.no](http://www.toll.no)) or the Ministry of Finance (<http://www.fin.dep.no/>).

## EXCHANGE REGULATIONS

The Norwegian krone is issued by the central bank and is being freely traded. There are no restrictions on the export and import of foreign exchange. Amounts over NOK 25,000 must be reported to customs or the central bank. Capital transfers are reported by the respective bank to the central bank.

## REGISTRATION OF PRODUCTS

Norway applies the CE marking within the EEA. In addition, standards of CEN, CENELEC or ETSI are used in Norway as Norwegian standards (NS and NEK) as well as standards of ISO. Further information is available on the website of the seven organizations responsible for standardization ([www.standard.no](http://www.standard.no))

## TAXES

A foreign entrepreneur who carries out taxable transactions or services in Norway and has a branch or business address in Norway is subject to the same rules as a Norwegian company. The foreign entrepreneur must register at the responsible tax office (Fylkesskattekontor). After receiving the registration number, they can then participate in the Norwegian input tax deduction procedure.

Corporate profit tax rate: 28% (in the area of oil and gas production, an additional profit tax of up to 50% is levied).

Income tax: depends on the place of residence and the amount of income (28 - 51%).

Value-added tax

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|------------------------|-----|
| Normal tax rate:       | 25% |
| Food                   | 14% |
| Books, Newspapers:     | 0%  |
| Public transportation: | 8%  |

Important is that foreigners, who carry out taxable transactions in Norway that are not subject to the import VAT and do not have a branch in Norway, have to name a fiscal agent in Norway. These can be law firms, but also, for example, the German-Norwegian Chamber of Commerce.

## TRADE LAW

Foreign companies providing services subject to VAT in Norway have to be registered at the Norwegian tax authorities by a fiscal representative. The company should be registered possibility 2-3 months before the start of the project or before the first invoicing. With the assignment of the tax number to the foreign company by the commercial register and the registration at the tax office, the fiscal representative is obliged to represent all VAT matters and is fully liable vis-à-vis the tax office for any tax losses. For this reason, a security in the form of a bank guarantee or a security must be provided to the fiscal representative. The amount of the security can be individually. The order amount and the duration of the contract are essential clues. The registration as a VAT-liable company entitles also Input tax deduction for services used in Norway (also for the refund of import sales tax).

The same rules apply to all foreign subcontractors who, in order to comply with the main order, can be included. The appointed subcontractors must report to the fiscal representative as well as the tax authorities within 14 days after conclusion of the contract. In the case of material deliveries, the Norwegian customs authorities may apply for a duty deferral account. The application must be made through the fiscal representative. With regard to accounting, it should be noted, that all services provided in Norway must be invoiced with Norwegian VAT, irrespective of the country of domicile. It should be noted that advance payments in Norway are subject to value-added tax (UST). The value-added tax must be paid together with the UST declaration of the corresponding billing period during which the invoice was issued. The fiscal representative must submit VAT returns every 2 months. If invoices are issued in euros on the basis of contractual agreements, these must be converted into NOK by the fiscal representative. The UST is to be paid in NOK to the tax authority.

Employees are required to register in Norway from the first day and must apply for a residence permit for a stay of more than 3 months. The residence permits are usually issued for an initial period of one year, but can be extended at any time. The duration of the residence permit depends on the period of validity of the secondment contracts. The application must be submitted in person to the local police station. In addition, employees who are employed for more than 183 days or affiliated to a permanent establishment subject to income tax. Independent of the wage tax liability of the personnel, the registration of all employees at the Tax Authority for Foreign Affairs (COFTA) from the first day of their activity in Norway is compulsive. The same applies to compulsory social insurance. To obtain an exemption from the payment of the social security contributions, the form E 101 must be filled in and sent to the responsible social security office authority in Norway. You can obtain the form from the local health insurance companies.

## **ESTABLISHMENT OF A COMPANY**

Foreign companies may establish subsidiaries or branches in Norway. As an alternative, of course, an existing company can also be partially or completely restructured, although from a certain amount or in individual sectors (financial services), a license must be obtained. There are various corporate forms. As a partnership, the "ansvarlig selskap" is of interest. In the case of this company, which is related to a Swiss trading company, the participants are unlimitedly reliable.

