

RF-2032 BM

Tax return for 2008

Guidelines to the individual items

READ "START HELP FOR WAGE EARNERS AND PENSIONERS" WHICH YOU RECEIVED TOGETHER WITH YOUR TAX RETURN.

READ "START HELP FOR SELF-EMPLOYED PEOPLE" WHICH YOU RECEIVED TOGETHER WITH YOUR TAX RETURN.

Remember to check all the information in your tax return!

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ENG

Some new rules:

Shares – capital

With effect from the 2008 income year, the value of all types of shares, primary capital certificates and units in unit trusts must be set to one hundred per cent of the basis for valuation.

Child care deduction

The limit for one child is unchanged at NOK 25,000, while the deduction for each additional child has been increased to NOK 15,000, see item 3.2.10.

Free housing abroad

A free house/apartment at the place you work abroad is now taxable, see "Information for people who have income or capital abroad" at skatteetaten.no/international.

Individual pension scheme (IPS)

Payments made into an individual pension scheme (IPS) are now deductible, see item 3.3.5.

Tax value of housing and holiday properties

The tax value of housing and holiday properties has been increased by 10 per cent.

The tax value of other real property (farms, commercial premises, industrial premises, land etc.)

The tax value of other real property has been increased by 10 per cent, with the exception of agricultural property and power stations.

New rules concerning the withdrawal of assets from the Norwegian taxation area

With effect from 7 October 2008, new rules apply to tax on latent gains/ deduction for losses on the moving of financial assets and assets relating to business activity from the Norwegian taxation area. For more information about the rules, see the article "On the withdrawal of assets from the Norwegian taxation area" at skatteetaten.no/international.

Liability to tax when letting more than half of own house

If the whole or a large part of a house is let for more than NOK 20,000 during the income year, the house shall be subject to accounts-based tax assessment, and all the income from the house will therefore be liable to tax. See «Housing» on page 24.

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Information for foreign employees staying in Norway at skatteetaten.no:

Guidelines:

«Information for persons who have income from employment in Norway»

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«Tax return – check – change – submission»

«Deduction for commuters»

«Standard deduction»

The term “the amount must be entered under item”

If your employer, bank or similar has failed to fulfil its obligation to provide information to the tax authorities on time, the amount in question will not have been pre-entered in your tax return. You must therefore declare such amounts yourself. This is why the guidelines use the term «the amount must be entered under item» both for pre-entered amounts and amounts that have not been entered in advance. If the tax return does not include an item under which to declare amounts not entered in advance, state the item number and amount in the field "Amounts not entered in advance must be entered here".

This year, you need:

For wage earners and pensioners

+

For self-employed people

+

1.3 Cohabitants

Cohabitants who have joint children must tick item 1.3.1. Cohabitants with joint capital/ debt must tick item 1.3.2.

For information about the tax assessment of children and cohabitants, see «Parents and children» on page ??, «Spouses, registered partners and cohabitants deemed for tax purposes to be equivalent to spouses» on page ?? and «Cohabitants» on page ??.

1.5 Other information

1.5.1 Young people's housing saving (BSU) scheme

The tax deduction is granted on the basis of a report submitted by the bank.

If you claim a tax deduction for an amount saved in another EEA member state, you must submit form RF1231 «Spesifikasjon av innskudd i utenlandsk bank mv. og BSU-sparing i annen EØS-stat» (Specification of deposits in foreign banks etc. and young people's housing saving (BSU) scheme in another EEA member state – in Norwegian only) and the annual statement from the savings institution together with your tax return. The BSU savings contract must be enclosed for the year in which you sign the contract and, if applicable, for the year in which your housing savings account is transferred from one savings institution to another. BSU-contract, RF-1236 is available at skatteetaten.no.

1.5.2 Lottery and betting winnings etc.

Winnings from the following types of games of chance and lotteries are exempt from tax:

- games organised by Norsk Tipping AS, e.g. Lotto, Viking Lotto, Tipping and Oddsen
- totalisator betting covered by the Totalisator Act (Rikstoto)
- lotteries pursuant to the Lottery Act, including scratch cards and bingo
- games of chance and lotteries in another EEA state corresponding to games or lotteries that are legal in Norway
- initiatives organised by the mass media that are open to the public

If your tax-exempt lottery winnings in 2008 totalled NOK 100,000 or more, you must enclose confirmation from the party or parties who paid you the winnings.

Winnings other than those mentioned above are liable to tax if the value of each individual win (the nominal value of the win) exceeds NOK 10,000 before deduction of the stake. Taxable winnings must be declared under 3.1.12. Expenses (stakes) that are directly related to the taxable winnings must be entered under item 3.3.7.

The tax exemption for winnings from games of chance and competitions does not apply if the winnings are deemed to be remuneration for work or business activity.

1.5.3 Inheritance and gifts

An inheritance or gift is not taxable income, but you must report the amount if the total value is NOK 100,000 or more. Gifts from an employer or others with a less direct connection to the employment relationship are as a rule not gifts in the tax law sense, but are regarded as pay. State the name, address and date of birth of the person from whom the inheritance or gift comes, and what the inheritance or gift consists of.

You must submit «Melding om arv» (RF-1615) (Report on inheritance – in Norwegian only) to the tax office irrespective of the size of the inheritance, see «Veiledning til melding om arv» (RF-1621) ([Guidelines for Report on inheritance – in Norwegian only](#)).

In the case of gifts that are liable to inheritance tax, you must submit form RF-1616 «Melding om gaver, gavesalg mv.» (Report on gifts, gift sales etc. – in Norwegian only), provided that the gift is not covered by the annual inheritance tax-free allowance. The tax-free allowance means that gifts worth up to half the National Insurance basic amount (G) at the start of the year are exempt from inheritance tax. For

2008, the allowance is NOK 33,406. See «Veiledning til melding om gaver» (RF-1617) (Guidelines to the reporting of gifts – in Norwegian only) and the brochure "Avgift på arv og gaver" (Tax on inheritance and gifts – in Norwegian only).

The forms and brochure are available at skatteetaten.no or from the tax office.

1.5.6 Capital, debts, income etc. abroad

You must declare all capital, debts and income abroad in your tax return. This also applies if the capital or income is not taxable in Norway. Tick "Yes" if you have:

- capital, e.g. real property, a timeshare flat, household contents and moveable property, bank deposits, shares or bonds abroad
- debts abroad
- income abroad

Information about foreign bank deposits etc. must be provided on form RF-1231 «Spesifikasjon av innskudd i utenlandsk bank mv. og BSU-sparing i annen EØS-stat» (Specification of deposits in foreign banks and young people's housing savings (BSU) scheme in another EEA member state – in Norwegian only).

If you became the owner of real property abroad during 2008, you must provide information about the type of property (holiday home, plot of land etc.), the country in which it is situated, when it was purchased (date), the purchase price and, if available, its estimated sales value.

You must declare taxable income, capital and debts abroad under the relevant items in the tax return. If you believe that your capital or income is not liable to tax in Norway, you must give an account of your capital and/or income and explain why they are not liable to tax. If you have paid tax abroad on the capital or income, you should state this. If you are claiming a deduction from your income or from your assessed tax for tax paid abroad, such payment must be documented. If you are claiming a deduction from your assessed tax for tax paid abroad (credit), you must complete form RF-1147 «Fradrag i norsk skatt for skatt betalt i utlandet (kreditfradrag) for lønnsinntakere, pensjonister og personlig næringsdrivende» (Deduction in Norwegian tax for tax paid abroad (credit) for employees, pensioners and self-employed persons – in Norwegian only). If you are claiming a deduction from your income, the amount must be entered under item 3.3.7.

If you receive income from employment that is taxed in another Nordic country or a pension paid from another Nordic country, you must complete form RF-1150 «Nedsettelse av inntektsskatt på lønn og pensjon» (Reduction in income tax on wages and pensions – in Norwegian only). The same applies if you are claiming a reduction in tax for that part of the tax levied on wage earnings earned abroad (pursuant to the one-year rule) or you have wage earnings that are exempt from taxation pursuant to a tax treaty.

Capital in the form of real property abroad and income from or a gain on the sale of such property are, in principle, liable to tax in Norway. Capital, income and such gains may be exempt from tax in Norway pursuant to a tax treaty with the country in which the property is located.

If you have real property or are engaged in or take part in business activities abroad, you will not be granted the full deduction for interest on debt in Norway if the income from the real property or business activity is exempt from tax in Norway. Nor will you be entitled to the full deduction for debt if your capital in the form of real property or business activity is exempt from tax in Norway.

Further information about tax liability for capital and income abroad is available from the tax office and in «Information for people who have income or capital abroad» at skatteetaten.no/international

2.1 Pay and corresponding remuneration

2.1.1 Pay etc.

Here, you declare pay, fees and other remuneration from employers, e.g. the benefit of the free use of a car, flying miles, wholly or partially free accommodation, free work clothes, the benefit derived from exercising or selling an option entitling the holder to sell or buy shares or primary capital certificates to or from the employer.

The benefit of a low-interest loan from your employer is taxed as pay. The benefit of the low-interest loan and the interest you have paid are deducted in item 3.3.1.

For information about the valuation of payments in kind, see «Payments in kind – valuation» on page ???. There you can also read about free board for offshore workers. The free use of a car is dealt with under «Cars» on page ??.

In the case of persons classified as wage earners, any pay from labour market schemes etc., sick pay, maternity benefit, occupational and medical rehabilitation benefit, temporary disability benefit, qualification benefit pursuant to the Social Services Act and unemployment benefit is also liable to tax.

The same applies to any remuneration you have received as member of a board, representative body, committee, council etc.

Remember to declare any taxable income not entered in advance in your tax return.

Pay from one individual employer or client of up to NOK 1,000 (NOK 2,000 for work in the client's home/holiday home) in 2008 is exempt from tax.

If the employer or client is a tax-exempt organisation, the payment is tax exempt if it does not exceed NOK 4,000.

Please note that there is no tax-exempt allowance for business income.

For more information, see «Information for people who have income or capital abroad» at skatteetaten.no/international

2.1.2 Income entitling to a seafarers' allowance

Income entitling to a special seafarers' allowance will usually have been pre-entered in your tax return. If that is not the case, you must enter the income under this item.

Income from work on board ships in service entitles you to a seafarers' allowance provided that this work is your main occupation and that you have spent at least 130 days on this work during the income year.

Any remuneration paid to a seafarer through an employer, including tips etc., is deemed to be income on board. Any profit which the seafarer has made from sales activities on board is also deemed to be income on board. The same applies to sick pay, wages and equivalent benefits during periods of illness or injury which take the place of such income on board, and to certain payments in kind.

For more information about the seafarers' allowance, see item 3.2.13 on page ??.

Pay which confers a right to claim the special allowance for fishermen should be entered under item 2.1.1. The allowance should be entered under item 3.2.14

2.1.3 Income for child care in the childminder's own home

Remuneration for minding other people's children in your own home is business income, but it will be treated as ordinary wage income when the children are:

- 11 years or younger at the end of the income year (born in 1997 or later), or
- 12 years or older and have special care needs.

The parents should normally divide the gross remuneration between an expense allowance and remuneration for work (pay). If the expense allowance amounts to 50 per cent or less of your total remuneration for the year for each child and NOK 950 or less per month for each child, it is deemed to not yield a surplus. Only remuneration for work should be entered in the tax return. Remuneration for work is included in the basis for calculating the minimum standard deduction. The stipulated expense allowance serves as a standard deduction.

Instead of the standard deduction, you can choose to deduct actual expenses incurred in connection with the childminding, provided that the standard deduction was not chosen for the previous year. If you have chosen to use the standard deduction, you are bound by this choice for five years provided that there is no significant change in your circumstances.

For information about deductions for actual expenses, see the brochure «Skatteregler ved barnepass for foreldre, dagmammaer og praktikanter» (Tax rules relating to childminding for parents, childminders and nannies – in Norwegian only).

If you run a family day care centre in your own home, you must enter your income and expenses in an income statement (form RF-1175 or RF-1167), and transfer the business income from item 0402 in the income statement to item 2.1.3 in your tax return. You must enter your calculated personal income under item 1.6.1.

Income/loss from a family day care centre outside your own home must be entered under item 2.7.6 or 3.2.19, as appropriate. For more information about family day care centres, see the brochure «Familie-barnehager og skatt» (Family day care centres and tax – in Norwegian only).

Any sickness benefit that replaces income from childminding in your own home will have been entered in advance.

2.1.4 Surplus from expense allowances

Expense allowances are a payment intended to cover expenses incurred in the performance of your work, assignments or official duties, e.g. board, travel and car expenses. If the allowance exceeds the expenses, the surplus is liable to tax and must be declared under item 2.1.4. You will see from your Certificate of Pay and Tax Deducted what kind of allowance it concerns. For the calculation of surpluses or deficits, see «Expense allowances» on page ??.

Allowances that cover private expenses are liable to tax in full, e.g. allowances for travel expenses for travel between the home and a permanent place of work.

For information about liability to pay tax on an employer's coverage of expenses for board and lodging and home visits abroad for foreign employees working in Norway, see «Information for persons who have income from employment in Norway» at skatteetaten.no/international.

Allowances self-employed persons grant to themselves in connection with their business activities are deemed to be business income and are not deemed to be expense allowances. If a self-employed person receives an expense allowance as part of paid employment, the allowance will be treated in the same way as for other wage earners.

2.1.5 Other income from work

Here, you must declare other earnings that are not business income, e.g. sales income and remuneration for work derived from craft or handicraft work in the home. Sales income must be declared after deducting the cost of materials.

Gross income from the sale of garden or natural produce which is not business income, e.g. from the sale of berries, fungi and fish, is only liable to tax for amounts exceeding NOK 4,000 in the income year. You must declare any excess amount in your tax return.

You yourself must declare any amounts not entered in advance in your tax return.

2.2 Employment-related pensions, annuities etc.

If you have received pension back-payments from the National Insurance scheme or from others (code 225 in the Certificate of Pay and Tax Deducted), you must declare the amount under item 5.0.

The entire back payment is taxable in the year it was paid, but the tax office will ensure that the tax will not be higher than it would have been if the pension had been taxed in the year or years to which the back payment relates.

2.2.1 Own pension from the National Insurance scheme

The pre-entered amounts in items 2.2.1 to 2.2.4 are specified in the Certificate of Pension Income and Tax Deducted from the Norwegian Labour and Welfare Service (NAV).

2.2.2 Own pension etc. from a pension scheme other than the National Insurance scheme

This item includes payments from various other pension schemes: occupational pensions, early-retirement pension (AFP), employment-related pensions, introductory benefit, benefit pursuant to the Act relating to supplementary benefits for persons who have only lived in Norway for a short period, benefits derived from surrendered property (right of occupancy etc.) in agriculture and forestry, pensions from abroad etc. One-off payments that replace the right to such benefits must also be entered here. The same applies to taxable payments from employment-related annuities (group annuities) established before 1 January 2007. Taxable payments from employment-related annuities (group annuities) established on 1 January 2007 or later must be entered under item 2.6.2.

Payments received under individual pension agreements (IPAs) must also be declared here.

If you have received benefits in 2008 that have not been included, you must declare them. Pensions from abroad that are liable to tax in Norway must be declared here, including pensions from other Nordic countries. If you receive a pension from another Nordic country, you are entitled to have your Norwegian tax reduced. Provide more detailed information about any pension from another Nordic country on form RF-1150 «Nedsettelse av inntektsskatt på lønn og pensjon»(RF-1150) (Reduction in income tax on wages and pensions – in Norwegian only).

See «Information for people who have income or capital abroad» at skatteetaten.no/international.

2.2.4 Supplementary benefit for spouse

Supplementary benefits for spouses under the National Insurance scheme and private pension schemes are specified under codes 219 and 227 in the Certificate of Pension Income and Tax Deducted.

2.4 Children's income from employment

2.4.1 Children aged 12 years or younger

Children born in 1996 or later are not required to submit a tax return. If the child has received pay, half of it must be entered in each of the child's parents' tax returns unless the parents wish to divide the amount differently. If the parents do not live together, see «Parents and children» on page ??.

2.6 Maintenance, annuities, children's pensions etc.

2.6.1 Taxable maintenance payments received

Maintenance payments from separated or former spouses are liable to tax. Note that only maintenance payments from separated or former spouses made through a public agency have been entered in advance in the tax return. Maintenance payments paid as lump sums are not liable to tax.

Child maintenance payments, special grants pursuant to the Children Act, foster home payments pursuant to the Act relating to child welfare and advance payments of child maintenance pursuant to the Act relating to advance payment are not liable to tax.

2.6.2 Other income

Here, you enter taxable payments from non-employment-related annuities, taxable payments from employment-related annuities (group annuities) established on 1 January 2007 or later, income from surrendered property (right of occupation) outside agriculture and forestry (e.g. free accommodation and other payments in kind), payments from bequests and other taxable regular benefits. The taxable part of annuities from Norwegian life insurance companies is specified in the statement you receive from the company. For information concerning annuities in foreign companies, see «Life insurance» on page 34. Taxable payments from employment-related annuities (group annuities) established before 1 January 2007 must be entered under item 2.2.2.

Here, you must also enter back pay and back payment of pensions following a death (specified under code 214 in the Certificate of Pay and Tax Deducted). Only the amount that exceeds one and a half times the basic amount (G) in the National Insurance scheme at the time of death is liable to tax.

Until 1 May 2008, one and a half times the basic amount was NOK 100,218, and after 1 May 2008 it was NOK 105,384.

2.6.3 Children's pension

Here you must declare any children's pensions for children who are 16 years old or younger (born in 1992 or later). Amounts entered in advance have been transferred from codes 220 and 228 in the child's Certificate of Pay and Tax Deducted.

Child benefit and the cash support for care of own children in the home are tax exempt and shall not be declared in the tax return.

2.7 Business income

Self-employed people will usually be sent the Tax return for self-employed persons.

If you started a business in 2008 and have received the form «Tax return for wage earners and pensioners etc.», the reason is that the tax authorities have not been informed that you have started a business.

How to submit the tax return online:

1. Log on at altinn.no using your personal ID number. You will see that form RF-1030 «Tax return for wage earners and pensioners etc.» is available on «My main page» – «My work list».
2. Under the menu item «Forms and services», open form RF-1030 «Tax return for self-employed persons etc.». When you open the tax return for self-employed persons, you will be asked

which income statement you wish to submit together with the tax return. The three types of income statement are described in form RF-2003 «Start help for self-employed persons».

You will see that the pre-entered amounts in the «Tax return for self-employed persons etc.» are the same as those found in the «Tax return for wage earners and pensioners etc..», which has been sent to you.

As a self-employed person, you may need RF-2003 «Starthjelp for næringsdrivende». (Start help for self-employed persons – in Norwegian only). These guidelines can be downloaded from skatteetaten.no or obtained from the tax office.

2.8 Income from housing and other real property

Taxable income from housing or other real property in Norway and abroad must be entered under items 2.8.2 and 2.8.5. The benefit of living in your own house is exempt from tax.

Income from letting a house you yourself use is tax-free if you:

- let the whole or a large part of your house for up to NOK 20,000 a year,
- let up to half your house, and you use at least half of it yourself.

For more information about letting a house, including when you have only owned it for part of the year, see «Housing» on page 24.

2.8.1 Share of income for the owner of a unit in a housing cooperative/jointly-owned property

The amount is specified in the statement from the housing cooperative or jointly-owned property. Owners of units in a jointly-owned housing property who have not received a statement can obtain the required information from the board of the property or its accountant.

If you let a house/apartment in a housing cooperative (housing association or limited liability housing company) or jointly-owned property and the house/apartment is subject to accounts-based tax assessment as a result, your share of the cooperative/property's income shall not be entered here. Any pre-entered amount is taken from the statement submitted by the housing cooperative/ jointly-owned property. If you have let your housing unit and the income from letting is liable to tax, see «Housing» on page 24. You must then delete the amount entered in advance and declare it in «Årsoppgjør for utleie mv. av fast eiendom» (form RF-1189) (Annual accounts for letting real property – in Norwegian only). Any profit transferred from form RF-1198 is entered under item 2.8.2. Any loss is entered under item 3.3.12.

2.8.2 Net income from the letting of real property outside the context of your business

Here, you must declare:

- net income from the letting of housing when such income is liable to tax (accounts-based tax assessment)
- net income from the letting of a holiday home not used by the owner (accounts-based tax assessment)
- net income from the letting of land

See «Housing» on page ??.

2.8.3 Taxable income from holiday homes

If you own a holiday home which you use yourself, you will not be taxed on its use. If you let your holiday home, up to NOK 10,000 of the income from letting is tax-free. If the income from letting is higher, 85 per cent of that part of the income that exceeds NOK 10,000 is liable to tax. See the example under «Housing» on page ???. If you do not use the holiday home yourself but only let it, all income from letting is liable to tax. In such case the property is subject to accounts-based tax assessment, see item 2.8.2.

2.8.4 Taxable gains on the realisation (sale etc.) of housing, land and other real property

A gain on the sale of a house is tax-free if you:

- have owned the house for more than a year, and
- you have used it as your own house for at least one of the two years preceding the sale.

A gain on the sale of a holiday home is tax-free if you:

- have owned the holiday home for more than five years, and
- you have used it as your own holiday home for at least five of the last eight years preceding the sale.

If the conditions for tax exemption are fulfilled, you will not be permitted to deduct any loss.

Gains/losses on the sale of land are taxable/deductible regardless of how long you have owned the land.

As a rule, any profit/loss on the sale of a farm is taxable/deductible. See also «Housing» on page ??.

Item 2.8.5 Income from real property abroad

Here, you enter taxable income from real property abroad. State the country in which the property is situated. See «Real property abroad» on page ??.

3.1 Capital income and other income

For children's capital income, including lump-sum compensation for injuries to children, see "Parents and children", page 31.

3.1.1 Interest income on bank deposits etc.

Here, you enter interest on:

- deposits in banks in Norway
- savings deposits in housing associations in Norway
- deposits in organised savings associations in Norway
- deposits in the joint funds of the Public Guardian
- loans and savings in Norwegian cooperative societies and consumer associations

In the case of joint bank deposits, the bank will have attributed the whole interest income to one of the owners. The owners must therefore divide the interest income between themselves in proportion to their holdings. Married couples may choose a different allocation of the deduction.

Interest on bank deposits abroad must be entered under item 3.1.11.

3.1.2 Other interest income

This item includes interest income on:

- outstanding claims in Norway
- deposits made by house tenants in Norway
- mortgage bonds in Norway
- yield on index-linked bonds and bank savings with an equity-indexed yield
- other Norwegian debt certificates
- land acquisition bonds
- obligatory loan deposits in Norwegian cooperative enterprises etc.
- yield from bond funds and money market funds

Interest on overdue wages, pensions, holiday pay etc. should be entered under item 3.1.12.

Interest paid on tax refunds is not liable to tax and should not be entered.

Interest on outstanding claims abroad etc. should be entered under item 3.1.11.

3.1.3 Interest on loans to companies that is subject to extra tax (RF-1070)

Interest income on loans furnished by personal taxpayers to limited liability companies, public limited liability companies, equivalent companies and groups of companies, corresponding foreign companies and partnerships are liable to extra tax. The extra tax is payable in addition to ordinary tax on interest income (the interest must therefore also be entered under item 3.1.2 or item 3.1.11). The extra tax will be levied on any actual accrued interest after ordinary income tax that is in excess of a calculated deductible risk-free return. The taxable income will be calculated for each month in accordance with the following formula:

$$\begin{aligned} & \text{Actual accrued interest} \\ - & \text{Actual accrued interest} \times \text{tax rate for general income (for information about rates, see page 48)} \\ - & \text{Risk-free return (balance of loan} \times \text{risk-free interest rate, see below)} \\ = & \text{Interest income liable to extra taxation} \end{aligned}$$

The balance of the loan is defined as the balance at the start of the month. If a loan is taken up during a calendar month, the balance of the loan on the borrowing date will apply. If a debt instrument is issued at a discount, the balance of the loan will be calculated on the basis of the original issue price. If you have furnished several loans to the same company, the loans will be dealt with together. If you have furnished loans to several companies, the interest income will be calculated for each company.

