



Norway - COVID-19: Temporary Reduction, Other Relief for Employers' Social Security

The Finance Committee in Norway's Storting (parliament) has agreed to a temporary reduction in the employers' contribution equivalent to 4 percent in the months of May and June in light of the effects of COVID-19 on Norway's business sector. The proposal has now been tabled in the revised government budget.¹ (For related coverage, see [GMS *Flash Alert* 2020-140](#), 1 April 2020.)

WHY THIS MATTERS

These measures, which lighten employers' contributions burden and defer payment of the contributions, are intended to support employers that have taken a financial "hit" during this pandemic and the relief is expected to be welcome.

As mentioned in the proposal, a reduction in the basis for calculating the employers' contribution in period 3 will be more significant than a corresponding reduction in period 2,² as many employers have holiday payments in this period.

Other Proposal on Payment Deferral

The government is also proposing that the due date for payment of the employers' contribution should be postponed from 15 July to 15 October. Interest would not accrue as a result of the postponement.

KPMG NOTE

It should be noted that employers must report the employers' contribution as usual in the A-form. This means that the employer determines the basis for the employers' contribution and reports with the usual rates. The tax authorities will calculate the reduction accordingly in the employers' contribution.

More Details on Reduction in Employers' Contributions

The reduction in the employers' contributions will apply in all zones where the contribution is calculated – for example, from 14.1 percent to 10.1 percent in the main cities and certain other areas. The reduction will also apply to employers' contributions paid at a reduced rate for employees sent out from the U.S. and Canada to Norway and who have partial exemption from membership in the Norwegian national social security system.

For companies in zone V (the “measure zone”) and in Svalbard, it is proposed to provide compensation corresponding to the benefit that other employers receive through the reduced contributions rate. Employers that do not have to pay employers' contributions regardless of the zone in which they are located, such as non-profit institutions, will not receive such compensation.

The tax authorities administer this scheme and there is no need to apply. The tax authorities base their calculation on the A-form and determine the size of the contribution. They will also make the payment to the companies in zone V and in Svalbard.

Furthermore, it is also being proposed that no payment will be made if the contribution is less than NOK 1,000.

[NOK 1 = EUR 0.0916 | NOK 1 = USD 0.099 | NOK 1 = GBP 0.082]

FOOTNOTES:

1 For the revised 2020 national budget (in Norwegian), see: <https://www.regjeringen.no/no/dokument/statsbudsjettet/statsbudsjettet-2020/revidert-nasjonalbudsjett-2020/id2700940/>.

2 Already, the deadline for the second-period payment of employers' national insurance contributions, which was due on 15 May 2020, has been extended to 17 August 2020.

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