

Returkraft AS

Information to Foreign Companies working in Norway

1 Enterprises in Norway

Norwegian Organization Number

Companies working in Norway have to be registered in the Register of Business Enterprises ("Brønnøysund") and thereby obtain an Organization Number.

Why do foreign entities need an Organization Number?

All enterprises operating business activities - both those with unlimited as well as limited responsibilities - is obliged to register with the Entity Census/Entity Register in Norway to obtain an organisation number.

The case processing time is approximately 4-6 weeks. Required documentation is a copy of the Company Registration Certificate. Such registration does not in itself have any decisive impact for any tax liabilities or filing liabilities for the company that has to register.

If (the business-) activity has a duration exceeding six months in a 12 month period, the foreign company also have to be registered in the Register of Business Enterprises (Foretaksregisteret)

The organization number is necessary in order to fulfil certain statutory obligations in relation to the authorities, for example reporting of salary, the payment of tax withholdings, National Insurance contributions and Value Added Tax. Banks and other finance institutions will also require an organization number in connection with the opening of a bank account.

The Organization Number must always be included on all the entity's business documents.

For registration use *BR-1080E "Coordinated register notification Part 1 – Form for Norwegian registered foreign business enterprise (NUF) (Blankett for norskregistrert utenlandsk foretak (NUF))*» which you will find here:

<https://www.brreg.no/products-and-services/forms/>

If you have any further questions regarding this or your company does not have a Norwegian organization number please contact :

Brønnøysund Register Center / Business information:

Postadress: NO-8910 BRØNNØYSUND, NORGE

Phone: + 47 75 00 75 00

Internett: <http://www.brreg.no>

2 VAT

Obligation to register for VAT

A foreign company that has VAT-liable activities in Norway (for instance because the company is acting as a contractor), is obliged to register for VAT when the VAT-liable turnover exceeds NOK 50,000 over a 12-month period. The company shall register through representative if it has no fixed place of business.

A foreign company hiring out labour in Norway/to a customer in Norway will not have an obligation to register for VAT, as hiring out labour is regarded as a "service capable of delivery from a remote location". Other services in the same category can be:

- Architect/design services
- Advisory services

A company buying such services for use in Norway, will have an obligation to calculate and report (and deduct or pay, depending on the circumstances) the VAT amount as part of the periodic VAT reporting.

3 Reporting obligations

Reporting of agreements and employees – RF1199

Businesses and public bodies that give someone an assignment in Norway or on the continental shelf are obliged to provide information about the assignment and any subcontracts, if they are performed by a person resident abroad or companies domiciled abroad. The reporting obligation includes information on the main principal in the contract chain as well as the contractor(-s) and the employees that the contractor(-s) uses to accomplish the assignment. Each contractor is required to provide information about their own employees used to carry out the assignment.¹

Reporting shall be done on specific forms:

- RF1199-1: for the assignment/contract
- RF1199-2: for the employees

In practice, this reporting is now done through the tax authorities' reporting portal "ALTINN".

Circumstances that triggers the reporting obligations

The report shall be submitted when a business or public body gives someone/a foreign company or person an assignment that will be carried out in whole or in part in Norway.

The obligations are common for both hiring of personnel and subcontracting

- In principle; a project that last one day shall be reported
- However, assignments worth less than NOK 10,000 are not covered by the reporting requirement.

Deadlines for reporting

Information about contractor/foreign enterprises must be given when the project activity starts and ends in Norway.

- At the start of the project:
 - As soon as possible after the contract has been signed, or;
 - 14 days after the work has begun on site in Norway
- At the end of the project:
 - 14 days after the work has ended,

¹ The reporting obligations are regulated by Section 5-6 of the Norwegian Tax Administration Act

Reporting obligations; non-compliance

The tax authorities may impose sanctions for breaching the reporting obligations.

If a company refuses to comply with the obligations, the tax authorities may impose a running daily penalty until the obligations have been fulfilled. Further, delays or non-compliance may be sanctioned with penalty fines²:

- For agreements: NOK 150 per day, limited upwards to NOK 75,000 per agreement/project.
- For employees; NOK 30 per day, limited upwards to NOK 15,000 per employee per project.

As stated above, the customer and the contractor have a joint responsibility for the fulfilment of the reporting obligations. This means that they are also jointly liable for the consequences of non-compliance, hereunder the penalty fees.

² Section 10-8 of the Norwegian Tax Administration Act

4 ID Check foreign workers employed by foreign enterprises

The Norwegian Tax Administration has introduced identity checks for foreign workers who are to carry out work in Norway in order to actively prevent people from operating under false identities.

