EXCISE DUTY ON
EMISSIONS OF NO$_x$
2015
Circular no. 14/2015 S
Excise Duty Codes NX and NO
Oslo, 1 January 2015

(English translation)

DIRECTORATE OF CUSTOMS AND EXCISE
Excise Department
Schweigaards gate 15
P.O. Box 8122 Dep
0032 OSLO
Internet: www.toll.no
In the event of conflict between the Norwegian and the English circular, the Norwegian circular shall have priority.

Contents:
The Storting resolution concerning the duty on NOx-emissions ................................................... 3  
Act of 19 May 1933 no. 11 concerning Excise Duties ................................................................. 4  
Extract from the Regulations of 11 December 2001 no. 1451 on Excise Duties ....................... 7  
Extract from the Act of 17 June 2005 no. 67 concerning the Payment and Collection of Claims for Taxes and Excise Duties (the Tax Payment Act) ................................................................. 21  
Extract from the Regulations of 21 December 2007 no. 1766 concerning Complementing and Implementing Etc. of the Tax Payment Act (the Tax Payment Regulations) ................................................................. 29  
Comments by the Directorate of Customs and Excise ................................................................. 34

Changes in relation to Circular no. 14/2014 S:

*The Storting Resolution concerning the excise duty on emissions of NOx:*

- Section 1: rate changed; letter c amended  
- Section 2: letter d amended

*Extract from the Norwegian Excise Duties Regulations:*

- Section 2-1: fourth paragraph amended  
- Section 3-19-9: first paragraph amended  
- Section 5-1: letter c repealed, letters d to h become letters c to g  
- Section 5-5: fourth paragraph amended

*The comments from the Directorate of Customs and Excise:*

- Item 2 eleventh paragraph amended  
- Item 7.4 letter b amended  
- Item 10 amended

*Changes in other regulations will appear from the relevant sections.*

For questions, please contact the Customs at 22 86 03 12.
The Storting resolution concerning the duty on NO\textsubscript{x}-emissions

Section 1. As of 1 January 2015 and pursuant to the Act of 19 May 1933 no. 11 concerning Excise Duties, an excise duty shall be paid to the State Treasury - amounting to 19.19 kroner per kg for emissions of nitrogen oxides (NO\textsubscript{x}) during the production of energy - from the following energy sources:

a) propulsion machinery with a total installed capacity of over 750 kW,

b) motors, boilers and turbines with a total installed capacity of more than 10 MW,

c) flares on facilities on the Norwegian continental shelf and on facilities on land.

The Ministry may regulate which emissions are subject to the excise duty on NO\textsubscript{x}-emissions, and may formulate the basis for calculation of the duty.

Section 2. An exemption is made on the excise duty for emissions of NO\textsubscript{x} for:

a) vessels travelling between Norwegian and foreign ports,

b) vessels used for fishing and catching in distant waters,

c) aircrafts travelling between Norwegian airports and foreign airports,

d) emission units encompassed by an environmental agreement signed with the Norwegian government for initiating measures to reduce NO\textsubscript{x} that are implemented in accordance with established national environmental goals.

The Ministry may regulate the conditions, limitations and implementation for the exemptions.

Section 3. The Ministry is the delegating authority as to the question of any doubts that may arise to the scope and application of the excise duty.

Section 4. The Ministry may exempt or reduce the excise duty in individual cases or in situations that were not apparent when the resolution was decided, and when the duty in that individual case has an unintended effect.
Act of 19 May 1933 no. 11 concerning Excise Duties

The title of this act was amended by the act of 27 March 1998 no. 13. Cf. the acts of 4 November 1948 no. 1 (visual art), of 19 June 1959 no. 2 (motor vehicles and boats) and of 19 June 2009 no. 58 (value added tax).

Section 1. When with reference to this act the Storting adopts excise duties to be paid to the State Treasury not provided for in other acts, the Ministry will issue further provisions relating to calculation and control. The Ministry will issue regulations concerning prohibition, production, import, export and sales if the excise duty concerns ethanol for technical use.

0 Amended by the acts of 18 December 1970 no. 97, of 28 April 1978 no. 17, of 27 March 1998 no. 13, of 14 April 2000 no. 23, of 10 December 2004 no. 77 (coming into force on 1 July 2005 as per the resolution of 17 June 2005 no. 658), of 17 June 2005 no. 67 (coming into force on 1 January 2008 as per the resolution of 21 December 2007 no. 1616) as amended by the act of 9 December 2005 no. 115.

1 Cf. for example, see the act of 19 June 1959 no. 2.
2 The Ministry of Finance
3 Cf. see the act of 17 June 2005 no. 67, Section 10-40.

Section 2. Violation of regulations that are issued pursuant to this act shall also be punishable with fines if the violation occurs with negligence, to the extent the violation is not already described with a particular punishment in the Penal Code.

A punishment of fines or imprisonment for up to two years may be applied, or imprisonment for up to six years if wilful or gross negligence is involved, if the violation of the first paragraph of section one is especially serious.

In deciding whether a violation shall be deemed especially serious, emphasis shall be placed on whether the scope of the violation was extensive, or whether the importation, exportation or use is prohibited or subject to special conditions, or whether the offender intended to sell the products to which the violation applies, or whether the offender has previously been convicted of violation of tax legislation, or whether other circumstances of a particularly aggravating nature are present.

0 Amended by the acts of 16 May 1947 no. 2, of 27 March 1998 no. 13, of 10 December 2004 no. 77 (coming into force on 1 July 2005 as per the resolution of 17 June 2005 no. 658). Amended by the act of 20 May 2005 no. 28 (coming into force at the time established for this in the act) and amended by the act of 19 June 2009 no. 74.

1 See Section 27 and Chapter 3a of the Norwegian Penal Code of 1902, and Chapters 4 and 9 of the Norwegian Penal Code of 2005 (not coming into force).
2 Penal Code of 1902, see Section 406 of this act; Penal Code of 2005, see Section 378 of this act (not coming into force).

Section 3. Any person who wilfully or negligently violates this act or any regulations issued in pursuance of the act - whereby the State Treasury is or might have been deprived of an excise duty - shall be required to pay an additional duty equivalent to double and in repeated instances four times the amount of excise duty due.

With respect to responsibility under this section, the person liable for the excise duty is answerable for the actions of customs representatives, assistants, spouse and children.

0 Amended by the act of 26 June 1992 no. 73.
1 Compare with the act of 19 June 2009 no. 58, Section 21-3.
2 See the act of 4 July 1991 no 47.
3 Cf. Penal Code of 1902 Section 48a and 48b; Penal Code of 2005 Chapter 4 (not coming into force.).
Section 4. An administrative fine shall be imposed on the registered owner of any vehicle for the unlawful use of labelled oil or duty-free biodiesel, to be calculated in accordance with further rules laid down by the Ministry. The Ministry may decide to double the administrative fine for any repetition of such violations. The Ministry may waive or reduce the claim in respect of one or more of the parties liable for the duty if for reasons relating to the fixing of the duty it would be unreasonable to uphold the claim in its entirety.

0 Added by the act of 26 June 1992 no. 73, amended by the acts of 15 December 2006 no. 70 (coming into force on 1 January 2007), of 17 June 2005 no. 67 (coming into force on 1 January 2008 as per the resolution of 21 December 2007 no. 1616) and the act of 11 December 2009 no. 113 (coming into force on 1 January 2010).

1 Compare with the act of 19 June 1959 no. 2, Section 3.

Section 5. The excise duty is to be paid in accordance with the rules that apply at the time the obligation to pay excise duties arises.

If a contract for supply has been entered into at the time the excise duty comes into force, the recipient of the contract is obligated to pay an additional sum equivalent to the excise duty unless evidence is produced to show that account was taken of this duty when the price was determined.

0 Amended by the acts of 13 April 1951 no. 2, of 26 June 1992 no. 73 (changing Section 5 to Section 6), of 27 March 1998 no. 13, of 17 June 2005 no. 67 (coming into force on 1 January 2008 as per the resolution of 21 December 2007 no. 1616) and the changing of the section number for Section 6.

1 Compare with the act of 19 June 2009 no. 58, Section 22-1.

Section 5a. Sections 13-5, 13-6 and 16-6 of the Customs Act, regarding the right to impose bookkeeping and administrative decisions on coercive, also apply to the customs authorities’ inspection in accordance with regulations established by authority of Section 1 of this Act.

0 Added by the act of 13 December 2013 no. 108.

Section 6. Those authorities who are invested with functions in pursuance of the Norwegian Price Controls Act are required upon enquiry and notwithstanding the obligation of secrecy otherwise incumbent upon them to provide the county tax offices and the Directorate of Taxation with information concerning grants they have allowed to be paid out of the public purse or out of special price regulation funds.

