



# Thinking beyond borders: Management of extended business travelers - Norway



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**01**

**Key message**

A person's Norwegian tax liability is determined by residence status for taxation purposes and the source of the individual's income. Income tax on salary is levied at a progressive rate on the individual's taxable income for the calendar year, which is calculated by subtracting the allowable deductions from the total assessable income.

# 1 Key message

Norwegian reporting obligations largely depends on the employee's connection to Norway.

An employee either employed by or hired out to a Norwegian employer, as well as an employee employed or hired by a foreign company with permanent establishment in Norway is liable to tax to Norway from day one.

All other foreign employees will only be liable to tax to Norway after having either been here for more than 183 days in a 12-month period, or 270 days in a 36-month period. Tax reporting obligations will emerge from first day in Norway, regardless of tax liability.

Social security reporting obligations will be determined by the social security membership of the employee. In general, the employer has to perform social security reporting in Norway as long as a foreign Certificate of coverage or A1 has not been submitted for registration with the Norwegian social security authorities. Once the before mentioned documentation has been submitted to the Norwegian social security authorities, the employer and employee are exempted from the obligation to pay social security contributions.

**02**

# **Income tax**

# 2 Income Tax

## 2.1 Liability for income tax

A person's liability for Norwegian income tax is determined by residence status. A person can be a resident or a non-resident for Norwegian tax purposes.

A person becomes tax resident in Norway if the stay in Norway exceeds 183 days during a 12-month period, or 270 days during a 36-month period.

The general rule is that a person who is a tax resident in Norway is liable to tax on their worldwide income and wealth.

A non-resident of Norway is a person who does not fulfil the residency requirements, and who will be tax liable to Norway for income derived directly or indirectly from Norwegian sources.

Employment income is generally treated as Norwegian-sourced if it is paid from a Norwegian source and derived from work performed in Norway. It is paid from a Norwegian source if the employer, formal or economic, has taxable activity in Norway in accordance with the domestic tax law.

## 2.2 Tax trigger points for employment income

Technically, there is no threshold/minimum number of days that exempt the employee from the requirements to file a Norwegian tax return, or from paying tax in Norway. If the individual qualifies in accordance with the exemption rule in the dependent personal services article of the applicable double tax treaty, there will be no tax liability. The treaty exemption will not apply if a Norwegian entity is the individual's economic employer.

## 2.3 Types of taxable income

The types of income which is generally taxed is employment income and benefits-in-kind from the employer.

## 2.4 Tax rates

The marginal income tax rate on employment income is 39.6 percent for the income year 2023. In addition, a social security contribution of 7,8% will apply for members of the Norwegian social security scheme.

Capital income is taxed at a rate of 22 percent.

Dividends are taxed after having adjusted the basis for taxation up, multiplying by 1,72.

The rates apply for both resident and non-resident taxpayers.

As an alternative to the ordinary tax scheme, Norway has a simplified tax scheme - Pay As You Earn (PAYE) - meant for foreign workers in Norway. If conditions for the PAYE scheme are fulfilled, income from employment is taxed at a flat rate of 25 percent. The rate includes national insurance contributions at 7,8 percent. Note that if an A1 is provided, income from employment is taxed at a rate of 17,2 percent.

Deductions are not allowed using the PAYE scheme. As an example, commuter expenses will not be deductible. However, these expenses are deductible if the ordinary tax system is applied. One should be very aware of this when deciding on whether to opt for the PAYE scheme for the employee.

Please note that there are several conditions that need to be met in order to qualify for a PAYE tax card.  
Employees on PAYE scheme do not have to file tax returns.



**03**

# **Social Security**

# 3 Social Security

## 3.1 Liability for social security

Employees performing work in Norway will as a main rule become mandatory members of the Norwegian social security scheme, and thereby obliged to pay social security contributions of 7,8 percent on their gross employment income.

The employer is obliged to pay 14.1 percent of the employee's gross employment income to the Norwegian social security scheme. The employer's part of Norwegian social security contribution is lower than 14.1 percent if the employer is located in certain geographical areas in Norway. The rates are applicable without any cap.

Furthermore, the employer must pay an additional 5 percent social security contribution on salary exceeding NOK 800 000. This applies regardless of where in Norway the employer is located.

