

# GMS Flash Alert



2020-140 | April 1, 2020

## Norway – COVID-19: Tax, Social Security, Benefits, and Quarantine Measures

Norway’s government has introduced various tax, social security, benefits, and travel/immigration measures to help the country combat – and cope with – the spread of COVID-19.<sup>1</sup>

Measures include:

- Closure of all tax offices and the Service Centre for Foreign Workers (SUA).
- Proposed reduction in employers’ social security contribution obligation and payment deadline extension.
- Increase in number of days for parental leave in connection with closed schools and child-care needs.
- “Lower rate” of VAT temporarily reduced.
- Relief from impossible fines and penalties for late reporting/filing.

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### WHY THIS MATTERS

The series of measures ushered in by Norway’s government are intended to help combat the spread of COVID-19 in the country and to bring relief to individuals and their employers as they come to grips with the changed situation in their daily lives and business operations arising from the restrictions tied to work, travel, and daily life.

The government’s measures related to tax reductions, delayed payment obligations, expanded sick pay and parental leave, and relief for other compliance obligations, should give taxpayers some very welcome breathing room to preserve their cash-flow and take additional time to organise their home, business, and tax affairs in these trying times.

## Restrictions for Individuals from Countries outside of Norway

Anyone who has travelled from outside Norway should be in their homes under quarantine for 14 days after arrival, regardless of whether or not they show symptoms, retroactive from 27 February.<sup>2</sup>

An employee can work during the quarantine-period (if he/she is not sick), for instance from his/her place of accommodation (e.g., hotel, apartment) in Norway.

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### KPMG NOTE

Having seconded employees quarantined and simultaneously working in Norway may prove difficult and complicated. Some employers might therefore decide to allow the employees that should have been sent to Norway, to stay in their home country and work from their "home office" there.

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## Tax Office and SUA Offices – Closures and Reduced Services

In order to reduce the spread of coronavirus, all tax offices are now closed to the public.<sup>3</sup> However, it is still possible to book an appointment for ID-control. It is not clear at this point how long they will continue to keep this service open.

The Service Centre for Foreign Workers (SUA) is also closed and information is not yet available as to how long this will last. No work permit applications can be submitted until the SUA reopens, or until alternatives are made available.

## Employment Reliefs and Benefits

- A lower threshold for temporarily laid-off employees.
- A reduction in the employer payment period of 14 days' notification period + 15 days of payment period to a possible 2 days' notification period + 2 days payment period for the employer. Thereafter, the government can take over the salary payment obligation for a period of 18 additional days calculated up to a limit (up to a salary of NOK 599,148). After this period the government will cover 62.4 percent of salary (up to a maximum amount of approximately NOK 426,000).
- Parental leave in connection with closed schools and child-care: originally parents had 10 days each to take off to care for their children in case of illness. The number of days is increased with immediate effect, with 10 days per parent in order to deal with the current extraordinary situation. The payment for days off that a parent takes is limited to a salary basis of NOK 599,158, and the employers' payment period for the additional number of days is three days.
- Illness due to virus infection: the employer obligation is to pay salary for the first 16 days of sick leave. Under the new situation, provided that the employee's illness is connected with the coronavirus, the employers' period of payment obligation is reduced to three days with full salary.
- No medical certification is required if the employee is ill due to coronavirus infection for the first 16 days.

## Employer Social Security Contribution

The government proposes a reduction in the employers' social security contribution obligation of 4 percent for two months, from the current 14.1 percent (please note that some areas in Norway have a reduced rate and it is uncertain if the same reduction applies). For the time being the government is intending to reduce the rate for May and June.

The payment deadline for employers' social security for the months of March and April is extended to 15 August 2020. Due to this extension, it is expected that the payment deadline for May and June also will be extended.

## VAT-Update

- The VAT "lower rate" is temporarily reduced from 12 percent to 6 percent. This is a temporary arrangement to apply for a limited time-period from 1 April until 31 October 2020. The reduced rate scheme applies to passenger transport, accommodation, public broadcasting, as well as access to cinema, sporting events, amusement parks, and adventure centers.
- Payment of VAT for the first period 2020 (January to February), with an original due date 14 April, will be postponed until 10 June 2020.

## Air Passenger Tax and Airport Charges

- Air passenger tax will be temporarily abolished for the period 1 January 2020 until 31 October 2020.
- Air passenger tax that has already been paid for the period will be reimbursed to the airline companies or their representatives.
- Airport charges for the airlines are suspended temporarily for the period 13 March 2020 until 30 June 2020.

## Norwegian Tax Administration Changes Rules on Compulsory Fines for Businesses

The coronavirus affects all sections of society, whether individuals or businesses. The Norwegian Tax Administration acknowledged in a press release dated 25 March 2020, that the coronavirus crisis is making it difficult to meet the usual reporting and submission deadlines for many companies.<sup>4</sup> As part of efforts to ease the situation for the business sector, compulsory fines for late submission and reporting have been temporarily halted in the event of:

**Late Reporting in the A-Ordningen Scheme (reporting of salary and withholdings)** – Compulsory fines will not be imposed for the reporting that should have been done by 5 March 2020. The next reporting deadline is 5 April 2020, and for this deadline, compulsory fines will still be imposed if the A-Ordningen reporting of salary and withholding is submitted too late.

**Late Submission of VAT Return** – Sanctions will not be imposed by the Norwegian Tax Administration if the VAT return is submitted too late. For the time being, this applies for returns that have a due date from March up to and including 10 June 2020, i.e., for the submission of Period 1 and 2. There will also be no compulsory fines for those who submit their returns once a year, i.e., 10 March 2020, and annual statements for primary industries with a deadline of 14 April.

## FOOTNOTES:

1 For *Prop. 67 S (2019-2020)*, Økonomiske tiltak i forbindelse med virusutbruddet (in Norwegian): <https://www.regjeringen.no/contentassets/86cb8515420749e1ae7122bf24827632/no/pdfs/prp201920200067000dddpdfs.pdf> .

For *Prop. 57 S (2019-2020) Økonomiske tiltak i møte med virusutbruddet*, see (in Norwegian): <https://www.regjeringen.no/contentassets/764cd155a53042bcbb35cb857557d88c/no/pdfs/prp201920200057000dddpdfs.pdf> .

2 For the various travel and public health/hygiene and safety measures that Norway's government has put in place, see this government webpage (in English): <https://www.regjeringen.no/en/aktuelt/coronavirus-measures-to-continue/id2694682/> .

3 For additional information on this and the various other tax/fiscal measures highlighted on pages 2 and 3, including the abatement of fines for late filings/reporting (in English), see the Norwegian Tax Administration webpage at: <https://www.skatteetaten.no/en/package-of-measures-in-connection-with-the-coronavirus-situation/> .

4 Ibid.

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NOK 1 = USD 0.095

NOK 1 = EUR 0.0872

NOK 1 = GBP 0.0768

NOK 1 = DKK 0.651

## **KPMG in Australia is holding a webinar: “COVID-19: Managing Taxation Obligations – Employer Considerations”**

**Date: 2 April 2020**

**Time: 12:00pm – 1:00pm AES**

Angela Wood, Partner and Regional Leader, Tax Dispute Resolution & Controversy with the KPMG International member firm in Australia will host a discussion with two Employment Tax Advisory partners Nathan Hamilton and Hayley Lock, also with KPMG in Australia, to explore the different concessions in Australia currently available to taxpayers who may be experiencing difficulties with their taxation obligations because of COVID-19.

For more information and to register, click [here](#).

## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Norway:



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