The Ministry may decide that the Police, the Taxation Authorities and the Norwegian Food Safety Authority are obligated to furnish the Customs and Excise Agency - notwithstanding the obligation of secrecy - with the information necessary for the processing of applications for registration of excise duties on alcoholic beverages.

0 Added by the act of 19 June 1964 no. 17, amended by the acts of 26 June 1992 no. 73 (Section 6 change to Section 7), of 11 June 1993 no. 66, of 20 June 2003 no. 45 (coming into force on 1 July 2003 as per the resolution of 20 June 2003 no. 712), of 17 December 2004 no. 86 (coming into force on 1 July 2005 as per the resolution of 17 June 2005 no. 599), of 29 June 2007 no. 46 (coming into force on 31 December 2007 as per the resolution of 7 December 2007 no. 1370), of 17 June 2005 no. 67 (coming into force on 1 January 2008 as per the resolution of 21 December 2007 no. 1616), amended the paragraph number for Section 7.

1 See the act of 11 June 1993 no. 66.

2 Cf. see the act of 10 February 1967 Sections 13 and onward.

3 Cf. see Section 23 of the act of 19 December 2003 no. 124.

Section 7. Rules regarding the obligation to secrecy etc. in Section 12-1 of the Norwegian Customs Act also apply to the work done by customs authorities related to this act.

0 Added by the act of 9 May 2008 no. 14, amended by the act of 19 June 2009 no. 50.
Section 8. This act comes into force with immediate effect.

Amended by the acts of 19 June 1964 no. 17 (previously Section 6), of 26 June 1992 no. 73 (changed from Section 7 to Section 8), of 17 June 2005 no. 67 (coming into force on 1 January 2008 as per the resolution of 21 December 2007 no. 1616), changed the paragraph numbers from Section 8, of 9 May 2008 no. 14, changed the paragraph number for Section 7.
Extract from the Regulations of 11 December 2001 no. 1451 on Excise Duties

Chapter 1. Introductory provisions

Section 1-1. Area of application
This regulation shall apply to excise duties collected pursuant to the Act of 19 May 1933 no. 11 concerning Excise Duties.

Section 1-2. Definitions
(1) products that are subject to an excise duty means products that have been imported into or manufactured in this country and encompassed by an excise duty resolution enacted by the Storting.
(2) production means any and all processing — including packaging, repackaging or assembly — resulting in the product being subject to a taxation, such as an excise duty, or if the product changes its tax status.
(3) a registered undertaking means an entity that is registered in accordance with the provisions of Sections 5-1 to 5-6.
(4) approved premises means premises used for storage and production or the like, which are approved by the Customs Region in accordance with the provisions laid down in Section 5-7.

Chapter 2. Ordinary provisions concerning the obligation to pay excise duties

Section 2-1. Circumstances under which the obligation to pay excise duties will arise
(1) For registered undertakings, the obligation to pay excise duties will occur when
a) products are withdrawn removed from the enterprise’s approved premises, including incidents of theft and shortages. Losses during operations do not constitute withdrawal,
b) at the time of importation, when the products are not stored in approved premises,
c) at the time of cessation of registration.
(2) In the case of non-registered importers, the obligation to pay excise duties arises at the time of importation.
(3) In the case of bankruptcy estates or mortgagees, the obligation to pay excise duties arises at the time of withdrawal of the products if the excise duty has not been calculated for the products at an earlier time.
(4) In the case of duties on technical ethanol, electrical power and NOx emissions, the obligation to pay excise duties arises in accordance with the provisions laid down in Sections 3-3-3, 3-12-2 and 3-19-4, respectively.
(5) In the case of users entitled to full or partial exemption from the duties on the use of products that are otherwise subject to such a duty, the obligation to pay excise duties will also arise if the preconditions for exemption are nevertheless not satisfied.
Section 2-8. Documenting the right to an exemption on excise duties

Claims for exemption from excise duties must be documentable and documented. Unless otherwise provided for in these regulations, the documentation must show the scope of the claim and that the preconditions for an exemption have been fulfilled.

Section 2-10. Violating the conditions set for exemptions on excise duties

The customs authority may refuse an exemption, reduction or any grant that was issued regarding excise duties for a limited period of time, if the conditions set for the exemption are breached or contravened.

Chapter 3. Special provisions regarding each particular excise duty

Chapter 3-19. The duty on emissions of NOx

This chapter was added by the regulation of 20 December 2006 no. 1587 (coming into force on 1 January 2007).

Section 3-19-1. Technical area of application

The obligation to pay excise duties encompasses emissions of nitrogen oxides (NOx) in energy production from the following sources:

a. propulsion machinery with a total installed capacity of more than 750 kW,
b. motors, boilers and turbines with a total installed capacity of more than 10 MW,
c. flares on facilities on the Norwegian Continental Shelf and on facilities on land.

Section 3-19-2. Geographical area of application

(1) In the case of vessels, the obligation to pay excise duties applies to the following emissions:

a. emissions from traffic within Norwegian territorial waters,
b. emissions from domestic traffic even if parts of the traffic take place outside Norwegian territorial waters,
c. in the case of Norwegian registered vessels, the obligation to pay excise duties will also apply in the case of emissions in inshore waters.

(2) In the case of aircrafts, the obligation to pay excise duties applies to emissions occurring between Norwegian landing fields on land and Norwegian landing fields and facilities on the Norwegian Continental Shelf. In the case of airplanes, the obligation to pay excise duties in these instances will apply only to emissions during takeoff or landing. In the case of aircrafts, the obligation to pay excise duties will moreover apply to emissions between Norwegian landing fields and landing fields on Svalbard, Jan Mayen and the dependencies.
In the case of airplanes, the obligation to pay excise duties in these instances applies only to emissions during takeoff or landing on Norwegian landing fields.

(3) In the case of vehicles, including railway vehicles, the obligation to pay excise duties applies to emissions in Norway.

(4) In the case of other emission units, including stationary and mobile facilities performing petroleum activities, the obligation to pay excise duties applies to emissions in Norway and on the Norwegian Continental Shelf.

Section 3-19-3. Definitions
In this chapter, the following terms shall have the following meanings:

a. propulsion machinery - machinery used or designed for the propulsion of vessels, aircrafts or vehicles,

b. Norwegian territorial waters – maritime zones around the Norwegian mainland encompassed by the Act of 26 June 2003 no. 57 concerning Norway’s Territorial Waters and Contiguous Zones,

c. domestic traffic - traffic between two Norwegian ports, and between Norwegian ports and Svalbard, Jan Mayen, the dependencies and facilities on the Norwegian Continental Shelf,

d. facilities on the Norwegian Continental Shelf – plants or installations, including floating plants or installations, linked to the exploitation of natural deposits in the maritime zones outside Norwegian territorial waters,

e. inshore waters – maritime zones where the distance to the Norwegian coast (the baseline) is less than 250 nautical miles,

f. distant waters – maritime zones where the distance to the Norwegian coast (the baseline) is 250 nautical miles or more,

h. port - any place at which a vessel can go alongside a quay, a dockside workshop or a continental shelf facility and at any outer limit of the territorial sea at which a vessel loads or unloads products or allows persons to embark or disembark,

i. landing field - a landing field as provided for in Section 7-5 first paragraph of the Norwegian Aviation Act,

j. aircrafts - airplanes and helicopters,

k. revolutions per minute - the maximum revolutions per minute (rpms) of the engine as shown on a certificate or the like.

Section 3-19-4. Circumstances under which the obligation to pay the excise duty will arise
The obligation to pay the excise duty arises with the emission of NOx.
Section 3-19-5. Basis for calculating the excise duty
The excise duty is calculated per kilogram of NOx.

Section 3-19-6. Calculating the excise duty
(1) This excise duty is calculated on the basis of actual emissions of NOx, calculated as NO₂-equivalents. In the case of continuous measurement of emission, the concentration of the NOₓ is determined on the basis of a daily average value for each of the 24-hour periods during the taxable period. In determining a valid daily average value, no more than two hourly, five half-hourly or fifteen ten-minute average-values may be rejected per 24-hour period on the grounds of faults in or maintenance of the equipment used for continuous measurement. If a valid daily average value cannot be determined for one or more 24-hour periods, each of these must be replaced with the average of the valid daily average values for the period. If no valid daily average value can be determined over a period of at least fourteen 24-hour periods during the course of the tax period, then the average value from the preceding tax period must be applied. Measurements shall be conducted under ordinary and representative operating conditions. Sampling and analysis shall be performed according to the official Norwegian Standards (NS) established for this. The same applies to the calibration of measuring equipment. Where no Norwegian Standard exists, some other international standard may be used.
(2) If actual emissions as provided for in the first paragraph are not known, the excise duty must be calculated on the basis of a source-specific emission factor and the quantity of energy consumed. In the case of airplanes, the excise duty is calculated using the formula described in Section 3-19-8.
(3) If actual emissions as provided for in the first paragraph are not known or if source-specific emission factors as provided for in the second paragraph have not been determined, the emissions will be calculated using the table in Section 3-19-9.