For 2008, the risk-free interest rate has been stipulated at:

Jan./Feb.:	3.7%
March/April:	3.7%
May/June:	4.0%
July/Aug.:	4.0%
Sept./Oct.:	4.3%
Nov./Dec.:	3.1%

If you submit your tax return online, you can use auxiliary form RF-1070 for the calculation of interest income that will be subject to extra tax. The calculation will then take place automatically when you enter the balance of the loan and the accrued interest for each month. You will also find a corresponding calculation aid at skatteetaten.no.

3.1.4 Yield from endowment insurance

Here, you declare the yield earned in 2007 on the savings part of endowment insurance with guaranteed yield. You will find the amount in the statement from your insurance company. Here, you also enter taxable yield from payments from endowment insurance with investment options without guaranteed yield (unit-linked). You will find this amount in the annual statement if the insurance has been taken out with a Norwegian insurance company.

Taxable yield from endowment insurance with or without guaranteed yield taken out with companies outside Norway must be entered under item 3.1.11. See «Life insurance» on page 34.

3.1.5 Taxable share dividend etc. (RF-1088)

This item should be completed in advance specifying any share dividend from Norwegian limited liability companies and foreign companies listed on Oslo Børs and for which you have received «Oppgave over aksjer og grunnfondsbevis for 2008» (form RF-1088) (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only). The same applies to interest on primary capital certificates. Form RF1088 is based on information which the companies, the Norwegian Central Securities

Depository (VPS) and you yourself have submitted to the Norwegian Tax Administration. If you make changes to the statement, you must submit it within the deadline for submitting your tax return. See «Shares etc.» on page ??.

If the dividend information in form RF-1088 is incorrect, you must correct it and transfer the correct amount of taxable dividend to item 3.1.5 in your tax return. You should also contact the company and notify it of the error.

The guidelines to form RF-1088 contain more information about how taxable dividend is calculated and some examples of calculations.

If you find any errors in form RF-1088, you can get help to calculate the correct amount of taxable dividend if you submit form RF-1088 via altinn.no. You will then receive an updated version within three or four days. The updated version can be used when completing your tax return.

If you have shares or primary capital certificates and have not received form RF-1088 for these shares or certificates, you must enter the share dividend/ interest for these shares/primary capital certificates under item 3.1.7.

See «Shares etc.» on page ??, and skatteetaten.no/aksjer.

3.1.6 Taxable yield from units in unit trusts

The item contains pre-entered amounts on the basis of information submitted to the Norwegian Tax Administration by the management companies. It comprises dividend on units in Norwegian and foreign unit trusts. In the case of units in unit trusts (both Norwegian and foreign) which you owned on 31 December 2008, it is the dividend after the deduction of any risk-free return that is liable to tax and must be entered under this item. If you have received any dividend on units in foreign unit trusts that has not been entered in advance, you must fill in and enclose form RF-1059 «Skjema for fastsettelse av inngangsverdi og beregning av skattepliktig utbytte for aksjer/andeler eid i 2008» (Form for the stipulation of acquisition value (opening value) and calculation of taxable dividend on shares/units owned in 2008 – in Norwegian only). See guidelines RF-1072 concerning how to complete the form. You must declare such dividend under item 3.1.7.

See «Shares etc.» on page ??, and skatteetaten.no/aksjer.

Any yield from units in Norwegian bond and money market funds must be entered under item 3.1.2.

3.1.7 Taxable dividend not declared under items 3.1.5 or 3.1.6

Here, you enter any taxable share dividend etc. other than the dividend etc. to be entered under item 3.1.5 or 3.1.6. If you are entitled to a deductible risk-free return, you calculate the taxable dividend using form RF-1059, which you must complete and enclose with your tax return.

See «Shares etc.» on page 20, and skatteetaten.no/aksjer.

3.1.8 Taxable gains on the sale of shares etc. (RF-1088)

Here, you enter any taxable gains you have received on shares specified in form RF1088 «Oppgave over aksjer og grunnfondsbevis 2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only). The same applies to taxable gains on primary capital certificates.

All personal shareholders who have realised shares or primary capital certificates in 2008 and who have received form RF-1088 must check the form. If the information in RF-1088 is correct, you must transfer the amount in item 120 to item 3.1.8 in your tax return. If the information in the statement is incorrect or incomplete, you must correct the form and submit it within the same deadline as for submission of the tax return. The corrected taxable gain must be entered in the tax return (item 3.1.8). If you have realised shares or primary capital certificates and information about this is not included in form RF-1088, you must complete form RF-1059, «Aksje- og andelsoppgave over inngangsverdi, utbytte og realisasjon for

2008» (Form for the stipulation of acquisition value (opening value) and calculation of taxable dividend on shares/units owned in 2008) instead and enter the gain under item 3.1.10.

See «Shares etc.» on page ??, and skatteetaten.no/aksjer.

3.1.9 Taxable gains on the sale of units in securities fund

Here, you enter any taxable gain on the redemption, sale or other form of realisation of units in Norwegian and foreign securities funds (e.g. unit trusts, bond or money market funds, combination funds etc.).

Unit holders in Norwegian and some foreign securities funds who have realised units in 2008 will receive a realisation statement from the management company or the Norwegian Central Securities Depository. The realisation statement contains information about the taxable gain/ deductible loss. The total taxable gain will be pre-entered under this item if the management company or the Norwegian Central Securities Depository has reported the amount to the tax authorities. You must check the amounts and correct any errors.

In the case of the realisation of foreign securities funds, unless it is clear from the statement that corresponding information has been submitted to the Norwegian tax authorities, you must fill in and submit form RF-1059 «Aksje- og andelsoppgave over inngangsverdi, utbytte og realisasjon for 2008» (Form for the stipulation of acquisition value (opening value) and calculation of taxable dividend on shares/units owned in 2008). Any gain must be entered under item 3.1.10 and any loss under 3.3.10.

3.1.8 Taxable gains on the sale of shares etc. (RF-1059)

Here, you enter other taxable gains on shares etc. other than those entered under items 3.1.8. or 3.1.9, including:

- shares in foreign companies
- shares/ primary capital certificates in Norwegian companies for which you have not received form RF1088 «Oppgave over aksjer og grunnfondsbevis 2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only)
- units in foreign securities funds for which the gain has not been included in the pre-entered amount in item 3.1.9
- bonds

On the realisation of shares in foreign companies or shares/ primary capital certificates in Norwegian companies for which you have not received RF1088 («Oppgave over aksjer og grunnfondsbevis 2008») (Statement concerning shares and primary capital certificates for 2007 – in Norwegian only), you must complete and submit form RF-1059 «Aksje- og andelsoppgave over inngangsverdi, utbytte og realisasjon for 2008» (Form for the stipulation of acquisition value (opening value) and calculation of taxable dividend on shares/units owned in 2008). For information about the calculation of such gains, see the guidelines RF-1072 (in Norwegian only).

There is no separate form for gains on the sale of bonds and other financial instruments. You must include a calculation of any such gain in item 5.0 (additional information) or in a separate enclosure.

See «Shares etc.» on page ??, and skatteetaten.no/aksjer.

For information on the sale of foreign securities, see «Information for people who have income or capital abroad» at skatteetaten.no/international

3.1.11 Income from abroad

Here you enter all income from abroad that is liable to tax in Norway and that is not to be entered under other items. This applies, among other things, to interest on foreign bank deposits, bearer bonds, units

in foreign bond funds and outstanding claims against foreign debtors. Income from holdings in foreign companies that is not business income must also be declared here.

Any gain on the sale or other realisation of real property abroad must be entered here if the gain is liable to tax in Norway. See «Real property abroad» on page ??.

Deposits in and interest from foreign banks and young people's housing savings accounts (BSU) must be specified on form RF-1231.

Taxable annual yield from endowment insurance taken out in another EEA member state is entered here.

Taxable yield on the disbursement of endowment insurance with an investment option without guaranteed yield (unit-linked insurance) from companies in another EEA state must also be entered here. The tax authorities may ask for documentation. For more information about the calculation of such yield, see «Life insurance» on page ??.

For information about special rules concerning life insurance (endowment insurance) taken out with a company in another EEA state before 1 January 2004, see «Life insurance» on page ??.

If you have taken out a life insurance policy (endowment insurance) with or without guaranteed yield with a foreign insurance company outside the EEA area, you enter the whole amount disbursed here (only applies to contracts entered into after 1 January 1986).

Income from real property abroad must be entered under item 2.8.5. Taxable income from employment must be entered under item 2.1.1.

3.1.12 Other income

Here, you enter all other taxable income in Norway not included under the items above, including:

- taxable winnings (for information about tax-free winnings, see item 1.5.2) and finder's fees
- any gain on the sale (realisation), lapsing and exercising of non-employment-related options and gain on the sale (realisation) of other securities
- any discount received in connection with the payment of fixed-interest loans before the due date
- currency gains
- interest on overdue payment of wages, pensions, holiday pay etc.
- the taking to income of a negative balance or positive profit and loss account
- interest for which you were granted a deduction in 2007 and which fell due for payment in 2008 without being paid, see item 3.3.1.

If the interest is paid later, it will be deducted from income in the year in which it is paid. The above does not apply to interest expenses relating to self-employment.

Business income must be declared in the income statement if you are required to submit such a statement.

You must specify your income under item 5.0.

Deduction items

3.2 Deductions from income from employment etc.

3.2.1 Minimum standard deduction from own income

The minimum deduction is a standard deduction from wage earnings, pensions and similar income. If your actual expenses relating to your work or similar are greater than the minimum standard deduction, you can claim a deduction for these expenses instead of the minimum standard deduction, see item 3.2.2.

The minimum deduction is calculated automatically. Therefore, if you change the basis for calculating the deduction, for example when declaring wage earnings that have not been entered in advance, you do not need to correct the deduction yourself.

See also «Minimum standard deduction – calculation» on page 36.

3.2.2 Actual expenses

This item is an alternative to item 3.2.1 and should be used when your actual employment-related expenses exceed the minimum standard deduction. You must specify your expenses under item 5.0. The tax authorities may require you to document/ substantiate your expenses.

Examples of expenses that can be deducted as an alternative to the minimum standard deduction:

- work clothes (if the clothes are subject to a great deal of wear and tear) or uniforms
- use of a home office
- specialist literature
- moving house in connection with taking up employment
- voluntary medical and accident insurance (limited to NOK 700; spouses cannot claim a combined deduction of more than NOK 700)
- subsistence expenses for business travel not involving overnight stays (extra expenses for board and lodging in connection with business travel involving overnight stays, on the other hand, are not included, see item 3.2.7)
- subsistence expenses in connection with absence from the home for 12 hours or more without overnight stays in connection with overtime, roster duty, long journeys to and from work etc.
- contractor's premium for voluntary insurance for the first 16 days
- expenses for a stand-in (substitute)
- transport expenses for business travel/ job-related travel
- maintenance/ updating of education
- expenses for tools

Any deficit on expense allowances from an employer for coverage of such costs is also included in 3.2.2.

3.2.4 Minimum standard deduction from supplementary benefit for spouse

A separate minimum standard deduction is calculated on the basis of the amount in item 2.2.4. The minimum deduction corresponds to 26 per cent of the supplementary benefit, but cannot exceed NOK 56,100. Nor can the minimum standard deduction be less than NOK 4,000 unless the supplementary benefit for the spouse is less than that amount.

3.2.5 Minimum standard deduction from children's income

You are entitled to a separate minimum standard deduction from wage earnings entered in item 2.4.1. If you have several children who are 12 years old or younger (born in 1996 or later) who have earned wages, a minimum standard deduction shall be made from the earnings of each child. If the child's income is divided between the parents, the minimum standard deduction is calculated on the basis of the child's income before it is divided, and then divided between the parents. For information about calculating the minimum standard deduction from wage earnings, see Minimum standard deduction – calculation on page ??.

3.2.6 Minimum standard deduction from children's pension

If you are 17 years old or older (born in 1991 or earlier) and receive a children's pension, you are entitled to a separate minimum standard deduction from the children's pension entered under item 2.2.1

and/or item 2.2.2. The minimum standard deduction comes in addition to the minimum standard deduction from any wage earnings. The deduction is calculated as for other pensions, see «Minimum standard deduction – calculation» on page ??.

Parents who receive a pension for children who were 16 years old or younger in 2008 (born in 1992 or later) are entitled to a separate minimum standard deduction based on the amount in item 2.6.3. If the amount concerns several children, a minimum standard deduction will be made from each child's pension. The minimum standard deduction will be based on the whole children's pension irrespective of how the spouses have divided the income between themselves in their tax returns. The minimum standard deduction is then divided between the spouses in proportion to the allocation of the children's pension between them.

For information about the allocation of children's income etc., see «Parents and children» on page ??

3.2.7 Extra expenses for board and lodging etc. in connection with stays away from home

If, because of your work, you have to stay somewhere other than your home, you are entitled to a deduction for extra expenses resulting from the absence provided that you have covered the expenses yourself. It does not count as residence away from home if the overnight absence is due to staying at your place of work for up to 48 hours and this is part of your ordinary working hours, as in the case of shift work, work on a mobile workplace and continuous periods of duty. A deduction of up to NOK 75 per day is normally granted for extra subsistence expenses in connection with such absences from the home, but only if you are away from home for more than 12 hours. The deduction is included in the minimum standard deduction, or in item 3.2.2 if the minimum standard deduction is not claimed.

Extra subsistence expenses,

You are entitled to a deduction for subsistence expenses in connection with travel relating to your job/business. The tax authorities may require you to document/ substantiate your expenses. If the expenses qualify as commuter expenses, the deduction is reduced by NOK 73 per day for savings on household expenses. For information about «Commuters», see page ??.

You can also claim a deduction of NOK 50 per day for petty expenses.

If you are unable to document subsistence expenses, you can claim a deduction at a standard rate, see below.

Self-employed persons must enter the deduction under this item if their expenses qualify as commuter expenses. Expenses incurred in connection with self-employment must be entered in the accounts.

Deduction rates - Norway

If you have covered all the subsistence expenses yourself, the deduction will be calculated at the following rates per day:

- hotel room when the price of the room does not include breakfast: NOK 530
- hotel room when the price of the room includes breakfast: NOK 477
- guest house etc. (without own cooking facilities): NOK 269
- bedsit/portacabin accommodation (with cooking facilities) and private accommodation: NOK 174

Petty expenses of NOK 50 per day are included in the rates.

If you are claiming a deduction of more than NOK 174, you must substantiate what type of accommodation is involved. By «substantiate», we mean providing a statement specifying, as a minimum, the departure and return dates, the name of the place of accommodation and whether it is a hotel, a guest house or similar.

If the expenses are greater than the rates listed above, you will be granted a deduction for documented expenses.

If you have free board in whole or in part, you will only be granted a deduction for documented expenses.

Deduction rates - abroad

If you can substantiate that you have stayed at a hotel during travel abroad, you will be granted a deduction at the rate applicable to the country in question pursuant to the agreement concerning travel abroad at the state's expense. (The government rates for night supplement and subsistence allowance will be reduced by 25 per cent with effect from the 29th day in connection with continuous stays at the same place of work.) If you cannot substantiate that you have stayed at a hotel, you will be granted a deduction at the rate for guest houses or bedsits/ portacabins pursuant to the same rules as apply in Norway.

Number of days absent from the home

If you live somewhere other than your home all year, the number of days of absence is normally calculated as follows:

- without Saturdays off: 280 days
- every other Saturday off: 255 days
- every Saturday off: 240 days

If you do not travel home every week, the number of days of absence must be increased correspondingly.

Extra subsistence expenses in connection with home visits

You can claim a deduction for extra subsistence expenses in connection with home visits even if you have free board in your place of work. A deduction of up to NOK 75 per visit is granted. The deduction applies when the journey home does not entail an overnight stay but lasts for six hours or more and the expenses are not covered by your employer.

Accommodation expenses

If your work requires you to live away from home, you will generally only be allowed to deduct documented expenses. If you live in a portacabin or caravan which you own yourself, you will be allowed a deduction at a rate of NOK 52 per day.

Self-employed persons must enter their accommodation expenses under this item if the expenses are classed as commuter expenses. If the expenses have been incurred in connection with business activities, they must be documented and entered in the accounts. The conditions for qualifying as a commuter are described in «Commuters» on page 38.

Real home in another EEA member state

Persons whose work in Norway requires them to live away from home in another EEA state and who commute to their home abroad can claim a deduction for extra expenses for board, lodging and petty expenses in connection with the period of work abroad. If you are claiming the «standard deduction for foreign employees» (see item 3.3.7), the expenses must be included there, and they cannot be deducted separately. See «Information for persons who have income from employment in Norway» at skatteetaten.no/international

Deficits on expense allowances for board and/or lodging

Deficits on expense allowances received in paid employment must be entered under item 3.2.7. A deficit arises if the allowance does not cover the documented extra expenses for board and/or lodging. If you are unable to document your total extra expenses for board as a result of living away from home, you should assume an expense of NOK 174 per day for all such allowances paid during the year when

calculating the deficit. Deductions for deficits greater than this require documentation of the expenses incurred for each day of absence from the home.

You must be able to document deficits on allowances for board and lodging in connection with business travel or commuting periods on request.

Please note that any deficit on a subsistence allowance for business travel that does not entail an overnight stay must be entered under item 3.2.2 unless you are claiming the minimum standard deduction. If you claim the minimum standard deduction, any such deficit is included.

3.2.8 Deduction for travel between the home and permanent workplace (travel to/from work)

You are entitled to a deduction for travel between your home and your permanent workplace (travel to/from work) on the basis of an estimated travelling distance in kilometres. The travelling distance is normally calculated on the basis of the shortest distance by road between the home and the workplace or by scheduled public transport, excluding air travel.

The deduction is NOK 1.40 per km. If the total travel distance, including home visits (see item 3.2.9), exceeds 35,000 km, the rate will normally be NOK 0.70 per km for the number of kilometres in excess of 35,000 km. The deduction is only given for amounts in excess of NOK 12,800 (the taxpayer's own contribution).

If you travel for five days a week back and forth between your home and workplace, and the distance is more than 19.5 kilometres in each direction, you may be entitled to the travel deduction. You may also be entitled to a deduction for shorter distances if you:

- travel back and forth more than 230 times a year, or
- are entitled to a deduction for home visits in connection with stays away from home (commuter stays), see item 3.2.9.

See «Travel to/from work» on page ??.

3.2.9 Deduction for travel expenses for home visits

If your work requires you to live away from home, you may be entitled to a deduction for travel expenses for home visits. The same rules and rates apply to such deductions as those that apply to travel between your home and permanent place of work (travel to/from work), see item 3.2.8, with one exception: If your home visits involved travel by air, you can claim a deduction for the air fare instead of for the distance travelled (NOK 1.40/NOK 0.70 per km). You can also claim the distance deduction for the rest of the journey. You must be able to document your expenses. If you claim a deduction for air travel, you enter the deduction in the field for road tolls and ferry expenses, see «Travel to/from work» on page ??.

The deduction for home visits is limited to the amount in excess of NOK 12,800. The deduction for home visits is dealt with together with the deduction for travel between the home and workplace.

Persons whose work in Norway requires them to live away from home in another EEA member state, and who commute to their home abroad, are entitled to claim a deduction for travel in connection with home visits. If you are claiming the «standard deduction for foreign employees» (see item 3.3.7), the expenses must be included there, and they cannot be deducted separately. See «Information for persons who have income from employment in Norway» at skatteetaten.no/international

3.2.10 Deduction for child-care expenses (child-care deduction)

If you have child(ren) who are eleven years old or younger (born in 1997 or later), you can claim a child-care deduction for expenses relating to the care of children living at home (expenses for a childminder, day care centre, before and after school hours supervision scheme etc.).

You can also claim the child-care deduction for older children if they have special care needs, e.g. if a child needs continuous supervision because of a disability. You must document the circumstances through a medical certificate, statement from the child welfare service or similar. You must be able to document your expenses.

The deduction is limited to:

- NOK 25,000 for one child – the maximum deduction is increased by NOK 15,000 for each additional child

Extra expenses for the supervision of children due to illness or other lasting impairment that do not qualify for deduction because of the limitation on the amount, may be deducted as a special allowance for major sickness expenses.

Extra travel expenses to and from the childminder/ care facility also qualify as expenses in this context. If you use a car, the expense is stipulated at NOK 1.40 per km. If the transport takes place in connection with driving to and from your workplace or in connection with job-related travel, only the expenses relating to the extra travel (extra travelling distance) are deductible. If you use scheduled public transport, the expenses will be stipulated as the extra expenses incurred by using such transport.

Any tax-free child-care benefit received must be deducted from the expenses. Such benefit is specified under code 245 in the Certificate of Pension Income and Tax Deducted from the Norwegian Labour and Welfare Service (NAV). Cash support for care of own children in the home does not reduce the deduction.

The term “own children” also includes adoptive children, as well as foster children when the relationship resembles adoption and you do not receive a foster home allowance.

Married couples and cohabitants with joint children can choose how they wish to divide the deduction between them. For information about the allocation of the child-care deduction, see «Parents and children» on page ??.

3.2.11 Union dues

Up to NOK 3,150 in union dues can be deducted, or a proportional part of the amount if union dues have only been paid for part of the year. Union dues are specified in the Certificate of Pay and Tax Deducted, code 311.

Deductible subscription fees to employers' associations or nationwide professional or trade organisations must be deducted in your business accounts, not under item 3.2.11. No deduction will be granted for subscription fees to an employers' association or nationwide professional or trade organisation if you have claimed a deduction for union dues. The deduction for subscription fees to an employers' association is limited upwards to 0.2 per cent of total wage payments. A deduction of up to NOK 3,150 or up to 0.2 per cent of total wages is allowed for subscription fees to national professional or trade organisations.

3.2.12 Premium for a job-related pension scheme

The amount is specified under code 312 in your Certificate of Pay and Tax Deducted. You are entitled to a deduction for premium for, among other things:

- municipal/county authority pension schemes
- Norges Bank's pension fund

- pension schemes pursuant to the Act relating to occupational pensions
- pension schemes pursuant to the Act relating to defined-contribution pensions
- pension schemes in state enterprises
- the Norwegian Public Service Pension Fund
- pension schemes agreed in collective agreements in the workplace

3.2.13 Seafarers' allowance

The amount is 30 per cent of the income under item 2.1.2. The maximum allowance is NOK 80,000.

3.2.14 Special allowance for fishermen and hunters at sea

You will find the amount to be deducted from your income from fishing and hunting in form RF-1213 «Oppgave for beregning av næringsinntekt for lottfiskere og særskilt fradrag innen fiske og fangst» (Statement concerning the calculation of business income in fishing and hunting at sea – in Norwegian only). The conditions for qualifying for the deduction are described in the guidelines to the form. The maximum allowance is NOK 115,000.

If you are entitled to both seafarers' allowance and the special allowance for fishermen and hunters at sea, the maximum combined amount you can deduct is NOK 115,000.

3.3 Capital expenses and other deductions

3.3.1 Interest on debt

Normally, you are entitled to deduct all interest accrued during the income year.