Foreign workers who have previously been given a tax deduction card and a D-number by the Central Office - Foreign Tax Affairs (SFU) after submitting form RF-1199 "Information on contract, contractor and employees", must report to their local tax office (ID office) to:

- verify their ID and
- to file an application for a tax card

Based on this, the tax office will produce a Norwegian D-number and a Norwegian tax card. The employee will not get a D-number or a tax card unless this ID-check has been completed.

Visiting adress: Skatt Sør Kristiansand , Kjøita 42, 4630 Kristiansand

Opening hours: Monday – Friday 09:00 – 15:00

Documentation

Workers must bring the following documents with them to their ID check:

- Valid passport or national ID card approved as a travel document in the Schengen Area. The ID card must have a photograph and state the nationality and gender. For Nordic citizens, a valid driving licence together with an extract from the national registry of the worker's home country will also be accepted. The extract must be no more than three months old and it must be signed and stamped.
- Form RF-1209 "Application for tax deduction card for foreign citizens". This form can be printed out from taxnorway.no.
- Employment contract or written confirmation of work assignments in Norway.
- Persons from countries outside the EU/EEA area must also document that they have a residence permit giving entitlement to work in Norway.

The anticipated processing time for tax cards and D-numbers should be approximately 5 working days from the day of the ID check.

Please note that it is not possible to apply for an ID-card for the building and construction industry without a Norwegian D-number.

Exemptions from the obligation to attend:

- people with a D-number who have reported for an ID check during the past two years.
- Persons who are in a situation where it would be very difficult for them to report to the tax office and identify themselves. In order to be granted an exemption, these persons must submit a written application with a confirmed copy of their passport/valied ID document, a copy of their employment contract stating the duration and nature of their stay, complete RF-1209- "Application for tax deduction card for foreign citizens" and the reason why it would be very difficult for them to report for an ID check

If you have any further questions regarding the ID-check please contact
+ 47 51 96 96 00: Central Office - Foreign Tax Affairs, P O Box 8031, N-4068
Stavanger or see taxnorway.no

5 Social security

Main rules

The main principle in the EU-regulations³ is that person shall be insured in the country in which he or she works. Hence, employees that work for a foreign entity in Norway become mandatory members of the Norwegian National Insurance scheme from their first day of work in Norway. This triggers a range of direct obligations, such as payment of employer's and employee's social security contributions.

Social security fees (ordinary)

- 14.1% employers' contributions
 - Is reported and paid in the course of the periodic reporting and payment of withheld taxes
- 8,2% social security contribution
 - Is deducted from the employee's salary, together with the withholding tax.

Exception for posted workers

A "posted worker" is defined as a person employed by an entity established outside of Norway, and who habitually works in that country. For a limited period of time, the worker is sent out to work in another country (e.g. Norway).

A posted worker will in principle be covered by the national insurance legislation in his or her home country if the work in Norway does not last for more than 12 months. The worker can be exempted from membership in the Norwegian Social Security Scheme when presenting the form A-1 issued by the social security authorities in the employee's home country as documentation that the employee is a member in his/her home country's social security scheme. The A-1 form shall be sent NAV's⁴ international division. It is recommended that the employee attach a copy of the A-1 with his/her personal tax return.

Please note that if the employees are members of a national insurance scheme in their home country, and have not applied for exemption in Norway, the employees automatically become members in Norway with all attending obligations such as the obligation to establish an Occupational Injury Insurance and a Mandatory Pension Scheme in Norway.

Returkraft requires a statement from each contractor that the workers have filled in the form in their home countries. A copy of the form for each worker has to be sent to Returkraft.

More info at: [NAV Internasjonalt](#)
 (+47) 21 07 37 00
 Faks: (+47) 21 07 37 01
 E-mail: nav.internasjonalt@nav.no
 Internett: www.nav.no
 Postadresse: Postboks 8138 Dep, 0033 Oslo, Norge

