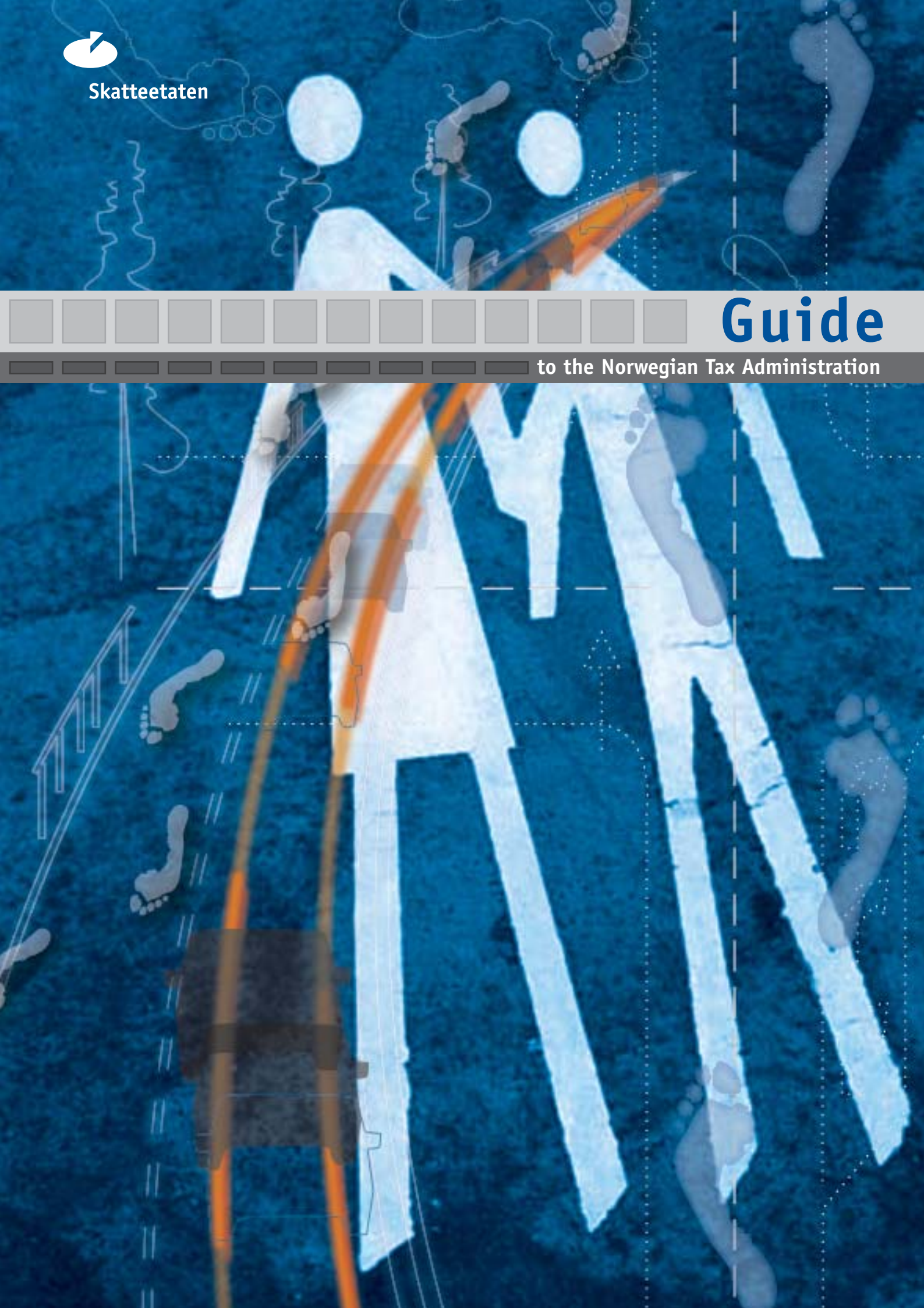




Skatteetaten

Guide

to the Norwegian Tax Administration



Content

| | |
|--------------------------------------------|---------|
| Introduction | page 1 |
| The Norwegian tax Administration | page 4 |
| Population registration | page 8 |
| Tax and assessment | page 8 |
| Appeal boards and right of appeal | page 9 |
| VAT | page 10 |
| Inheritance tax | page 11 |
| Collection of Vat | page 11 |
| Glossary | page 12 |
| Important dates in the history of taxation | page 14 |
| Introduction | page 1 |

Introduction

In this booklet you will find information on how the Tax Administration is organized and on its most important spheres of responsibility.



Ministry of finance

Directorate of Taxes

Directorate of Taxes

Director General of taxation

Stab:

- Information Unit
- Internal Audit Unit
- Unit for Analysis of Developments in Law
- Unit for Compliance and Economic Crime

Director of Division

Office of the Director

Assessment Division

Collection Division

Department of Personal Taxation and Population Registration

Department of Business Taxation

Department of Planning and Development

Department of Collection

Department of Organizational Services

IT-Department

County tax assessment offices

Local tax assessment offices

Petroleum Tax Office

Central Tax Office for Large Enterprises

Central Office for Foreign Tax Affairs

Oslo Tax Assessment Office

County tax Collection offices

Local Tax collection offices



The Norwegian Tax Administration

The overall goal of the Tax Administration is to ensure that taxes are correctly assessed and collected. At the same time, the Tax Administration is responsible for maintaining a correct and up-to-date National Population Register. The Tax Administration administers three major systems: the population register system, the taxation system and the VAT system. In addition to this, the Tax Administration administers the somewhat smaller inheritance tax system.

