



GLOBAL  
EMPLOYER  
GUIDE

**NORWAY**





## Basic Country Facts

### Full name

- Norge

### Capital

- Oslo

### Main Languages

- Norwegian
- Romani
- English

### Population

- 5.368 million

### Monetary unit

- Norwegian Krone

### Internet domain

- .no

### International dialing code

- +47

### Currency

- Norwegian Krone



# STATUTORY LABOR REQUIREMENTS

## Probation Period

- Probationary periods in Norway are typically between 3 and 6 months.

## Annual Leave

- The Norwegian Holidays Act provides for a 4 week and one-day annual holiday entitlement.
- However, most Norwegian companies provide 5 weeks of vacation either based on the CBA, employment contract, or as part of the employer's policy.

## Public Holidays

- New Year's Day (1st January)
- Maundy Thursday (9th April)
- Good Friday (10th April)
- Easter Monday (13th April)
- Labor Day (1st May)
- Constitution Day (17th May)
- Ascension Day (21st May)
- Whit Monday (1st June)
- Christmas Day (25th December)
- Boxing Day (26th December)

## Maternity Leave

- Female employees are entitled to paid maternity leave for 3 weeks prior to giving birth and must take a leave of absence for the first 6 weeks after birth unless able to provide a medical certificate indicating it is better to resume work.
- Parents are entitled to a leave of absence for a total of 47 weeks, or up to 57 weeks with reduced benefits, before the child's third birthday.



### **Paternity Leave**

- Male employees are entitled to 2 weeks' unpaid paternity leave.
- Parents are entitled to a leave of absence for a total of 47 weeks, or up to 57 weeks with reduced benefits, before the child's third birthday.

### **Sick Leave**

- In general, employers pay for the first 16 calendar days of sick leave. The Norwegian Labor and Welfare Service (NAV) pays from the 17th day forward, unless different terms are stated in the employee's contract or CBA.
- Employees must notify their employer if they are absent due to illness.
- Unless otherwise negotiated with the employer, sickness benefits are limited to six times the National Insurance basic amount per year.

### **Work Hours**

- The standard workday is 9 hours per day, with one hour included for lunch.
- The typical Norwegian employee work five day weeks scheduled between 0600 and 1800 and has arranged work between 37 and 38 hours per week.

### **Overtime**

- Any hours worked in excess of 9 hours per day and 40 hours per week are considered overtime and employees must be paid at a premium rate of at least 40% over the normal rate, or provided time off in lieu.
- Work hours should not exceed more than 10 hours of overtime per week, 25 hours of overtime per every 4 weeks, and 200 hours of overtime per every 1 year.

### **Notice Period**

- The statutory notice period for an employer when dismissing an employee varies between 1 and 6 months, depending on the term of employment, age and length of service with the company. It is most common to agree to 3 months' notice.
- Employees giving notice normally have to observe notice periods as agreed to in the employment contract, but these cannot be longer than 3 months.

### **Severance**

- There are no statutory provisions on severance or redundancy payment.
- These can be included in collective agreements.

### **13th Month**

- This is not mandatory by law.



# Income Tax

- Norwegian tax legislation distinguishes between full tax liability for resident taxpayers and limited tax liability for non-resident taxpayers.
- Residents are liable to income tax on their worldwide income, whereas non-resident taxpayers are only subject to income tax on specific types of income from Norwegian sources.
- Where an individual is tax liable to Norway only a part of the income year, the income is annualised. The same applies for certain deductions.
- The Norwegian income tax system for individuals is based on a dual tax base system: general income and personal income.
- General income is taxed at a flat rate of 22%. The general income tax base comprises all categories of taxable income (i.e. income from employment, business, and capital).
- The taxes on general income are the county tax, the municipal tax (Norway is divided into 11 counties and subdivided into 356 municipalities), and the state tax.
- Personal income between NOK 180,800 and NOK 254,500 is subject to a bracket tax of 1.9%.

- For personal income between NOK 254,500 and NOK 639,750, the bracket tax rate is 4.2%.
- For personal income between NOK 639,750 and NOK 999,550, the bracket tax rate is 13.2%.
- Personal income exceeding NOK 999,550 is subject to a bracket tax of 16.2%.
- The personal income tax base comprises income mainly from employment, including benefits in kind, and pensions.