Section 3-19-7. Establishing the source-specific emission factor
A competent authority may determine the source-specific emission factor subject to application by the entity that is obligated to pay the excise duty. The competent authorities for this excise duty are the Environment Agency in the case of land-based activities, the Norwegian Maritime Directorate in the case of vessels, the Norwegian Civil Aviation Authority in the case of aircrafts and the Norwegian Petroleum Directorate in the case of facilities on the Norwegian Continental Shelf. The competent authority may give guidelines for determining the source-specific emission factor.

Section 3-19-8. Formula for calculating emissions from aircraft
(1) For aircrafts, the excise duty is calculated on the basis of the following formula:
\[ \text{Impact value} = a \cdot \text{motor} \cdot \sum_{\text{LTO mode}} \left( \frac{60 \cdot \text{time} \cdot \text{fuel rate} \cdot \text{NOx index}}{1000} \right) \]

\( a \) (average) factor depending on the HC (hydrocarbon) value of the engine.
- \( a = 1 \) if the average HC value is less than or equal to the applicable ICAO standard of 19.6 g/kN.
- \( a > 1 \) if the average HC value is greater than the applicable ICAO standard.
- \( a \) cannot exceed 4.0

**engines** number of engines

**LTO mode** 4 phases: takeoff, climb, approach, taxiing (movement up to 3000 feet above the ground)

**time** standardised time-period for each individual LTO mode for a given type of engine (minutes)

**fuel rate** fuel rate per mode (kg/sec)

**NOx index** emission index per mode (g/kg fuel)

(2) In the case of lacking data on the emission or engine, the engines with the highest HC value and NO\(_x\) index will form the basis for calculating the actual excise duty.

0 Added by the regulation of 20 December 2006 no. 1587 (coming into force on 1 January 2007).

**Section 3-19-9. Table for calculation of emissions**

(1) **Engines**

a. Rpm less than 200: 100 kg NO\(_x\) per tonne of energy product
b. 200 rpm to 1000 rpm: 53 kg NO\(_x\) per tonne of energy product (54 kg for engines constructed before 2000)
c. 1000 rpm to 1500 rpm: 50 kg NO\(_x\) per tonne of energy product
d. 1500 rpm upwards: 44 kg NO\(_x\) per tonne of energy product (45 kg for engines constructed before 2000)

(2) **Boilers**

a. 9.6 kg NO\(_x\) per tonne of heavy oil
b. 4.5 kg NO\(_x\) per tonne of hard coal
c. 3.6 kg NO\(_x\) per tonne of light oil
d. 3.6 kg NO\(_x\) per tonne of marine gas oil/diesel
e. 3.6 kg NO\(_x\) per tonne of heavy distillate
f. 1.8 kg NO\(_x\) of bio fuel, virgin fuel (dry solids)
g. 2.4 kg NO\(_x\) per tonne of bio fuel, recycled wood (dry solids)
h. 1.7 g NO\(_x\) per Sm\(^3\) natural gas, gas boilers
i. 2.8 g NO\(_x\) per Sm\(^3\) natural gas, converted boilers
j. 2.0 g NOₓ per Sm³ LPG, gas boilers

k) 3.4 g NOₓ per Sm³ LPG, converted boilers.

(3) Turbines

a. Turbines: 16 g NOₓ per Sm³ gas
   25 kg NOₓ per tonne liquid energy product

b. Low NOₓ turbines: 1.8 g NOₓ per Sm³ gas

(4) Flares

a. 4 g NOₓ per Sm³ gas, refinery flares
b. 2 g NOₓ per Sm³ gas, landfill gas flares

c. 12 g NOₓ per Sm³ gas, other flares.

(5) Helicopters

For helicopters, the excise duty is calculated on the basis of a factor of 6.67 kg NOₓ per tonne of energy product consumed.

(6) Railway vehicles

For railway vehicles, the excise duty is calculated on the basis of a factor of 47 kg NOₓ per tonne of energy product consumed.

Section 3-19-10. Documentation for calculating the excise duty

(1) If the excise duty is calculated on the basis of actual emissions, the calculation must be documented.

(2) If the duty is calculated on the basis of a source-specific emission factor, documentation shall be provided showing that the calculation is in accordance with the Norwegian Standard (NS) for this, or an equivalent international standard. Where the source-specific emission factor is not determined in accordance with NS or an equivalent international standard, documentation must be submitted from a competent authority verifying the factor used.

(3) In the case of engines where the rpm figure is used, this shall be documented by means of a certificate or the like.

(4) The undertaking shall document the type and quantity of energy product used for emissions that are subject to this duty.

(5) For calculating the excise duty on emissions from low-NOₓ turbines, the undertaking shall submit a certificate from the manufacturer or other documentation verified by a competent authority showing that the turbine is a low-NOₓ turbine.

Section 3-19-11. Exemption from the excise duty - direct foreign traffic, and fishing and catching in distant waters

(1) Emissions from vessels in direct traffic between Norwegian and foreign ports and from aircrafts in direct traffic between Norwegian and foreign landing fields are exempted from excise duty for the entire voyage.
(2) Emissions from vessels used for fishing and catching in distant waters are exempted from the excise duty for that part of the voyage that takes place in distant waters.
(3) The basis for exemption pursuant to this provision shall be documented by means of the submission of a copy of a log or the like showing the vessel’s name, nationality, destination and the quantity of energy product consumed in payable and exempt emissions, respectively.
(4) Emissions encompassed by this provision shall be recorded exclusive of the excise duty in the entity’s excise duty return.

Section 3-19-12. Exemption from the excise duty - environmental agreements with the Norwegian Government

(1) Emissions from units that are subject to the Norwegian Environmental Agreement regarding the Reduction of NOx Emissions for the period 2011-2017 are exempted from this excise duty.
(2) This exemption is applicable from the date of compliance to the agreement. The compliance date is the date that the Certificate of Compliance for this agreement is issued by the Confederation of Norwegian Enterprise’s Business Sector’s NOx Fund (NHO’s Næringslivets NOx-fond). This exemption is applicable from the date 1 January 2011 for taxable undertakings that signed this agreement no later than 1 July 2011. The Customs Region will refund the exempted excise duties after an application has been submitted for the exemption for duties paid during the time period 1 January to 30 June 2011.
(3) Exemptions are made under the condition that the Environment Agency has given its approval for the implementation of the contract obligations for each year in question. In cases where the Environment Agency does not approve the agreement, the entity in question must report its emissions and pay the applicable excise duties for which the exemption was made before the 18th of July of the following year. The entity shall pay a reduced excise duty if only a part of the agreement was approved. This reduction will correspond to the proportion in percentage of the annual excise duty reduction that was actually complied with.
(4) The basis for exemption pursuant to this provision shall be documented by means of the submission of the Certificate of Compliance from the Business Sector’s NOx Fund. A copy of the Certificate of Compliance must also be sent to the Customs Region.
(5) The registered undertaking must notify the Customs Region immediately if the Certificate of Compliance is rescinded.

Section 3-19-13. Payment of excise duties - foreign owners of vessels and aircrafts that are subject to the excise duties

(1) Foreign owners with no place of business or domicile in Norway shall pay such excise duties through a representative registered for taxable traffic pursuant to letter d of Section 5-2 for taxable traffic.
(2) Upon arrival in Norway, the master or pilot of the vessel or aircrafts shall notify the Customs Authority of the representative that will pay the excise duty.
(3) The owner of the vessel or aircraft and the representative are jointly and severally liable for the payment of the duty.

0 Added by the regulation of 20 December 2006 no. 1587 (coming into force on 1 January 2007).

Section 3-19-14. The excise duty refund for undertakings that install treatment equipment - transitional arrangement

(1) Taxable undertakings that before 1 July 2007 conclude an agreement with a workshop or the like about the time at which treatment equipment will be installed may apply for a refund of the excise duty. The refund shall be equivalent to the difference between emissions before and after installation of the treatment equipment, for the period between 1 January 2007 and the time at which the treatment equipment is installed. An application for a refund must be submitted to the Customs Region when the treatment equipment has been installed.