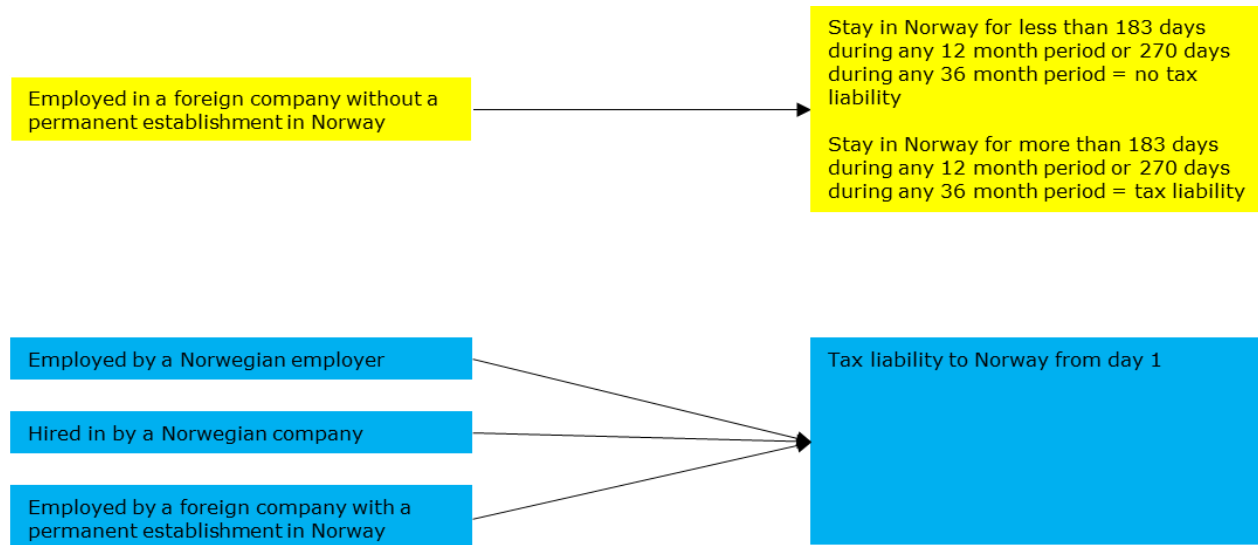
³ EU "Rådsforordning 883/2004"

⁴ Norwegian Social Security Authority

6 Personal tax liability whilst working in Norway

Tax liability - foreign employee - schematic general rule

A foreign national that takes up work in Norway will, as a general rule, be regarded as tax-liable to Norway from the first day of work. Norway's entitlement to taxation is, however, limited by tax treaties, which have been entered into with other countries. Below, we have presented the schematic rules for taxation of foreign workers/employees in Norway.



7 Reporting of salary

Electronic tax cards

The tax deduction cards are electronic. Employees will receive a tax deduction notice by mail, in the form of a letter with information about which tax deduction card they have been given. The employer will receive a copy of this letter from the Central Office – Foreign Tax Affairs, regarding foreign employees. The employer can use this information to deduct tax from the employee's salary. On how to apply for tax card, please see chapter 4.

Please note that the employer is obligated to collect the tax card through the electronic reporting portal ALTINN (www.altinn.no) or through a wage payment system that is linked to ALTINN.

Withholding tax/ Tax withholding account

As a main rule an employer with employees in Norway must deduct tax from the salaries of their employees and pay the amounts deducted to the Tax Collector and establish a withholding tax account in a Norwegian bank or a Norwegian branch of a foreign bank. However, if it is concluded with no tax liability to Norway we recommend that an application is sent to the Norwegian Tax Collector to avoid obligation to withholding tax/ tax withholding account in Norway.

Reporting of salary and advance tax deductions

The foreign employer is obliged to report the salary connected to work carried out in Norway on a monthly basis (A-ordningen), and one shall follow the cash basis of accounting. This means that salary paid in January shall be reported within the 5th in the following month (February). As a main rule, this shall be done online, unless the number of employees in Norway do not exceed two.

These reporting obligations apply regardless of actual tax liability.

Taxes shall be withheld in accordance with the employees' tax card and if a tax card is not in place, the employer is obliged to withhold 50% of the salary for Norwegian tax purposes. The tax withholding payment shall be done bimonthly to the Tax Collector according to the deadlines shown below. On how to avoid payment of tax withholding, please see above.

Period	Month of salary payment	Deadline salary reporting (A-melding)	Deadline for <u>payment</u> of taxes
1	January	5th February	15th March
	February	5th March	
2	March	5th April	15th May
	April	5th May	
3	May	5th June	15 July
	June	5th July	
4	July	5th August	15th September
	August	5th September	
5	September	5th October	15th November
	October	5th November	
6	November	5th December	15th January (year after)
	December	5th January (year after)	

You can find more info about the reporting of A-melding at:

<https://www.altinn.no/en/a-ordningen/>

8 Occupational injury insurance

Employers in Norway are required to take out insurance to cover occupational injury and occupational illness⁵. The occupational injury insurance shall give an employee the right to full compensation, without considering whether someone is to blame for the injury.