General Income Tax	
Rate	Flat Rate of 22%

Personal Income Tax	
Income	Rate
Between NOK 180,800 and NOK 254,500	1.9%
Between NOK 254,500 and NOK 639,750	4.2%
Between NOK 639,750 and NOK 999,550	13.2%
Above NOK 999,550	16.2%





## Social Security

- Employers and employees, as well as self-employed individuals, must make social security contributions.
- Contributions are payable on all taxable salaries, wages and allowances and, for self-employed individuals, on personal income.
- For employees, contributions are withheld by employers together with income tax, and the total amount is paid to the tax authorities.
- Employers' contributions, payable bimonthly, are deductible for income tax purposes. Employees' and self-employed individuals' contributions are not deductible.
- The 2018 contribution rates are 8.2% of salary for employees and 11.4% for self-employed persons.
- For 2018, the employer's contribution is 14.1%.
- In certain municipalities, the rate for employers is lower.
- Expatriates and foreign employers of employees working in Norway are subject to these contributions if an exemption (or reduction) is not available under a social security convention between Norway and the country where the expatriate or the employer is domiciled.

### Social Security Contributions

<b>Employees</b>	8.2%
<b>Employers</b>	11.4%
<b>Self-employed</b>	14.1%

## Deductible Expenses

- A 10% standard deduction can be claimed by foreign seafarers and shelf workers because they cannot be included in the new regime for foreign workers
- In calculating ordinary income tax for 2019, individuals are allowed a standard minimum allowance of 45% of gross compensation, with a maximum of NOK100,800 and a minimum of NOK4,000. This allowance is reduced proportionately if the individual is taxable in Norway for only part of the fiscal year.
- In general, alimony is not deductible (and not taxable for the recipient).
- Deductions may be claimed for contributions to certain non-profit organizations. The total deduction per year may not exceed NOK 50,000.
- Union dues are deductible (capped at NOK 3,850).
- Both employers' and employees' contributions to various pension schemes may be deductible when certain conditions exist
- Individuals are entitled to a personal deduction for municipal taxation purposes. The allowance amounts to NOK 51,300.
- As a general rule, interest expenses are deductible irrespective of whether the debt has any connection with the earning of income or not.
- Interest expenses are deductible irrespective of what the loan has been contracted for and irrespective of whether the loan is secured by mortgage or not.
- **Business Deductions:**  
To be deductible for tax purposes, items must be included in the statutory financial statements. In principle, all expenses for earning, securing or maintaining income, with the exception of gifts and entertainment expenses, are deductible.