(2) The basis for a refund pursuant to this provision shall be documented by means of the submission of a copy of a dated agreement with the workshop or the like, confirmation from the workshop or the like in question that the treatment equipment has been installed and documentation from a competent authority or an accredited institution showing emissions after installation.

0 Added by the regulation of 20 December 2006 no. 1587 (coming into force on 1 January 2007).

Section 3-19-15. The excise duty refund for undertakings with assessed source-specific emission factor - transitional arrangement

(1) Taxable undertakings that before 1 July 2007 have applied for a source-specific emission factor to be assessed may apply for a refund of the duty. This refund shall be equivalent to the difference between the calculated emissions before and after the assessment of source-specific factor, for the period from 1 January 2007 and until the factor has been assessed. Applications for refunds must be submitted to the Customs Region when the factor has been assessed.

(2) The basis for a refund pursuant to this provision shall be documented by means of the submission of a dated application for assessment of source-specific factor and documentation from a competent authority or an accredited institution verifying the factor used.

0 Added by the regulation of 20 December 2006 no. 1587 (coming into force on 1 January 2007).

Chapter 4. Excise duty exemptions and reduced rates for certain areas of use

Chapter 4-1. (Revoked)

0 Chapter revoked 1 January 2014 by the regulation of 17 December 2013 no. 1565.

(Chapter 4-2 - Chapter 4-11)

Chapter 5. Administration of the excise duties etc.

I. Registration

Section 5-1. The obligation to register

The following undertakings shall be registered for each separate excise duty:

a) producers of products that are subject to the excise duty, with the exception of micro power stations and energy recovery plants that supply electrical power directly to the
end user.
b) undertakings that produce or import technical ethanol with an alcoholic strength of over 2.5 volume percent.
c) undertakings that recover TRI and PER where recovery is conducted with a view to resale,
d) undertakings that transport electrical power to the consumer
e) importers of alcoholic beverages with an alcoholic strength of over 2.5 volume percent where no special permit or licence has been granted,
f) undertakings that own facilities, vessels, aircrafts or vehicles subject to the NOx excise duty, with the exception of undertakings that have only duty-free emissions or foreign activities using a representative registered pursuant to Section 5-2 letter d,
g) operators of facilities on the Norwegian Continental Shelf subject to the NOx excise duty, including mobile facilities performing petroleum activities.

Section 5-2. The right to register

The following undertakings may be registered subject to application to the Customs Region:
a) importers of taxable products subject to registration, pursuant to Section 2-1 of the Value Added Tax Act,
b) importers of taxable products when the products are to be used as raw materials or are for duty-free use pursuant to the provisions of resolutions for excise duties adopted by the Storting.
c) importers of boat engines and undertakings engaged in commercial production of vessels for sale.
d) representatives of foreign undertakings that own vessels or aircrafts that are subject to the NOx excise duty.

Section 5-4. Place of registration

Registration shall occur in the Customs Region in which the place of business of the undertaking is located. Undertakings with places of business in multiple customs regions shall register the undertaking in the Customs Region in which their head office is located.
Section 5-5. Registration notification etc.

(1) Notification of or application for registration shall be sent no later than one month before production or importation commences.

(2) The notification or application shall contain information on

a) the production and storage premises (drawings), including the location of the premises,
b) the type of products that will be produced or stored,
c) when production or storage will commence,
d) stocks of products,
e) budgeted and current sales,
f) the size and scope of imports and reception of products that are subject to excise duties,
g) accounting procedures and stock holding,
h) who will effect ongoing payment of the excise duty,
i) customs credit number if applicable,
j) the business' Enterprise Organization Number,
k) street address and postal address,
l) where applicable, licences and concession or statements of good conduct.

(3) Changes in the circumstances provided for in the second paragraph shall be reported to the Customs Region without delay. Notification shall also be filed if the business ceases or stops for more than three months and in the event of the resumption of the business.

4) In the case of the excise duty on electrical power and for the NOx excise duty, the provisions of the second paragraph shall apply correspondingly, subject to the adjustments necessary in light of the nature of the excise duty.

Amended by the regulations of 12 December 2003 no. 1533 (coming into force on 1 January 2004), of 19 December 2003 no. 1758 (coming into force on 1 January 2004), of 22 June 2005 no. 682 (coming into force on 1 July 2005), of 15 December 2006 no. 1442 (coming into force on 1 January 2007), of 7 December 2010 no. 1552 (coming into force on 1 January 2011) and of 16 December 2014 no. 1766 (coming into force on 1 January 2015).

Section 5-6. Refusal or revocation of registration

(1) The Customs Region may refuse or revoke registration if

a) the undertaking, board members or management are not considered creditworthy,
b) the undertaking has unpaid arrears with regard to taxes, excise or customs duties or is in breach of legislation governing excise duties, customs duties or value added tax, or

c) the nature of the undertaking’s business activities has changed.

(2) The Customs Region shall revoke registration if the conditions provided for in Section 5-3 are no longer fulfilled, or if the registered entity is no longer fulfilling the obligations provided for in these regulations or in the Tax Payment Regulations.

(3) In the event of the revocation of registration for the handling of technical ethanol or the death of the holder, the owner or the estate shall ensure that the stock of these products is sold or transferred to a registered undertaking. Failing this, the products shall be confiscated or destroyed.

Amended by the regulations of 12 December 2003 no. 1533 (coming into force on 1 January 2004), of 19 December 2003 no. 1758 (coming into force on 1 January 2004), of 22 June 2005 no. 682 (coming into force on 1 July 2005) and of 21 December 2007 no. 1775 (coming into force on 1
(Section 5-7)

III. Accounts

Section 5-8. Accounts

(1) For registered undertakings that, pursuant to the Norwegian Act concerning Annual Accounts Etc. (the Accounting Act) of 17 July 1998 no. 56, are required to keep accounts of business activities, these accounts must contain a list and description of the use of raw materials and the scope and extent of production. Furthermore, the accounts shall be set out in such a way that the quantities of taxable products can be readily controlled and verified. In the case of registered undertakings that declare excise duties on a terminal basis, stock accounts shall be recorded of products in stock that are subject to the excise duties. The stock accounts shall contain products in stock, reception and delivery of products that are subject to excise duties, including any duty-free transfers to other registered undertakings or to approved premises, as well as withdrawals for own sales outlets or own use. The accounts shall show any difference between measured or counted stocks and the stocks as shown in the stock accounts.

(2) Before the end of the filing deadline for the tax term in question, registered undertakings that record stock accounts in accordance with the first paragraph shall reconcile the figures contained in their excise duty return with the stock accounts. This reconciliation will be included together with the stock accounts as part of the accounting material that the undertaking is required to store.

(3) Registered undertakings that are not subject to the accounting requirement under the Accounting Act may be instructed by the Customs Region to store documents of significance to the scope of excise duties, such as purchase and sales invoices, contracts and payment vouchers. Moreover, the undertaking may be instructed to record stock accounts and to reconcile the accounts in the way provided for above. The obligation to store documents, where applicable stock accounts and reconciliations, remains in force for ten years.

0 Amended by the regulations of 12 December 2003 no. 1533 (coming into force on 1 January 2004) and of 18 February 2004 no. 411.

IV. Inspection provisions etc.

Section 5-9. General rules on inspection

(1) Customs and Excise may at any time inspect whether the correct excise duties have been calculated and paid and whether the conditions established in Section 5-3 have been fulfilled. To this end, Customs and Excise may inspect premises in which taxable products are produced or stored, adjoining rooms and vehicles used to transport such products. Moreover, Customs and Excise may check the accounts in their entirety and associated documentation, including electronic documents and software. During the inspection of the entity’s archives, Customs and Excise is permitted to copy documents to a digital storage medium for future review, either with the entity in question – which is subject to the duty of disclosure - or at the offices of Customs and Excise itself.

(2) Customs and Excise may investigate taxable products. Sample products may be collected, without any form of payment being made to the entity.
(3) Investigations as provided for above may be conducted at the manufacturer, importer, exporter, dealer, intermediary, warehousing of stocks and carriers of taxable products, as well as from users claiming a reduction or exemption on such excise duties. Moreover, investigations may take place at manufacturers and dealers of products that can be used in or for the production of a taxable product.

(4) The undertaking’s owner, board members, general manager and other employees are required to provide the necessary assistance and guidance in connection with the investigation. Accounting material and other documents to be inspected shall be presented, released or forwarded to Customs and Excise without delay. By documentation is also meant electronically stored documents. The obligations described above also apply to electronic software, programs and program systems.