The result of this work is of considerable value to society. More than 80 per cent of the total state and municipal taxes are collected by means of the taxation systems administered by the Tax Administration.

The Tax Administration is a subordinate agency of the Ministry of Finance and comprises the Directorate of Taxes, 19 county tax assessment offices, the Central Tax Office for Large Enterprises, the Central Office for Foreign Tax Affairs and the Petroleum Tax Office. Altogether, the Tax Administration has over 6000 employees. Most of them work at the local tax assessment offices.

The main responsibilities of the Tax Administration:

- control the basis of tax returns and other statements received from taxpayers and third parties
- determine tax class, wealth, general income, personal income, special deductions, any deficits to be carried forward,

tax limitation, tax deductions, rates for late delivery penalties, rates and basis for any additional tax, etc.

- assess taxes
- calculate tax settlements, showing overpaid or underpaid tax and National insurance contributions
- assess and collect VAT, inheritance tax and a number of lesser taxes and charges
- manage population registration
- issue tax deduction cards
- supervise collection of taxes, National Insurance contributions and employer's contributions by the local tax collection offices.

The local tax assessment offices

At the local level, the Tax Administration is represented by the local tax assessment offices.

Each of the 99 local tax assessment offices serves one or more of Norway's 435 municipalities.

Each local tax assessment office is headed by a Chief Assessment Officer, who is also the Chief Registrar.

The main responsibility of the local tax assessment offices involves controlling the basis of the information provided in tax returns and enclosures delivered by tax payers as well as statements and other information submitted by third parties. Taxable income and wealth is determined on the basis of these controls and tax is assessed.

The local tax assessment office prepares cases for the assessment appeal board and the higher

assessment appeal board.

The local tax assessment office is responsible for population registration. The Population Register provides the basis for update of the tax assessment registers and other state and municipal registers in the municipalities served by the local tax assessment office.

The population registration responsibilities of the local tax assessment office include:

- deciding home addresses
- deciding in the first instance on cases concerning names
- issuing birth certificates
- considering applications for disclosure of information from the population register

Svalbard has its own tax assessment office, which is also responsible for the population register for Svalbard. Special rules apply to deduction of income tax for residents of Svalbard. Svalbard Tax Assessment Office also assesses coal tax.

The central tax offices

The central tax offices assess specific industrial sectors and/or groups of taxpayers. There are three central tax offices.

The Petroleum Tax Office

The Petroleum Tax Office assesses petroleum producers and pipeline companies on the Norwegian continental shelf. In addition to ordinary taxes, these companies are subject to a special national tax pursuant to the Petroleum Taxation Act. The assessments proposed by the Petroleum Tax Office are considered by the



Petroleum Tax Board. The Petroleum Tax Office is located in Oslo.

The Central Office for Foreign Tax Affairs

The Central Office for Foreign Tax Affairs assesses foreign undertakings and foreign workers without permanent ties to Norway and foreign undertakings and workers engaged in building and construction or on the Norwegian continental shelf. The office is responsible for clarifying foreigners' tax situation in Norway. Foreign seamen working on board Norwegian registered vessels are assessed by the office, as are foreign performing artists while working in Norway. The office administers the Nordic treaty on payment and transfer of tax. In this connection, it keeps a register of the tax payments of employees from the other Nordic countries and is responsible for transferring taxes between Norway and the other Nordic countries. The office is located in Sandnes.

The Central Tax Office for Large Enterprises

The Central Tax Office for Large Enterprises is responsible for the assessment and control of large taxpayers including companies which either have a high annual turnover, are engaged in activities in many municipalities, have substantial ties abroad or are organized as a group of companies. The office also assesses shipping companies and calculates tonnage duties. The office is located in Moss.

The county tax assessment offices

There is a county tax assessment

office in each of Norway's 19 counties, headed by a Chief County Assessment Officer.

The main responsibilities of the county tax assessment offices:

- providing assistance, guidance and information on tax matters to the local tax assessment offices and supervising their activities. Coordinating and performing assessment controls in relation to taxpayers.
- processing and auditing VAT within the county.
- considering appeals in population register cases concerning change of address and applications for change of date of birth.

The county tax assessment offices prepare cases for the county tax appeal board, issue local valuation rules and, if necessary, bring decisions by the higher assessment appeal board before the county tax appeal board for review.

The offices also perform tax audits of the returns and accounts of self-employed persons.

VAT

The county tax assessment offices are responsible for registering and maintaining the VAT Register in cooperation with the Central Coordinating Register of Legal Entities at Brønnøysund. They also deal with VAT returns, including cases where VAT is refunded by the state, and assess VAT provisionally when VAT returns are not received or are incorrect. The county tax assessment offices review tax audit

reports and calculate additional charges when the person liable has been given an opportunity to state his or her views. The county tax assessment offices provide guidance to business enterprises and self-employed persons concerning the Act relating to value-added tax, prepare cases for the National VAT Appeal Board and prepare or consider applications for remission or reduction of VAT, interest and additional charges under the fairness provisions. Applications for remission of VAT over a certain amount are decided by the Directorate of Taxes.

Tax audit

The county tax assessment offices perform tax audits, on-site audits and other audit measures in relation to business enterprises and self-employed persons and prepare tax audit reports. If errors are revealed, this may result in additional charges, which may be imposed regardless of whether the error was made through negligence or was deliberate. Changes in tax assessments owing to errors revealed by tax audits are made by the local tax assessment office and are finally approved by the assessment appeal board. Guidance of business enterprises and self-employed persons in connection with audit measures is provided by the county tax assessment offices.