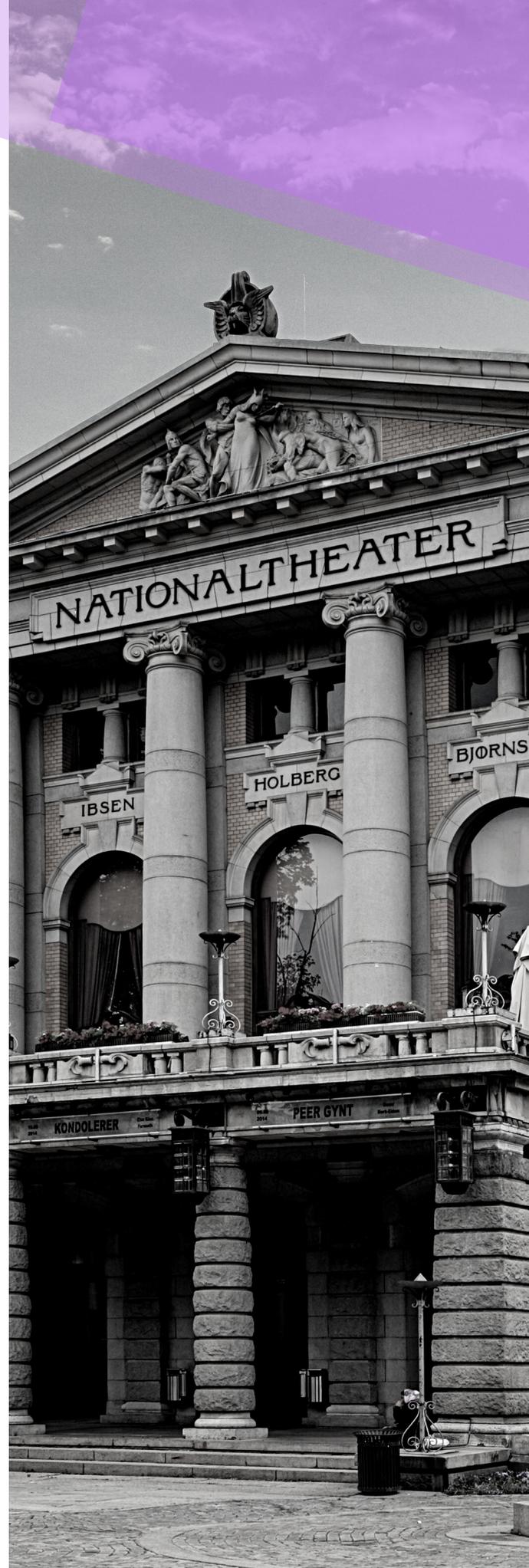
## Deductible Expenses

Foreign seafarers and shelf workers	<ul style="list-style-type: none"> <li>• A 10% standard deduction</li> </ul>
Personal Allowance	<ul style="list-style-type: none"> <li>• A standard minimum allowance of 45% of gross compensation</li> <li>• A maximum of NOK100,800</li> <li>• A minimum of NOK4,000</li> </ul>
Charity Contributions	<ul style="list-style-type: none"> <li>• The total deduction per year may not exceed NOK 50,000</li> </ul>
Union Dues	<ul style="list-style-type: none"> <li>• Union dues are deductible (capped at NOK 3,850)</li> </ul>
Pension Contributions	<ul style="list-style-type: none"> <li>• Both employers' and employees' contributions to various pension schemes may be deductible when certain conditions exist</li> </ul>
Personal deduction for municipal taxation purposes	<ul style="list-style-type: none"> <li>• The allowance amounts to NOK 51,300.</li> </ul>
Interest Expenses	<ul style="list-style-type: none"> <li>• As a general rule, interest expenses are deductible irrespective of whether the debt has any connection with the earning of income or not.</li> <li>• Interest expenses are deductible irrespective of what the loan has been contracted for and irrespective of whether the loan is secured by mortgage or not.</li> </ul>
Business Deductions	<ul style="list-style-type: none"> <li>• To be deductible for tax purposes, items must be included in the statutory financial statements. In principle, all expenses for earning, securing or maintaining income, with the exception of gifts and entertainment expenses, are deductible</li> </ul>



## Immigration

- Foreign nationals for whom a visa is required must apply for a visa or residence permit in order to stay or work in Norway for any length of time.
- Foreign nationals for whom a visa is not required who intend to stay in Norway longer than three months or who want to work must apply for a residence permit.
- Residence permits are granted only if a particular reason for living or working in Norway exists, such as a work assignment, a trainee assignment, cultural exchange or family immigration.
- Any person who applies for a work permit must receive a concrete offer of employment in advance.
- The applicant must also have adequate income.
- Nordic citizens do not need a residence permit to reside or work in Norway. EU/EEA nationals do not need to apply for residence permits in Norway.
- They can do an advance registration online and attend an appointment with the authorities in person on arrival in Norway.
- EU/EEA nationals need to register in Norway only if they intend to work and stay in Norway for more than three months.
- A non-EEA national may have the right to work in Norway without a work permit if he or she is employed by an EEA employer and if the following additional conditions are met:
  - The assignment is of temporary nature
  - The assignee holds a work permit in the EEA country and has the right to return to that country
- For stays in Norway above three months, the assignee must apply for a residence card.



Type of Visa	Documentation	Validity	Eligibility
<b>Residence Permit</b>	<ul style="list-style-type: none"> <li>• Passport</li> <li>• Application form</li> <li>• Two Passport Size Photos</li> <li>• UDI's offer of employment form</li> <li>• Proof of education</li> <li>• Proof of work experience</li> <li>• CV</li> </ul>	2 years	<ul style="list-style-type: none"> <li>• Foreign nationals for whom a visa is required must apply for a visa or residence permit in order to stay or work in Norway for any length of time.</li> <li>• Foreign nationals for whom a visa is not required who intend to stay in Norway longer than three months or who want to work must apply for a residence permit.</li> </ul>



## Value Added Tax (VAT)

- The standard VAT rate in Norway is 25%.
- Additionally, a reduced rate of 15%, 11.1%, 6% and 0% applies on certain goods and services.