Charges in connection with taking up a loan, including the establishment fee, are treated in the same way as interest.

You cannot claim a deduction for interest that has fallen due but not been paid in 2008 unless the interest pertains to a business with a bookkeeping obligation. You will not be entitled to deduct such defaulted interest until the year in which you actually pay it. For student loans from the Norwegian State Educational Loan Fund, deductions are only allowed for interest that has been paid. Remember to enter interest on any debts to private individuals and your employer. You are also entitled to deduct penalty interest on overdue payments paid on interest on debt, and interest and charges paid in connection with credit purchases. Certain formal conditions and limitations on the size of the deduction apply to credit purchases. The tax office can provide further information.

It is not permitted to enter pre-paid interest for 2009 or later years. The same applies to interest that has been remitted.

The interest charged on underpaid tax cannot be deducted (does not apply to penalty interest on overdue payments).

In cases where several people have a joint loan and the bank reports the loan for one of the borrowers, the borrowers must themselves divide the deduction between themselves in proportion to their liability. Married couples may choose a different allocation of the deduction.

For information about deductions for debts and interest on debt for persons with real property abroad, see «Real property abroad» on page ??.

3.3.2 Interest on debt – abroad

Interest on debt owed to a foreign creditor must be documented. For information about deductions for debts and interest on debt for persons with real property abroad, see «Real property abroad» on page ??.

3.3.3 Benefits derived from surrendered property outside agriculture and forestry etc.

Benefits derived from surrendered property

Here, you deduct any benefits you have provided relating to real property outside agriculture and forestry, i.e. the value of rights of occupancy, payments in kind and any cash payments made pursuant to an agreement on benefits derived from surrendered property (right of occupancy etc.). Note that the right of occupancy must also be entered as income in form RF-1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for the letting etc. of real property – in Norwegian only). Insurance and maintenance expenses for the house must be entered in the same form.

Maintenance payments

Child maintenance payments etc. are not deductible, see item 2.6.1.

Maintenance payments to a separated or divorced spouse are deductible. Maintenance payments made through the Norwegian Labour and Welfare Service's (NAV) debt collection unit (formerly the National Insurance debt collection unit) are specified in the statement from NAV. Please note that the statement may contain both deductible payments (maintenance payments to a spouse) and non-deductible maintenance payments (child maintenance). Only deductible maintenance payments should be entered under item 3.3.3.

Maintenance payments deducted by your employer (Certificate of Pay and Tax Deducted, codes 313 and 316) must not be entered in your tax return.

The tax office may require documentation of any maintenance payments you have paid directly to the recipient of the maintenance.

3.3.4 Share of costs in a housing cooperative (housing association or limited liability housing company) and in a jointly-owned property

The amount is specified in the statement from the housing cooperative or jointly-owned property. Owners of units in a housing cooperative/ jointly-owned housing property who have not received a statement can obtain the required information from the board of the property or its accountant.

If you let a house/apartment in a housing cooperative (housing association or limited liability housing company) or jointly-owned property, your share of the cooperative/property's costs shall not be entered here. Any amount filled in in advance must be deleted and entered in form RF-1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for the letting etc. of real property – in Norwegian only). See «Housing» on page ??.

3.3.5 Deductible payments to an individual pension scheme

A deduction is granted for premiums, deposits and administrative expenses relating to an individual pension scheme pursuant to the Act relating to individual pension schemes (IPS). The total deduction cannot exceed NOK 15,000.

Please note that payments to individual pension agreements (IPA) are no longer deductible.

3.3.6 Loss on the sale of a house, holiday home, land or other real property.

For information about when losses are deductible, see «Housing» on page ??. Specify how the loss was calculated under item 5.0.

Any loss on the sale of property abroad must also be entered under item 3.3 6 if the loss is deductible in Norway. See «Real property abroad» on page ??.

3.3.7 Other deductions

Specify what you are claiming a deduction for.

This item is used among other things for:

Donations to certain voluntary organisations etc.

You are entitled to deduct up to NOK 12,000 for cash donations to certain voluntary organisations. To qualify for a deduction, you must have donated at least NOK 500 to each individual organisation during the course of the income year. The organisation must have provided the Norwegian Tax Administration with information about the donation(s) in machine-readable form within the stipulated deadlines. If you have not received a copy of such notification from the recipient of the donation, you must ask the recipient of the donation to send the required information to the Norwegian Tax Administration.

If you have made a donation to voluntary organisations etc. together with others and believe that the amount reported for you is incorrect, you must ask the organisation to send a new report specifying your proportional share of the donation.

A list of approved organisations is available at skatteetaten.no/frivillige.

Donations to research

You are entitled to deduct donations to institutes supported by the state which are engaged in scientific research or vocational training that may be of importance to your business. Deductions in excess of NOK 10,000 are limited to 10 per cent of your general income before the deduction of any special allowance and before the deduction of the donation. A list of approved institutions is available at skatteetaten.no/forskning.

Index-linked bonds and bank savings with equity-indexed yield

You are entitled to deduct establishment costs (subscription fees). The deduction is given once the savings scheme has been concluded.

Any interruption fee resulting from the savings scheme being terminated before expiry of the commitment period is regarded as a loss, and it will not normally qualify for a deduction except when the saving is part of business activities or is a multiple debt instrument. If the savings arrangement is unrelated to business activities, such interruption fee may nevertheless be offset against any positive yield.

Standard deductions for foreign employees

Foreign employees who are liable to tax in Norway on wage earnings without being tax resident here, can claim a standard deduction. Foreign employees who stay in Norway for so long that they become tax resident here can only claim a standard deduction for the first two income years they are deemed to be tax resident here. Pursuant to Norwegian domestic law, a person becomes tax resident with effect from the year his or her stay in Norway exceeds 183 days in a 12-month period or 270 days in a 36-month period. The deduction is 10 per cent of gross income from employment and maximum NOK 40,000. If you claim the standard deduction, many other deductions do not apply.

See «Information for persons who have income from employment in Norway» at skatteetaten.no/international.

Special income deductions for young people

Children who are 17 years old or older (born in 1991 or earlier) are entitled to a separate income deduction if they have income from employment or a children's pension. The deduction is given automatically.

Losses on the sale of securities etc.

Here, you enter any deductible losses on the sale of securities not entered under item 3.3.8, 3.3.9 or 3.3.10.

Unit-linked insurance

Here, you enter any loss on the savings part in connection with disbursements from an individual annuity or endowment insurance policy with an investment option without guaranteed yield (unit-linked insurance) taken out with a Norwegian company or a company in another EEA member state. The tax office may ask you to document the loss. No deduction is given for losses on insurance taken out with a company outside the EEA area.

3.3.8 Losses on the sale of shares etc. (RF-1088)

Here, you enter any deductible loss on shares for which you have received form RF1088 «Oppgave over aksjer og grunnfondsbevis 2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only). The same applies to deductible losses on primary capital certificates. All personal shareholders who have realised shares or primary capital certificates in 2008 and who have received form RF-1088, must check the form. If the information in RF-1088 is correct, you must transfer the amount in item 130 to item 3.3.8 in your tax return. If the information in the statement is incorrect or incomplete, you must correct the form and submit it by the same deadline as for submission of the tax return. The corrected deductible loss must be entered in the tax return (item 3.3.8). If you have realised shares or primary capital certificates and they are not listed in form RF-1088, «Oppgave over aksjer og grunnfondsbevis 2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only), you must complete form RF-1059 «Aksje- og andelsoppgave over inngangsverdi, utbytte og realisasjon for 2008» (Form for the stipulation of acquisition value (opening value) and calculation of taxable dividend on shares/units owned in 2008 – in Norwegian only) instead, and enter the loss under item 3.3.10.

See «Shares etc.» on page ??, and skatteetaten.no/aksjer.

3.3.9 Losses on the sale of units in securities funds

Here, you enter any deductible loss on the redemption, sale or other form of realisation of units in securities funds (e.g. unit trusts, bond or money market funds, combination funds etc.).

Unit holders in Norwegian and some foreign securities funds who have realised units in 2008 will receive a realisation statement from the management company or the Norwegian Central Securities Depository (VPS). The realisation statement contains information about taxable gains/ deductible losses. The total deductible loss has been pre-entered under this item if the management company or the Norwegian Central Securities Depository has reported the amount to the Norwegian Tax Administration. You must check the amounts and correct any errors.

Gains/losses on the realisation of units in most foreign securities funds are not entered in advance. You must fill in and submit RF-1059 «Oppgave over realisasjon av aksjer mv.» (Statement concerning the realisation of shares etc. – in Norwegian only) and enter any gain under item 3.1.10 and any loss in 3.3.10.

3.3.10 Losses on the sale of shares etc. (RF-1059)

Here, you enter deductible losses on shares etc. other than those to be entered under items 3.3.8 or 3.1.9, including:

- shares in foreign companies
- shares/ primary capital certificates in Norwegian companies for which you have not received form RF1088 «Oppgave over aksjer og grunnfondsbevis 2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only)
- units in foreign securities funds for which the loss has not been included in the pre-entered amount in item 3.3.9.
- bonds

On the realisation of shares in foreign companies or shares/ primary capital certificates in Norwegian companies for which you have not received form RF1088 («Oppgave over aksjer og grunnfondsbevis

2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only), you must complete and submit form RF-1059 «Aksje- og andelsoppgave over inngangsverdi, utbytte og realisasjon for 2008» (Form for the stipulation of acquisition value (opening value) and calculation of taxable dividend on shares/units owned in 2008). For information about the calculation of such deductible losses, see the guidelines RF-1072 (in Norwegian only).

There is no separate form for losses on the sale of bonds and other financial instruments.

The calculations must be made under item 5.0 (additional information).

See «Shares etc.» on page ??, and skatteetaten.no/aksjer.

3.3.11 Losses from previous years

Here, you enter any uncovered loss from previous years for which you are entitled to a deduction. The «Transcript of the Tax Assessment» which accompanied the Tax Assessment Notice for 2007 specifies how big a deduction you are entitled to.

3.3.12 Deficit on letting of real property

Here, you enter any loss from the operation of a housing property or other real property subject to accounts-based tax assessment, see «Housing» on page ??. Please enclose form RF-1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for the letting etc. of real property – in Norwegian only).

3.5 Special allowances

Proposals for special allowances for age and disability are found in the Certificate of Pension Income and Tax Deducted from NAV. If you have questions about special allowances, please contact the tax office.

3.5.1 Special allowance for age

The amount is specified under code 250 in the Certificate of Pension Income and Tax Deducted from NAV. Everyone who is 70 years old or more is entitled to a special allowance for age. The same applies to persons who have reached the age of 67 and who receive an old-age pension from the National Insurance scheme. If you receive a reduced old-age pension, the special allowance will be reduced correspondingly. The full special allowance amounts to NOK 1,614 per month, or NOK 19,368 for the whole of 2008.

If you are between the ages of 67 and 70 and have only lived in Norway for a short period, you are entitled to supplementary benefit. In such case, you are entitled to a special allowance of NOK 1,614 per month with effect from the month in which you first receive the benefit.

Married couples who are old-age pensioners are, together, entitled to maximum one whole special allowance for age. If one of them receives an old-age pension and the other disability pension, the special allowance because of age and disability shall not exceed NOK 19,368.

If both spouses had a special allowance for disability or a minor impairment of earning capacity before either of them was entitled to an old-age pension, the monthly deduction shall nonetheless not be reduced if one or both of them receive an old-age pension.

3.5.2 Special allowance for disability

You are entitled to a special allowance with effect from the first month you are paid a provisional disability pension, temporary disability benefit or a disability pension. If your earning capacity is reduced by at least two-thirds, you will be entitled to a special allowance of NOK 1,614 per month (NOK 19,368 per year). If your earning capacity is reduced by less than two-thirds, the special allowance will be NOK 807 per month (NOK 9,684 per year). However, you are not entitled to any special allowance for

disability if you receive occupational or medical rehabilitation benefit under the National Insurance scheme during the same period.

You will find the proposed special allowance under code 250 in the Certificate of Pension Income and Tax Deducted you have received from NAV.

3.5.3 Special allowance for minor impairment of earning capacity

This special allowance is given on the basis of an overall financial assessment in which your spouse's income and capital are also taken into consideration. You must submit a medical certificate if you have not already done so. The special allowance shall not exceed NOK 9,180.

3.5.4 Special allowance for unusually large sickness expenses

You are entitled to a special allowance in the event of unusually large expenses because of sickness or other permanent impairment, either concerning yourself or a person you provide for. Sickness must be documented by a medical certificate. However, if you have previously submitted a medical certificate as documentation of a chronic illness, you are not required to submit a medical certificate for each year for which you claim a special allowance. You must be able to document/ substantiate your expenses on request, and they must amount to at least NOK 9,180. You are entitled to a deduction for supervision costs due to children's illness irrespective of the amount of the costs. See «Special allowances for major sickness expenses» on page ??.

3.6 Basis for calculating municipal, county and equalisation tax

Municipal, county and equalisation tax is levied at a rate of 28 per cent on the amount in item 3.6 after deduction of the personal allowance. For information about the personal allowance, see page ??. The tax rate is 24.5 per cent for taxpayers in Nord-Troms and Finnmark. There, the income will also be reduced by a special income deduction, see page ??.

It is your wealth and debt at the turn of the year 2008/2009, i.e. at 00.00 hrs on 1 January 2007, that must be declared.

For information about children's income and wealth, see «Parents and children» on page ??.

Wealth and debt

4.1 Bank deposits, cash, securities etc.

Only applies to Norwegian bank deposits, securities etc. Deposits in foreign banks must be entered under item 4.1.9 and foreign securities etc. under item 4.6.2.

For children's capital, including lump-sum compensation for personal injuries to children, see "Parents and children", page ??.

4.1.1 Bank deposits etc.

Here, you enter all deposits in Norway (including interest) as of 1 January 2009.

- in banks
- in insurance companies
- in organised savings associations, and loans and savings in cooperative societies, housing associations, housing cooperatives and limited liability housing companies.

4.1.3 Cash etc.

In addition to cash in Norwegian and foreign currency, you must enter the value of cheques, giro cheques and/or bank drafts that have not been cashed or credited to an account as of 1 January 2009 under item 4.1.3. For foreign currency etc., use the banks' purchasing exchange rate.

You must only enter the amount in excess of NOK 3,000 (tax-free allowance) under item 4.1.3. Married couples and children who are assessed jointly have a joint tax-free allowance. This applies even if their income is assessed separately. Spouses can divide the tax-free allowance between themselves as they wish. If spouses are assessed separately, they are each entitled to a tax-free allowance of NOK 3,000. For information on separate assessment, see «Spouses, registered partners and spouse-equivalent cohabitants» on page ??.

4.1.4 Taxable assets in the form of units in unit trusts

The item contains pre-entered amounts on the basis of information submitted to the Norwegian Tax Administration by the management companies. You yourself must enter any assets in the form of units in Norwegian unit trusts as of 1 January 2009 not entered in advance.

The tax value is listed on the basis of the unit value as of 1 January 2009.

Unit trusts are valued at 100 per cent of the unit value.

Both units in Norwegian unit trusts that are registered and those not registered in a securities register must be entered under this item. Units in foreign unit trusts must be entered under item 4.6.2.

4.1.5 Bond unit trusts and money market funds (Norwegian), both registered and not registered in a securities register

Units in bond funds and money market funds must be entered at 100 per cent of the value of the units as of 1 January 2009 (full value). The unit value will be specified on the balance statement from the fund. Units in foreign bond and money market funds must be entered under item 4.6.2.

4.1.6 Outstanding claims (in Norway)

State the debtor's name, address and the amount owed to you. Enter the interest under item 3.1.2.

4.1.7 Tax value of Norwegian shares, primary capital certificates, bonds etc. registered in the securities register (the Norwegian Central Securities Depository - VPS)

Tax value of Norwegian shares and primary capital certificates

The tax value of Norwegian shares etc. registered in a securities register (the Norwegian Central Securities Depository – VPS) should be specified in the annual statement from the register. Norwegian primary capital certificates should also be specified under this item. You enter the tax value of other Norwegian shares under item 4.1.8, and units in Norwegian unit trusts under item 4.1.4. Shares etc. in foreign companies must be entered under item 4.6.2 (other taxable assets abroad).

Listed shares are valued at 100 per cent of their listed price on 1 January 2009. If the company is listed on both the Norwegian stock exchange and a foreign stock exchange, the value on the Norwegian exchange shall be used.

Shares in unlisted Norwegian companies shall in principle be valued at 100 per cent of the shares' proportional share of the company's total asset value for tax purposes as of 1 January 2008.

If the share capital has changed as a result of payments received from or payments made to the shareholders, 100 per cent of the value as of 1 January 2009 shall be used. Contact the company for information about this value if necessary.

If the company was formed in 2008, the shares shall be valued at 100 per cent of the sum of the face value of the shares and any share premium.

Primary capital certificates are valued at 100 per cent of their listed price on 1 January 2009.

Value of Norwegian bonds

Bearer bonds and other bonds registered in a securities register are valued at their listed price or assumed sales price if the price is not listed.

Value of Norwegian options registered in the securities register (Norwegian Central Securities Depository – VPS)

Stock exchange-listed options are valued at the listed price.

4.1.8 Tax value of shares in form RF-1088, bonds, options etc. not registered in the securities register (Norwegian Central Securities Depository – VPS)

The amounts must be specified in the following sub-categories:

- shares in form RF-1088 (not VPS), normally completed in advance
- bonds and other securities not registered in the securities register, and
- employment-related options

Tax value of shares transferred from RF-1088

Here, you will find the value as of 1 January 2009 of Norwegian shares included in form RF-1088 «Oppgave over aksjer og grunnfondsbevis 2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only), which has been sent to you. If the capital value of any shares is not specified in form RF-1088, you must enter the value under this item. The tax value of companies registered in the Norwegian Central Securities Depository (VPS) is not stated in RF-1088.

Tax value of securities not registered in the securities register (the Norwegian Central Securities Depository – VPS)

For Norwegian bonds not registered in a securities register, you enter the unit value as of 1 January 2009. If it is unknown, use the presumed sales value. State the name of the issuer, the number of bonds and the face value of the bond.

You enter the presumed sales value as of 1 January 2009 of unlisted options. An option confers a right, but not an obligation, on its holder to buy or sell an asset on a given date or within a certain period at a price agreed in advance.

Here, you must also enter the tax value of Norwegian shares that are not specified in form RF-1088 «Oppgave over aksjer og grunnfondsbevis 2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only), (and which are not registered in the Norwegian Central Securities Depository – VPS). The company will provide you with the tax value. For information about how the value is determined, see the guidelines for item 4.1.7.

Units in Norwegian unit trusts must be entered under item 4.1.4.

Employment-related options

The value of unconditional employment-related Norwegian options is taxable capital. The pre-entered amount is taken from code 523 in the Certificate of Pay and Tax Deducted. If the value of the option depends on the fulfilment of an uncertain condition, the option is not considered to be a taxable asset.

4.1.9 Deposits in foreign banks

Here, you enter deposits in foreign banks as of 1 January 2009. The banks' exchange rate on 1 January 2009 for purchasing the currency in question will be used to convert amounts into Norwegian *kroner*.

The deposits must be specified in form RF1231 «Spesifikasjon av innskudd i utenlandsk bank mv. og BSU-sparing i annen EØS-stat» (Specification of deposits in foreign banks etc. and BSU savings in another EEA state – in Norwegian only).

4.2. Home contents/ moveable property

You must enter private home contents/ moveable property under item 4.2, whether it is in Norway or abroad.

4.2.3 Home contents and moveable property other than motor vehicles, caravans and pleasure boats with a sales value of NOK 50,000 or more

You reduce the presumed sales value of the moveable property by deducting a tax-free allowance of NOK 100,000 before entering the amount under item 4.2.3. This is a combined tax-free allowance for spouses and children, and is subject to combined assessment even if their incomes are assessed separately. The tax-free allowance can be divided between spouses as they wish.

If the home contents/moveable property are insured, you can calculate their expected sales value on the basis of the insured amounts as shown below. If the contents/moveable property are not insured or the insured amount is not specified, e.g. in the case of group home contents insurance, you can calculate the sales value on the basis of what you presume it would cost to replace the home contents/moveable property.

Boats that are not separately insured and that are not covered by an ordinary home contents/moveable property insurance policy, are valued at their presumed sales value; see the example. If the boat is insured separately, then the presumed sales value should be set at 75 per cent of the amount insured.

Boats with a presumed sales value as of 1 January 2009 of NOK 50,000 or more must be entered under item 4.2.4.

Calculation of sales value

The sales value of home contents and moveable property is calculated as follows:

Amounts insured/ acquisition price as new	Sales value
of the first NOK 100,000	10%
of the next NOK 400,000	20%
of the remaining amount	40%

(A boat shall only be included in the calculation above if it is covered by a home contents and moveable property insurance policy.)

----- Example:

Amount insured (moveable property, excl. boat)..... NOK 1,100,000
Insured amount for boat..... NOK 40,000

Moveable property NOK 1,000,000 x 10%.....	NOK 100,000	
+ NOK 100,000 x 20%	<u>NOK 20,000</u>	
= presumed sales value	NOK 120,000	
+ Boat NOK 40 000 x 75%.....	<u>NOK 30,000</u>	
Total.....	NOK 150,000	
– Tax-free amount.....	<u>NOK 100,000</u>	
= Capital value of moveable property incl. pleasure boat (item 4.2.3)		<u>NOK 50,000</u>

4.2.4 Pleasure boats with a sales value of NOK 50,000 or higher

Pleasure boats with a presumed sales value of NOK 50,000 or more must be entered here. State the make, type and presumed sales value. If the boat is insured, then the value should be set at 75 per cent of the amount insured.

4.2.5 Motor vehicles

Cars, motorbikes, snowmobiles and other motor vehicles (that are not operating equipment) are valued on the basis of the vehicle's list price as new from the main importer on the following scale:

First registration year	List price value as new
2008	75%
2007	65%
2006	55%
2005	45%
2004	40%
2003	30%
2002	20%
2001–1993	15%
1992–1979	NOK 1,000

List prices are available at skatteetaten.no

Veteran vehicles, i.e. vehicles that are 30 years old or more, are valued at their presumed sales value.

If you have received the «Tax return for wage earners and pensioners etc.» and have a car that is subject to accounts-based assessment, you can enter the written-down tax value here. If you can demonstrate that the actual value is lower, specify the actual value. Self-employed persons must not enter the amount here, but under item 4.4.1, see «Start help for self-employed persons».

4.2.6 Caravans

Caravans are valued in the same way as motor vehicles, see item 4.2.5.

4.3 Tax value of housing and other real property

The tax value is declared as capital (wealth). The tax value of houses/apartments and holiday homes will be increased by 10 per cent from 2007 to 2008. However, the tax value shall never exceed 30 per cent of the market value of the property.

The tax value of houses/apartments in Norway shall be entered under item 4.3.2. The tax value of holiday homes in Norway shall be entered under item 4.3.3. If the property is situated abroad, the tax value shall be entered under item 4.6.1.

For information about tax values, see Housing on page ??.

4.3.1 Unit owner's share of the tax value of a housing cooperative

The amount is specified in the statement from the housing cooperative or jointly-owned property.

4.3.2 and 4.3.3 Housing and holiday properties

The tax value is declared as capital (wealth). For information about the tax value, see item 4.3 above. If you bought a house in 2008, you can contact the tax office in order to obtain the tax value. If you have built a new house/holiday property, carried out alterations, made significant changes during the year or redeemed leasehold land, you must state this under item 5.0.