The county tax collection offices

There is one county tax collection office in each county with the exception of Oslo and Akershus, which share an office. The county tax collection offices are headed



by a County Tax Collector.

The county tax collection offices have responsibility for collection of VAT and a number of lesser state taxes as well as assessment and collection of inheritance tax. The county tax collection offices also supervise and provide guidance for tax collection at the local level. The county tax collection offices also play a major role in control activities in the county in cooperation with the county tax assessment office and local tax assessment and collection offices. This applies particularly to control of employers.

The Directorate of Taxes

The Directorate of Taxes lies under the Ministry of Finance and is responsible for the central technical and administrative management of the county tax assessment offices, the county tax collection offices, the Central Tax Office for Large Enterprises, the Central Office for Foreign Tax Affairs, the Petroleum Tax Office and Oslo Tax Assessment Office. The Directorate of Taxes is headed by the Director General of Taxation.

The Directorate of Taxes is divided into an Assessment Division with three departments, a Collection Division with one department, the Administration Department and the IT Department. In addition, the Directorate has four units placed directly under the Director General of Taxation; the Unit for Compliance and Economic Crime, the Unit for Analysis of Developments in Law, the Internal Audit Unit and the Information Unit.

Assessment Division

The Assessment Division is headed by a Director of Division. The Assessment Division has three departments: the Department of Personal Taxation and Population Registration, the Department of Business Taxation and the Department of Planning and Development. The county tax assessment offices, the Central Tax Office for Large Enterprises, the Central Office for Foreign Tax Affairs, the Petroleum Tax Office and Oslo Tax Assessment Office report to the Director of Division. The Assessment Division has overall responsibility for agency management, administration of legal rules and taxation systems administration, population registration and control activities. This includes administration of legal rules within certain areas of the Accounting Act. The Assessment Division cooperates with and assists the Ministry of Finance with drafting of legislation.

The Department of Personal Taxation and Population Registration

The department's responsibilities include advance tax, personal taxation (except direct taxation and foreign tax affairs), employer's contribution, assessment administration rules and population registration. The department has the authority to provide advance rulings within the scope of the Taxation Act and in relation to employer's contributions. The department prepares cases for the National Tax Appeal Board within its own field. The department is responsible for administration of

legal rules and systems administration within its field, and has regulatory authority in the areas of taxation, assessment and population registration. In addition, the department assists the Ministry of Finance with drafting of legislation.

The Department of Business Taxation

The department has responsibility for direct taxation, VAT, tax audit and data quality. The department has the authority to provide advance rulings within the scope of the Taxation Act, as well as in relation to employer's contributions and VAT. The department prepares cases for the National Tax Appeal Board and the National VAT Appeal Board within its own field. The department enforces double taxation conventions with other countries and deals with international matters. The department is responsible for administration of legal rules, operational audits and systems administration within its sphere of operations. This includes parts of the Accounting Act. In addition, the department assists the Ministry of Finance with drafting of legislation.

The Department of Planning and Development

The Department of Planning and Development assists the Tax Administration in achieving high performance and correct use of its resources by means of improved coordination and follow-up of subordinate agencies in the assessment area. The department is responsible for strengthening



development work and ensuring increased access to high quality information on taxation, VAT and population registration. The department also assists in the development of legal rules.

Collection Division

The responsibilities of the Collection Division include collection of taxes, and assessment and collection of inheritance tax. The Collection Division is organized as a single department: the Collection Department. The department has responsibility for technical and administrative supervision of the county tax collection offices and supervision of tax collection at the local level.

The department has responsibility for legal tasks in relation to tax collection, the tax payment system, control of employers and inheritance tax. The Ministry of Finance regularly requests the assistance of the department in work on drafting of legislation. The department has overall responsibility for payment, accounting and settlement of taxes, VAT, employer's contributions and inheritance tax as well as responsibilities in relation to the Register for Pay and Tax Deducted and to distribution of taxes between municipalities and between tax creditors.

The Organizational Services Department

The department is responsible for the central administration of Tax Administration personnel policy, organization and management development, knowledge creation, overall responsibility for planning

and budget work, archive instructions and management of forms and materials.

IT Department

The department is responsible for Operation, maintenance and further development of IT systems for the whole of the Tax Administration. IT is an important tool for agency development and for the development of new products and services.

Unit for Analysis of Developments in Law

The Unit for Analysis of Developments in Law is placed directly under the Director General of Taxation. The unit works on central matters relating to new and existing rules and continuous developments in law.

Unit for Compliance, Economic Crime

The Unit for Compliance, Economic Crime is placed directly under the Director General of Taxation. The unit strives to achieve a higher degree of compliance and to combat economic crime.

Information Unit

The Information Unit has responsibility for information strategy and assists the managers of the Directorate and its subordinate agencies with guidance in the information sphere. The unit plans and implements external and internal information measures in cooperation with the various specialist departments. The unit reports directly to the Director General of Taxation.

Internal Audit Unit

The Internal Audit Unit is placed directly under the Director General of Taxation. The unit performs operational audits. The purpose is to assist the Tax Administration in achieving its goals and performance requirements.

The Ministry of Finance

The Ministry of Finance is Norway's highest taxation authority. The Ministry of Finance submits bills to the Storting within its sphere of operations and prepares the Government's proposals for budget and tax arrangements for presentation to the Storting.