An exemption from the Norwegian social security scheme may be obtained if there is a totalization agreement between Norway and the home country/jurisdiction. This applies both for residents as well as non-residents. If exempted from the Norwegian social security scheme, the obligation to pay social security contributions no longer exists.

**04**

# **Compliance obligations**

# 4 Compliance obligations

## 4.1 Employees' compliance obligations

The tax year follows the calendar year.

Tax returns are due by 30 April following the tax year for both residents and non-residents. A one-month extension may be granted if an application of extension is filed prior to 30 April.

Tax returns must be filed by non-residents who receive any Norwegian-sourced employment income and shall be submitted even if the employee is exempted from taxation under reference to a tax treaty<sup>1</sup>.

Employees on PAYE scheme do not have to file tax returns.

## 4.2 Employers reporting and withholding requirements

Foreign businesses that have activity in Norway will have a wide range of obligations that needs to be fulfilled.

All companies operating in Norway need to register in the Central Coordination Register for Legal Entities (Entity register).

An employer, regardless of whether Norwegian or foreign, has a monthly reporting obligation (A-melding). The employer has withholding obligations related to income earned by employees performing work in Norway.

Furthermore, Norway has a separate reporting system in place for contracts given to foreign employers. This system entails obligations for both the foreign and the Norwegian company. The reporting is done on the forms RF-1198 and RF-1199.

**05**

# **Immigration**

# 5 Immigration

## 5.1 Work permit/visa requirements

Employees from the Nordic countries/jurisdictions can work in Norway without applying for a residence permit and without making any registration with the Immigration authorities.

Employees from the European Union (EU)/European Economic Area (EEA) may work for a period of up to 90 days without a visa or work permit. If the stay will exceed 90 days, employees must register with the immigration authorities (EU/EEA-registration) within the first 90 days. Registration is free of charge.

Employees from certain countries/jurisdictions (that Norway has not signed a visa waiver agreement with) must apply for a visa before they enter Norway. The type of visa required will depend on the purpose of the individual's entry into Norway.

If the purpose of a stay in Norway is to work, employees from countries/jurisdictions outside the EU/ EEA must apply for a work permit for Norway (Residence permit). They are not allowed to start working until this residence permit has been granted.

UK citizens are not considered to be EU/EEA citizens after Brexit. UK employees must therefore apply for an ordinary residence permit as a third country national before they can work in Norway. There are however some transition rules for UK citizens that have rights obtained during the EU/EEA rules that previously applied.

More information can be found on the web page of the Norwegian immigration authorities: [Immigration to Norway - UDI](#)

**06**

**Other issues**

# 6 Other issues

## 6.1 Double taxation treaties

In addition to the Norwegian domestic regulations, Norway has entered into double taxation treaties with more than 100 countries/jurisdictions in order to prevent double taxation and allow cooperation between Norway and overseas tax authorities when it comes to enforcing their respective tax laws.

## 6.2 Permanent establishment implications

There is a risk that a permanent establishment (PE) could be created as a result of business travels to Norway, depending on the type of services performed, the level of authority the employee has when performing services in Norway and the duration of the stay in Norway.

## 6.3 Indirect taxes

Value-added tax (VAT) is (in general) applicable at 25 percent on goods and services. Reduced rates of 15 percent and 12 percent or zero-rate may apply (e.g. food, passenger transport, accommodation and vessels/aircrafts/platforms). Furthermore, some services are VAT exempted (e.g., education, health and financial services).

## 6.4 Transfer pricing

Norway has a transfer pricing regime. A transfer pricing implication could arise to the extent that the employee is being paid by an entity in one jurisdiction but performing services for the benefit of the entity in another jurisdiction, in other words, a cross-border benefit is being provided. This would also be dependent on the nature and complexity of the services performed.

## 6.5 Local data privacy requirements

Norway has data privacy laws, and GDPR have been incorporated to Norwegian law

## 6.6 Exchange control

Norway does not restrict the flow of Norwegian or foreign currency into or out of the country/jurisdiction. Certain reporting obligations, however, are imposed. The obligation to perform the reporting is levied on financial institutions. In addition, there are local rules to control tax evasion and money laundering.

## 6.7 Wealth tax

If you become a tax resident according to the Norwegian tax act, you will be subject to Norwegian wealth tax. Please check applicable tax treaty for possible exemptions.

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## Footnotes

1 <https://www.skatteetaten.no/person/skatt/skattekalender/>

## Disclaimer

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