It is mandatory to take out occupational injury insurance in a Norwegian scheme if the employees are members of the Norwegian national insurance scheme (NIS). In this context, it should be noted that an employee carrying out work in Norway is regarded as member of NIS from first day of work unless it can be documented that the employee is exempted (c.f. Chapter 2). Further, it should be noted that even though a person may be formally registered as a self-employed/contractor, this person can, given certain circumstances, be regarded as an employee (c.f. Chapter 7.1.1).

If an employee suffers an accident and it turns out that the employee should have been insured in a Norwegian scheme, but is not, the consequences can be serious. The Norwegian Occupational Injury Insurers' Bureau (an association comprising all Norwegian insurance companies) will then enter into the claim and pay the compensation, but may afterwards demand recourse with the responsible party (employer, contracting company)

It is recommended that non-members of the Norwegian national insurance scheme establish a scheme which provides at least equal benefits to those that the Norwegian scheme provides.

■ ⁵ Act on occupational injury insurance 1989-06-16, No. 65 and Regulation No. 1041 of 13.10.1989.

9 The tax liability of the enterprise whilst operating in Norway

Tax liability when conducting business in Norway

A foreign company which carries out business in Norway is taxable to Norway for its business here⁶.

Norway's entitlement to taxation is, however, limited by tax treaties, which have been entered into with other countries. Most of these tax treaties, with a few exceptions, are based on the OECD Model Tax Treaty.

Permanent (business) establishment

A foreign company can, in certain circumstances, be regarded to be taxable if it is deemed to have a "permanent establishment" (PE) in Norway in accordance with the rules in the applicable tax treaty. In the following, we will give examples and references to the OECD Model Tax Treaty.

The conditions for a permanent establishment are that:

- There is a fixed place of business (requirement for a specific geographical location)
- There must be a certain duration in time in connection with the location, and
- The activity must be run through the fixed place of business.

The tax treaty contains some examples that are deemed to be permanent establishments, including:

- a place of management,
- a branch,
- an office
- a factory, and;
- a place for extraction of natural resources (oil-well, mine, etc)

Corporate tax return

All foreign entities are obliged to prepare an annual corporate tax return, if their activity is considered to be tax liable in Norway in accordance with Norwegian domestic legislation⁷. The obligation exists even if the activity/project is exempted from actual taxation by regulations in the applicable tax treaty.

Norwegian tax authorities have been known to be pragmatic in relation to the formal obligation. If it is apparent that the company in question will not end up in a tax-payment position, they have sometimes granted an exemption.

⁶ cf. the Tax Act, clause 2-3

⁷ Norwegian Tax Act, section 2-3

Under any circumstance, the foreign entity is obliged to file a complete return if the tax authorities request it.

Deadline for submission of tax returns for the company to COFTA is 31 May the year after.

Consequences of a permanent establishment

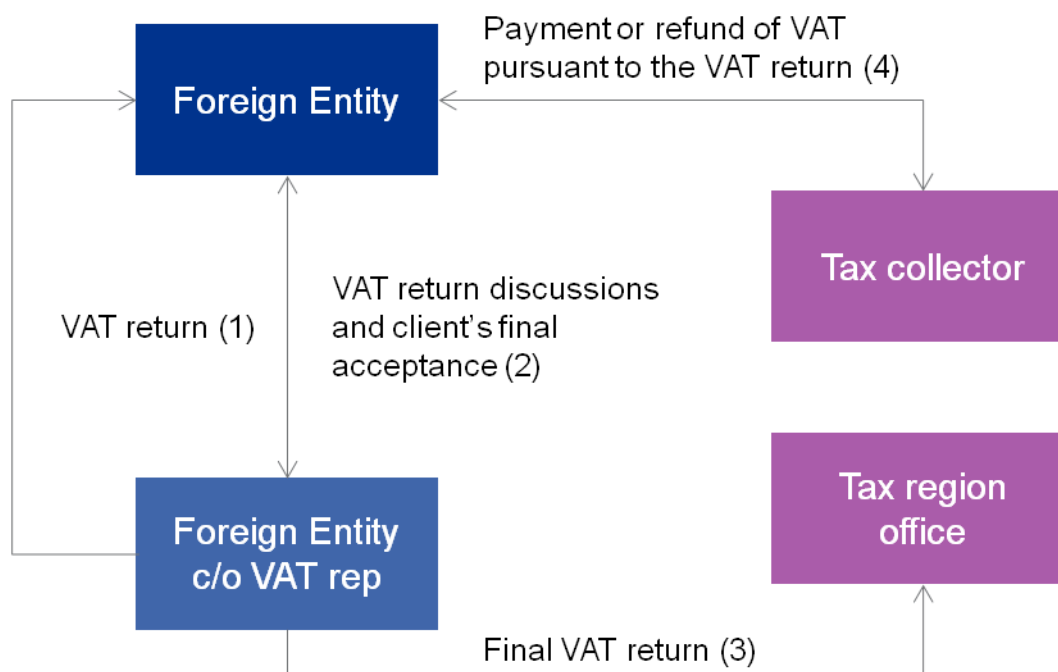
A foreign company that is deemed to have a permanent establishment here, will also be deemed as tax liable for income earned through the permanent establishment in Norway, and employees on temporary assignments in Norway are tax liable from "day 1"⁸.