In addition to the Directorate of Taxes, there are several other agencies under the Ministry of Finance. These include the Directorate of Customs and Excise, the Banking, Insurance and Securities Commission of Norway, Norges Bank, the Oslo Stock Exchange, the Norwegian Government Agency for Financial Management and Statistics Norway.



Population registration

The responsibilities of the local tax assessment offices include population registration. The population registers also function as registers of births. Both public and private undertakings use information from the population registers and are therefore dependent on its correctness. The population registers form the basis of both the tax roll and the electoral register. Svalbard Tax Assessment Office keeps a special population register for residents of Svalbard.

Statistics and planning

The population register forms the basis of population statistics, which are important for planning of day care centres, schools, nursing homes and other public services. Agencies at both state and municipal level are dependent on the correctness of the information in the population register. The municipality where you are registered as resident is normally the municipality where you have a right to benefits and where you are to pay tax.

Notifications to the population register

The information recorded in the population register is partly based on notifications received from public agencies, such as information concerning births, deaths and changes in marital status, and partly on notifications received from individual members of the public. Everyone who moves house, whether to another municipality or within the same municipality is required to notify his or her change of address to the population register at the

local tax assessment office. Notification shall also be sent when moving to or from another country. The population register also deals with notifications concerning the choice of name for a child and changes of name.

Electoral register

The population register is the basis for the electoral register both for general elections and for elections at the municipality and county levels. In order to vote in a municipality, one must be registered as a resident of the municipality by 1 June in the election year at the latest.

Right of appeal

When it receives a notice of change of address, the tax assessment office decides whether or not the notice is approved. Such a decision may be appealed. The tax assessment office may also decide to change a home address or decide that a person who has applied for registration as resident in a foreign country shall be registered as still resident in Norway. This is appropriate when notice of a change of address has not been given in accordance with the rules. Such decisions may also be appealed.

Appeals shall be sent to the local tax assessment office, and are considered by the county tax assessment office. Appeals to Oslo Tax Assessment Office and appeals against decisions concerning immigration and emigration are considered by the Directorate of Taxes.

National Population Register

The registers at each local tax

assessment office are collected in the National Population Register at the Directorate of Taxes. The population register located at Oslo Tax Assessment Office allocates personal identity numbers to everyone registered as resident in Norway, and allocates special numbers to persons not regarded as resident in Norway but who are nevertheless liable to pay tax and National Insurance contributions in Norway.

Tax and assessment

Wage-earners, pensioners and business enterprises pay tax to the municipality, county and state. In addition, they pay National Insurance contributions. Tax consists of income tax to the municipality and county, national income tax and surtax to the state as well as wealth tax to the state and the municipality. Employers pay employer's contributions.

Payroll withholding tax

The local tax assessment office issues tax deduction cards on the basis of information regarding expected net income and net wealth. Payroll withholding tax deductions are calculated by the computer system of the Tax Administration. In the event of major changes in income or deductions during the year, the taxpayer must apply for a new tax deduction card. Employers deduct tax (payroll withholding tax) from pay in accordance with the tax deduction card. The pay-



roll withholding tax is transferred to the local tax collection office in six instalments during the year.

Advance tax

Self-employed persons pay tax in advance four times a year. These advance tax payments are calculated on the basis of expected income. Some wage-earners and pensioners with low income and high wealth or capital income also make advance tax payments in addition to tax deductions from pay or pension. Capital income includes income from interest and property rental. In the case of wage-earners and pensioners who pay advance tax, the amount is printed on the tax deduction card.

Tax returns

Everyone with taxable income or wealth must submit an annual tax return. Pensioners with little income or wealth may be exempted from this obligation. Taxpayers with income from self-employment must fill in a full tax return, providing information concerning income, wealth, debt and deductions. The information is checked by the local tax assessment office. On the basis of this information, the assessment authorities assess the basis from which the tax is calculated.

Wage-earners and pensioners are sent a pre-completed tax return form in April. In this return form, the tax authorities have entered the information they already have concerning the taxpayer. The taxpayer must check and make any necessary corrections in the information given in the pre-completed tax return form. Svalbard has a

special arrangement for deduction of income tax.

Tax settlement notice

The tax settlement notice shows the tax that has been assessed for an individual taxpayer. The difference between this amount and the total payroll withholding tax and/or advance tax payments for the year is either underpaid or overpaid tax. The tax settlement notice also shows what income and wealth have been used as a basis for assessing tax and National Insurance contributions, the tax class and the number of pension points earned. The tax settlement notice is accompanied by a specification of the amounts on which the assessment was based. Amounts due to taxpayers are paid directly into their bank accounts. Taxpayers who owe tax are sent a bank giro.

The local tax collection offices

The local tax collection offices are municipal and are not part of the state Tax Administration. The local tax collection offices are responsible for collecting income and wealth taxes and employer's contributions. The county tax collection offices have supervisory responsibility for the collection carried out by the local tax collection offices. In the case of Svalbard, Troms County Tax Collection Office has this functions as the tax collection office.

In connection with the tax settlement, the local tax collection offices reimburse excessive tax deductions and recover underpaid income tax where insufficient payroll withholding tax has been deducted.

Appeal boards and right of appeal

Right of appeal

Appeals against tax assessment shall be sent to the local tax collection office.

The time limit for appeals regarding errors in an assessment is three weeks from the date that the assessment is made available by the local tax assessment office. The appeal shall be in writing, giving grounds, and shall be addressed to the local tax assessment office.