(5) In the event of inspection in accordance with this section, the regulations established in accordance with the Customs Act Section 13-4 fifth paragraph are applicable to the extent these apply.

Amended by the regulations of 22 June 2005 no. 682 (coming into force on 1 July 2005), 2 February 2009 no. 104 and 8 March 2013 no 259.

V. The duty to provide information

Section 5-15. The duty to provide information

The entity obligated to provide information pursuant to this regulation must behave in an attentive and loyal manner toward the authorities. The entity that is subject to the duty of disclosure must assist the authorities in regard to questions of the obligation to pay such excise duties at the correct time and with the purpose of clarity and the intention to comply with legislation in this regard, and is obligated to inform Customs and Excise about any errors in the calculation of excise duties.

Amended by the regulation of 11 January 2010 no. 23.

Chapter 6. The excise duty return and payments etc.

Section 6-1. The excise duty return

(1) Registered undertakings shall file a monthly excise duty return specific to these duties with the Customs Region, by the 18th of the following month (the deadline for filing such returns). A return shall be filed even if no excise duty is collectable for the period (zero return).

(2) Undertakings registered for excise duties on electrical power shall file this monthly return with the Customs Region within one month and eighteen days after the end of the quarter in which the invoice was sent or the delivery/withdrawal without invoicing having occurred.

(3) Undertakings registered for paying the duty on emissions of NOx shall file these returns with the Customs Region within the 18th of the month after the end of the quarter in which the emission took place.
(4) The Customs Region may fix a shorter time for filing such returns if information exists on the circumstances of the undertaking that indicate that it is likely the duty will not be paid on time.

(5) Undertakings registered pursuant to Section 5-1 letter b that exclusively import or produce technical ethanol with approved denaturing are not required to file such returns.

(6) Importers registered pursuant to Section 5-2 letter b are not required to file such returns.

(7) The Excise Duty Return must be submitted in either the electronic or paper form. If the paper version of the Excise Duty Form is used one must use the official form established for this and sign the form before submission. The electronic version must be submitted to the reception centre that is designated for this by the Directorate.

(8) The electronic version of the Excise Duty Return will be considered submitted as soon as it is received by the reception centre and an electronic confirmation voucher has been generated. The paper version of the Excise Duty Return will be considered submitted as soon as it has been postmarked, as long as the postmark is dated before the deadline for submission expires.

Section 6-2 - Section 6-5. (Repealed 1 January 2008; see the Regulations of 21 December 2007 no. 1775.)

Section 6-6. Calculation of excise duties in arrears, etc.

(1) In the event of non-calculation or incomplete calculation of excise duties, the Customs Region may calculate excise duties in arrears.

(2) Moreover, the Customs Region may calculate these duties in arrears if the duty to be paid with interest has been refunded on the basis of incorrect or incomplete information. The same applies if products that have been supplied duty-free or at a reduced rate have been used for taxable purposes.

(3) In instances as provided for in the second paragraph, the Customs Region may decide that the exemption should in the future be practised in some other way than provided for in these regulations.

Section 6-7 - Section 6-9. (Repealed 1 January 2008; see the Regulations of 21 December 2007 no. 1775.)

Chapter 7. Final provisions

Section 7-1. Supplementary regulations, etc.

(1) Questions concerning the scope of the obligation to pay excise duties must be put to the Customs Region.

(2) The Customs Region may require the installation of measuring equipment and the like for the purpose of calculating excise duties, and for inspections. The Directorate may issue regulations concerning requirements for measuring equipment and methods of measuring.
(3) The Directorate may issue regulations requiring the use of fixed conversion factors where taxable products are sold by measure of capacity rather than by weight.

(4) The Directorate may issue regulations according to which the Norwegian Beekeepers Association may retain a predetermined amount for administration costs for each application granted for subsidies for beekeeping, cf. Section 3-16-4.

(5) The Directorate may issue regulations clarifying, supplementing and implementing these regulations, including on calculation, repayment and inspection etc. Moreover, the Directorate may issue regulations concerning the preconditions for exemption from the excise duty, including requirements as to documentation and minimum limits for exemption.

Amended by the regulations of 12 December 2003 no. 1533 (coming into force on 1 January 2004) and of 21 December 2007 no. 1775 (coming into force on 1 January 2008).

Section 7-2. (Repealed 1 January 2009; see the Regulations of 17 December 2008 no. 1413.)

Section 7-3. Transitional provisions

Undertakings with approved premises must within two years from the coming into force of these regulations renew their approval in accordance with Section 5-7.

Section 7-4. Coming into force, etc.

(1) These regulations apply from 1 January 2002.

[...]
Extract from the Act of 17 June 2005 no. 67 concerning the Payment and Collection of Claims for Taxes and Excise Duties (the Tax Payment Act)

To review the entire act (in Norwegian), please refer to http://www.lovdata.no/all/hl-20050617-067.html

[...]

Section 9-1. Ways and means of payment

(1) Taxes and duties can be paid using legal tender as a means of payment or by transferring the amount due to the collection authorities’ bank account, unless the collection authorities request payment in cash. A supplier who pays taxes or duties through the simplified registration scheme as defined in Sections 14-4 to 14-7 of the Norwegian Vat Act must pay the charges by transferring the amount to the collection authorities’ bank account.

(2) Claims that are charged through the daily settlement arrangement must be paid in cash. The Customs Region may decide whether the settlement can also be paid using an electronic bank payment.

(3) The Ministry may issue regulations that provide more detailed rules for the payment scheme for paying taxes and duties, including the obligation of financial institutions to reject payment orders that lack necessary information in cases where a cash payment can be made.

1 Amended by the acts of 15 December 2006 no. 85 (coming into force immediately and on 1 January 2008 as per the resolution of 7 December 2007 no. 1371) and 24 June 2011 no. 27 (coming into force on 1 July 2011).
2 Cf. Section 9-3 (1) second item.
3 Cf. Section 9-1 (2).
4 Cf. Chapter 2.
5 The act of 19 June 2009 no. 58.
6 Cf. Chapter 2.

Section 9-2. Time and place for payment

(1) Payment of taxes and duties is deemed completed when the payment amount has arrived at the correct collection authority. For payments made by bank transfer the payment is deemed completed when the amount has been credited to the collection authorities’ bank account. For transfers within the same bank the payment is deemed completed when the amount has been credited to the recipient’s bank account. When settlement is done in cash the payment is deemed completed when the amount is available for the collection authorities at the bank or at the authorities’ office and the recipient has been notified of the payment.

(2) The specified payment deadline is met

a) when a payer’s deposit has been received by the bank

b) when the collection authorities have received and accepted a check or other form of payment.

(3) The third and fourth paragraphs of Section 39 of the Norwegian Financial Contracts Act apply correspondingly.

1 Cf. Section 9-3 (2) fourth item.
2 Cf. Chapter 2.
Section 10-1. Unconditional obligation to pay and the prohibition against conveyance of outstanding credit

(1) Claims for taxes and excise duties shall be paid when due and in the amount originally determined, even if the amount determined has been appealed or brought before the courts.
(2) Claims for repayment of taxes and duties cannot be charged or assigned.
(3) The second paragraph shall not apply to disbursements under Section 3 letter c fifth paragraph of the Petroleum Taxation Act. Nevertheless, the right to set off takes precedence above rights established by charge or assignment.

Section 10-2. Deferred due date

The time limit will be postponed until the next working day if the time for payment expires on a Saturday, Sunday, a holiday or a statutory public holiday.

Section 10-40. Domestic excise duties

(1) Domestic excise duties come due for payment at the same time as the obligation to pay excise duties arises. Nevertheless, this does not apply to:
   a) the annual motor vehicle tax for vehicles registered in the Motor Vehicle Register on 1 January which comes due for payment on 20 March.
   b) the heavy goods vehicle tax for vehicles registered in the Register of Motor Vehicles which comes due for payment in two equal instalments on 20 February and 20 August respectively.
   c) the non-recurring tax for registered undertakings which comes due for payment on the eighteenth day of the month after obligation to pay excise duties arose.
   d) the incorrect use of labelled oil according to Section 4 of the Excise Duties Act which falls due for payment three weeks after the notification of the demand is sent.

(2) In the case of undertakings that are registered with the customs regions and obliged to pay such duties, the duty for any period in question falls due for payment on the same day as the return is to be submitted.
(3) The Ministry may issue regulations containing detailed rules concerning the due dates for claims as provided for in the first paragraph.
Section 10-41. Customs duties, value added tax and excise duties incumbent on importations

(1) Customs duties and excise duties that arise upon importation and which are not charged
to customs credit or to a daily settlement arrangement, cf. Section 14-20, come due for
payment at the same time as the obligation to pay such customs duties arises.