4.3.5 Other real property

Here, you enter the tax value of all other real property in Norway, included plots of land that have not been built on. State the type of property. The tax value shall never exceed 80 per cent of the property's market value. The tax value is increased by 10 per cent from 2007 to 2008. For agricultural property and power stations, no general increase applies. For information about the documentation of market value, see «Housing» on page ??.

4.5 Other capital

4.5.1 Premium funds, individual pension agreements (IPA)

The premium fund balance (including interest) as of 1 January 2009 relating to an individual pension agreement (IPA) is taxable capital.

4.5.2 The surrender value of life insurance policies

As a rule, the surrender value of individual annuity agreements is considered to be taxable capital and must be entered here. For information about exceptions to the rule, see «Life insurance» on page ??. For children's capital, including lump-sum compensation for personal injuries to children, see "Parents and children" on page ??.

The surrender value of endowment insurance policies shall also be entered here.

The surrender value of individual annuity agreements and endowment insurance policies is specified in the statement you receive from the company.

You enter any endowment insurance agreements with foreign companies under item 4.6.2.

4.5.3 Capital in housing cooperatives, limited liability housing companies and jointly-owned properties

Here, owners enter the value of their share of other capital in the housing cooperative than the tax value as specified in the statement from the cooperative. Owners of a share in a jointly-owned property shall also enter their share of any capital in the jointly-owned property other than the tax value.

If you own a unit or are joint owner of a jointly-owned property with more than eight owner units, the amount will be specified in the statement you receive from the housing cooperative or jointly-owned property. Owners of shares in a jointly-owned property who have not received a statement can obtain the required information from the board of the property or its accountant.

4.5.4 Other taxable capital

Here, you enter other taxable capital in Norway that is not to be entered under other items in your tax return. This applies among other things to:

Perpetual lease contracts

In the case of perpetual lease contracts, typically long-term leases of ground, the lessor (owner) must declare the capitalised value of future ground rent here. The capitalisation factor is 10. In such cases, the lessee shall pay wealth tax as if he or she were owner of the property, see items 4.3.2, 4.3.3 and 4.3.5. The lessee can claim a deduction for the capitalised obligation to pay ground rent, see item 4.8.1.

The value of rights pertaining to forest property, such as hunting, fishing, letting rights etc. that were previously part of the capital value of the forest, shall be entered here. The values are arrived at by capitalising the net return on the rights using a capitalisation factor of 10.

4.6 Taxable capital abroad

4.6.1 Capital in real property abroad

Here, you enter all capital in real property if the property is liable to tax in Norway. You must also state which country the property is located in.

Real property that is not liable to tax in Norway shall not be entered here. However, information must be provided about such property, see item 1.5.6. The information will have a bearing on the allocation of debt and interest on debt between Norway and abroad.

See «Real property abroad» on page 30.

4.6.2 Other taxable capital abroad

Here, you enter all capital abroad that is liable to tax in Norway and that is not to be entered under other items. This applies, among other things, to bearer bonds, outstanding claims against foreign debtors, shares in foreign companies and units in foreign securities funds, units in foreign bond and money market funds and holdings in foreign companies. Here, you must also enter the value of endowment insurance with companies outside Norway. The tax authorities may request documentation.

Listed shares in foreign companies are valued at 100 per cent of the listed price on 1 January 2009. Unlisted shares in foreign companies are valued at 100 per cent of the share's presumed sales value as of 1 January 2009. If you so demand and can document the tax value of the company's assets, 100 per cent of the tax value of the share of the company's assets on 1 January 2008 can be used instead.

Units in securities funds that are managed by a foreign company are valued at 100 per cent of the value of the unit as of 1 January 2009.

Foreign bearer bonds will be valued at their price on 1 January 2008. If there is no listed price, or the price is unknown, the bonds shall be valued at their presumed sales value.

The banks' exchange rate on 1 January 2009 for buying currency shall be used to convert amounts into Norwegian *kroner*.

4.8 Debt

All debts owing on 1 January 2009 shall be entered in your tax return. For information about deductions for debts and interest on debt for persons with real property abroad, see «Real property abroad» on page ??.

4.8.1 Debt in Norway

Here, you enter your debt in Norway, including debt to private individuals. The amounts are specified in annual statements from banks, insurance companies etc. Any unpaid underpaid tax that had fallen due by 31 December 2008 must also be entered here.

In the case of perpetual lease contracts, typically long-term leases of ground, the lessee must enter the capitalised obligation to pay ground rent. The capitalisation factor is 10. For information about the liability to wealth tax on the value of the ground, see items 4.3.2, 4.3.3 and 4.3.5.

4.5.3 Debt in housing cooperatives, limited liability housing companies and jointly-owned properties

Here, you enter your share of the debt. If you own a unit or are joint owner of a jointly-owned property with more than eight owner units, the amount will be specified in the statement you receive from the housing cooperative or jointly-owned property. Owners of units in a jointly-owned housing property who

have not received a statement can obtain the required information from the board of the property or its accountant.

4.8.3 Debts abroad

Here, you enter any debts owing to foreign creditors.

Leased plots of land – houses and holiday homes

As a result of amendments to the Act relating to leased land, all leasehold rights to houses and holiday homes that were previously of limited duration are now deemed to be perpetual.

Lessees

As a lessee, you are entitled to a deduction for debt for the capitalised ground rent. For 2008, this amount is 10 times the annual ground rent. If the ground rent has been changed during the year, you use the rent that applies at the end of the year. You enter the deduction for debt under item 4.8.1.

As a lessee, you will be liable to wealth tax as if you were the owner of the land. The value of the plot of land must therefore be added to the tax value of the building or buildings. The additional amount is equal to the capitalised ground rent, i.e. the same amount as you enter under item 4.8.1. You will therefore have to increase the pre-completed amount in item 4.3.2/4.3.3 (housing/holiday home) by the additional value of the plot of land.

This also applies to owners of units in a housing cooperative/ jointly-owned housing property built on leased land. The unit owners have to increase their share of the housing cooperative's tax value in item 4.3.1. Owners of units in a jointly-owned housing property increase their tax value in item 4.3.2/4.3.3. You will have to obtain information about your share of the ground rent from the housing cooperative/ jointly-owned property.

If the increase results in the property's tax value significantly exceeding the valuation level for comparable properties in the municipality, or 30 per cent of its market value, the lessee can demand that it be reduced. For more information about this, see the topic «Housing».

See skatteetaten.no for more detailed information about the tax rules relating to leased land.

Lessors

For lessors, the tax value of the whole property will be reduced by the tax value of the leased plots of land, while the capitalised value of the stipulated ground rent (i.e. 10 times the annual ground rent) is added as capital. *See skatteetaten.no for information about how lessors should enter this in their tax returns.*

Topic

SHARES etc.

The shareholder model

The shareholder model applies to natural persons, including deceased's estates and bankrupt's estates when the debtor in bankruptcy is a natural person. The rules apply to ownership in both Norwegian and foreign companies.

The principle of the shareholder model is that share dividend and gains on shares are liable to tax, but a reduction is granted of the dividend or gain. This is called a deductible risk-free return. The deductible risk-free return must be calculated for each individual share. The deductible risk-free return is used by

the person who owned the share at the start of the income year to reduce any taxable dividend on the share. The risk-free return can never be deducted from income from other shares.

You can claim a deduction in 2008 for any unused deductible risk-free return from 2006 and 2007. Such unused deductible risk-free return from 2006 and 2007 can be deducted from both share dividend and share gains on the same share.

Primary capital certificates and units in unit trusts etc. are treated in the same way as shares. The shareholder model came into effect on 1 January 2006.

How is the deductible risk-free return calculated?

Deductible risk-free return = basis for risk-free return x risk-free interest rate

As a rule, the basis for the deductible risk-free return for 2008 is equal to the acquisition value/ opening value (of the share) with the addition of any unused risk-free return from 2006 or later. The risk-free interest rate for the 2007 income year is 3.3 per cent. The risk-free interest rate for the 2008 income year will be stipulated in January 2009, and it will be available at skatteetaten.no.

Stipulation of the opening value

The opening value of shares, primary capital certificates and units in unit trusts acquired in 2008 is stipulated for tax purposes in autumn 2009.

For most Norwegian shares and foreign shares listed on Oslo Børs, you will receive form RF-1088 «Oppgave over aksjer og grunnfondsbevis for 2008» (Statement concerning shares and primary capital certificates for 2008 – in Norwegian only). This statement will provide information about the opening (acquisition) value of the shares. You must check the statement. If you agree with the information provided in the statement, you do not have to do anything. You only have to submit the statement if you make changes. (Please note that you must specify any gain or loss on realisation in your tax return.)

If you have not received «Oppgave over aksjer og grunnfondsbevis for 2008» (RF-1088), you must submit form RF-1059 «Aksje- og andelsoppgave over inngangsverdi, utbytte og realisasjon for 2008» (Form for the stipulation of acquisition value (opening value) and calculation of taxable dividend on shares/units owned in 2008). Here, you specify the acquisition value, calculate any taxable dividend after deduction of the deductible risk-free return and calculate the taxable gain/ deductible loss.

The acquisition value of shares etc. which you acquired before 1 January 2008, and which the Norwegian Tax Administration had information about, was stipulated for tax purposes in autumn 2006 and autumn 2007. Most shareholders will have received a letter from the Norwegian Tax Administration showing the stipulated tax values. These values are stipulated with binding effect and will be used as the basis for the calculation of the deductible risk-free return and in connection with the realisation of such shares in 2008 or at a later date.

Shareholders with shares in companies in other EEA member states can demand RISK adjustment of the acquisition (opening) value of the shares.

Such RISK adjustment may have a bearing on:

- the calculation of gains on shares realised after 1 January 2004
- the taxation of dividend/ calculation of the risk-free return for shares acquired before the introduction of the shareholder model (1 January 2006) and which you still own

Shareholders must themselves document the basis for calculating the RISK amount, and such documentation must be provided for each year that the shares are owned.

For shares still owned on 1 January 2006, a claim for a change in the basis for the deductible risk-free return must be submitted before the end of 2009.

More information can be found at skatteetaten.no/aksjer

TRAVEL TO/FROM WORK

You are entitled to a deduction for travel between your home and permanent place of work (travel to/from work) The deduction is only given for the amount in excess of NOK 12,800 (taxpayer's own contribution).

The deduction is NOK 1.40 per km. If the total travel distance, including home visits (see item 3.2.9), exceeds 35,000 km, the rate will normally be NOK 0.70 per km for the number of kilometres in excess of 35,000 km.

If your documented expenses exceed this amount, you can claim a deduction for actual expenses limited upwards to NOK 1.40 per km.

As a rule, the deduction is calculated on the basis of the shortest travel distance between your home and permanent place of work, by car or scheduled public transport, excluding air travel. This applies irrespective of your actual expenses and the means of transport used.

If your employer provides transport and this benefit is tax-free, you must not include the distance covered by such transport. This applies, for example, to employees who travel free of charge on their employer's scheduled means of transport. However, the benefit of free use of your employer's car is taxable, and it may therefore entitle you to a deduction for the distance travelled.

You are entitled to a deduction for the number of journeys you have completed during the course of the year. Full-time work is usually reckoned as 230 days a year.

----- Example:

A taxpayer travels between his or her home and permanent place of work every day. The shortest travel distance is 21 km each way.

The deduction is calculated as follows:

NOK 1.40 x 21 x 2 x 230 =	NOK 13,524
Amount not included in the deduction (own contribution)	– <u>NOK 12,800</u>
Deductible amount to be entered under item 3.2.8	<u>NOK 724</u>

The number of journeys is reduced if you work part-time. If you work four days a week instead of five, you must base the calculation on 230 working days x 4/5 = 184 working days. If you are absent from work more than 15 days during the year because of taking more than five weeks' holidays, illness, job-related travel, leave of absence etc., you must reduce the number of travel days.

If you cut travel time by at least two hours for every journey to and from work by using a car rather than scheduled means of transport, you can nonetheless use the distance by road as the basis.

In such case, you can also claim a deduction for road tolls and ferry expenses that you have covered yourself, provided that these costs total more than NOK 3,300. The cheapest ticket type must be used as the basis. You must be able to document your expenses on request. If you claim a deduction for ferry expenses, you are not entitled to the kilometre rate (NOK1.40/0.70 per km) for the distance travelled by ferry.

Travel time is reckoned as total travel time for the return journey to your place of work and back. The calculation shall also take account of walking time, waiting time when changing means of transport and waiting time at your place of work unless you have flexible working hours. Walking time is defined as 15 minutes per km. Travel time by car is defined as one minute per km (60 km/h).

In principle, the deduction for home visits (see item 3.2.9) is calculated according to the same rules as those mentioned previously under this topic. The taxpayer's own contribution of NOK 12,800 and the rule that road tolls and ferry expenses must exceed NOK 3,300 apply to home visits and travel between the home and workplace combined.

The difference between travel to/from work and job-related travel

It is important to distinguish between travel to/from work and job-related travel, since these types of travel are treated differently for tax purposes.

For travel to/from work, the deduction is calculated as shown above. Expenses for travel to/from work that are covered by your employer are deemed to be taxable income (coverage of private expenses).

If the journey is regarded as work-related, you can claim a deduction for the actual costs. If you use your car for such travel, see «Cars» on page ???. You cannot claim a deduction for job-related travel expenses on top of the minimum standard deduction. If you are not claiming the standard minimum deduction, you should enter the deductible amount under item 3.2.2. Self-employed persons enter such deductions in their accounts. Your employer's coverage of deductible expenses for job-related travel is not taxable income.

What is travel to/from work and what is job-related travel?

Main rules:

Travel to/from work means:

- travel between your home and your permanent place of work
- travel between permanent places of work

Job-related travel means:

- travel between your home and a non-permanent place of work
- travel between a permanent place of work and a non-permanent place of work
- travel between non-permanent places of work

Exception:

Even if the journey is travel to/from work pursuant to the main rule, the following types of travel shall be deemed to be job-related travel:

- travel when you are required to live away from home on account of your work (does not apply to travel for the purpose of home visits)
- travel to a place where you work for a maximum of 10 days during the income year.
- travel between the home and permanent place of work in order to embark on an onward journey classified as job-related travel (only applies if you stay in the place of work for a short time and do not carry out any ordinary work while there – the same applies to the return journey)
- travel where your work requires you to regularly transport work equipment by car

- travel from the place where you are staying to your permanent place of work when summoned to perform necessary work outside normal working hours.
- travel between your permanent place of work and a rendezvous point from which your employer organises further transport to an offshore facility, vessel or another country.
- travel (additional travel) in excess of the distance between your home and permanent place of work when travelling to a permanent place of work via a non-permanent place of work
- travel (additional travel) in excess of the distance between your permanent places of work when travelling to permanent places of work via a non-permanent place of work.

By “home” is meant your main residence, commuter accommodation or other overnight accommodation used during periods of work entailing stays way from home.

What is regarded as a permanent/ non-permanent place of work?

If you work in one place only in an employment relationship (as an employee/ as a self-employed person or in connection with income-generating activities), that place is your permanent place of work. If, on the other hand, you have several places of work in connection with one employment relationship, your permanent place of work is the place where you carry out the major part of your work during the following two-month periods: January-February, March-April etc.

Example:

You have two places of work in the same employment relationship: Oslo and Bergen. Except for the period May-June, you spent most of your working hours/ working days in Oslo. Thus, Bergen was your permanent place of work in May-June, while Oslo was your permanent place of work for the remaining months.

A place in which you work continuously for a period of more than two weeks (not necessarily calendar weeks) is regarded as your permanent place of work regardless of the two-month rule. If you are absent from work for up to three consecutive working days due to illness, holidays etc., these days are counted as working days under the two-week rule.

Example:

During the period January-February you worked for the same employer and worked 5 weeks in workplace A, 2 ½ consecutive weeks in workplace B and the rest of the time in workplace C.

Pursuant to the two-month rule, your permanent place of work was A, and, according to the two-week rule, it was B.

Your permanent place of work would be B, even if you worked one and a half weeks in February and one week in March, provided that the period of work was continuous.

If you have several workplaces during the course of a working day, you must spend more than half your working hours in one and the same place for it to be your permanent place of work according to the two-week rule.

The meeting point for being assigned work or preparing for your work is regarded as your permanent place of work if it remains the same for more than two consecutive weeks.

If you have so many places of work that none of them can be regarded as the place in which you normally work, you are regarded as not having a permanent place of work.

Cars

Company cars

The value of the benefit of private use of your employer's car is taxable income. If your access to use of the company car is not just sporadic (a certain regularity of use or use of a certain duration), the following rules shall apply even if the actual use is sporadic.

The benefit is stipulated to be 30 per cent of the car's list price as new up to and including NOK 249,600 plus 20 per cent of the list price in excess of this amount; see the example. By list price is meant the list price used by the main importer on initial registration of the vehicle, including value added tax and vehicle scrap deposit. Freight and registration costs are not included.

Example:

Free use of a car for the whole income year 2008

The list price of the car as new in 2007 is NOK 250,000

The taxable benefit is calculated as follows:

For the first NOK 249,600, the benefit is calculated as $\text{NOK } 249,600 \times 30\% = \underline{\text{NOK } 74,880}$

For the next NOK 400, the benefit is calculated as $\text{NOK } 400 \times 20\% = \text{NOK } 80$

Total taxable benefit = NOK 74,960

If the car was initially registered in 2004 or earlier, the value of the benefit shall be calculated on the basis of 75 per cent of the car's list price. The same applies if the car was initially registered in 2005 or later and you are able to substantiate that job-related driving exceeded 40,000 km during the income year.

For cars powered by electricity alone (el-cars), the value of the benefit shall be calculated on the basis of 75 per cent of the car's list price, regardless of the job-related driving distance.

For cars where the job-related driving exceeds 40,000 km during the income year, or el-cars, the value of the benefit is calculated on the basis of 56.25 per cent of the list price if the car was registered for the first time in 2004 or earlier.

If you have had a company car arrangement for part of the income year, the taxation of the benefit will be proportional to the number of months or part-months the car was at your disposal.

Any obstacle to use due to the condition of the car, e.g. in connection with garage stays, does not reduce the taxable benefit. Nor will individual obstacles to using the car be taken into account, e.g. holidays, sickness etc.

The taxable benefit shall not be reduced even if you cover the expenses for the car yourself or pay your employer for the use of the car.

Deduction for expenses when using your own or a leased car

You are allowed to deduct expenses in connection with the use of a car in your job/business. Actual expenses are deductible if the car is a work vehicle. If the car is not deemed to be a work vehicle, the deduction is NOK 3.50 per km (NOK 3.55 in Tromsø).

Work vehicles are defined as:

- vehicles used for job-related driving only
- vehicles driven for at least 6,000 km for work purposes during the income year (assessed over a 3-year period)
- vehicles driven less than 6,000 km for work purposes, but which are mostly used for job-related driving during the income year and in circumstances where the use of a car is necessitated by the job/business situation.

Example:

The list price of the car as new when it was first registered in 2007 =	NOK 250,000
Estimated depreciation in value in 2007: NOK 250,000 x 17% =	<u>NOK 42,500</u>
Balance basis 2008	<u>NOK 207,500</u>

The car was bought and taken into use for work purposes on 31 January 2008.

The estimated depreciation in value during the year in which the car was used for work purposes must be reduced by 335/365 since the car was only used for 335 of the 365 days of the year.

Estimated total costs of upkeep of the car:

Estimated depreciation in value: NOK 207,500 x 17% x 335/365 =	NOK 32,376
Running expenses	<u>NOK 40,000</u>
Total running expenses and estimated depreciation in value	<u>NOK 72,376</u>
The amount of reduction (the amount relating to private use) will be limited to NOK 72,376 x 75% =	<u>NOK 54,282</u>

Without this limitation, the reduction would have amounted to NOK 74,960. See the example under «Cars» on page ??.

Note that the proportional reduction (335/365) shall not be taken into account in the calculation for the following year. Next year, the estimated balance basis will be: NOK 207,500 – (NOK 207,500 x 17%) = NOK 172,225.

Cars subject to accounts-based tax assessment

If the car is considered to be a work vehicle, it is subject to accounts-based tax assessment. You must submit form RF-1125 «Opplysninger om bruk av bil» (Information on car use – in Norwegian only). All actual costs of the upkeep of the vehicle are deductible (including diminishing-balance depreciation). Diminishing-balance depreciation can be claimed at a rate of up to 20 per cent of the vehicle's cost price, regardless of when during the year it was purchased. If the work vehicle is also used privately, the costs must be reduced by an amount corresponding to the additional income calculated for wage earners for the private use of a corresponding vehicle, see «Company cars» on page ??. However, the amount of the reduction shall never exceed 75 per cent of the estimated total costs of the upkeep of the car (running expenses + estimated depreciation in value or leasing rental), see below.

Running expenses:

Running expenses include fuel costs, garage costs, annual vehicle tax and insurance. Road toll payments, ferry expenses and parking fees, on the other hand, are not included in running expenses, but are deductible insofar as they are linked to the job-related driving. Fees for direct membership of a car rescue service are regarded as running expenses. Membership fees in automobile associations (e.g. KNA, NAF or MA) are private expenses and are not deductible.

Estimated depreciation in value or leasing rental:

If you own the car yourself, the estimated depreciation in value is part of the total estimated costs of the upkeep of the car. If you lease/hire the car, you must include the rental rather than the depreciation in value in the total expenses.

The depreciation in value is stipulated on the basis of an annual diminishing-balance depreciation of 17 per cent as from the income year in which the vehicle was first registered. The car's list price at the time it was first registered is used as the basis. For subsequent years, 17 per cent is deducted from the previous year's balance basis.

Only expenses relating to the period of the year during which you used the car as a work vehicle are deductible. If the vehicle was bought or sold during the year or is no longer used as a work vehicle, the estimated diminishing-balance depreciation for the year must be reduced in proportion to the number of days (divided by 365) that the car was used for work purposes.

The estimated balance basis for diminishing-balance depreciation for subsequent years will not be influenced by the above-mentioned reduction, see the example below.

Compulsory forms if claiming accounts-based tax assessment

You must submit RF-1125 «Opplysninger om bruk av bil» (Information on car use – in Norwegian only). If you are claiming a deduction for depreciation, you must submit form RF-1084 «Avskrivnings-skjema for saldoavskrivninger og lineære avskrivninger» (Form for diminishing-balance depreciation and straight-line depreciation – in Norwegian only).

Deduction of expenses based on standard rate

If the car is not regarded as a work vehicle, you will only be entitled to a deduction at the standard rate for the job-related driving.

The deduction for job-related driving is NOK 3.50 (NOK 3,55 in Tromsø) per km. This rate applies irrespective of the size of the car and covers all ordinary costs of the upkeep of a car. A deduction is also granted for parking fees, road toll payments, ferry expenses etc. insofar as they are linked to job-related driving.

Car allowance

If the car is regarded as a work vehicle, it will in principle be subject to accounts-based tax assessment. The surplus/deficit is determined on the basis of actual expenses incurred in connection with job-related driving, reduced for private use.

If the work vehicle is used exclusively as a service vehicle (paid work), you can choose between accounts-based tax assessment and simplified surplus calculation. Simplified surplus calculation means that the surplus is stipulated in accordance with the Directorate of Taxes' standard valuation rules. If the allowance is greater, the difference is regarded as a taxable surplus. Any surplus is entered under item 2.1.4. If the allowance is lower, the difference is treated as a deficit. You enter the deficit under item 3.2.2 unless you are claiming the minimum standard deduction.

Rates for 2008:

0–9,000 km – NOK 3.50 (NOK 3.55)*

over 9,000 km – NOK 2.90 (NOK 2.95)*

(*) This rate only applies to taxpayers working in Tromsø.