The decisions of the assessment appeal board or local tax assessment office in appeal cases can be appealed to the higher assessment appeal board.

If the decision of the higher assessment appeal board involves increased tax or National Insurance contributions, an appeal can be addressed to the County Tax Appeal Board. If the decision of the County Tax Appeal Board results in increased tax, taxpayers may appeal to the National Tax Appeal Board.

The time limit for appeals is three weeks.

Assessment appeal board and higher assessment appeal board

In each municipality there is an assessment appeal board and higher assessment appeal board. The chairman and members of the assessment appeal board are elected by the municipal council. In the case of Svalbard, Longyearbyen Local Council (Longyearbyen local council) plays the role of the municipal council.



The assessment appeal board may delegate its authority regarding certain types of case to the local tax assessment office.

Decisions of the assessment appeal board or local tax assessment office can be appealed to the higher assessment appeal board. In many cases, the higher assessment appeal board is the highest appeal body.

The local tax assessment office is the secretariat both for the assessment appeal board and for the higher assessment appeal board.

County Tax Appeal Board

The County Tax Appeal Board decides appeal cases brought by taxpayers as well as individual cases that the county tax assessment office brings before the board for review. The county tax assessment office is the secretariat for the County Tax Appeal Board.

The county tax assessment office may request the county tax appeal board to review decisions made by the higher assessment appeal board.

National Tax Appeal Board

The National Tax Appeal Board decides appeal cases brought by taxpayers and cases that the Directorate of Taxes brings before the board for review. The National Tax Appeal Board also decides appeals against decisions of the Directorate of Taxes concerning fees for late delivery or non-delivery of returns. The National Tax Appeal Board has special authority to make decisions in connection

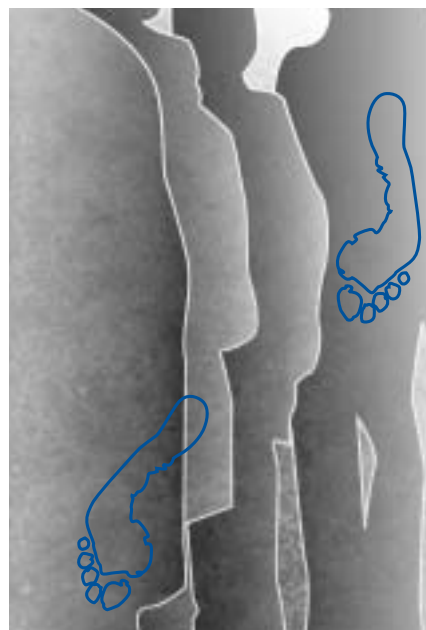
with power plant taxation. The National Tax Appeal Board has a chairman and four members appointed by Royal Decree. The Directorate of Taxes is the secretariat for the National Tax Appeal Board.

Appeal boards for the central tax offices and the Petroleum Tax Office

The Central Office for Foreign Tax Affairs and the Central Tax Office for Large Enterprises both have their own assessment appeal boards and higher assessment appeal boards. The Petroleum Tax Office has an assessment appeal board but no higher assessment appeal board.

Municipal tax committees

In each municipality there is a tax committee appointed by the Municipal Council. The committee considers applications for reduction or remission of tax, for example when taxpayers have difficulty in paying taxes owing to sickness and the like. When someone is granted remission or reduction of tax over a certain amount, the local tax assessment office reduces the pension points for the income year concerned.



VAT

Domestic VAT

Value Added Tax (VAT) is a tax on consumption of goods and services. VAT has been in use in Norway since 1970 and is charged by business enterprises on behalf of the state. VAT is thus not a tax of the business enterprises that sell goods and services but of their customers.

Persons starting new enterprises that are subject to VAT and have a certain minimum turnover are required to send notification of registration to the county tax assessment office. The county tax assessment office is responsible for administration and control of the VAT, while the county tax collection office is responsible for collecting the VAT.

Business enterprises are required to send VAT returns to the county tax assessment office six times a year. Business enterprises with an annual turnover of less than NOK 1 million may apply to submit VAT returns annually. Business enterprises in the agriculture, forestry and fishery sector submit annual VAT returns. The county tax assessment office controls enterprises liable to charge VAT by means of continuous control of the VAT returns received or by tax audits of the business enterprises. If enterprises liable to charge VAT submit incorrect information or fail to submit VAT returns, the county tax assessment office makes a provisional assessment of VAT.

Right of appeal

VAT assessments can be appealed to the National VAT Appeal



Board. Other decisions, such as a refusal to allow registration, can be appealed to the Directorate of Taxes. In exceptional circumstances it is also possible to apply for the writing-off or reduction of VAT.

The National VAT Appeal Board is the highest body for appeals regarding additional charges. The Directorate of Taxes is the secretariat for the board, and prepares appeal cases. The board is appointed by the Ministry of Finance and consists of a chairman and four additional members.

VAT on import of goods

VAT shall be paid when importing goods. This is done to ensure that the same amount of tax is imposed on goods imported into Norway as on sales of domestic products. The Norwegian Customs and Excise is responsible for calculating and collecting the VAT on imported goods.

Inheritance tax

Inheritance tax is a tax on inheritance and gifts. The tax rates are decided annually by the Storting.