⁸ For details about personal tax liability/personal taxation/please see chapter FF

10 The reporting and payment of VAT

Foreign businesses must keep accounts of their business activity in Norway. The representative must also keep complete VAT accounts of the foreign business's turnover in Norway, both purchases and sales. The foreign entity and the VAT representative are jointly responsible for the book-keeping/accounting obligations⁹.

Norway has six VAT terms annually; January-February, March-April, etc. The deadline for reporting and payment is one month and ten days after the end of the term with exception for term 3, which is due on 31 August (due to summer vacation).



Foreign entities that are registered for VAT through a representative, will usually keep accounts/project accounts for the Norwegian activity. A "typical" VAT-return process is illustrated above:

1. The VAT representative prepares a draft VAT return with necessary underlying reports and sends it to the foreign entity for review.
2. The draft VAT return is reconciled/reviewed and approved by the foreign entity.
3. The VAT representative signs and files the final VAT return; usually electronically, through ALTINN.

The foreign entity arranges for payment of VAT due to, or receives a VAT refund from, the Tax Collector. Refunds will as a general rule be transferred within 21 days following the date for submission of the VAT return. Accounting obligations

⁹ the Bookkeeping Act of 19 November 2004 no. 73

11 Book-keeping

Statutory Accounts

All foreign entities are obliged to prepare annual statutory accounts, if their activity is considered to be tax liable in accordance with Norwegian domestic law¹⁰. The obligation applies even if the activity/project is exempted from actual taxation by regulations on applicable tax treaty (regardless of whether they are taxable or not). Enterprises with an obligation to keep accounts must prepare annual accounts and an annual report each financial year¹¹.

The Accounting registry has been known to be pragmatic in relation to the formal obligation. If it is apparent that the company in question will not end up in a tax-payment position, and if the tax authorities have granted an exemption from the obligation to prepare a corporate tax return, they have sometimes granted an exemption from the obligation to prepare annual accounts.

Under any circumstance, the foreign entity is obliged to file a complete return if the Accounting registry authorities request it.

The accounts must be approved within six months after the end of the fiscal year and be filed within one or two months after the approval (paper or electronic filing, respectively). The head office's accounts must also be filed, at latest at the time these accounts are published in the company's resident country.

Audit

A foreign entity will have an obligation to appoint a Norwegian registered public auditor or state authorized public auditor in the year after their annual turnover exceeds MNOK 5.

Book-keeping

The Bookkeeping Act applies to all enterprises and persons that are obliged to keep statutory accounts¹². All transactions that are material to the assets, liabilities, income and expenses of an enterprise with an obligation to keep accounts must be registered in an accounting system. The accounting system must specify all the registered information on which the amounts in the statutory reporting are based. The registration shall include all information that is material to the preparation of the annual accounts and other financial reporting that follows from the law or regulations. The book-keeping shall be done in accordance with Norwegian GAAP¹³.

¹⁰ the Norwegian Tax Act, section 2-3 – c.f. the Accounting Act section 1-2

¹¹ cf. the Accounting Act section 3-1.

¹² cf. the Bookkeeping Act section 2

¹³ The Accounting Act chapter 3 to 7 deals, among other things, with annual accounts and annual reports, fundamental accounting principles and generally accepted accounting practice, rules for valuation, the profit and loss account, balance sheet and cash flow statement and notes

12 Working conditions

Returkraft requires a declaration that all employees that will be dispatched to Norway with regard to the revision stop have

- an employment contract which guarantees them at least as minimum wage of

Wages - Construction sites

Minimum hourly wage

For skilled workers	NOK 187.80
For unskilled workers without any experience of construction work	NOK 168.80
For unskilled workers with at least one year's experience of construction work	NOK 176.00

- insurance while they are working in Norway

13 DECLARATION

We, the authorized representative of _____

signing below, declare on behalf of

(Company/address, organization number),

that all Norwegian regulations pertaining to this contract, including but not limited to, the items mentioned in this document, will be strictly adhered to by above mentioned company.

Place, date

Signature