When an allowance is paid for job-related driving by el-car, the deduction rate is NOK 4.

The rates increase by NOK 0.75 per km for a passenger, NOK 0.60 per km for the use of a trailer and NOK 0.80 per km for driving on forest or construction roads.

Housing

Income from housing or other real property in Norway and abroad should be entered under items 2.8.

The benefit of using your own home and holiday home is tax-free.

The tax exemption applies to:

- self-owned detached houses, semi-detached or multi-unit houses, terraced houses, apartments etc.
- housing units in a housing cooperative
- dwelling houses on farms
- holiday houses

Income from letting such houses, apart from multi-unit housing, may also be tax-free. Housing for which rental income is tax-free is referred to as tax-exempt housing. Holiday homes for which any rental income is wholly or partially tax-free are also referred to as tax-exempt housing. The conditions for tax-free rental income are described below.

Tax-free rental income from own house

A detached house (family house with or without a bed-sit/ small apartment)

Rental income will be tax-free if you let the whole or a large part of your own house for up to NOK 20,000 a year, and you otherwise use it as a house yourself. It is only rental income you receive during a letting period in which you let the whole or a large part of your house that is included in relation to the maximum amount of NOK 20,000. Rental income from a letting period in which up to half of the house is let does not count in relation to the maximum amount. If the maximum amount of NOK 20,000 is exceeded, the house shall be subject to accounts-based tax assessment and all the rental income from the house will therefore be taxable. See below.

Rental income is also tax-free if you let up to half your house and you live in the other half yourself. By «at least half of the house» is meant that the rental value of that part of the house in which you live yourself is equal to or greater than the rental value of the part of the house that you let. Such rental income will nevertheless be taxable if you let the whole or a large part of the house for more than NOK 20,000. See the above.

By «rental value» is meant the normal rental income for an apartment/section of the house on the free market for the purpose for which the let area is used.

If your rental income is tax-free, you are not entitled to any deduction for maintenance, insurance or other expenses relating to the house. You may, however, deduct interest expenses.

If the letting is more extensive than specified above, the rental income is taxable. In such case, you are entitled to deduct expenses for maintenance, insurance or other expenses relating to the let part of the house. If the house was taxed on the imputed rental value/ assessed as tax-exempt in any year in the period 2003-2007, the deduction allowed for maintenance will be reduced or no longer apply. See «Change of assessment method» below.

Example:

A detached house owned all year:

A) The owner lived in half the house (reckoned in terms of rental value) for the whole year and let the rest of the house. The rental income is tax-free. The owner is not entitled to deduct expenses for maintenance, insurance etc. relating to the house.

B) The owner let a large part of the house (reckoned in terms of rental value) for NOK 20,000 for three months and lived in the house for the whole year. The rental income is tax-free. The owner is not entitled to deduct expenses for maintenance, insurance etc. relating to the house.

A semi-detached house (house with only two family units)

The above rules and examples concerning detached houses apply correspondingly to the family unit you use yourself.

If you meet the conditions for tax-free rental income for the unit you have used as your home, rental income from the family unit that you have not used will also be tax-free.

If the house has been formally divided into sections, each section is treated as a detached house.

A multi-unit house

A multi-unit house is a house consisting of at least two family units plus a self-contained bed-sit/small apartment with a separate entrance and WC. Rental income from a multi-unit house is taxable. The benefit of your own use of such a house is tax-free.

You will find more information about taxation of the letting of housing in the brochure «Skatt ved utleie av bolig» (Taxation on the letting of housing – in Norwegian only).

Taxable rental income

If your rental income is taxable, the house will be subject to accounts-based tax assessment (direct assessment). Only deductions for running expenses relating to the let part of the house will be allowed. If running expenses do not relate to a specific part of the house, deductions must be based on a proportional allocation of expenses based on rental value. Any profit must be entered under item 2.8.2 and any loss under item 3.3.12. See «Accounts-based tax assessment» on page ??.

Abroad

Income from houses and other real property abroad must be declared under item 2.8.5. See also «Real property abroad» on page ??.

Owners of unit in a housing cooperative

If you have let your apartment to the extent that your rental income is taxable, the apartment will be subject to accounts-based taxation. The rules for whether rental income is tax-free or taxable are the same as for other houses, see above. You enter your rental income and your share of the housing cooperative's income in form RF-1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for the letting etc. of real property – in Norwegian only). You must also enter maintenance costs etc. relating to the let part and your share of the housing cooperative's expenses, see «Accounts-based tax assessment» on page ??.

Owners of a unit in a jointly-owned property

If you have let your house/apartment and your rental income is taxable, your share of the income from the jointly-owned property is not to be entered under item 2.8.1, but in form RF-1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for letting real property – in Norwegian only). The rules for when rental income is tax-free or taxable are the same as for other houses, see above. You must also enter rental income and maintenance costs etc. relating to the let part, see «Accounts-based tax assessment» on page ???. Any profit must be entered under item 2.8.2 and any loss under item 3.3.12.

Plots of land

Net income from letting a plot of land (including cultivated land) that is not business income must be entered under item 2.8.2. Form RF 1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for the letting of real property – in Norwegian only) must be enclosed with your tax return.

Income from letting a holiday home that you have used yourself

If you own a holiday home that you use yourself, including a holiday home in a housing cooperative, you will not be taxed on its use (tax-exempt holiday home). If you also let the holiday home, rental income of up to NOK 10,000 is tax-free. If the rental income is higher, 85 per cent of the excess amount is deemed to be taxable net income. No special deductions are allowed for expenses for maintenance, insurance etc. of the holiday home.

Example:

Holiday home used by the owner, which is also let.

Rental income: NOK 15,000

Taxable rental income:

Gross rental income	NOK 15,000
– tax-free amount	<u>NOK 10,000</u>
Remainder	<u>NOK 5,000</u>

Net rental income:

NOK 5,000 x 85% = NOK 4,250 to be entered under item 2.8.3.

If you do not use the holiday home yourself, but only let it, all the rental income is taxable. You are then entitled to a deduction for expenses for maintenance, insurance etc. see «Accounts-based tax assessment» on page ???. Form RF 1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for letting etc. of real property – in Norwegian only) must be completed and enclosed with your tax return. Any profit must be entered under item 2.8.2 and any loss under item 3.3.12.

Use by close family

Use free of charge of other people's houses and holiday homes is taxable for the user. If the house/holiday home is used free of charge by a close relative who covers all running expenses, including maintenance, the user will not be taxed. The owner will be taxed on the capital.

2.8.4 Taxable profit on the realisation (sale etc.) of housing, land or other real property

A property is deemed to have been realised on cessation of ownership or transfer of ownership to another party, for example through sale, exchange of property or complete destruction.

Profit/loss on the sale etc. of housing

Any profit from the sale of housing is tax-free provided that you had owned the house for more than a year when the sale was effected or agreed on, and you have used it as your own home for at least one

of the two years preceding the selling date. If you had the house built yourself, the ownership period is reckoned from the date on which you started to use the house or the date on which it was completed according to the completion certificate. The period of occupancy (period of use) is reckoned from the date of moving in to the date of moving out or the date on which a binding sales agreement was signed, whichever comes first. Normally, the period of occupancy will only include occupancy during your own period of ownership.

A loss on the sale of a house is not deductible if a corresponding gain would have been tax-free. If the requirements for period of occupancy and period of ownership are not met, any gain on the sale of the house is taxable and any loss is deductible.

If you have previously used the house as your permanent home, but have been prevented from using it on account of your work or for health or similar reasons, the period during which you have not used the house counts as part of the period of occupancy. This only applies if you did not know of or could not be expected to have known of the obstacle to use when you became owner of the house. The same applies if the same factors prevent you from moving in. The rules on obstacles to use also apply if the house is let.

The period of occupancy does not include the time during which you do not use the house but live in other housing that you own. However, this does not apply if the other housing is commuter accommodation. In such case, you will be able to accrue periods of occupancy in both the commuter accommodation and the permanent home simultaneously.

On the sale etc. of a former joint home following separation or divorce, the spouse who has moved out of the home will be credited with the other spouse's period of occupancy. This applies even if the spouse who moved out is the sole or part owner and even if the house is sold at a loss. The same applies in the case of the break-up of a relationship between former cohabitants who have or have previously had joint children, if they broke up in 2004 or later. Any taxable gain must be entered under item 3.1.12. Any loss must be entered under item 3.3.6.

If a property that, in principle, can be sold at a tax-free gain has a bigger plot of land than is natural for such a property, part of the gain may be taxed as a gain on the sale of land. If there is a loss on the sale of such a property, part of the loss is deductible as a loss on the sale of land. For more information, see the brochure «Salg mv. av fast eiendom» (Sale etc. of real property – in Norwegian only).

Even if you believe that the profit is tax-free, you must provide information about the sale under item 5.0.

You will find more information about the rules and the calculation of taxable gains/ deductible losses in the brochure «Salg mv. av fast eiendom».(Sale etc. of real property – in Norwegian only).

Gains/losses on the sale etc. of holiday homes

Any gain on the sale etc. of a holiday home is tax-free if the owner has used the holiday home personally for at least five of the last eight years and owned it for more than five years. (This also applies to units in a housing cooperative in which the unit is used for holiday purposes). The period of ownership is reckoned from the date the holiday home was purchased until the date on which it was sold. If you have had a holiday home built yourself, the period of ownership is reckoned from the date on which it was completed according to the completion certificate. If you started to use your holiday home before that date, the period of ownership is reckoned from the date on which you started to use it. Only the period of use during your own period of ownership will count.

A loss is not deductible if a corresponding gain would have been tax-free.

You will find more information about the rules and the calculation of taxable profits/ deductible losses in the brochure «Salg mv. av fast eiendom».(Sale etc. of real property – in Norwegian only).

Sale etc. of land that has not been built on

Gains/losses on the sale of plots of land that have not been built on are taxable/deductible regardless of for how long a period you have owned the land. For information about plots of land that have been built on, see the above section on «Gains/losses on the sale etc. of housing».

Sale of farm property/ forest property

As a rule, any profit/loss on the sale of a farm or forest property is taxable/deductible. However, it is tax-free in whole or in part if the following four conditions are met:

- the farm is an «ordinary farm»
- the seller has owned the property for at least six years (fully tax-free if owned for 10 years)
- the buyer is entitled to inherit the seller pursuant to the Inheritance Act chapter 1 or 2
- the purchase price does not exceed 75 per cent of the estimated sales value.

Further information is available from the tax office.

Gains/losses on the sale etc. of real property abroad

Any taxable gain on the sale etc. of real property abroad must be entered under item 3.1.11. Any deductible loss must be entered under item 3.3.6.

Capital

Houses and holiday homes

If the house is in Norway, the tax value must be entered under item 4.3.2. If the holiday home is in Norway, the tax value must be entered under item 4.3.3. If such properties are located abroad, the tax value must be entered under item 4.6.1. The tax value of houses and holiday homes has been increased by ten per cent in relation to the income year 2007. If the tax value of such properties is substantially higher than the valuation level of comparable properties in the municipality, the ten percent increase may be reduced or reversed.

If the value of your house or holiday home has increased since 1 January 2008 due to improvements etc., the tax value may be increased by more than ten per cent. The same applies in the case of improvements etc. carried out earlier that have not been taken into account because you have failed to provide or have provided insufficient information to the tax authorities.

On initial valuation of newly built properties, the tax value shall neither exceed 30 per cent of the property's cost price including land nor 30 per cent of its market value.

If you have built an extension or otherwise improved the house, you must state this under item 5.0. The tax office may then stipulate a new tax value.

The sale of a property does not in itself constitute grounds for increasing its tax value.

Already established tax values that exceed 30 per cent of the market value, will be reduced at the request of the taxpayer provided that the market value can be documented. In such case, the tax value shall be reduced to maximum 30 per cent of the documented market value.

By "market value" is meant the price obtained from the sale of the property or the sale of an identical property in the same area. However, the selling price is not automatically applicable if the property was sold to close relatives of the seller or his/her spouse/cohabitant, or if the seller or buyer has any other community of interest. In such case, you must substantiate that the property was not sold at a discount, for example by submitting a valuation.

If you claim a deduction in the tax value on the basis of an appraised market value, you must submit a valuation by a qualified appraiser or a value estimate from an estate agent who is familiar with the district. You must pay the appraiser's fee yourself, and the expense is not deductible in your tax return.

It must be clear from the valuation/ value estimate that the property has been inspected both inside and outside. The tax authorities may decide to disregard any valuation/ value estimate if it has been made by an insufficiently qualified person, if the appraisal work has not been thorough enough or if the valuation is clearly incorrect.

The valuation must have been made, or the sale effected, subsequent to publication of the 2007 tax assessment. Requests for a reduction in tax value must be submitted to the tax office before the deadline for appealing the 2008 tax assessment. If you can prove that the conditions for a reduction in the tax value are already met, you can claim the reduction when you submit your tax return.

Accounts-based tax assessment

Running expenses, including insurance expenses, ground rent, property tax, local government taxes and maintenance, are not deductible if the house or holiday home qualifies for tax-exempt assessment.

Properties that do not qualify for tax-exempt assessment are subject to accounts-based tax assessment (direct assessment). If the house is subject to accounts-based tax assessment (the rental income is taxable), only maintenance costs etc. relating to the let part of the house are deductible. Expenses relating to the part of the house that is used by the owner are not deductible. The reason for this is that the benefit of living in your own house is tax-free. If maintenance costs cannot be linked to a specific part of the house, the deduction must be based on a proportional allocation of expenses based on the rental value of the part in which you live yourself and the let part. This will typically be the case for exterior maintenance, for example painting the whole house. The same applies to running expenses that apply to the whole property, for example local government taxes, property tax, insurance etc.

If the property is subject to accounts-based tax assessment, you must complete and submit form RF-1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for the letting etc. of real property – in Norwegian only).

Maintenance costs are expenses incurred in connection with work carried out to restore the property to its former condition.

Any work that improves the standard of the property is regarded as an improvement. Structural alterations are also deemed to be improvements, even if the work does not improve the standard of the property or increase its value. The costs of improvements are not directly deductible, but are added to the cost price of the property. This will reduce the taxable gain or increase the deductible loss if the property is subsequently sold.

When deciding whether the work is maintenance or improvement, account must be taken of developments in materials, building methods etc. since the property was new. The replacement of old parts with new parts in order to maintain a standard corresponding in today's terms to the former standard of the building (low, medium or high standard) counts as maintenance.

In the case of improvements that are carried out instead of maintenance, you can deduct that part of the expenditure that concerns necessary maintenance. For example, the replacement of a wood-burning stove by a paraffin stove with a tank would normally be regarded as an improvement. In such cases, a deduction can be granted for maintenance if the wood-burning stove would have had to be replaced or repaired in any case. The deductible amount is limited to what such maintenance would have cost. The same applies if you use better or more expensive materials than those used originally, for example, if you replace ordinary roof tiles with glazed roof tiles.

Work consisting exclusively of alterations is not regarded as maintenance. For example, demolishing or moving a wall to make a room bigger, or moving a bathroom is not maintenance. The same applies to work to reverse a previous change, for example moving a wall back to its original position.

Change of assessment method

When the assessment method is changed, special rules apply that limit the deduction for maintenance costs. Other running expenses, for example local government taxes, are fully deductible from the beginning of the year in which accounts-based assessment begins to apply.

If the same owner has been taxed on the imputed rental value and/or given tax-exempt assessment for the property in any of the five preceding income years and the property has been let for less than half the income year, no deduction is granted for maintenance costs. If the property is let for a longer period, maintenance costs in excess of NOK 10,000 that relate to the let part of the property are reduced by 10 per cent for each year the owner has been taxed on the imputed rental value and/or given tax-exempt assessment for the property during the last five income years.

The deduction for maintenance is calculated as follows:

Number of years of assessment based on tax-imputed rental value /tax-exempt assessment during the last five years: A deduction for maintenance costs that relate to the let part of the property is granted:

0 years	Full deduction
1 years	NOK 10,000 + 90% of the amount in excess of NOK 10,000
2 years	NOK 10,000 + 80% of the amount in excess of NOK 10,000
3 years	NOK 10,000 + 70% of the amount in excess of NOK 10,000
4 years	NOK 10,000 + 60% of the amount in excess of NOK 10,000
5 years	NOK 10,000 + 50% of the amount in excess of NOK 10,000

Spouses, registered partners and spouse-equivalent cohabitants

Spouses

Spouses are two persons who are married to each other pursuant to the Marriage Act of 1991. Marriages entered into abroad and recognised in Norway are treated on a par with other marriages.

Registered partners

Registered partners are two persons who have registered partnership pursuant to the Norwegian Registered Partnerships Act. Within the meaning of the Taxation Act, the term "spouses" also refers to registered partners.

Cohabitants deemed to be equivalent to spouses for tax purposes

Cohabitants are two persons of the same or opposite sex who live together and are neither married nor registered partners. Only cohabitants who have a duty to report to the Norwegian Labour and Welfare Administration (NAV) are deemed for tax purposes to be equivalent to spouses. For information about other cohabitants (without such a duty), see «Cohabitants» on page ??.

The following cohabitants with a duty to report to NAV are deemed to be «Cohabitants deemed for tax purposes to be equivalent to spouses»:

- former spouses/registered partners who have become cohabitants, where at least one of them is entitled to a National Insurance pension or an early-retirement pension with public subsidy (AFP)
- cohabitants who have or have had joint children, where at least one of the cohabitants is entitled to a National Insurance pension or an early retirement pension with public subsidy (AFP)

However, the cohabitants will not be treated as equivalent to spouses if both of them were granted National Insurance pensions as single persons prior to 1 January 1994 and the cohabitation started before that date.

Unless otherwise specified, all references in these guidelines to tax rules for spouses also apply to cohabitants deemed for tax purposes to be equivalent to spouses.

Obligation to submit a tax return

Each spouse must submit his or her own tax return. A surviving spouse retaining undivided possession of the estate is required to submit a separate tax return for the deceased spouse's income for the year of death.

Joint tax assessment

Married before 1 November 2007

Spouses who married on 31 October 2007 or earlier will be assessed jointly. Their capital will always be assessed jointly in tax class 2. Their income (net income and personal income) will be assessed either jointly in tax class 2 or separately in tax class 1.

When spouses are assessed jointly in tax class 2, the tax is divided proportionally between them on the basis of the capital/income of each spouse.

National Insurance contributions are also calculated on the basis of the personal income of each of the spouses regardless of whether they are assessed jointly or separately.

Joint tax assessment of income

Municipal, county and equalisation tax is levied at a rate of 28 per cent on the spouses' combined net income after the deduction of a personal allowance of NOK 77,700.

In Finnmark and Nord-Toms, municipal, county and equalisation tax at a rate of 24.5 per cent is levied on spouses' combined net income after it has been reduced by a personal allowance of NOK 77,000 and a special income allowance of NOK 30,000.

A personal allowance of NOK 420,000 is deducted from the spouses' combined personal income before calculating surtax. (For more information on tax rates, see page ??).

These deductible allowances are not to be entered in the tax return.

Separate tax assessment of income

Municipal, county and equalisation tax at a rate of 28 per cent is levied on each spouse's net income after the deduction of a personal allowance of NOK 38,850.

In Finnmark and Nord-Toms, municipal, county and equalisation tax at a rate of 24.5 per cent is levied on each of the spouses' net income after it has been reduced by a personal allowance of NOK 38,850 and a special income allowance of NOK 15,000.

A personal allowance of NOK 420,000 is deducted from each spouse's personal income before calculating surtax. (For more information on tax rates, see page ??).

These deductible allowances are not to be entered in the tax return.

Which method of assessment is the most favourable?

If each of the spouses has a net income of NOK 38,850 or more, separate assessment is as favourable as or more favourable than joint assessment. In such cases, the spouses are assessed separately.

If the combined personal income of both spouses does not exceed NOK 420,000, and one of the spouses has a net income of less than NOK 38,850, joint assessment is always the most favourable method of assessment.

If the joint personal income of the spouses exceeds NOK 420,000 and one of them has a net income of less than NOK 38,850, separate assessment will lead to lower surtax on their personal incomes than joint assessment, but the municipal, county and equalisation tax on net income will be higher. Which method of assessment is the most favourable in such a case will depend on how high their personal income is and how low their net income is. In such cases, the tax authorities choose the method of assessment that is most favourable for the spouses jointly.

Even if joint assessment is the most favourable, the spouses can demand to be assessed separately.

Spouses who have capital income and/or capital expenses are free to choose which of the spouses' tax returns they wish to enter them in (see below). If it is possible for the spouses to divide/transfer the income or expenses between themselves so that neither of them has a net income of less than NOK 38,850 (NOK 53,850 in Finnmark and Nord-Troms), this may be favourable for the spouses jointly – see the example. Even if it proves impossible to bring the lowest of their incomes up to this level, it may nevertheless be in the spouses' interests to make the lowest income as high as possible. This will enable them to use as much as possible of the personal allowance when separate assessment is the most favourable method of assessment.

Allocation of income and expenses between spouses

Income from employment, pensions, National Insurance benefits etc. must be declared in the tax return of the spouse who has carried out the work or is entitled to the pension etc. Expenses relating to the above-mentioned income shall be entered in the tax return of the spouse who received the income.

Spouses can choose the tax return in which they wish to enter interest income, share dividends, gains on the sale of real property and other capital income. The same applies to special allowances for major sickness expenses and capital expenses such as interest on debt and losses on the sale of shares. If the spouses fail to agree, the income and expenses shall be entered in the tax return of the spouse who has earned the income or been obliged to pay the expense. Any loss carried forward from previous years (item 3.3.11 in the tax return) shall be entered in the tax return of the person who sustained the loss.

NOTE:

For the transfer of interest income/interest on debt etc. between spouses to lead to a reduction in tax, the combined personal income of the spouses must exceed NOK 420,000 and one of them must have a net income of less than NOK 38,850 (NOK 53,850) before the transfer.

The tax is reduced by NOK 28 for each NOK 100 by which the lower of the two net incomes is increased, until it reaches NOK 38,850 (the personal allowance in tax class 1).

In Finnmark and Nord-Troms, the tax saving amounts to NOK 24.50 for every NOK 100 by which the lower income increases until the net income amounts to NOK 53,850 (the personal allowance in tax class 1 of NOK 38,850 plus the special income allowance of NOK 15,000).

If the spouses live permanently apart or if they married after 31 October 2007, see «Separate tax assessment» below.

Resident in Norway for tax purposes for part of the year only

The above tax saving does not apply to taxpayers who, for tax purposes, have only been resident in Norway for part of the year.

Example:

Example (not applicable to Finnmark and Nord-Troms):

The spouses have received tax returns with the following already pre-entered:

Spouse A:

Pay.....	NOK 420,000 (personal income)
Minimum standard deduction	– <u>NOK 67,000</u>
Interest income	<u>NOK 150,000</u>
Net income	<u>NOK 503,000</u>

Spouse B :

Pay.....	NOK 100,000 (personal income)
Minimum standard deduction	– <u>NOK 36,000</u>
Interest on debt.....	– <u>NOK 57,000</u>
Net income	<u>NOK 7,000</u>

If spouse A transfers, for example, NOK 31,850 of his/her interest income to spouse B, spouse B will have a net income of NOK 38,850 and spouse A a net income of NOK 471,150. By making such a transfer, both spouses will be able to make full use of the personal allowance (NOK 38,850). This will reduce their total tax payment by NOK 8,918 (NOK 31,850 x 28%) compared with what they would have had to pay if they did not make such a transfer. The tax reduction would be the same if spouse B were to transfer NOK 31,850 of the interest on his/her debt to spouse A.

