



Skatteetaten

Information for foreign employees:

The standard deduction

The standard deduction for foreign employees is a deduction you can choose instead of certain other deductions to which you are entitled. The deduction is 10 per cent of your gross income from employment, and maximum NOK 40,000. Gross income from employment includes gross pay plus other taxable cash payments and payments in kind and any surpluses on expense allowances.

In addition to the standard deduction, you are entitled to

- the minimum standard deduction – calculated on gross income from employment etc.
- personal allowance – the basic tax-free allowance in connection with the tax assessment.

You can also claim a deduction for:

- deductible contributions to a Norwegian public or private occupational pension scheme
- the deductible part of trade union dues

If you stay/are resident in Norway for the whole income year, you will be entitled to the full minimum deduction and personal allowance (12/12). If you only stay/are resident in Norway for part of the income year, the deduction and allowance will be reduced in proportion to how long you have stayed/been resident in Norway. If, for example, you stayed in Norway for between three and four months in the income year, the allowance and deduction will be 4/12 of the full amounts.

The standard deduction for foreign employees is not reduced in relation to the duration of the stay.

Please note that the standard deduction is not granted automatically. You must claim it when you fill in your tax return.

If you have a spouse who is also entitled to the standard deduction, either both of you or neither of you must claim the standard deduction.

Limited tax liability

If you stay in Norway for up to 183 days during a 12-month period or up to 270 days during a 36-month period, you have limited tax liability and can claim the standard deduction. You are entitled to the standard deduction for each income year as long as you do not stay in Norway for more than 90 days per year on average and for not more than 183 days in a 12-month period.

Some examples of deductions that cease to apply if you claim the standard deduction:

- the deduction for travel between your housing in Norway and your permanent workplace (travel to/from work)
- interest on debt
- the deduction for commuting costs from a home in another EU/EEA country. If your employer covers the costs of board,

lodging and home visits in connection with commuting from abroad, either directly or in the form of an allowance, you must choose whether you wish to be taxed in accordance with the net method or the gross method. The net method means that allowances from your employer for the coverage of board, lodging and home visits will not be included in your taxable income, only a surplus, if there is one. You cannot then claim the standard deduction in addition. The gross method means that all payments from your employer will be included in your gross taxable income. In such case, you can claim the standard deduction.

If you are resident in another EU/EEA country and have limited tax liability to Norway, you can be granted an extended right to deductions if at least 90 per cent of your income from employment, pension and self-employment/business activity is taxed in Norway. If you are married, at least 90 per cent of your and your spouse's income must be liable to tax in Norway. If at least 90 per cent of all your income is liable to tax in Norway, you may also be entitled to a deduction for interest on debt. See the brochure 'Information for foreign employees: The tax return' for more information.

Liable to tax as resident in Norway

If you stay in Norway for more than 183 days in a 12-month period or for more than 270 days in a 36-month period, you will be liable to tax as a resident. You can claim the standard deduction for the first two income years you are taxed as resident in Norway. This applies even if you in previous years have been granted/been entitled to the standard deduction because you had limited tax liability to Norway. You must choose between the standard deduction and normal deductions.

Here are some examples of deductions that cease to apply if you claim the standard deduction:

- the deduction for travel between your housing in Norway and your permanent workplace (travel to/from work)
- interest on debt
- child-care deduction
- payments made into individual pension agreements (IPS) pursuant to the Taxation Act
- deductions for donations to certain organisations.
- special allowances for certain costs in connection with illness

- a deduction in tax for amounts saved in the young persons housing savings scheme (BSU)
- extra costs relating to stays away from home, including board, lodging and home visits. This also applies to deductions for commuting costs from a home in another EU/EEA country. If your employer covers the costs of board, lodging and home visits in connection with commuting from abroad, either directly or in the form of an allowance, you must choose whether you wish to be taxed in accordance with the net method or the gross method. The net method means that allowances from your employer for the coverage of board, lodging and home visits will not be included in your taxable income, only a surplus, if there is one. You cannot then claim the standard deduction in addition. The gross method means that all payments from your employer will be included in your gross taxable income. In such case, you can claim a deduction for actual costs or the standard deduction.

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