Anyone receiving inheritance or gifts is required to notify the county tax collection office in the county where the deceased person or donor resides. If the deceased person or donor is resident abroad, the notification shall be sent to Oslo and Akershus County Tax Collection Office (Oslo og Akershus skattefogdkontor). In cases of inheritance, the time limit for notification is six months after the death occurs. In the case of gifts, the time limit is one month after receipt of the gift.

In the case of a decease, all heirs are required to send notification even when there is an estate manager.

The county tax collection office assesses the amount of tax that shall be paid on transfer of an inheritance or gift. Inheritance tax shall be paid to the county tax collection office in the county where the deceased person or donor resides.

Collection of VAT, inheritance tax and lesser taxes and charges

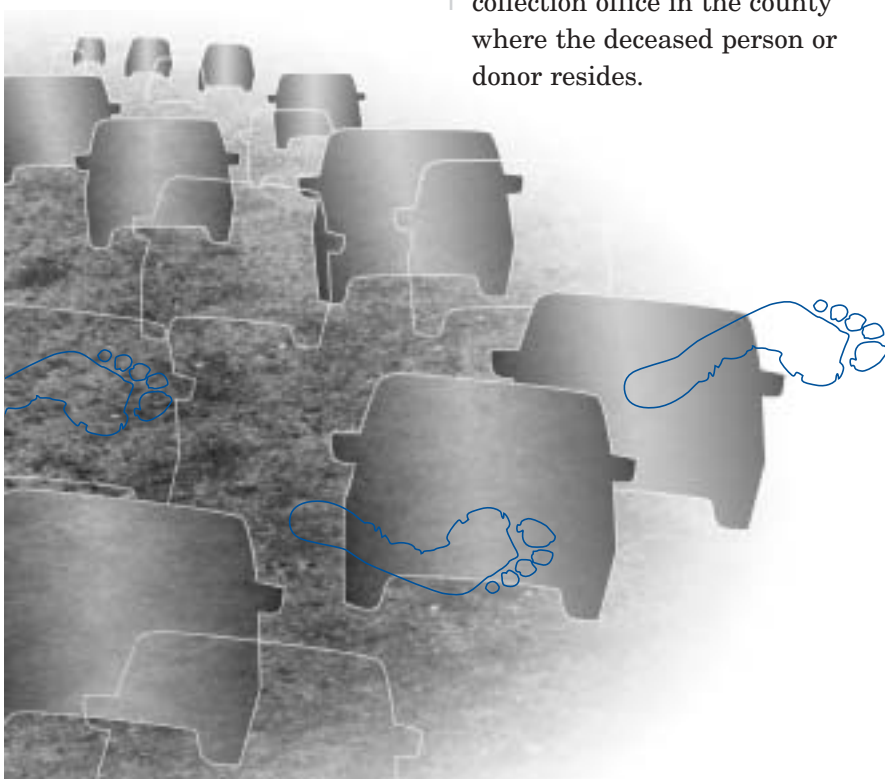
VAT is paid by business enterprises and self-employed persons in six instalments per year to the county tax collection office in the county where the enterprise is registered. The same applies to amounts of tax found to be owing following audits by the county tax assessment office. The county tax collection office keeps account of payments and amounts owed by business enterprises, and has the authority to enforce payment of overdue tax.

Inheritance tax

Inheritance tax is paid to the county tax collection office in the county where the deceased person or donor resides.

Lesser taxes and charges

The county tax collection offices are responsible for collecting a number of lesser taxes and charges. These include legal costs, coercive fines, pollution charges, audit fees, fees to the Banking, Insurance and Securities Commission, compensation awarded to the county tax assessment offices, fees to the Data Inspectorate, licences to sell alcoholic beverages, Svalbard tax, coal export tax, claim fees and petroleum tax. Several of these are non-recurring taxes or charges which do not have fixed due dates.



Glossary

The terms used in information concerning taxes are not always easy to understand. The following glossary provides brief explanations of some of the most widely used terms.

General income (Alminnelig inntekt)

General income is the sum of all taxable pay, income from self-employment and capital income less standard deductions and certain expenses with the exception of special deductions. Normal deductions are the minimum standard deduction (minstefradrag), deductions for travel between home and the workplace, child-care deduction and interest on debts.

Employer's contribution (Arbeidsgiveravgift)

Employer's contribution is paid by employers to the National Insurance scheme. It is calculated on the basis of gross pay and allowances.

Inheritance tax (Arveavgift)

Inheritance tax is assessed and paid by persons receiving inheritances or gifts.

Tax on gross income (Bruttoskatt)

The tax on gross income comprises surtax and National Insurance contributions, and is calculated on personal income.

BSU (Home Savings for Young People)

A type of savings account whereby a certain proportion of the deposited amount may be deducted from taxable income. There are maximum limits for annual savings and for the total amount deposited on the account. Deductions are allowed until the year the taxpayer reaches the age of 33.

Split-income model (Delingsmodell)

The split-income model is a method for calculating the part of income from self-employment that shall be liable to surtax and National Insurance contributions. The calculated part is referred to as calculated personal income.

Property tax (Eiendomsskatt)

A municipal tax on different types of property. The municipality itself decides according to specific rules whether or not to impose property tax and the size of the tax.

National income tax (Felleskatt)

National income tax is charged on general income less any special deductions. National income tax is transferred to the state.

Wealth tax (Formuesskatt)

Wealth tax is charged on net wealth. Gross wealth includes cash, bank deposits, shares, fixed assets, private cars, assessed value of real property, etc. Net wealth is equal to gross wealth less debt. A certain proportion of wealth is tax-free. Wealth tax is divided between the municipality and the state.