Separate tax assessment

Married after 31 October 2007

Spouses who married after 31 October 2007 are usually assessed separately. However, the spouse with the lower income (item 3.6) can demand to be assessed jointly with the other spouse if they set up home together before the end of the income year. Such a demand should be made under item 5.0 in the tax return. Spouses who are assessed separately are assessed as two independent taxpayers on their own capital and income, and the personal allowance will be based on the individual spouse's circumstances. As a rule, each of them will be assessed in tax class 1. If you were a single parent on entering into the marriage, you will be assessed in tax class 2 provided that the conditions for this are satisfied, see «Parents and children» on page ??.

Spouses who live apart

Spouses who actually live apart, for example because one of the spouses is in an institution, shall be assessed separately.

Spouses shall also be assessed separately if they live in different municipalities and do not have a joint home, for example because of their work.

Separated/divorced

Spouses who separated/divorced or moved apart before the end of 2008, shall be assessed separately. Tax on business income, pay, pensions and similar is levied on the spouse who earned the income. Allowances relating to specific incomes are deductible by the spouse paying tax on the income. This will apply, for example, to the minimum standard deduction, union dues and expenses for travel between the home and permanent place of work.

Interest on debt and other expenses not relating to specific sources of income shall in principle be deducted from the income of the person who paid the expense.

Interest on debt incurred during the year in which the spouses separated is deductible by the spouse who is liable for the debt, unless they agree on another allocation. If both spouses are liable for the debt, the interest will be divided equally provided that there is nothing to indicate a difference in their liability. The chosen allocation of joint capital/yield on investments and debt/interest in the tax return for the separation year is not legally binding on the final settlement between the spouses. If the final division of the estate has not been completed and the spouses are in disagreement about the division of their joint capital/yield and debt/interest, the following rules will apply to tax assessment: wealth tax on separate assets is payable by the owner of the assets even if the other spouse has right of use of the asset, for example the house. In the case of jointly owned assets, each spouse is liable for half of the wealth tax. Tax on any yield is payable by the spouse who owns the asset. Debt is divided on a fifty-fifty basis unless another allocation can be shown to be correct. Interest on debt is divided in the same ratio as the debt itself.

The spouse who had one or more of the spouses' children living with him or her at the end of 2008 (registered as living there in the population register) will be regarded as a single parent in 2008 provided that the other conditions are satisfied. See «Parents and children» on page ???. A spouse who has provided for the other spouse for the greater part of the separation year following the break-up of the relationship can demand to be assessed in tax class 2 instead of claiming a deduction for maintenance payments to the other spouse. Such demand for assessment in tax class 2 must be made under item 5.0 in the tax return.

Real property abroad

Capital in the form of real property abroad and income from and gains on the sale of such property is in principle liable to tax in Norway. This will also apply to shares in holiday complexes (timeshares) abroad and units in foreign "timeshare" companies when they are deemed to be real property.

If capital in, income from and gains on the sale of real property is not taxable in Norway, you must nonetheless provide information about the income etc. in your tax return or in a separate enclosure.

Income from real property abroad

Income from real property abroad is in principle liable to tax in Norway. When the real property is in a country with which Norway has a tax treaty that employs the exemption method in order to avoid double taxation, the income from the real property is not liable to tax in Norway. The countries to which this applies are listed on page ??.

If the income from real property abroad is liable to tax in Norway, the income will be stipulated pursuant to Norwegian rules. Your own use of a house/holiday home abroad is tax-exempt in the same way as if the house/holiday home had been in Norway. See «Housing» on page ??.

Taxable rental income from the letting of real property abroad must be declared under item 2.8.5. You must complete form RF-1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for the letting etc. of real property – in Norwegian only), and enclose it with your tax return.

A deduction from Norwegian tax can only be claimed for foreign tax that is classified as wealth tax or income tax. You can only claim such a deduction if you can provide documentation of foreign tax payments. You must also submit form RF-1147 «Fradrag i norsk skatt for skatt betalt i utlandet (kreditfradrag) for lønnsinntakere, pensjonister og personlig næringsdrivende» (Deduction from Norwegian tax (credit) for tax paid abroad for employees, pensioners and self-employed persons – in Norwegian only), see guidelines RF-1148.

You cannot claim a deduction from Norwegian tax for foreign property tax. If income from real property abroad is liable to tax in Norway, a deduction can be claimed from the income for the property tax paid abroad. If the use of the real property abroad is exempt from tax in Norway, a deduction cannot be claimed for foreign property tax or other tax paid abroad. For information about such use, see «Housing» on page ??.

Gains/losses on the sale etc. of real property abroad

In principle, any gain on the sale or other realisation of real property abroad is liable to tax in Norway. Any loss on the sale of real property abroad is in principle deductible.

See «Housing» on page ??.

When the real property is in a country with which Norway has a tax treaty that employs the exemption method in order to avoid double taxation, the income from the real property is not liable to taxation in Norway. Nor are you entitled to deduct any loss. The countries to which this applies are listed on page ??.

Any taxable gain on the sale or other realisation of real property abroad shall be declared under item 3.1.11.

If you are claiming a deduction from Norwegian tax for tax paid abroad on the gain, such payment must be documented. You must also submit form RF-1147 «Fradrag i norsk skatt for skatt betalt i utlandet (kreditfradrag) for lønnsinntakere, pensjonister og personlig næringsdrivende» (Deduction from Norwegian tax (credit) for tax paid abroad for employees, pensioners and self-employed persons – in Norwegian only), see guidelines RF-1148.

Any loss on the sale or other realisation of real property abroad that is deductible in Norway must be entered under item 3.3.6. You must provide information about the property and about how you have calculated the loss. The tax office may require documentation.

Capital in real property abroad

Capital in real property abroad is in principle liable to tax in Norway. When the real property is in a country with which Norway has a tax treaty that employs the exemption method in order to avoid double taxation, the capital represented by the real property is not liable to tax in Norway. The countries to which this applies are listed on page ??.

Capital in real property abroad that is liable to tax in Norway must be declared under item 4.6.1. You must also state the country in which the property is located.

If a Norwegian tax value has not previously been stipulated, the tax office will complete this item. The tax office will need information about the kind of property involved (a holiday home, plot of land etc.), the country in which it is located, when it was purchased (date), the purchase price and, if available, its sales value.

If you provided information about the property in the tax return for 2007, the tax value should be pre-entered in your tax return. Real property is valued at the tax value pursuant to Norwegian rules. In principle, the tax value will be based on the sales value in the area in which it is located. The valuation shall be based on a roughly equivalent ratio between the tax value and sales value as in the taxpayer's municipality of residence in Norway. The property value stipulated by foreign tax authorities shall not be used.

Capital in real property that is not liable to tax in Norway shall not be entered under item 4.6.1, but you must nonetheless provide information about the real property. The information will have a bearing on the allocation of debt and interest on debt between Norway and the foreign country.

Deductions for debt and interest on debt

If you have a loan abroad, you must document the amount of interest you have paid on the loan. Interest on debt to foreign creditors is only deductible if the interest expense can be documented. You can obtain more information about the documentation required from the tax office.

You will not be entitled to deduct the full amount of any debt or interest on debt if the capital/income from the real property abroad is exempt from taxation in Norway pursuant to a tax treaty. The countries to which this applies are listed on page ??.

The total debt and interest on debt in Norway and abroad is allocated in accordance with a distribution ratio based on the ratio between the value of the real property not liable to tax in Norway and the value of the taxpayer's total assets. The taxpayer is not entitled to a deduction for the debt and interest on debt which, on allocation, is attributed to real property abroad. The same distribution ratio shall be used for debt and interest on debt. In the case of spouses, the debts and interest on debt of both spouses shall be included in the allocation. The values as of 31 December in the income year are used as the basis. This means that the deduction for debt and interest on debt shall only be limited if the taxpayer owns real property abroad at the end of the year.

An allocation of debt/ interest on debt shall be carried out even if the real property is not taxed abroad.

The value of the real property abroad and the taxpayer's other total taxable assets shall be valued at the Norwegian tax value (tax value of capital). When determining the capital value of real property abroad, a roughly equivalent ratio between tax value and sales value shall be used as in the taxpayer's tax municipality in Norway. The property value stipulated by foreign tax authorities shall not be used. Capital in Norway is taxable capital after deduction of a tax-free allowance in cash, home contents and other moveable property.

The tax office stipulates the value of real property abroad and divides debt and interest on debt on the basis of the information in the tax return. The rules concerning the allocation of debt and interest on debt also apply in cases where shares in a holiday complex (timeshares) abroad and foreign timeshare companies are deemed to be real property that is not liable to tax in Norway.

If the property is situated in one of the countries listed below, the capital and income will not be liable to tax in Norway. You will not be entitled to a full deduction for debt and interest on debt.

- Barbados
- Belgium
- Benin
- Brazil
- Bulgaria
- The Philippines
- Indonesia
- Israel
- Italy
- Kenya

- China
- Croatia
- Malta
- Morocco
- The Dutch Antilles
- Portugal
- Serbia
- Slovenia
- Sri Lanka
- Tunisia
- Turkey
- Germany
- The USA
- Zimbabwe

If the property is situated in one of the countries listed below, the income will not be liable to tax in Norway. You will not be entitled to a full deduction for interest on debt.

- Egypt
- The Ivory Coast
- Jamaica
- Malaysia
- Pakistan
- South Korea
- Trinidad and Tobago
- Zambia

If the property is situated in Mexico, the capital will not be taxed in Norway. You will not be entitled to a full deduction for debt.

Parents and children

Who are considered parents?

Foster parents who do not receive foster-home payments are treated as parents when the relationship has the character of an adoption.

If parental responsibility has been established by law and the person in question has actual care and control of the child, the relationship is deemed to have the character of an adoption.

Tax assessment of children

Children aged 12 and younger (born in 1996 or later)

In the case of parents who live together, the capital and income of children aged 12 and younger will normally be divided equally between the two parents for tax assessment purposes. The parents can choose a different allocation. If the parents are not living together at the end of the income year, the parent with whom the child is registered in the population register as residing at the end of the income year will in principle be liable to tax on the child's capital and income. However, if this parent has not had care and control of the child for the greater part of the year, he or she may demand that this tax liability be transferred to the parent who cared for the child for the greater part of the year.

If the parent who is liable to tax on the child's capital and income is living with another person who has not adopted the child, the person who is the child's father or mother will normally be liable to tax on the child's capital/income. If this parent is married, each of the spouses will be liable for half of the tax on the

child's capital and income. In the case of children from a previous relationship, the spouse who is not the biological mother or father of the child may, provided that he or she has not adopted the child, demand that all tax liability for the child's capital and income shall rest with the other spouse.

Children with no living parents will be taxed as independent taxpayers. Children who, due to parental responsibility or care and control having been taken away from both parents, do not live with either of their parents, are also taxed independently.

Children and adolescents aged 13 to 16 (born between 1992 and 1995)

Children and adolescents aged who have reached the age of 13 at the end of the income year and who have earned income from their own work must submit a tax return for their income from employment. The parents will be assessed for other income and capital as described above for younger children. The income and capital of children of cohabitants is normally pre-entered in the mother's tax return.

Young people aged 17 or over (born 1991 or earlier)

Young people aged 17 or more at the end of the income year must submit their own tax return for their whole capital and income.

Lump-sum compensation for personal injury – exemption from wealth tax for persons who reach the age of 21 or are younger during the income year etc., see below.

For information about life insurance, see «Life insurance» on page ??.

Lump-sum compensation for children and young people

Children and young people who are assessed together with their parents in accordance with the rules described above and who have received lump-sum compensation for a personal injury pursuant to the Compensatory Damages Act Chapter 3 can be assessed separately for the capital and the return on the lump-sum compensation. The parents must provide information in item 5.0 of their tax return about how much the lump-sum compensation amounts to and about the return on the compensation. The child's capital and return on the lump-sum compensation will then be assessed separately if this results in lower tax than joint assessment with the child's parents. Any capital from and return on the child's lump-sum compensation will then be excluded from the parents' tax assessment.

Persons who reach the age of 21 or are younger during the income year and who have received lump-sum compensation for personal injury pursuant to the Compensatory Damages Act Chapter 3 are exempted from wealth tax on the compensation, provided that the personal injury has resulted in at least a 50 per cent impairment of earning capacity. This capital is exempt from wealth tax and the capital shall neither be included in the parents' nor the child's tax assessment. With effect from the income year in which the child reaches the age of 22, the ordinary rules concerning wealth tax will apply.

Persons who reach the age of 21 or are younger and who have received lump-sum compensation for the loss of a provider pursuant to the provisions of the Compensatory Damages Act Chapter 3 are also exempt from wealth tax on the compensation. With effect from the income year in which the child reaches the age of 22, the ordinary rules concerning wealth tax will apply.

If the amount has been entered in advance, it shall be deleted if the conditions for exemption from wealth tax are met.

For information about individual annuities acquired using lump-sum compensation, see «Life insurance» on page ??

If the individual annuity was acquired using funds from compensation awarded for personal injury pursuant to the provisions of the Compensatory Damages Act Chapter 3, and if the amount of the

compensation was decided with binding effect before 6 October 2006, and the compensation was used in whole or in part to purchase an annuity before 30 June 2007, see «Life insurance» on page ??

Child care deduction

Single parents

For information about who is deemed to be a single parent, see «Tax assessment in tax class 2 – single parent» on page ??. For information about shared care, see «Shared care and control of children» on page ??.

A single parent will be allowed a deduction for documented expenses for the minding and care of children of up to:

- NOK 25,000 for one child and
- NOK 15,000 for each additional child

Main rule for spouses

Spouses who live together can claim a total deduction for minding and care of children of up to:

- NOK 25,000 for one child and
- NOK 15,000 for each additional child

This applies irrespective of whether the children are joint children or children of previous relationships. The deduction is divided equally between the spouses unless they have agreed on a different allocation.

Exception:

If the marriage was entered into during the course of the income year and both spouses have children from a previous relationship, each of them may demand a child-care deduction for their own children from a previous relationship if this results in a bigger combined child-care deduction for the spouses than the main rule. The spouses will not have this option the following year. See examples.

Cohabitants

Cohabitants (whether or not they are deemed to be spouses for tax purposes) who have joint children are allowed to deduct documented costs for minding and caring for children (child-care deduction) of up to:

- NOK 25,000 for one child and
- NOK 15,000 for each additional child

This applies even if one or both of them also has children from a previous relationship. If the cohabitants only have children from previous relationships, the maximum amount applies to each of them separately.

Which spouse/cohabitant is entitled to the deduction?

Spouses who are assessed together (joint or separate income assessment)

The child-care deduction is divided equally between the parties unless the spouses decide on a different solution.

Example:

The parents marry in 2008. They each have a child from a previous relationship. Their total expenses for minding and caring for the children amount to NOK 39,000.

These expenses break down as follows:

Child from previous relationship:	NOK 36,000
Child from previous relationship:	NOK 3,000

Before they married, each parent was entitled to a deduction of up to NOK 25,000 (because they each had one child from a previous relationship).

In the above example, one of the parents could claim a child-care deduction of NOK 25,000 (the maximum amount) and the other NOK 3,000, which would amount to a total deduction of NOK 28,000. Pursuant to the main rule, they are jointly entitled to a maximum deduction of NOK 40,000 (two children: NOK 25,000 + NOK 15,000), but, because their costs do not amount to more than NOK 39,000, the deduction must be limited to this amount.

It will therefore be most favourable to follow the main rule and claim a deduction of NOK 39,000.

Example:

The parents marry in 2008. They have total expenses for minding and caring for children of NOK 55,000. The expenses break down as follows:

Child from previous relationship:	NOK 29,000
Child from previous relationship:	NOK 26,000

Before they married, each parent was entitled to a deduction of up to NOK 25,000 (because they each had one child from a previous relationship).

Pursuant to the main rule, they are jointly entitled to a maximum deduction of NOK 40,000 (two children: NOK 25,000 + NOK 15,000).

In this case, the most favourable solution will be to apply the exception rule. This will entitle them to a total child-care deduction of NOK 50,000 instead of NOK 35,000.

Marriage ended during the year

If spouses divorce or separate, the spouse taking on sole care and control and with whom the child continues to live will be entitled to the child-care deduction. If there are several children and each of the parents retains sole care and control of at least one of them, both parents may be entitled to a child-care deduction. This is conditional on the parents actually living apart. Furthermore, the division of the care and control function must be of a permanent nature. See the section on shared care below.

Cohabitants (both those deemed for tax purposes to be equivalent to spouses and those who are not)

If cohabitants have joint children, each of them will be able to deduct half the deduction unless they have agreed on a different allocation. This applies irrespective of whether one or both of the cohabitants also has children from a previous relationship.

In the case of cohabitants without joint children, the child-care deduction will fall to the parent who is the mother or father of the child/children from a previous relationship. In these cases it is not possible to choose a different allocation. If one of the cohabitants has a child/children from a previous relationship and the couple has no joint children, the other spouse is not entitled to any child-care deduction from his or her income.

Break-up of relationship during the year

If there are circumstances that indicate that one of the parents has primary care and control of a child, the person caring for the child for the greater part of the year, i.e. the one with whom the child has been living for the greater part of the year, will be entitled to the child-care deduction.

Shared care and control of children (when the parents do not live together)

The parents are deemed to have shared care and control when a child actually spends an equal amount of time with each of his/her parents (neither parent has primary care and control). If both parents pay for minding and care of the child/children, each of them is entitled to a child-care deduction every year. The total child-care deduction for the parents combined cannot exceed the maximum amount for one or more children, see above. Each parent is entitled to a deduction in proportion to the share that he or she has paid of the total expenses. Shared care and control does not mean that each of the parents can claim the maximum child-care deduction. Alternatively, the parents can demand to utilise the child-care deduction in alternate years. The parent with whom the child (or children) is (are) living at the end of the year of divorce/separation/break-up can claim the child-care deduction for that year, the other parent for the following year etc.

If the parents have several children, each child must be considered separately.

Change in care and control

If each of the parents had sole care and control of the child/children for part of the income year, the parent who had sole care and control for the greater part of the year will be entitled to the child-care deduction. If the parent with sole care and control dies, the deduction shall still be made from the deceased parent's income. If the surviving parent takes over care and control of the child, this parent will also be entitled to a child-care deduction.

Tax assessment in tax class 2 – single parent

Parents will be assessed in tax class 2 if they have care and control of children aged 17 or younger (born in 1991 or later) or if they provide for young people aged 18 or older (born in 1990 or earlier), and are:

- unmarried (a cohabitant not deemed for tax purposes to be equivalent to a spouse who acquired spouse-equivalent status on 31 October 2007 or earlier is considered to be unmarried)
- divorced, separated, widowed
- cohabitants with no joint children (does not apply to cohabitants deemed for tax purposes to be equivalent to spouses and who are assessed as spouses), or
- married/ deemed for tax purposes to be equivalent to spouses after 31 October 2007 with no joint children, provided that the spouses/cohabitants do not demand to be assessed jointly.

The parent with care and control of a child usually has parental responsibility (alone or shared) and is usually the parent with whom the child lives. If a child has lived away from home due to attending school or a stay in an institution, the conditions for care and control may still be met, provided that the child is home during holidays and weekends, or the person with parental responsibility has to visit the child frequently. Virtual full provision for a child is required in order to be classified as the "actual provider" of children aged 18 or older (born in 1990 or earlier). This condition is explained in more detail below.

Divorce and separation

Care and control of children

When spouses divorce or separate, the spouse who takes on sole care and control and with whom the child lives is entitled to tax assessment in tax class 2. If there are several children and each of the parents has sole care and control of at least one of them, both parents can be regarded as single parents and be entitled to assessment in tax class 2. This is conditional on the parents actually living apart after the break-up of the relationship. Furthermore, the division of the care and control of the children must be of a permanent nature.

If sole care and control is transferred to the other parent during the income year, the parent who has had care and control as single parent for most of the income year will be assessed in tax class 2.

If the parent who has sole care and control dies, then he or she will always be assessed in tax class 2, even if the surviving parent has care and control at the end of the income year and is thus eligible for assessment in tax class 2 as a single parent.

If the parents have had shared care and control of the child, the parent with whom the child has lived for the greater part of the year will be entitled to assessment in tax class 2 as a single parent. If the parents have several children, each child must be considered separately.

If the child (children), by agreement or in practice, spends (spend) an equal amount of time with each of the parents (shared care and control), each of the parents can be assessed in tax class 2 in alternate years, provided that there is nothing to indicate that one of them has had primary care and control. The spouse with whom the child (or children) lives at the end of the year of the divorce/separation will be entitled to assessment in tax class 2 for that year, the other parent the following year etc.. The requirement for status as a single parent must be met by the parent in question during the income year.

The right to assessment in tax class 2 does not apply if the parent is not a single parent, e.g. if the parent in question has a child in a new relationship or enters into a new marriage. If care and control continues to be shared, assessment in tax class 2 will continue to apply in alternate years for a parent who remains single. If care and control is shared equally, the single parent is not entitled to assessment in tax class 2 each year even if the other parent cannot utilise tax class 2.

Tax class 2 due to provision for children born in 1990 or earlier

In the case of children who are 18 years or older, you will only be entitled to tax class 2 as a single parent if you have actually provided for them.

If the child's income did not exceed NOK 35,000 during the income year, it can normally be assumed that the child is provided for. The income is calculated as follows:

The child's general income minus any special allowances, i.e. the amount in item 3.6 in the tax return, is used as the basis. Any tax-free child maintenance payments are added. The minimum standard deduction and other deductions that do not usually involve actual costs are added. These deductions are specified under items 3.2.1, 3.2.6 and 3.3.7. Deductions for any pension premiums (item 3.2.12) and deficit carried forward from previous years (item 3.3.11) are added.

Example:

Pay	NOK 20,000
Minimum standard deduction	<u>NOK 20,000</u>
General income	<u>NOK 0</u>
Child maintenance (not liable to tax)	<u>NOK 30,000</u>

The child's income is calculated as follows:

General income	NOK 0
+ minimum standard deduction	NOK 20,000
+ child maintenance	<u>NOK 30,000</u>
= Income	<u>NOK 50,000</u>

This example will normally not entitle to assessment in tax class 2. See information about exceptions below.

Children who have been on their national service for the greater part of the income year, or who have received a loan from the Norwegian State Educational Loan Fund regardless of the parents' income, will

not normally be regarded as being provided for, even if their estimated income does not exceed NOK 35,000.

If the provider's burden is particularly great due to disability etc, it can be concluded that the child has actually been provided for even if the child's estimated income is more than NOK 35,000 and/or the child has received a loan from the Norwegian State Educational Loan Fund regardless of the parents' income. The decision as to whether the child has actually been provided for in such cases will be based on an overall evaluation that also takes account of all tax-free benefits and loans.

Assessment in tax class 2 because of provision for children aged 18 or older is not granted automatically; it must be claimed by the provider. The claim must be made under item 5.0 in the tax return.

Life insurance

By life insurance is meant an insurance policy that is linked to a person's life and health. Here, the tax rules for two different types of life insurance are described:

- Endowment insurance
- Annuities

Endowment insurance can be taken out as risk policies alone or as combined policies. Annuities are always combined policies. Combined insurance policies are both risk-based and savings-based. Only the savings element is taxable and this is dealt with below. Annuities subject to the special taxation rules that apply to individual pension agreements (IPA) pursuant to the Taxation Act, are not discussed here.

Both annuities and endowment insurance policies usually have a guaranteed yield. For policies without a guaranteed yield (unit-linked insurance), the yield will depend on the return on the securities in which the savings are invested. It is a precondition that insurance policies without a guaranteed yield have a sufficient insurance element for them to be taxed pursuant to the rules for endowment insurance and annuities.

