



Newsletter



This newsletter informs about the changes in the VAT law in Norway that will be implemented with effect from 1 January 2023. The changes were sanctioned by the King in Council on the 20 December 2022.

VAT on electric cars – introducing a threshold

The VAT exemption for sales of electric cars (running on batteries charged from external electrical power sources) that are registered from 2023 will be limited to those with a price up to NOK 500 000. For cars with a higher price, the excess amount will be liable to VAT at the standard rate of 25%. Leasing of electric cars that are delivered to customers from 2023 will similarly be partially liable to VAT if they have a cost price of more than NOK 500 000. The VAT will be calculated on basis of the rent multiplied by the excess cost price divided by the total cost price.

The VAT exemption for sales of batteries to such electric cars will be repealed.

The EFTA Surveillance Authority (ESA) has on the 15 December 2022 approved the relevant VAT exemptions for 2023 and 2024.

The VAT exemption for electronic news services is repealed

The VAT exemption for electronic news services is repealed from 2023, which primarily will have an impact for TV distributors.

Electronic newspapers are however still VAT exempt, but this exemption only covers newspapers that mainly consist of text and still images. Hence, the changes will to some extent also affect electronic newspapers that to a larger extent consists of sound and images. We expect there will be some complexity around this delimitation.

VAT on remote services supplied to non-businesses in Norway

There will be a general VAT liability for supplies of remote services from abroad to customers in Norway from 2023.

Supplies of remote services to businesses and public sector activities will continue to be VAT liable as today, reportable by the customer according to the reverse charge mechanism.

When it comes to sales to consumers (i.e., non-businesses and non-public sector), only electronic services have been VAT liable up to 2022, reportable by the foreign supplier through the simplified VOEC (VAT on E-Commerce) registration and reporting scheme. From 2023, VAT liability will also apply under this scheme to other (i.e., non-electronic) remote services that are supplied to consumers in Norway. This will affect services from advisors, engineers, architects, lawyers etc. to the extent they are capable of delivery from a remote location (remote services, or “non-physical services”). Note in this respect that it is the nature of the service that is decisive, not where the service is rendered.

To the extent that the remote services are supplied by intermediaries such as marketplaces etc., the VAT liability will apply to them instead of the actual sellers.

The changes create a neutral VAT treatment of remote services purchased by domestic and foreign suppliers and implies that there will no longer be a need for delimiting electronic services from other non-electronic services. Further, the discussion around the business status of holding companies will no longer be an issue, as VAT will apply in any case.

There will however still be an issue whether the customer is a business etc. who shall report the VAT through the reverse charge mechanism or a consumer after which the supplier shall report the VAT through the VOEC scheme. The Ministry of Finance is now authorized by the VAT law to clarify in the VAT regulation when the supplier should take for basis that the customer is a non-business etc. Hopefully, such a regulation will be in place early in 2023.

Note that the VAT liability for remote services will not apply if the services are covered by one of the VAT exemptions of the Norwegian VAT Act such as for educational and financial services.

The VAT exemption for sales of remote services from Norway to abroad is similarly changed so that they generally can be treated as VAT exempt regardless of whether they are for use in Norway or abroad. This implies that sales of remote services from Norway to foreign consumers can be treated as

VAT exempt from 2023 although the services are fully or partially for use in Norway.

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