Late delivery penalty (Forsinkelsesavgift)

If the annual tax return and/or compulsory enclosures are delivered after the stipulated date, the local tax assessment office may impose a late delivery penalty. The size of the penalty varies according to how late the return is delivered.

Tax exemption card (Frikort)

A tax card showing that employers shall not deduct tax on the holder's income, normally under a specified maximum tax-free inco-

me. Persons holding exemption cards without a specified maximum tax-free income are generally social security beneficiaries with such low income and wealth that tax is not assessed. Persons attending full-time education who only work during certain periods of the year may be issued a tax exemption card with a specified maximum tax-free income.

Personal identity number (Fødselsnummer)

All persons registered as resident in Norway are allocated an eleven-digit personal identity number. The first six digits show the date of birth. The next three digits are individual identification numbers. They distinguish between persons born on the same date, indicate the century in which the person was born and the sex of the person. The last two digits are control digits.

Tax certificate (Likningsattest)

The tax certificate accompanies the tax settlement notice. It shows general income and wealth, tax class and personal identity number. In the case of married persons, it also shows the spouse's general income, wealth, tax class and personal identity number. Certificate of pay and tax deducted (Lønns- og trekkoppgave) The certificate of pay and tax deducted is filled in by the employer. It shows what the employee has received in pay and other allowances, such as subsistence allowance, company car, etc. during the course of the year. It also shows the total amount of payroll withholding tax deducted. The certificate of pay and tax deducted shall be sent to the tax authorities by the employer or



remitter of pension or benefit by 20 January of the year following the income year with a copy to the employee or recipient of pension or benefit.

Value-added tax (VAT) (Merverdiavgift (moms))

VAT is a tax that is paid in connection with the purchase of most goods and services. VAT is transferred to the state.

Net tax (Nettoskatt)

Tax charged on general income. Net tax includes tax to the municipality and county as well as national income tax to the state.

VAT return (Omsetningsoppgave)

Statement sent to the tax authority (data input centre) by a business enterprise or self-employed person liable for VAT showing the amount of VAT to be paid to or refunded by the state. VAT returns can be delivered electronically via the Internet. VAT returns are dealt with by the county tax assessment offices.

Organization number (Organisasjonsnummer)

Nine-digit number used to identify companies, other legal persons and sole proprietorships. Organization numbers are allocated by the Central Coordinating Register of Legal Entities (Enhetsregisteret)

Pension points (Pensjonspoeng)

Pension points are awarded on the basis of pensionable income higher than the National Insurance basic amount. Persons from 17 to 69 years of age may have pensionable income based on employment or self-employment.

The number of pension points decides the amount of additional pension received from the National Insurance Scheme.

Personal income (Personinntekt)

Personal income may consist of pay, pensions and/or personal income from active participation in business activities. National Insurance contributions and surtax are calculated in relation to personal income.

The Tax Reform (Skattereformen)

A major reform resulting in considerable changes in tax legislation, the National Insurance Act and the Accounting Act. The changes were adopted in 1991 and entered into force from 1992. The purpose of the reform was to create a neutral tax system, expand the tax base and reduce rates of taxation. The concepts of general income, personal income and the split-income model were introduced as a result of this reform

Tax class (Skatteklasse)

There are two tax classes. Single persons are assessed in class 1. Married couples are assessed in class 2 when only one of the spouses has income. They are also assessed in class 2 (2F) if both have income but the income of one of the spouses is so low that joint assessment results in the lowest total tax. Married couples are assessed separately in class 1 (1E) for general income when both spouses have such high income that this results in lower total tax than joint assessment. Single parents are also assessed in class 2 when specific requirements are fulfilled.

Tax settlement notice (Skatteoppgjør)

The tax settlement notice shows the total amount of tax to be paid, how much tax has been deducted or paid in advance and any amount overpaid or underpaid. The tax settlement notice also shows what income and wealth the assessment is based on, the tax class and pension points earned.

Additional charge (Tilleggsavgift)

Charge imposed if VAT legislation has been breached and tax has been or could have been evaded. An additional charge may also be imposed if the rules for employer's contribution are breached.

Additional tax (Tilleggsskatt)

Tax that may be imposed if the tax return is not delivered or if tax or National Insurance contributions have been or could have been evaded.

Surtax (Toppskatt)

A national income tax charged on personal income exceeding a certain amount.

National Insurance contributions (Trygdeavgift)

Contributions to the financing of the National Insurance scheme. National Insurance contributions are calculated on the basis of personal income. Different rates apply for pensions, pay, and personal income from self-employment.



Important dates in the history of taxation in Norway

1200-1300 Establishment of tax collectors. The tax collectors were subordinate to the Lensherre (Lord Lieutenant of the Len) and the Rentekammer (Royal Treasury).

1632 The tax collectors are forbidden to act as customs officers.

1646 Priests begin to keep parish registers (christenings, confirmations, deaths).

1769 The first national census.

1792 The first Inheritance Tax Act.

1814 Taxation powers are transferred from the King to representatives elected by the people. Taxation is imposed on taxpayers on a discretionary basis according to their assumed financial capacity. Tax collectors are placed under the Ministry of Finance.

1816 Assessment commissions are established in each municipality for assessment of direct national tax in connection with the establishment of Norges Bank (the Norwegian Central Bank) and redemption of national bank notes. Rural district and market town taxes are introduced.

1818 Act relating to the tax liabilities of landed properties.

1820s Municipal tax collectors are established in the largest towns.