Annuities

Disbursements

As a rule, periodic disbursements from annuity policies are taxable in full as capital income. The yield from the savings element is not taxed as it is earned unlike interest on bank deposits. However, provided that the statutory requirements regarding the product and insurance period are met, you will only be taxed on the amount of the disbursement that exceeds the premium paid. In practice, this applies to most annuity policies taken out in Norway. Agreements with companies in other EEA states must be evaluated in each case for compliance with the above conditions. Disbursements from annuity policies taken out with companies in countries outside the EEA are taxable in their entirety.

Taxable income from annuities must be entered under item 2.6.2 in the tax return. Individual unit-linked annuities may result in a loss in relation to the capital invested. Such losses are tax deductible when disbursements are made from the insurance policy and should be entered under item 3.3.7 in the tax return.

Disbursements from group annuities taken out before 1 January 2007 are taxable in their entirety, and National Insurance contributions at the low rate and, if applicable, surtax shall be levied on the amount, which must be entered under item 2.6.2.

Your tax deduction card does not take account of taxable income from annuities taken out with companies outside Norway. When you receive the first disbursement from such annuities, you should therefore contact the tax office to arrange for the advance payment of tax, if necessary, thereby avoiding a subsequent demand for underpaid tax with interest.

Capital

In principle, the surrender value of annuities is subject to wealth tax. Amounts subject to wealth tax must be entered under item 4.5.2.

However, if the annuity policy has been acquired using funds from compensation for personal injury awarded pursuant to the Compensatory Damages Act Chapter 3, and the amount of compensation was decided with binding effect before 6 October 2006, the annuity is not subject to wealth tax. This only applies even if the compensation was used in whole or in part to purchase an annuity before 30 June 2007. The exemption from wealth tax does not apply to annuities acquired using funds from compensation awarded pursuant to the Compensatory Damages Act section 3-2 a).

Irrespective of the above, annuities are not subject to wealth tax if you are 21 years or younger in the income year (born in 1987 or later) and acquired the annuities using money from lump-sum compensation for personal injury pursuant to the Compensatory Damages Act Chapter 3. The exemption from the payment of wealth tax is conditional on the personal injury having impaired your earning capacity by at least 50%.

An annuity policy is also exempt from wealth tax if you are 21 years or younger in the income year (born in 1987 or later) and the annuity policy was acquired using money from lump-sum compensation for loss of a provider pursuant to the provision of the Compensatory Damages Act Chapter 3.

The value of annuities taken out with companies that are not or have not been authorised to conduct insurance business in Norway is never liable to wealth tax.

The value of group annuities is not subject to wealth tax.

Endowment insurance

By endowment insurance is meant insurance involving the disbursement of a specific amount. This will usually be in the form of a lump-sum payment, but it is sometimes divided into instalments.

Endowment insurance policies with guaranteed yield are taxable annually on the year's yield from the savings element. For endowment policies without a guaranteed yield, the yield is taxed on disbursement. Endowment insurance without a savings element is not dealt with here.

Endowment insurance with guaranteed yield

Yield

The calculated annual yield is taxable income even if the disbursement is not due until an agreed future date. The income will be taxed on a running basis, but the year after it has been earned. This means that in 2008 you will be taxed on the yield earned in 2007. It is the company that stipulates the yield. If you are insured with a Norwegian company or a Norwegian branch of a foreign company, you can ask the company to make a deduction for tax payable on this income. The income is entered under item 3.1.4 in the tax return. Policies taken out with companies in another EEA state are taxed in the same way. See, however, the transitional rule described above. Holders of such insurance policies should enter the taxable income under item 3.1.11 of the tax return and be prepared, at the request of the tax office, to document how the amount was arrived at.

Your tax deduction card does not take account of taxable income from endowment insurance taken out with companies outside Norway. You should therefore contact the tax office to arrange for the advance payment of tax if necessary, thereby avoiding a subsequent demand for underpaid tax with interest.

Disbursements

In principle, disbursements from endowment insurance with a guaranteed yield are not taxable income. However, if the insurance was taken out on 1 January 1986 or later with a company outside the EEA, the whole disbursement will be taxable, with no deduction for premiums paid. The amount must be entered under item 3.1.11 in your tax return. Disbursements from foreign insurance companies to surviving family members etc. are not liable to tax, however.

Previous transitional rule for the income year 2004

If you have taken out endowment insurance with a guaranteed yield with a company in another EEA member state and requested, under the transitional rule, to pay tax on previous years' yield for the income year 2004, then disbursements received from the insurance policy prior to 2004 are not taxable. Yield earned in subsequent years, however, is taxable annually. The deadline for demanding taxation pursuant to the transitional rule was the same deadline as for submitting the tax return for 2004. If you did not request to be taxed pursuant to the transitional rule for endowment insurance with guaranteed yield taken out in another EEA state, disbursements from the insurance will be taxable in part. The part of the disbursement that includes premiums paid before 1 January 2004 and the total yield earned prior to that date is taxable. The rest of the disbursement is not liable to tax. After 2004, tax is payable annually on yield earned from the insurance. The taxable amount must be entered under item 3.1.11.

Capital

For wealth tax assessment purposes, the value of an endowment insurance is defined as 100 per cent of its surrender value. The amount must be entered under item 4.5.2 of the tax return if the policy is with a Norwegian company, and under item 4.6.2 if the policy is with a foreign company.

Unit-linked insurance (endowment insurance without guaranteed yield)

Yield

The yield from this type of insurance is the change in market value of the underlying units in funds etc, minus insurance charges. This yield is taxable on disbursement. The same applies if you receive such disbursements as an inheritance.

Disbursements

Disbursements from such policies are usually made as lump sums. The taxable income is the gross market value of the underlying units in funds etc. minus the total premiums and charges paid to the insurance company. Disbursements from unit-linked insurance policies with companies outside the EEA are taxable in their entirety, with no deduction for premiums paid.

Any negative difference between market value and premiums and charges paid constitutes a loss on the premium paid. You can deduct this loss under item 3.3.7 in your tax return. For endowment insurance taken out with a Norwegian company or a Norwegian branch of a foreign company, the company will carry out these calculations. If you have an insurance policy with a company in another EEA state, you yourself must calculate the amount and enter your taxable income or deductible loss.

Capital

The capital value of unit-linked endowment insurance with investment options is equal to the surrender value, which consists of the value of the underlying units linked to the savings element of the insurance policy.

If you have taken out the endowment insurance with a Norwegian company or a Norwegian branch of a foreign company, you will find the capital value in the statement you have received from the company.

You enter the capital value under item 4.5.2 in your tax return if you are insured with a Norwegian company and under 4.6.2 if you are insured with a foreign company.

The calculation is as follows:

	Market value of underlying units
–	Premiums and charges paid to the insurance company
=	Taxable income/ deductible loss

At the request of the tax office, you must be able to document how you arrived at the income/loss.

Minimum standard deduction – calculation

The minimum standard deduction is a standard deduction from wage earnings, pensions and similar income. If the actual expenses relating to your work etc. are greater than the standard minimum deduction, you can claim a deduction for these expenses under item 3.2.2 instead of using the minimum standard deduction.

The minimum standard deduction is calculated as shown below.

If you only have wage earnings etc., the minimum standard deduction is calculated as follows:

The minimum standard deduction is 36 per cent of your wage earnings. Temporary disability benefits, medical and occupational rehabilitation benefits also count as wage earnings. The calculation basis (total wage earnings) is rounded down to the nearest whole NOK 100. The minimum standard deduction is at least NOK 31,800 with a ceiling of NOK 67,000. If your wage earnings were less than 31,800, the minimum standard deduction is equal to your wage earnings. For example, if your income was NOK 20,050, the minimum standard deduction is NOK 20,050.

If you have only lived in Norway for part of the year, the upper limit on the minimum standard deduction (NOK 67,000) will be reduced in proportion to the number of whole or part months you have resided in Norway. The minimum standard deduction shall not be less than NOK 4,000, however.

Only pensions, periodic benefits etc. (not wage earnings etc.)

If you only receive a pension, periodic benefits etc., the minimum standard deduction is 26 per cent of the sum of items 2.2.1, 2.2.2, 2.6.1 and 2.6.2. The calculation basis (income) is rounded off to the nearest one hundred kroner. The minimum standard deduction is minimum NOK 4,000 and maximum NOK 56,100. If your pension is less than NOK 4,000, the minimum standard deduction will equal the pension. For example, if your income was NOK 3,550, the minimum standard deduction is NOK 3,550.

If you have only lived in Norway for part of the year, the upper limit of the minimum standard deduction (NOK 56,100) will be reduced in proportion to the number of whole or part months you have resided in Norway. The lower limit of NOK 4,000 will not be reduced.

Combination of wage earnings and pension etc.

If your income from employment is NOK 186,200 or more, you are entitled to a minimum standard deduction of NOK 67,000. This applies even if you also receive a pension etc.

If your income from employment is less than NOK 186,200, and you also receive a pension, you are entitled to whichever is the higher of the minimum standard deductions calculated according to the following alternatives:

- Alternative 1:

Minimum standard deduction calculated only on pay etc. not on pension etc. The calculation will be as shown for «If you only have wage earnings etc. » above.

- Alternative 2:

The minimum standard deduction is the sum of the minimum standard deductions calculated separately on income from employment etc. and on pensions etc. However, the deductions cannot amount to more than NOK 67,000. When calculating the minimum standard deduction, the percentage rates and maximum amounts described above are used for income from employment and pension income, respectively. If you choose this alternative for calculating the minimum standard deduction, the lower limit in the case of wage earnings is NOK 4,000, not NOK 31,800 as is the case if you only receive wage earnings. See alternative 2 in the example.

For information about the minimum standard deduction from children's pensions and income from employment, see item 3.2.6.

Example:

Wage earnings	NOK 40,000
Pension (not children's pension) _____	<u>NOK 80,000</u>
Total of wage earnings and pension	<u>NOK 120,000</u>

Minimum standard deduction using alternative 1:

Minimum standard deduction calculated on wage earnings:

36% of NOK 40,000 = NOK 14,400, but the minimum standard deduction must never be less than NOK 31,800.

Minimum standard deduction using alternative 2:

Minimum standard deduction calculated on wage earnings:

36% of NOK 40,000 = NOK 14,400

If alternative 2 is used, the lower limit is NOK 4, 000, not NOK 31,800.

The minimum standard deduction from wage earnings using alternative 2 is NOK 14,400

Minimum standard deduction calculated on pension:

26% of NOK 80,000 = NOK 20,800

Minimum standard deduction using alternative 2: = NOK 35,200

Since the use of alternative 2 gives the highest minimum standard deduction, NOK 35,200 shall be entered under item 3.2.1.

Payments in kind – valuation

Payments in kind are benefits in the form of goods, shares, low-interest loans, services, rights of use or other benefits that are not cash, cheques or similar. As a rule, payments in kind in an employment relationship are liable to tax. This applies irrespective of whether the benefit is made available to the recipient free of charge or at a reduced price/rate. The income must be entered under item 2.1.1.

It is difficult to put an exact value on some payments in kind. Fixed rates are therefore used to calculate their value. The rates that apply to benefits in the form of low-interest loans from employers, free board and lodging and electronic communication (free telephone etc.) are shown below. For information about private use of an employer's car, see «Cars» on page ???. If the value of a taxable payment in kind is not entered in advance, you must declare the benefit in your tax return. If there are no valuation rates (see below) you do not have to declare the value. The tax office will make the valuation on the basis of the information you provide about the payment in kind.

Benefit of low-interest loans from employers

The benefit of low-interest loans from employers is deemed to be taxable income if the interest rate on the loan in 2008 was lower than the normal rate stipulated by the Ministry of Finance and the loan was

- furnished by your current or former employer, or
- furnished by others with your employer acting as intermediary, or your employment relationship was the reason for the loan

The normal interest rate is stipulated up to six times a year. In 2008, the normal interest rate on low-interest loans was:

Jan./Feb.: 5.25%

March/April: 5.50%

May/June: 5.75%

July/Aug.: 5.75%

Sept./Oct.: 6.25%

Nov./Dec.: 6.25%

It is of no significance whether your employer has borrowed the money at a low interest rate, Nor is it of significance whether or not you could have obtained a loan on as reasonable terms elsewhere. However, the benefit of low-interest loans from employers is not taxable if loans are available on the same terms to borrowers who are not employees. The taxable benefit consists of the difference between the actual interest paid, including charges, under the loan agreement and the interest based on the normal interest rate. If the benefit has not been entered in advance, you must calculate the benefit and enter it under item 2.1.1. The taxable benefit and the interest you have paid are deductible and should be entered under item 3.3.1.

Free board and lodging

As a rule, free board and lodging is taxable. It should be reported as pay under code 112-A in the Certificate of Pay and Tax Deducted and entered in advance in the tax return. If the free board and lodging is provided in connection with periods of work entailing stays away from home, it is not taxable. Employees who receive free board and lodging when commuting are liable to tax on savings on household costs. The saving is stipulated as NOK 73 per day.

The daily rates for free board and lodging for the 2008 income year are:

Free board and lodging	NOK 100
Free board (all meals)	NOK 73
Free board (two meals)	NOK 57
Free board (one meal)	NOK 38
Free lodging (single or shared room)	NOK 27

Free board for offshore workers

Offshore workers whose personal income exceeded NOK 600,000 in 2008 shall pay tax on the benefit of free board. The value of taxable free board should be reported under code 119 (-A) of the Certificate of Pay and Tax Deducted and pre-entered under item 2.1.1 in your tax return.

Offshore workers whose income was NOK 600,000 or less in 2008 are not liable to tax on the benefit of free board. The tax-free benefit should be reported under code 527 (-A) in the Certificate of Pay and Tax Deducted. This amount shall not be declared in the tax return.

Your employer does not always have an overview of your total personal income for the year. The Certificate of Pay and Tax Deducted may therefore be based on incorrect information. The information in your Certificate of Pay and Tax Deducted has been transferred to your tax return. You must therefore check the pre-entered information carefully. If any of the pre-entered amounts are incorrect, you must correct them under item 2.1.1 in your tax return.

Electronic communication (free telephone, broadband etc.)

The calculated benefit of private use of your employer's telephone, broadband etc. (EC services) outside the normal work situation has been fixed at up to NOK 4,000 for one EC service and up to NOK 6,000 for two or more EC services. The benefit is calculated on the basis of the total value of these services in excess of NOK 1,000. The value of these services is calculated as fixed costs plus use, minus the value of contents services, see below. In the case of employees who have paid a share of the costs, the taxable benefit is reduced by an amount corresponding to the employee's own payment. The benefit should be declared as pay under code 130-A in the Certificate of Pay and Tax Deducted.

By contents services is meant calls to numbers in the 820 and 829 series, four-digit numbers between 1850 and 1899 and sms/mms messages to four and five-digit numbers. If the costs of the contents service are covered by your employer, a distinction must be drawn between the costs for private use and work-related use of the content services. In addition to the standard amount, the employer's coverage of the costs of private use of contents services is also taxable as income to the employee. If you are self-employed, see also item 6995 in the guidelines to filling in Income statement 1.

If you have enjoyed free use of a telephone etc. for parts of the income year, the calculation is based on the total costs incurred during the period in which you had free use of the telephone etc., but the calculation shall be carried out by reducing the above-mentioned amounts of NOK 4,000 (one EC service), NOK 6,000 (two or more EC services) and NOK 1,000 (tax-free allowance) in proportion to the number of whole or part months the services have been at your disposal.

Example a:

Free telephone for the whole income year 2008

Value of the service	NOK 3,000
– Tax-free allowance	NOK 1,000
= Taxable benefit	<u>NOK 2,000</u>

Example b:

Employer-financed telephone and broadband for the whole income year 2008

Paid by the employee him/herself: NOK 1,500.

Value of the service (broadband + telephone)	NOK 9,000
– Tax-free allowance	NOK 1,000
= Calculated benefit before limitation	<u>NOK 8,000</u>
Limited to the maximum amount for two services	NOK 6,000
– Covered by the employee	<u>NOK 1,500</u>
= Taxable benefit	<u>NOK 4,500</u>

Example c:

Free telephone (one EC service) for six months.

Value of the service during the period	NOK 3,500
– Tax-free allowance: NOK 1,000 x 6/12	<u>NOK 500</u>
= Calculated benefit before limitation	<u>NOK 3,000</u>
Limited to 6/12 of the maximum benefit of NOK 4,000	NOK 2,000
= Taxable benefit	<u>NOK 2,000</u>

Commuters

You are entitled to a deduction for extra expenses for board and lodging and for home visits when you have to live away from home (your tax residence) because of work or business, see items 3.2.7 and 3.2.9. It is a condition that the distance from where you live at your place of work and your home is so great that it is not practical to commute daily. Information about deductions for extra expenses for people who work abroad for periods is available in «Information for people who have income or capital abroad» at skatteetaten.no/international.

Studies are not regarded as work in this context. If studies are the main reason for living away from home, you are not classified as a commuter even if you have a part-time job in addition to your studies.

If you are single and 22 years old or more at the end of the income year, it is normally a condition that you travel home at least every third week. If the travel distance is short, you are required to return home more often. Less frequent home visits may be accepted if this is warranted by special circumstances, for example illness, shortage of money or studies in the evening.

If you are single and under 22 years of age at the end of the income year, there are no minimum requirements for the frequency of home visits, but the rules require you to travel as regularly and

frequently as reasonably possible in the circumstances. If you are in doubt about whether you travel home often enough, contact the tax office.

Your place of residence for tax purposes (tax residence) is the place which is regarded as your home. You can only have one tax residence. Your tax residence and place of residence in the population register will usually be one and the same. If you think that you meet the requirements for being classified as a commuter, you should notify the tax office.

The rules relating to where you are regarded as having your tax residence differ depending on whether you are regarded as a family commuter or a single commuter, see below. The main rule is that the place where you spend most nights (the majority of your daily rest time) is considered to be your tax residence unless otherwise indicated by the specific provisions relating to family commuters and single commuters.

In determining where you should be deemed to have your tax residence, it may be essential to decide whether you should be regarded as living in independent or dependent housing.

Independent or dependent housing

Housing is deemed to be independent when the living area is at least 30 square metres. If there are several people living in the house/apartment, a further 20 square metres must be added for each occupant over the age of 15. You must also have use of the house/apartment for at least 12 months and have access to it every day of the week for it to be considered independent housing. The house/apartment must also have running water and drains.

If you rent housing in a unit which you share with others (bed-sit), you can demand that your share of the common area be added to the area which is used by you alone. If the housing unit has seven or more occupants over the age of 15, only the area you use alone will be taken into account.

By dependent housing is meant housing that does not meet the above requirements for independent housing.

Family commuters

You are regarded as a family commuter if, in your home municipality, you live with:

- your spouse/registered partner
- own children, or
- siblings for whom you provide

Foster children are classified as equivalent to own children provided that they do not receive foster-home payments and that the relationship otherwise resembles an adoption.

The place where your spouse or children live is considered to be your place of residence. If you live with siblings for whom you are the provider, your place of residence is where your siblings live. Your joint home with your spouse takes precedence over joint homes with others.

If both you and your spouse are commuters, your residence is where you have your joint home with the children. If you do not have children, your residence is the house/apartment that is regarded as independent housing.

If you commute between several independent houses/apartments, your residence is where you and your spouse together spend the most nights (most of your daily rest time).

Single commuters

If you are not a family commuter, you are classified as a single commuter. Cohabitants are treated as single in this context. However, if you also live with your own children, you are classified as a family commuter.

When determining your tax residence, the rules for commuters who are under the age of 22 at the end of the income year differ from the rules for commuters over the age of 22.

If you are under 22 years old and commute between your parents' home and another house/apartment, your parents' home is regarded as your tax residence. If you reached the age of 22 or more during the income year, and you have independent housing near your place of work, the latter shall nevertheless be regarded as your home.

If you commute between independent housing and dependent housing at your place of work, the independent housing is regarded as your home. If both houses/apartments are independent or dependent, your home is where you spend most of your daily rest time as described above.

Important exceptions relating to tax residence

If you have been resident in a municipality for at least three years before you start to commute, you are entitled to remain registered in this municipality, which will then be your tax residence. This is conditional on the house/apartment having at least twice as much living space as the house/apartment in the municipality where you work and that you either own or pay rent for it. The exception applies to both single commuters and family commuters. You can only apply this rule if the housing units are in different municipalities.

Cohabitants

Cohabitants are persons who live together without being married. As a rule, they are assessed separately for income and wealth. For exceptions, see «Spouses, registered partners and spouse-equivalent cohabitants» on page ??.

Tax on capital and any return on capital is payable by the party who is the real owner of these assets. It is always the cohabitant who is the unit owner who is liable to tax/entitled to a deduction for shares of income/expenses in housing cooperatives, even if both of them live in the apartment.

Each cohabitant can only claim a deduction for interest on debt for which he/she is liable. Note that a cohabitant is not entitled to deduct any interest paid by on behalf of the other cohabitant. This applies even if the cohabitants have a mutual agreement concerning who should pay the interest/ instalments.

Cohabitants with joint capital/debt

The following applies to cohabitants: Jointly-owned assets, for example housing, shall be declared in proportion to the share that each of them owns. If ownership is not regulated in an agreement, the capital value shall be divided equally between them.

Debt for which they are jointly liable vis-à-vis the lender for the same period, shall be divided equally between them. Any genuine internal agreement on a different allocation of the debt between them must be signed by both parties and sent to the tax office. An agreement of this kind must be signed when the debt is incurred. Any amendment of such an agreement is not regarded as valid unless it can be substantiated that there are genuine reasons for the amendment (for example, significant and permanent changes in income). Interest on debt is divided in the same ratio as the debt itself.

If both cohabitants are unit owners in a housing cooperative, their shares of income/expenses shall be divided according to their ownership interest. If ownership is not regulated in an agreement, their share of the income and expenses shall be divided equally between them.

If one (or both) cohabitants is not able to fully utilise deductible items, so that a deficit is incurred, this deficit can be carried forward and deducted from positive income in subsequent years. Deficit from previous years is deductible under item 3.3.11. The deficit of one of the cohabitants is not deductible by the other.

Tax limitation

Tax limitation for pensioners and recipients of National Insurance benefits with low income

You are entitled to tax limitation if you

- are entitled to a special allowance for age or disability (disability pension for impairment of earning capacity by at least 2/3), see items 3.5.1 and 3.5.2, or
- have received either early-retirement pension (AFP), surviving spouse's pension or transitional benefit

The tax limitation is granted automatically in connection with the tax assessment. The taxpayer therefore does not need to claim it.

Information about the rule

The tax limitation rule means that you do not have to pay municipal/county tax, equalisation tax or National Insurance contributions, if your income does not exceed NOK 104,600. You arrive at your income by starting with item 3.6.

If relevant, you then add

- special allowance (item 3.5)
- 1.5 per cent of net wealth in excess of NOK 200,000
- any deductible tax-free return for share dividend and/or gains on shares, see the topic "Shares".

If you are a partner in a partnership, you must, if applicable, deduct the amount that is subject to extra tax on withdrawals (item 2.7.10 or 2.7.11).

For spouses (including registered partners and spouse-equivalent cohabitants) whose income is assessed jointly or separately, the amount is NOK 181,800 for both spouses together even if only one of them meets the above conditions.

If the income is greater than NOK 104,600/181,800, the total amount of municipal/county tax, equalisation tax and National Insurance contributions shall not exceed 55 per cent of the excess amount. Surtax and/or wealth tax will not be reduced.