(2) Claims charged to customs credit for a calendar month come due for payment on the
eighteenth day of the following month.

(3) Claims for tax and duty charged to a daily settlement arrangement come due for payment
on the first business day after the customs declaration was completed. The Customs Region
may specify a deadline before which payment shall be effected on the due date.

0 Amended by the act of 15 December 2006 no. 85.

[…]

Section 10-52. Liability claims

Liability claims pursuant to Chapter 16, liability claims pursuant to Section 4-1 second
paragraph, and liability claims pursuant to Section 7 of the Act of 13 December 1996 no. 87
concerning Tax on Fees Paid to Non-resident Performers Etc. must be paid no later than two
weeks after the notification of the claim has been sent; see Section 4-18 of the Norwegian
Enforcement Act 1.

0 Amended by the acts of 15 December 2006 no. 85 and of 12 June 2010 no. 40.
1 Cf. Section 11-1.
2 Act of 26 June 1992 no. 86.

Section 10-53. Claims for tax and duty in amendment decisions etc. and adjustment by the taxpayer 1

(1) When the tax authorities amend an administrative decision which leads to an increase in
a tax or duty for a claim that ordinarily falls due for payment pursuant to Sections 10-10 to
10-12, 10-21, 10-22 second paragraph or Sections 10-30 to 10-41, then this increase and its
interest according to Section 11-2 must be paid no later than three weeks after the notification
of the decision is sent. Nevertheless, this will apply only if the deadline for payment comes
later than the ordinary due date for the claim. If the increase comes about because the entity
which is obligated to pay the tax or duty has altered a previously submitted return, the
deadline will be calculated from the date upon which the notification of the change reaches
the tax or duty authorities.

(2) In the event of an increase in tax arrears 2 as a consequence of changes pursuant to the
rules provided for in Chapter 9 of the Tax Assessment Act 3, the deadline for payment shall
be calculated from the date upon which notification of a new assessment of a tax or duty 4
has been sent to the debtor. Tax arrears for personal taxpayers shall be paid as early as
possible, together with the second instalment.

0 Amended by the act of 22 June 2012 no. 43 (coming into force when the King decides)
1 Cf. see Section 1-3.
2 Cf. Section 7-1(2).
4 Cf. Section 7-2.
5 Cf. Section 4-1 (1), b.

[…]

Section 10-60. Credit balances
(1) Where an excess amount of a tax or duty has been paid and otherwise where a credit balance arises, the amount and interest pursuant to Section 11-4 shall be reimbursed to the party that is obligated to pay the tax or duty, as soon as possible and no later than three weeks after the decision that resulted in repayment was adopted, except as otherwise provided for in statute or regulations. The payment shall also include interest paid on the repayable amount. Interest that has accrued but has not been paid will not apply.
(2) In the case of credit balances arising as a result of adjustment by the taxpayer on previously submitted returns, the deadline will be calculated from the date upon which the tax or duty authorities approved the amount for disbursement.
(3) In the case of credit balances that arise following ordinary assessment, cf. Section 7-1, the deadline for any settlement will be sent to the taxpayer. In other cases, the deadline will be calculated from the date on which assessment took place.
(4) In the case of claims for disbursement of value added tax to registered business undertakings pursuant to Section 11-5 of the new Value Added Tax Act, the deadlines will be calculated from the date upon which the VAT return was received by the tax authority.

Section 11-1. Interest on overdue payments
(1) Interest shall be calculated on claims for taxes and duties that are not paid by the due date in accordance with Chapter 10. Interest is calculated on the basis of the claim with the addition of interest pursuant to Sections 11-2 or 11-5, where applicable. Interest accrues from the due date and until payment has been made. In the case of claims pursuant to Section 10-52, interest accrues from the due date for the claim on the tax or duty that the liability claim shall cover and until payment has been made.
(2) Section 2 second paragraph of the Act of 17 December 1976 no. 100 concerning Interest on Overdue Payments Etc. applies correspondingly.
(3) The rules on accelerated maturity in Section 10-20 fourth paragraph and Section 10-21 second paragraph do not apply for interest calculations pursuant to the first paragraph.

Section 11-2. Interest in the case of amendment decisions, adjustment by the taxpayer, inheritance tax paid after the due date etc.
(1) Interest shall be calculated on increases in tax and duty determined by amendment decisions etc. or as a result of the party that is subject to the tax or duty having amended a previously submitted return. Interest shall not be calculated on summary amendments pursuant to Section 9-9 of the Tax Assessment Act.
(2) Interest is calculated from the due date of the claims pursuant to Sections 10-1 to 10-41, and until the decision is adopted on amendment etc., or a new and altered return arrives at the tax authorities, with the exception of items stated paragraphs three to seven.
(3) Interest on increases in tax following a new assessment, cf. Section 7-2, will be calculated from 1 January in the year after the year of assessment.

(4) Interest on petroleum tax following a new assessment, cf. Section 7-2, will be calculated from 1 January in the year after the financial year.

(5) Interest on excess repayments according to Section 10-1 of the VAT Act and interest on excess reimbursements according to Section 11-5 of the VAT Act are calculated from the time the amount was paid until a decision is made regarding a change of these types of payments etc.

(6) If inheritance tax pursuant to Section 10-31 fourth paragraph is paid after the due date that follows from Section 10-31 first and second paragraphs, interest shall be paid on the tax or duty amount for the period from the ordinary due date and until the fee is determined with final effect.

(7) If payments have been made to cover the claim for a tax or duty before a decision on amendment etc. is made, or before notification of adjustment by the taxpayer of a previously submitted return has reached the tax and duty authorities, then interest will be calculated until the date of payment.

Amended by the acts of 15 December 2006 no. 85, of 14 December 2007 no. 110 and of 19 June 2009 no. 58 (coming into force on 1 January 2010 as per the resolution of 6 November 2009 no. 1347).

Cf. Section 11-6 (2).

Cf. inter alia Chapter XIII of the act of 19 June 2009 no. 58 and Chapter 9 of the Tax Assessment Act.


Act of 19 June 2009 no 58.

Section 11-3. Interest compensation on late disbursements

(1) In the case of a refund of a tax or duty later than the due date provided for in Section 10-60, interest shall be paid for the period from the due date and until payment has been made.

(2) Section 2 second paragraph of the Act of 17 December 1976 no. 100 concerning Interest on Overdue Payments Etc. applies correspondingly.

Amended by the acts of 9 December 2005 no. 115 and of 14 December 2007 no. 110.

Cf. Section 11-6 (1).

Section 11-4. Interest compensation on disbursements pursuant to an amendment decision etc. and adjustment by the taxpayer

(1) In the event of repayment of excess tax or duty as a consequence of an amendment decision etc., or adjustment by the taxpayer of a previously submitted return, interest compensation shall be paid from the date on which payment was effected and until the due date in accordance with Section 10-60.

(2) In the event of repayment following a new assessment, interest will be calculated from the finalised tax settlement after the ordinary assessment was sent to the taxpayer. In cases dealing with a withholding tax on dividends, interest is calculated from the finished tax settlement after the ordinary assessment was sent to the withholding company.

In the case of disbursement of value added tax not previously paid in, interest will be paid from three weeks after the deadline for submission of the return for the instalment in question, cf. Section 15-8 of the Value Added Tax Act.

(4) In case of other types of disbursements than those discussed in the first paragraph, a compensatory interest may be paid when special circumstances call for this. The Ministry
may issue regulations determining that interest compensation shall be paid in other cases even where special circumstances do not exist.

(5) In case of disbursement of an excess of the petroleum tax after a new assessment, cf. Section 7-2, interest shall be calculated from 1 January of the year following the year of income up until the date that payment is due as in Section 10-60.

Amended by the acts of 14 December 2007 no. 110, of 19 June 2009 no. 55, of 25 June 2010 no. 40 and of 10 December 2010 no. 69 (coming into force on 1 January 2011).

1 Cf. Section 11-6 (2) second item.

2 Cf. Section 7-2.

3 Act of 19 June 2009 no 58.

4 Cf. see Section 2 and Chapter VII of the Public Administration Act.

[…]

Section 11-6. Interest rates

(1) The rate of interest for interest pursuant to Sections 11-1 and 11-3 shall correspond to the rate determined pursuant to Section 3 first paragraph item one of the Act of 17 December 1976 no. 100 concerning Interest on Overdue Payments Etc. If a payment arrangement has been granted for inheritance tax because the inheritance or gift largely encompasses business activities, the rate of interest shall be half of the rate provided for in the first item.