1824 Assessment appeal commissions are established in each municipality to consider appeals against rural district and market town taxes.

1827 The Schools Act permits imposition of school taxes.

1836 The new Land Register – a register of the relative values of landed properties – is implemented as a basis for assessment of municipal taxes. The Storting refuses to renew the rural district and market town taxes.

1837 Municipal self-government is introduced.

1863 The Poor Tax is to be assessed by the municipal council or by an assessment commission. It is decided that the Land Register is to be revised.

1882 New statutes are passed relating to better coordinated tax authorities for rural and urban municipalities. A new body, the Tax Appeals Commission, is established.

1884 Parliamentarism is introduced in Norway.

1892 Direct national tax is reintroduced. Act relating to division into tax districts and organization of the tax authorities. Separate county tax commissions and a National Tax Commission are established.

1893 The National Tax Commission, Norway's first national tax authority, holds its first meeting.

1894 In accordance with the Act relating to partial reorganization of the Civil Service, tax collection functions are transferred from the tax collectors to special county treasurer commissions (amtskassererbestillinger).

1906 Act relating to municipal population registration.

1911 New Taxation Act. The current assessment administration is established. County tax boards and a National Tax Board are established largely on the basis of the same provisions as the previous commissions. The tax return system is introduced. Assessment boards are established in all municipalities to replace the assessment commissions. In the towns, assessment councils with three members are established. In rural municipalities this is voluntary. A permanent secretary may be appointed as one of the members of the council.

1913 Tax returns are delivered for the first time.

1916 The Norwegian amter (counties) are from now on to be called "fylker". The county treasurers (amtskasserer) are now to be called "tax collectors". Registration of births is introduced and responsibility for it assigned to the Church of Norway.

1925 Separate Taxation Act for Svalbard.

1934 The post of Chairman of the National Tax Board is redefined as a main post and given the title "direktør for skattevesenet" (Director of the Tax Authority).

1935 Tax inspector posts are established in each county. This is the beginning of the county tax assessment offices. A general purchase tax of one per cent is introduced and is placed under the administration of the tax inspectors. The tax collectors are made responsible for collecting purchase tax.

1940 Prepayment of tax on extraordinary constructions is introduced.

1946 A non-recurring tax is imposed on increase in wealth during World War II.

1946 Compulsory population registration in each municipality.

1947 Seaman's tax and "tax on monthly income", are introduced.

1957 Tax on annual income is introduced with an advance payment system. Combined collection of taxes to the state and municipality is made the responsibility of the municipal tax collectors. The Chief Assessment Officer (local tax assessment office) is assigned the duty of submitting proposals in all assessment decisions. The Chief Assessment Officer becomes a statutory member of the local assessment appeal board.



1964 Personal identity numbers are introduced. The National Population Register is established.

1965 The state takes over responsibility for the local tax assessment offices and the population registers. Oslo Tax Assessment Office and Oslo Population Register are not taken over by the state until 1968.

1967 Introduction of the National Insurance scheme.

1970 VAT and investment tax are introduced to replace purchase tax. A college is founded for training of tax personnel.

1975 The Petroleum Tax Act is passed. A new Act relating to municipal property tax is adopted.

1976 A joint taxation Act for urban and rural municipalities.

1983 The population registers take over responsibility for registration of births.

1984 The Assessment Act enters into force.

1992 The tax reform is implemented.

1993 A simplified tax return system is introduced for the whole country. The Chief Assessment Officer is no longer a member of the local assessment appeal board.

1997 The county tax collection offices are placed under the Directorate of Taxes.

1998 A new taxation act for Svalbard. A separate tax office in Svalbard.

1999 Introduction of a pre-completed tax return form for the whole country. Merger of the independent population registers in Oslo, Bergen, Trondheim and Stavanger with the local tax assessment offices.

2001 The VAT reform enters into force on 1 July 2001 and introduces a general obligation to charge VAT on services.

The assessment appeal boards become pure appeal and review bodies from 1 January 2001. The local tax assessment offices are on the same date assigned full responsibility for assessment of all taxpayers subject to ordinary assessment, including the right to impose additional tax.

On 1 November 2001 a system for advance rulings on tax matters by the Directorate of Taxes is introduced.

2002 In 2002, the assessment administration is reorganized. The Tax Administration is still represented in all municipalities, but the number of local tax assessment offices has been reduced from 436 to 99.

Investment tax is abolished with effect from 1 October 2002.

As a result of several decisions by the Supreme Court, additional tax is regarded as a penalty pursuant to the European Convention on Human Rights. This results in extended rights for taxpayers and persons liable for VAT in cases concerning additional tax or charges and penalties may not be imposed on them for the same offences that additional tax or charges have been imposed for.

2004 New appeal board structure with an appeal board and a higher appeal board for each local tax assessment office.

The financial services function is transferred from the Directorate of Taxes to the Norwegian Government Agency for Financial Management.

New annual cycle for business enterprises and self-employed persons. The final date for delivery of tax returns is moved from the end of February to 31 May.

The Register of Shareholders is established.





Skatteetaten

Further information

Do you need to know more about tax? The Tax Administration has brochures providing information and explanations of rules concerning taxation. You can find the brochures at your local tax assessment office (ligningskontor) or on the Tax Administration's website: <http://www.skatteetaten.no> Here you will also find announcements and press releases from the Directorate of Taxes, answers to questions, interactive tools and the addresses of the various offices of the Tax Administration.



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