Example – single old-age pensioner:

Figures from the tax return:

Item 2.2.1 – Old-age pension: NOK 150,000
 Item 3.3.1 – Interest income: NOK 5,000
 Item 3.2.1 – Minimum standard deduction: NOK 39,000
 Item 3.5 – Special allowance: NOK 19,368
 Total basis for income tax: NOK 96,632

Item 4.9 – Net wealth: NOK 400,000
 Wealth tax amounts to NOK 450 but is not covered by the tax limitation rule.

Income tax is limited to:

Item 3.6	NOK 96,632
+ Item 3.5	NOK 19,368
+ 1.5% of net wealth over NOK 200,000	NOK 3,000
= Computation basis for tax limitation	NOK 119,000
– Tax-free amount	NOK 104,600
= Amount taxable at 55%	NOK 14,400
Computed tax: 55% of NOK 14,400	NOK 7,920

Without the tax limitation, the ordinary tax would have amounted to NOK 20,769. The taxpayer has thus been granted a tax reduction of NOK 12,759.

If you are entitled to a deductible risk-free return, this must be added to the amount in item 3.6 in order to arrive at your general income.

Tax limitation due to inability to pay tax

A tax limitation is not granted automatically, but on the basis of individual means testing.

Tax limitation is not granted to taxpayers who

- have been entitled to a loan from the Norwegian State Educational Loan Fund for a large part of the year.
- have had their income stipulated by discretionary judgement

A tax limitation will not normally be granted if the low income is the result of the taxpayer

- experiencing a temporary fall in income
- having only been in employment for part of the year or having been employed part-time (e.g. because of education)
- having chosen not to take income-generating employment

By low income in this context is meant that the income, combined with other benefits such as wealth, inheritance, gifts, lottery winnings etc. is not sufficient to provide a necessary, moderate subsistence level for the taxpayer him/herself and any persons he/she has a duty to provide for. Account shall also be taken of the wealth and income of any spouse and other household members, e.g. cohabitants, parents, siblings and children. The income of spouses is considered jointly, also for the year in which they married, even if they are assessed separately. Spouses who are separated are classified as single persons with effect from the year of separation. The income of children who are assessed together with the taxpayer is included. The same applies to the income of any other members of the household over and above the amount estimated to be necessary for their own subsistence.

If the tax authorities find that you are entitled to a reduction in tax because of inability to pay tax, the tax will be reduced pursuant to the same rules described for taxpayers with low income (see above). However, other household members' wealth shall also be included as additional income of 1.5 per cent of any net wealth over NOK 200,000. When considering whether you will be granted a tax reduction because of inability to pay tax, any tax-free income such as inheritance, gifts, lottery winnings, scholarships, child benefit and cash support etc. will also be taken into account.

Expenses for which a deduction has been granted to arrive at income under item 3.6, but which are not essential for subsistence, shall be added to the income in item 3.6. This applies, for example, to interest on debt on holiday homes, pleasure craft, cars and unnecessarily expensive houses. The same applies to sums paid into individual pension agreements and losses on the sale of, for example, real property.

If you believe that you are entitled to tax limitation, state your claim under item 5.0.

Limitation to 80 per cent of general income

The tax limitation is granted automatically in connection with the tax assessment. The taxpayer therefore does not need to claim it.

If the sum of wealth tax and tax on general income exceeds 80 per cent of your general income, the wealth tax is reduced so that this limit is not exceeded. However, tax on net wealth in excess of NOK 1,000,000 will not be reduced to below 0.8 per cent of the wealth in excess of this amount. If you are neither entitled to a special allowance (item 3.5) nor to a deductible risk-free return on share dividend/ share gains, your general income equals the income in item 3.6. If you are entitled to a special allowance/ deductible risk-free return, then this must be added to the income in 3.6.

If you are a partner in a partnership, you must deduct the amount that is subject to extra tax on withdrawals (item 2.7.10 or 2.7.11) from the basis for calculating general income.

Married couples are only entitled to such tax limitation if their income is assessed jointly. No tax limitation is granted to couples whose income is assessed separately. When applying the 80-per cent rule, the tax authorities will choose the method of assessment that results in least tax for the spouses combined.

Special allowance for major sickness expenses

A special allowance is granted for expenses due to persistent illness or debility, provided that the expenses amount to at least NOK 9,180 during the income year. By «persistent» in this context, is meant that the illness/debility is expected to be of at least two years' duration. There is no special allowance for expenses that would normally be incurred by other persons not suffering from corresponding illness or debility. If you are claiming a special allowance, you must enclose a medical certificate with your tax return. However, if you have previously submitted a medical certificate as documentation of a chronic illness, you are not required to submit a medical certificate for each year for which you claim the special allowance. If you are the provider for children who suffer from a persistent illness or debility, you can claim a special allowance for extra supervision expenses provided that the same expenses have not been deducted as normal child-care expenses, see item 3.2.10 (child-care deduction). Such costs may be deducted even if they are less than NOK 9,180.

If you or someone you provide for have other deductible sickness expenses, these expenses can also be deducted if, together with costs of supervision, they amount to at least NOK 9,180. If the total sickness expenses are lower than NOK 9,180, a special allowance is only granted for extra supervision costs. You are deemed to provide for a person if you pay a not insignificant part of that person's ordinary living costs.

If spouses each claim a special allowance, they must each have expenses in excess of NOK 9,180.

Sickness expenses must be substantiated/ documented at the request of the tax office. Extra expenses are deductible if the tax authorities find it highly probable that you have actually incurred them. Forms provided by special interest organisations for the specification of extra expenses in connection with a specific illness are not necessarily regarded as adequate documentation or substantiation of such expenses. If you incur regular extra expenses that are difficult to document, it may be sufficient to show that they were, in all probability, incurred for a continuous period (of at least one month) in the course of the year.

The special allowance for major sickness expenses may be granted in addition to any special allowances for age or disability.

Expenses in connection with persistent illness or debility include direct costs (medication and doctors' fees etc.), indirect costs (transport costs etc., extra costs due to higher insurance premiums etc.) extra expenses for a more costly diet (expensive diet) and costs of supervision, care and help in the home. The costs of visiting the ill person may also be included if the person with the persistent illness is your spouse or a child that you provide for. Expenses that you would have incurred in any case do not entitle to a special allowance.

If you have received benefit from the government to cover costs in connection with the illness or debility in question (for example basic benefit or supplementary benefit), your deductible sickness expenses will be reduced by the amount of the benefit received. Example: your sickness expenses amount to NOK 10,000 (not including supervision expenses). In connection with the illness, you receive a tax-free benefit from the government of NOK 1,000. Your sickness expenses amount to NOK 9,000. You are therefore not entitled to a special allowance because the amount is less than the minimum of NOK 9,180. However, the benefit shall not be deducted from other expenses than those the benefit was intended to cover.

Expenses for treatment, care or a stay in an institution or with a private health care practitioner outside the Norwegian public health service will only qualify for a special allowance if corresponding treatment or

care is not available from the Norwegian health and social services, and the treatment is deemed to be medically justifiable.

Special information relating to diabetics:

Relevant extra expenses for diabetics may, for example, include:

- extra wear and tear on clothes and bed linen
- higher insurance premiums etc.
- foot treatment
- physical therapy
- treatment aids and equipment, including special shoes and stockings
- diet, including the costs of hypo food
- medicines
- travel in connection with treatment
- dental treatment

The requirements for documentation/substantiation of extra expenses for diabetics are the same as for other sickness expenses. This means that extra expenses that can be easily documented by receipts must be presented at the request of the tax office. Examples of such expenses are expenses for extra medical consultations, patients' share of medical expenses, aids and equipment.

If you claim a special allowance for extra dietary expenses, you must be able to provide documentation in the form of a medical certificate to the effect that the illness can be regulated by diet. Stipulation of extra dietary expenses is based on the National Institute of Consumer Research's (SIFO) standard budget for 2008 for consumer expenses for food and drink, see sifo.no. This standard budget differentiates between food and drink expenses for different age groups and between the sexes, and account is taken of economies of scale if several people share a household. It is sufficient that you can produce receipts for expenses relating to the purchase of food (but not chocolate, crisps etc.) and drink (but not alcoholic beverages) for a continuous period of at least a month during the income year. Chocolate, crisps etc. that are used as hypo food can be included.

Only necessary extra dietary expenses are deductible. This means that you are not allowed a deduction for the extra expenses of an unreasonably expensive diet. If the diet is part of a larger household, only your extra expenses, reduced for any economies of scale, are deductible.

If you are unable to substantiate the amount of the actual extra dietary expenses, the extra expenses can be stipulated at NOK 4,000 for the whole income year 2008. This amount also includes expenses for hypo food.

Expense allowances

Expense allowances are payments intended to cover expenses incurred in the performance of your work, assignments or official duties, e.g. subsistence, telephone, travel and car allowances. If an expense allowance is greater than the actual expenses incurred, the surplus is taxable and must be declared under item 2.1.4.

If the allowance is less than your actual expenses, you are entitled to enter a deduction for the deficit under item 3.2.2 provided that you are not claiming the minimum standard deduction. If you claim the minimum standard deduction, any such deficit is included.

However, this does not apply to a deficit on allowances intended to cover extra expenses where the work involves stays away from home. Such deficits can be deducted in addition to the minimum standard deduction and should be entered under item 3.2.7. Any deficits in connection with allowances for home visits can also be deducted in addition to the minimum standard deduction. The deficit should be entered under item 3.2.9.

The tax authorities can require you to substantiate that the allowance received has actually been used to cover expenses incurred in connection with your job. This applies even if you have received an allowance based on the Norwegian government travel expense rates. The substantiation requirement means that you may be required to submit a statement setting out the arrangements you have made in connection with your work.

For information about car allowances, see «Cars» on page ??.

Subsistence allowance in connection with business travel with overnight stays – in Norway and abroad

In the case of business travel in Norway, the allowance does not normally yield a taxable surplus if you have covered your board yourself and the outlays per day do not exceed

- NOK 530 for a hotel room when the price of the room does not include breakfast
- NOK 477 for a hotel room when the price of the room includes breakfast
- NOK 269 for other accommodation without cooking facilities, e.g. a boarding house or bed-sit/portacabin
- NOK 174 for other accommodation with cooking facilities (bed-sit/portacabin or private accommodation)

In the case of business travel abroad, payments in accordance with the government rates for the country in question are not normally considered to result in a surplus if you are able to substantiate that you have stayed at a hotel. If you used other accommodation, the same rates apply as for travel in Norway, and you must declare any surplus.

Commuters – savings on household costs

Employees are liable to tax on savings on household costs in connection with commuting (i.e. when the stay away from home is not due to business/ job-related travel) if:

- the employer provides board and lodging (subsistence expenses covered directly by the employer)
- the expenses are covered on the presentation of receipts.

The saving is stipulated as NOK 73 per day. The amount is specified under code 143-A in your Certificate of Pay and Tax Deducted.

Subsistence allowance for business travel without overnight stays – in Norway and abroad

If you have received a subsistence allowance at the government rate or lower for business travel without an overnight stay, this is not regarded as having generated a taxable surplus. In order for any deficit on such an allowance to be deductible, you must be able to document the expenses relating to all such allowances on request.

Expense allowance to cover the costs of home visits

If you have received an allowance to cover the cost of home visits, you will not be taxed on the allowance unless it exceeds the deduction you could have claimed if you had not received such an allowance, see item 3.2.9. When calculating the deductible amount the taxpayer's own contribution of NOK 12,800 must first be deducted from the cost of travel between the home and permanent place of work. Any remaining amount of the taxpayer's own contribution must then be deducted from the deduction for home visits. If the allowance is greater than the remaining deduction, the difference shall be entered as income under item 2.1.4, see example 1. If it is lower, the difference (deficit) shall be entered as a deduction under item 3.2.9.

Exception for persons with a standard deduction of ten per cent

For information about allowances for home visits when the employer covers all or some of the costs for persons claiming the standard deduction for foreign employees, see «Information for people who have income or capital abroad» at skatteetaten.no/ international.

Allowances for electronic communication services (telephone, broadband etc.)

The taxable surplus on allowances for telephone and broadband etc. is calculated using the same rules as when these expenses are covered as payment in kind to the employee; se «Payments in kind – valuation» on page ??.

If the employer covers the employee's expenses for work-related calls and the calls are specified in a receipt, this is tax-free to the employee. Such specification must be sufficiently detailed to substantiate that the expenses in question were for work-related use. The specification must, for example, include the date, time, number called, the recipient's name and the duration of the call. The costs of fixed charges such as subscription fees and similar are not regarded as work-related expenses and no tax-free refund is therefore allowed.

Example 1

Calculation of surplus – home visits:

Expense allowance received for home visits	<u>NOK 12,000</u>	
Deduction for travel to/from work before own contribution (see item 3.2.8)		<u>NOK 5,000</u>
Deduction for home visits before own contribution (see item 3.2.9)		<u>NOK 11,000</u>

The surplus to be declared under item 2.1.4 is calculated as follows:

Expense allowance received for home visits		NOK 12,000
Deduction for home visits before own contribution	NOK 11,000	
Remaining own contribution (NOK 12,800 - NOK 5,000)		<u>NOK 7,800</u>
Deduction to which the taxpayer would have been entitled had he/she not received an allowance	<u>NOK 3,200</u>	<u>-NOK 3,200</u>
Surplus		<u>NOK 8,800</u>

Example 2

Telephone and broadband allowance paid by the employer: NOK 4,000

Paid by the employee him/herself: NOK 5,000.

Actual expenses (fixed charges + use)		NOK 9,000
– Tax-free allowance	NOK 1,000	
= -	<u>NOK 8,000</u>	
Limited to the maximum amount for two services	NOK 6,000	
– Covered by the employee	<u>NOK 5,000</u>	
= Taxable surplus	<u>NOK 1,000</u>	

Important forms:

Forms it may be relevant to enclose with the tax return are listed below. Forms that are only relevant to self-employed persons are described in RF-2003 «Start help for self-employed persons».

Partnership statement

Partners in enterprises assessed as partnerships (ANS, DA, KS etc.) receive form RF-1221 «Deltakerens oppgave over formue og inntekt i ansvarlig selskap mv.» (Partner's statement of own capital and income in partnership etc. – in Norwegian only) for 2008 from the partnership. Check the information in the partnership statement. If you are submitting your tax return online, you yourself must create a partnership statement as an attachment to the tax return and register the information provided in the partnership statement. If you are submitting your tax return on paper, you must sign the partnership statement and enclose it with your tax return.

RF-1059 «Aksje- og andelsoppgave over inngangsverdi, utbytte og realisasjon for 2008» (Form for the stipulation of acquisition value (opening value) and calculation of taxable dividend on shares/units owned in 2008 – in Norwegian only).

Guidelines RF-1072 to the form.

RF-1070 «Hjelpeberegning av renteinntekt til ekstrabeskatning ved lån fra personlig skattyter til selskap mv.» (Aid for the calculation of interest income on loans from individual taxpayers to companies etc. subject to extra tax – in Norwegian only) (This is a form that you can use if you submit your tax return online. Corresponding help is available at skatteetaten.no in the form of a separate form on paper.)

RF-1084 «Avskrivningsskjema for saldoavskrivninger og lineære avskrivninger» (Form for diminishing-balance depreciation and linear depreciation – in Norwegian only)

The guidelines are included in the form.

RF-1088 «Oppgave over aksjer og grunnfondsbevis» (Statement concerning shares and primary capital certificates – in Norwegian only).

Guidelines RF-2033 to the form.

RF-1125 «Opplysninger om bruk av bil» (Information about car use – in Norwegian only)

Guidelines are provided on the reverse side of the form.

RF-1147 «Fradrag i norsk skatt for skatt betalt i utlandet (kreditfradrag) for lønsmottakere, pensjonister og personlige næringsdrivende» (Deduction in Norwegian tax for tax paid abroad (credit) for employees, pensioners and self-employed persons – in Norwegian only)

If you have income that is taxable abroad, and the tax treaty with the country in question prescribes the use of the credit method to avoid double taxation, the income is also taxable in Norway. If you claim a deduction from Norwegian tax for tax paid abroad, you must submit form RF-1147. If you have business income that is taxed abroad, you must also submit form RF-1149.

RF-1150 «Nedsettelse av inntektsskatt på lønn og pensjon» (Reduction in income tax on wages and pensions – in Norwegian only)

If you are claiming a reduction of tax on wage earnings or pensions pursuant to the alternative exemption model, you must submit form RF-1150. You will find the guidelines on the reverse side of the form.

RF-1189 «Årsoppgjør for utleie mv. av fast eiendom» (Annual accounts for the letting etc. of real property - in Norwegian only).

Guidelines are available on the reverse side of the form.

RF-1219 «Gevinst- og tapskonto» (Profit and loss account – in Norwegian only)

The guidelines are included in the form.

RF-1221 «Deltakerens oppgave over formue og inntekt i deltakerliknet selskap (KS, ANS etc.)» (Partner's statement of capital and income in enterprises assessed as partnerships (KS, ANS etc.) – in Norwegian only)

Guidelines RF-1222 to the form.

RF-1231 «Spesifikasjon av innskudd i utenlandsk bank mv. og BSU-sparing i annen EØS-stat» (Specification of deposits in foreign banks etc. and BSU savings in another EEA state – in Norwegian only).

How much will your tax be?

[Figure]

Note that the rules for rounding off figures may produce a difference of up to NOK 5 between the calculations made here and the figures enclosed with your tax settlement. For information about the assessment of spouses, see page ??.

Calculation of tax for wage earners, pensioners and self-employed persons

Does not apply to persons staying temporarily in Norway, see Information for persons who have income from employment in Norway.

Income tax paid to the municipality, county and equalisation tax

Total basis for income tax (item 3.6)

Personal allowance (class 1 = NOK 38,850 / class 2 = NOK 77,700 –

Basis = x 28%*) =

National Insurance contribution (for rates, see page ??)

Total basis for your National Insurance contribution x 3% =

Total basis for your National Insurance contribution x 7.8% =

Total basis for your National Insurance contribution x 11% =

Surtax on your personal income

Total basis for surtax

Tax-free amount (class 1 and class 2 = NOK 420,000) – 420,000

Basis =

Of up to NOK 262,500 in class 1 and class 2 – x 9.0% =

Of the remaining amount x 12.0% =

Young people's housing savings (BSU)

Max. NOK 15,000 x 20% =

-) For taxpayers in Finnmark and Nord-Troms, the rate is 24.5%.

Wealth tax to the state, single persons. (Spouses transfer the amount from the following page)

Net wealth from item 4.9

Tax-free amount (single persons in class 1 or 2 = NOK 350,000) – 350,000

Basis =

Of up to NOK 190,000 for single persons x 0.2% =

Of the remaining amount x 0.4% =

Wealth tax to the municipality, single persons. (Spouses transfer the amount from the following page)

Net wealth from item 4.9

Tax-free amount (single person in class 1 or 2 = NOK 350,000) – 350 000

Basis = x 0.7% =

Total tax

Tax limitation for pensioners and recipients of National Insurance benefits with low income. Transfer the amounts from the above fields

Income tax paid to the municipality, county and equalisation tax

National insurance contribution 3%					+
National insurance contribution 7.8%					+
National insurance contribution 11%					+
Total tax that can be reduced					=
Net wealth from item 4.9					
Tax-free amount	- 200,000				
Basis	=	x 1.5%	=		
Total basis for income tax (item 3.6)					+
Any special allowances (item 3.5)					+
					=
Tax-free amount (single persons: NOK 104,600)					-
Maximum income tax/National Insurance contribution				=	x 55%
					-
Tax limitation due to inability to pay tax					=
Total tax after tax limitation					

Additional form for spouses and registered partners

Wealth tax to the state					
Net wealth from item 4.9, husband					
Net wealth from item 4.9, wife		+			
Combined net wealth	=				
Tax-free amount for spouses	- 700,000				
Basis	=				
Of up to NOK 380,000		x 0.2%	=		
Of the remaining amount		x 0.4%			*)
Total			=		

Total tax x husband's wealth
Combined net wealth

Total tax x wife's wealth
Combined net wealth

Total tax x husband's wealth
Combined net wealth

Total tax x wife's wealth
Total net wealth

*)

Wealth tax to the municipality					
Net wealth from item 4.9, husband					
Net wealth from item 4.9, wife		+			
Combined net wealth	=				*)
Tax-free amount	- 700,000				
Basis	=	x 0.7%			

*)

*) Each of the spouses transfers his/her share of the wealth tax to the form on the previous page.

Tax limitation for pensioners and recipients of National Insurance benefits with low income.					Husband	Wife
Income tax to the municipality, county and tax equalisation fund						
National Insurance contribution 3%					+	+
National Insurance contribution 7.8%					+	+
National Insurance contribution 11%					+	+
Total tax		=		=		
					+	
Total tax that can be reduced					=	

Total net wealth (see above)				
Tax-free amount	– 200,000			
Basis	=	x 1.5%	=	
Husband Total basis for income tax (item 3.6)			+	
Husband Special allowance (item 3.5)				+
Wife Total basis for income tax			+	
Wife Special allowance (item 3.5)				+
			=	
Tax-free amount for spouses		– 181,800		
Maximum income tax/National Insurance contribution				x 55%
Tax reduction due to inability to pay tax to be entered in the fields below				=
Husband's share of tax reduction	Reduction x husband's total tax			x
	Total tax that can be reduced			
Wife's share of tax reduction	Reduction x wife's total tax			x
	Total tax that can be reduced			

*) Each of the spouses transfers his/her part of the tax limitation to the form on the previous page.

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Rates:

Wealth tax

Municipality,

single person	NOK 0 – NOK 350,000	0%
	over NOK 350,000	0.7%

married couple	NOK 0 – NOK 700,000	0%
	over NOK 700,000	0.7%

State,

single person	NOK 0 – NOK 350,000	0%
	NOK 350,001 – NOK 540,000	0.2%
	over NOK 540,000	0.4%

married couple	NOK 0 – NOK 700,000	0%
	NOK 700,001 – NOK 1,080,000	0.2%
	over NOK 1,080,000	0.4%

National Insurance contributions

Income from employment	7.8%	
Childminders	7.8%	
Business income in agriculture, forestry and fishing		7.8%
Other business income	11%	

Pension income etc. 3.0%

The National Insurance contribution is 3% for persons born in 1992 or later and 1938 or earlier, regardless of the type of income.

However, the National Insurance contribution shall not exceed NOK 39,600.

Surtax

Tax classes 1 and 2

- 9% of amounts from and including NOK 420,001 up to and including NOK 682,500.
- For taxpayers in Finnmark and Nord-Troms, the rate is 7%.
- 12% of amounts over NOK 682,500

Tax on net income

(general income minus any special allowances, see item 3.5 and the personal allowance)

- 28%
- For taxpayers in Finnmark and Nord-Troms, the rate is 24.5%.

Maximum marginal tax rates

The maximum marginal tax rate on pay and personal income from agriculture, forestry and fishing is NOK 47.8%

The maximum marginal tax rate on income from other self-employment is 51%

Personal allowance relating to general income

The deduction is granted automatically in connection with the tax assessment (not to be entered in the tax return)

Tax class 1	NOK 38,850
Tax class 2	NOK 77,700

Special allowance relating to general income in Finnmark and Nord-Troms

The deduction is granted automatically in connection with the tax assessment (not to be entered in the tax return)

Tax class 1	NOK 15,000
Tax class 2	NOK 30,000

Young people's housing savings (BSU) (under 34 years of age)

Tax deduction rate 20%
 Maximum annual savings NOK 15,000
 Maximum total savings within the scheme NOK 100,000

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