(2) The rate of interest for interest pursuant to Section 11-2 shall be equivalent to the monetary key rate of interest as determined by Norges Bank as at 1 January in the year in question with the addition of one percentage point. The rate of interest for interest pursuant to Section 11-4 shall be equivalent to the monetary key rate of interest as determined by Norges Bank as at 1 January in the year in question.

(3) Changes to the size of the rate of interest shall take effect from the time at which the change enters into force, including for claims for tax and duty where interest accrues before the entry into force.


[…]

Section 12-1. Rules on limitations

(1) The Statute of Limitations applies with the exceptions that are stated in paragraphs two to five.

(2) For claims on taxes and duties, the limitation period runs from the end of the calendar year of the claims, or in case of the last term of the claims when these are due for payment.

(3) For advance payments on taxes, the limitation period runs from the end of the calendar year when the tax assessment was taken. For claims on inheritance tax, the period of limitations runs from the time the claim is due until payment is made, pursuant to Sections 10-31 and 10-32. For claims on duties from gifts and distributions from undivided estates, the deadline shall still in no case begin to accrue until the taxation authorities have received a verified notification about the gift or the distribution, in accordance with Section 25 second paragraph of the Norwegian Inheritance Tax Act.

(4) For inheritance tax, the period of limitations has a duration of ten years.

(5) If the limitation is discontinued according to Section 17 of the Act of 18 May 1979 no. 18 concerning the Limitation Period for Claims (the Statute of Limitations), then overdue interest that falls due for payment at a later date is not discontinued for claims on taxes or duties until the capital sum becomes obsolete.
0 Amended by the act of 9 December 2005 no. 115.
1 Act of 18 May 1979 no. 18.
2 Cf. Section 1-1 (2) and chapter 1.
3 Cf. Chapter 10.
4 Cf. Chapter 4.

[...]

Section 14-1. Basis for enforcement of execution

The claim on taxes and duties \(^1\) provides the enforcement basis for execution. \(^2\)

1 Cf. Section 1-1 (2) and chapter 1.
2 Cf. Section 7-2 letter e of the Norwegian Enforcement Act of 26 June 1992 no. 86.

[...]

Section 14-20. Customs credit and the daily settlement arrangement

1 The Customs Region may issue credit for customs duties, value added tax and excise duties incumbent on importations. \(^1\)
2 Forwarding agents that carry out customs clearance on behalf of others may be issued credit for customs clearances that are settled on that same clearance day (daily settlement).
3 The Customs Region may establish the conditions for securities before credit is issued, or at a later time.
4 A special compensation fee will be paid to the State Treasury for the use of customs credit. The Ministry may issue regulations concerning the amount of this fee.
5 The Ministry may issue regulations as to further rules for supplementing and execution of this section, including the conditions for credit, withdrawal of credit and the conditions for provisions of security.

1 Cf. the act 19 June 2009 no. 58, Sections 3-29 and 3-30.

[...]

Section 14-21. The furnishing of security for taxes and excise duties

1 When registering entities subject to the payment of taxes and duties, the Customs Region is permitted to require a security to be furnished for any outstanding non-recurring tax on motor vehicles. Detailed requirements as to security, including its scope and extent, will be determined by the Customs Region at the time of registration and may subsequently be amended.
2 The Customs Region may require registered undertakings that are subject to the payment of taxes and duties pursuant to the Excise Duties Act to furnish security for taxes and duties payable in the future. A requirement as to the furnishing of security may be imposed at the time of registration of the undertaking, or at a later date. Detailed requirements as to security, including its scope and extent, will be determined by the Customs Region at the time of registration in each individual case.
3 The Ministry may issue regulations \(^1\) providing detailed conditions for the furnishing of security and specifying the elements to which importance shall be attached when assessing whether security should be required.

1 Cf. see Section 2 and Chapter VII of the Public Administration Act.
Section 16-42. Obligations related to duty-free delivery of products and services

The Ministry may issue regulations providing that the recipient of duty-free products and services who would otherwise be subject to a duty pursuant to the Act of 19 May 1933 no. 11 concerning Excise Duties is liable for the duty if the party in question fails to fulfil the preconditions for exemption from the excise duty. In such cases, the supplier will also be subject to the payment of excise duties if he knew or should have known that the preconditions for an exemption had not been fulfilled.

1 Cf. see Section 2 and Chapter VII of the Public Administration Act.

[...]
Extract from the Regulations of 21 December 2007 no. 1766 concerning Complementing and Implementing Etc. of the Tax Payment Act (the Tax Payment Regulations)

To see the entire Regulations document (in Norwegian), please refer to http://www.lovdata.no/cgi-wift/ldles?doc=/sf/sf/sf-20071221-1766.html

[...]  
**Section 9-1-1. Payments made through a bank**  
(1) For payment of taxes and duties through a bank, payment must be made to the bank account that is designated by the collection authority.  
(2) Payment through a bank can be done electronically or by using a payment voucher. The Directorate of Taxes and The Directorate of Customs and Excise may create specific payment vouchers to be filled in and submitted when making payments through banks.  
(3) A customer identification code (KID) must be used for electronic payments together with a payment order issued by the payer's bank, if the bank offers such services.  
(4) The payment system must refuse any electronic payment order for paying taxes or duties if a valid customer identification code (KID) is not generated, if the bank offers such services.  
(5) For payment made through a bank, the bank and its settlement centre must make certain a correct payment date is registered for the payment and included in the transaction documentation sent to the beneficiary.

[...]  
**Section 10-4-1. Monetary limits for payment and repayment of claims for taxes and duties**  
(1) Claims for taxes and duties and credit balances - including any charges and interest payable pursuant to Sections 11-2, 11-4 and 11-5 of the Tax Payment Act - which alone make up less than NOK 100, will not be paid or repaid. Nevertheless this does not apply to:  
   a) mariners who are subject to the payment of taxes under Section 2-3 first paragraph of the Taxation Act, where the monetary limit is NOK 2000,  
   b) payment of claims for customs duties, credit fees for the use of customs credit, value added tax and excise duties collected upon importation, cf. Section 10-41 of the Tax Payment Act, where the monetary limit is NOK 50, except in the case of alcoholic beverages and tobacco where no monetary limit applies,  
   c) payment of the annual heavy goods vehicle tax at a daily rate in accordance with the provisions on short-term use of trailers, cf. Section 7 of the Regulations of 29 June 2000 no. 688 concerning the Annual Heavy Goods Vehicle Tax,  
   d) non-recurring tax on motor vehicles, where the monetary limit is NOK 200, and  
   e) the supplementary charge for late payment of the annual tax at a reduced rate, where the monetary limit is NOK 50.  
(2) In the case of claims for taxes and duties payable in instalments or pursuant to a specified tax specification or declaration, the monetary limit will apply to the individual instalment, specification or declaration.

0 Amended by the regulation of 25 March 2010 no. 462 (coming into force on 1 April 2010).

29
Section 10-4-2. Monetary limit on interest and interest compensation

Interest on overdue payments of less than NOK 50 - cf. Sections 11-1 and 11-3 of the Tax Payment Act - will not be paid or repaid. This applies similarly if the interest or interest compensation pursuant to Section 11-2 and 11-4 in special circumstances arise as claims to the extent the interest is not regulated together with the capital sum according to Section 10-4-1.

0 Amended by the regulation of 25 March 2010 no. 462 (coming into force on 1 April 2010).

Section 10-4-3. Monetary limit for write-offs or revenue recognition of small remaining outstanding amounts

Outstanding amounts remaining for payment less than NOK 50 may be waived. Similarly, the person or entity subject to payment of taxes or duties has no claim to outstanding amounts of less than NOK 50. The amounts mentioned in the first and second items respectively may be charged as expenses or revenues in one’s accounts.

0 Added by the regulation of 25 March 2010 no. 462 (coming into force on 1 April 2010).

Section 10-4-4. Rounding off

Amounts will be rounded downwards to the nearest whole krone when calculating claims on taxes and duties.

0 Amended by the regulation of 25 March 2010 no. 462 (coming into force on 1 April 2010, previously Section 10-4-3).

[[...]]

Section 10-40-3. Due dates for overdue payments from the excise duties return

The provision stated in paragraph two of Section 10-40 of the Tax Payment Act also applies to the excise duties that are reported on the excise duties return that were not delivered by the deadline for delivering this return.

0 Added by the regulation of 25 March 2010 no. 462 (coming into force on 1 April 2010).

[[...]]