In addition, the joint-stock company (Aksjeselskap) is the most frequently between the "small" Aksjeselskap (AS) and the "large" Allmennaksjeselskap (ASA). The "small" stock corporation or private stock corporation corresponds to the GmbH. The shares in the company are not listed on the stock exchange. Shareholders are mostly in the company active themselves. The general stock corporation or "large" stock corporation corresponds to the AG in Switzerland. Share ownership often serves as an investment. ASA are often listed on the stock exchange. A trade is subject to registration in Norway. For a Norwegian company, this follows from Article 2-1 of the Business Registration Act. This concerns among other things the GmbH and the AG. From the same article follows also, that all foreign companies, in order to operate business in the Norway, must be registered. This applies without regard to the legal form of the trade.

## **POSSIBILITIES OF JOINT VENTURE**

There is the possibility of joint venture investments or transactions. In this respect, there is no special features that should be mentioned in detail.

## **INVESTMENT PROMOTION**

The government aims to promote investment in Norway (e.g. Innovation Norway or Nortrade). Especially in areas of importance to the national economy such as oil/gas.

## **TRADE REGULATIONS, WORK AND RESIDENCE PERMITS, LABOUR LAW**

A decision was taken following the conclusion of the bilateral agreements between Switzerland and the EU to introduce analogous provisions within EFTA. With the entry into force of the revised EFTA Convention on 1 June 2002, Swiss citizens were placed on an equal footing with EEA citizens and may be a pursue gainful employment. The Norwegian labour market is highly regulated and worker protection is comprehensive and generous (maternity and paternity leave, sick leave, holidays). The

The influence of the trade unions is large and above average. Many employees are unionized. The wages are paid annually between the associations and the Negotiated trade unions.

## **COLLECTION PROCEDURES AND DUNNING LAW**

A dunning letter can be issued when the payment deadline for an invoice has expired. A reminder fee may be charged in accordance with the collection regulations § 1-2. These regulations give the creditors the right to charge reminder fees if the reminder is sent in writing and no earlier than 14 days after the original expiry date of payment. A reminder must also have a payment deadline of at least 14 days. You can send as many reminders as you like, but the number of reminder fees is limited. The reminder fee may not exceed 1/10 of the collection rate. The collection rate is calculated each year in the "Collection Act Regulations". Before an invoice can be sent to the collection department, a warning must be issued by the collection department. The collection warning must include a "collection warning" and a payment deadline of 14 days. The seller must keep a copy of the letter. If a debtor has not yet settled the invoice after 14 days, the creditor is entitled to the Initiate collection procedures. This can be done by the creditor himself or by a professional company.

For the collection of claims against debtors resident or established in Norway, foreign creditors can use Norwegian debt collection agencies or law firms. These are to be paid to the debtor in accordance with Norwegian law, setting a time limit for payment. If the debtor does not respond to such a request, in special cases (in particular in cases the claim is undisputed), immediate execution is permissible. If this path not possible, legal action must first be taken against the debtor (usually in the court of law respectively at the debtor's place of residence or branch). Such legal proceedings can be very time-consuming and costly. Please note that even before the complaint is filed at the competent district court, there is a kind of conciliation and arbitration proceedings must be conducted before the Conciliation Court, given that the debtor or both parties are not represented by a lawyer. This applies to all civil law matters which are pecuniary. The conciliation procedure in some cities in Norway (especially in Oslo) will not be closed in less than six to nine months. If the creditor already has a foreign title against the debtor, the Lugano Convention on Jurisdiction is applicable.

## **IMORE INFORMATION AND LINKS**

Innovation Norway

[www.invanor.no](http://www.invanor.no)

Norwegian laws

[www.lovdatab.no](http://www.lovdatab.no)

Patent right

[www.patentstyret.no/english](http://www.patentstyret.no/english)

Customs authorities

[www.toll.no](http://www.toll.no)

Tax office

[www.skatteetaten.no](http://www.skatteetaten.no)

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| Norwegian Business and Trade Association                       | <a href="http://www.nho.no">www.nho.no</a>                                 |
| The Federation of Norwegian Commercial and Service Enterprises | <a href="http://www.virke.no">www.virke.no</a>                             |
| Norwegian Competition Authority                                | <a href="http://www.konkurransetilsynet.no">www.konkurransetilsynet.no</a> |
| Commercial Registry Office                                     | <a href="http://www.brreg.no/english">www.brreg.no/english</a>             |
| Norwegian Export Directory/Official Trade Portal               | <a href="http://www.nortrade.com">www.nortrade.com</a>                     |

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