VAT Rates	
Standard Rate	25%
Reduced Rate	15%
Reduced Rate	11.1%
Reduce Rate	6%
Zero Rate	0%

## Withholding Tax

### Dividends

- No withholding tax is imposed on dividends paid by a Norwegian limited company to an EEA resident corporate shareholder, provided the shareholder conducts a real business activity and has an “actual establishment” in the relevant jurisdiction.
- Otherwise, the applicable tax treaty rate will apply.
- Distributions to corporate shareholders’ resident outside the EEA or individual shareholders are subject to a 25% withholding tax, unless the rate is reduced under a tax treaty.

### Interest

- Norway does not levy withholding tax on interest payment. However, a legislative proposal for withholding tax on interest payments is planned in 2020.

### Royalties

- Norway does not levy withholding tax on royalty payments. However, a legislative proposal for withholding tax on royalties is planned in 2020

### Technical Service Fee

- Norway does not levy withholding tax on technical service fees

Type of Payment	
Dividends	20 %
Interest	20%
Royalties	20%
Technical Service Fee	N/A



Type of Payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	0% / 25%*	25%*
Interest	0%	0%	0%	0%
Royalties	0%	0%	0%	0%
Technical Service Fee	0%	0%	0%	0%

\*May be reduced under an applicable tax treaty



## Termination

- The main form of dismissal is with prior notice. Such dismissal must either be objectively justified on the basis of circumstances relating to the undertaking, the employer or the employee.
- If termination is related to curtail or rationalization related to the undertaking, the termination is not objectively justified if the employer has other suitable work in the undertaking to offer the employee.
- Furthermore, when deciding whether a dismissal is objectively justified by curtailed operations or rationalization measures, the needs of the undertaking must be weighed against the disadvantage caused by the dismissal for the individual employee.
- Additionally, where employees are dismissed on the grounds of circumstances related to the business or organization, the criteria for selection of employees for dismissal must be objectively justified.
- An employee who has been dismissed, owing to circumstances relating to the undertaking, has a preferential right to a new appointment at the same undertaking, unless the vacant post is one for which the employee is not qualified.
- The statutory notice period for an employer when dismissing an employee varies between 1 and 6 months
- There are no statutory provisions on severance or redundancy payment.

## Statutory Benefits

- These are benefits as postulated by law
- These include probationary period, public holidays, annual leave, sick leave, maternity and paternity leave, overtime pay and notice period
- Statutory benefits also include social security benefits

### Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Sick Leave

Maternity Leave

Paternity Leave

Overtime Pay

Notice Period

Social Security Benefits



## Payments and Invoicing

- Income tax and wealth tax on net taxable assets are assessed for a fiscal year ending 31 December.
- For most individuals' resident in Norway who do not have trading income, annual tax returns must be submitted by 30 April in the year following the income year. An extension of one month may normally be obtained.
- For self-employed individuals, annual tax returns filed electronically must be submitted by 31 May.
- Individuals who are self-employed or who have income from sources other than salaries, wages and similar compensation, receive from the tax authorities an individual estimate of taxes to be paid during the tax year.
- These estimated taxes are due in four equal installments on 15 March, 15 May, 15 September and 15 November.
- Assessments have normally been made in the third quarter of the year following the income year.
- Beginning with 2011, the Norwegian authorities announce the assessments in four different months.
- An individual may receive an assessment in June, August, September or October. At the time of assessment, an individual receives a tax computation showing total assessed taxes compared to taxes paid.
- Any amount of tax overpaid is refunded to the taxpayer, and any tax due is payable in two equal installments.

- Taxes are withheld by employers from salaries, wages and other remuneration paid to employees.
- Individuals who are part of the simplified tax regime are not required to file an annual individual tax return.

## Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Norway ranked 9th in the World in 2019 in terms of ease of doing business.



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