Section 11-1-6. Calculation of interest on late payment in the case of reductions in tax or duty

(1) If a claim for tax or duty is reduced, the interest on late payment shall be recalculated on the basis of the amended tax or duty.

(2) If a claim for tax or duty came due for payment in multiple instalments, and the interest is recalculated, equal amounts of each instalment will as far as possible be deemed to have been waived. If the claim for tax or duty had previously been increased, the increase will be deemed to have been waived first and a later increase before an earlier increase.

[[...]]

Section 11-2-1. Calculation basis

For the purpose of calculating interest pursuant to Section 11-2 of the Tax Payment Act, the following shall not be included in the calculation basis: surtaxes, surcharges, extra duties and late-filing penalties, as well as excess reimbursements of compensatory interest according to Sections 11-3 and 11-4 of the Tax Payment Act. The same applies to interests described in Section 9-10 of the Tax Assessment Act, such as this read until 1 January 2009, if the interests are calculated according to this provision according the rules described in Section 19-2-4.

0 Amended by the regulations of 19 December 2008 no. 1487 and 25 March 2010 no. 462 (coming into force on 1 April 2011).
Section 11-2-2. Calculation of interest in the case of amendments in multiple instalments or years

For the purposes of calculating interest pursuant to amendment decisions and adjustment by the taxpayer, interest shall be calculated for each individual payment period or year. For the purpose of calculation, account shall not be taken of changes in other payment periods or years.

Section 11-2-3. Calculation of interest in the case of multiple amendments in the same period or year

(1) If a claim for tax or duty is increased in relation to the preceding return or former information, adjustment by taxpayer or decision, the calculation of interest shall be based on the increase. If multiple adjustments by the taxpayer have taken place before the returns have been approved by the tax and duty authorities, interest shall be calculated only on the amount payable in total.

(2) In the case of claims for tax and duty that were previously paid in during a period and on which interest has been paid pursuant to Section 11-4 of the Tax Payment Act, the same rate shall be used for the purposes of the new calculation as pursuant to Section 11-4 for the period.

[...]

Section 11-3-1. Calculation basis

(1) When calculating interest according to the Section 11-3 of the Tax Payment Act, surtaxes, surcharges, extra duties and late-filing penalties, as well as disbursements of outgoing value added tax and interests pursuant to Sections 11-1, 11-2, 11-4 and 11-5 of the Tax Payment Act will also be included in the calculating basis.

(2) The amount paid in last shall be counted as the amount repaid first. For the purpose of calculating interest, amounts outstanding used for the purpose of sett-off shall be considered to have been repaid on the same date as the set-off takes place.

0 Amended by the act of 21 January 2010 no. 45.

Section 11-3-2. Claims credited to the customs credit or the credit arrangement for non-recurring tax

Interest pursuant to Section 11-3 of the Tax Payment Act shall be calculated if claims charged to the account for customs credit or the credit arrangement for non-recurring tax are repaid by crediting the account. Interest shall be calculated from the first date of the month after the due date that follows from Section 10-60 and until the first day in the month in which the amount is credited to the current credit.

[...]

Section 11-4-1. Calculation basis

(1) When calculating interest according to the Section 11-4 of the Tax Payment Act, surtaxes, surcharges, extra duties and late-filing penalties, as well as disbursements of outgoing value added tax and interests pursuant to Sections 11-1, 11-2 and 11-5 of will also be included in the calculation basis.

(2) The amount paid in last shall be counted as the amount repaid first. Deductions by the employer decided by the Tax Collector shall be counted as paid on the first day in the settlement period in which the deduction takes place.

0 Amended by the act of 21 January 2010 no. 45.

[...]
Section 11-4-3. Calculation of interest in the case of amendments in multiple instalments or years

For the purposes of calculating interest pursuant to amendment decisions and adjustment by the taxpayer, interest shall be calculated for each individual payment period or year. For the purpose of calculation, account shall not be taken of changes in other payment periods or years.

Amended by the act of 19 December 2008 no. 1487.

Section 11-4-4. Calculation of interest in the case of multiple amendments in the same period or year

(1) In the case of reductions in relation to the last preceding return or former information, adjustment by the taxpayer or amendments shall be calculated on the basis of the reduction. If there have been multiple adjustments by the taxpayer before the tax and duty authority has paid out the amount owed, interest shall be calculated only on the amount payable in total.

(2) Previously calculated interest pursuant to Sections 11-1 and 11-2 of the Tax Payment Act on claims that are not upheld will lapse.

Section 11-4-5. Interest on separate repayments of special taxes

Interest shall be paid pursuant to Section 11-4 of the Tax Payment Act in the case of refunds of tax pursuant to Section 4-2-1 of the Regulations of 11 December 2001 no. 1451 concerning Excise Duties, cf. Section 11-6-1.

Amended by the regulations of 12 June 2012 no. 512 (coming into force on 1 July 2012) and of 17 December 2013 no. 1565 (coming into force on 1 January 2014).

Section 11-6-1. Interest rates on repayments of tax and duties

The rate of interest on repayments of tax and duties pursuant to Section 11-4-5 shall be 0.7 percent p.a.

Amended by the regulations of 19 December 2008 no. 1487, 25 March 2010 no. 462 (coming into force on 1 April 2010), 12 June 2012 no 521 (coming into force on 1 July 2012) and of 17 December 2013 no. 1565 (coming into force on 1 January 2014).

Section 11-7-1. Rounding off of interest

Interest rate amounts are rounded off downwards to the nearest whole krone.

Section 11-7-2. Deferred calculation or non-applicability of interest

The Directorate of Taxes and the Directorate of Customs and Excise may decide that the calculation of interest pursuant to Sections 11-1, 11-2 and 11-5 of the Tax Payment Act may be deferred or cease to apply in the individual case.

Section 11-7-3. Calculation of interest upon amendments after judicial decision

For taxes and duties to be paid after new rules are established by judicial decision, interests pursuant to Sections 11-1 and 11-2 of the Tax Payment Act shall be levied for the original claim on the tax or duty.

Amended by the regulations of 19 December 2008 no. 1487 and 25 March 2010 no. 462 (coming into force on 1 April 2011).
Section 14-21-2. Furnishing of security for the excise duties

(1) The Customs Region may require registered undertakings that are subject to the payment of duties pursuant to the Excise Duties Act to furnish security for duties payable in the future. A requirement as to the furnishing of security may be imposed at the time of registration of the undertaking, or at a later date.

(2) When assessing whether the furnishing of security should be required, account shall inter alia be taken of the following factors:

a. whether the undertaking has repeatedly paid the duty late or has in other ways been in breach of such provisions,

b. whether the undertaking has unsettled balances with regard to taxes, excise duties and customs duties,

c. whether the undertaking, board members or management are considered creditworthy.

(3) In cases in which security is required, the provisions of Section 14-20-4 second paragraph will apply correspondingly.

(4) Detailed requirements as to security, including its scope, will be decided by the Customs Region. As a main rule, this security will always cover the claim on the duty for two periods. The Customs Region may impose additional requirements as to security if new circumstances or information so dictate.

Section 16-42-1. Special rules on responsibilities regarding the excise duties

(1) When delivering natural gas and LPG pursuant to Sections 3-6-7 to 3-6-10, for electrical power pursuant to Sections 3-12-4, 3-12-5, and 3-12-9 to 3-12-13, for mineral oil, natural gas and LPG pursuant to Sections 4-3-1 and 4-3-2, mineral oil, lubrication oil, natural gas and LPG pursuant to Sections 4-4-1 to 4-4-3 and duty-free biodiesel pursuant to Section 3-11-7 of the Regulations of 11 December 2001 no. 1451 concerning Excise Duties, it is the recipient who is responsible for paying the duty if the entity in question does not satisfy the conditions for exemptions on excise duties. Claims may be directed to the supplier insofar as the supplier knew or should have known that the requirements for exemption had not been fulfilled.

(2) In the event of the delivery of duty-free technical ethanol, the recipient is responsible for payment of the duty if the party in question does not fulfil the preconditions of exemption from this excise duty.

0 Amended by the regulations of 15 December 2009 no. 1528 (coming into force on 1 January 2004), of 24 August 2010 no. 1212 (coming into force on 1 September 2010) and 12 June 2012 no. 521 (coming into force on 1 July 2012).
Comments by the Directorate of Customs and Excise

The excise duty on NO\textsubscript{x} was introduced on 1 January 2007. The object of this duty is to reduce Norway’s annual emissions of NO\textsubscript{x} in accordance with our commitments under the Gothenburg Protocol of 1999 (ratified by Norway on 30 January 2002). Emphasis has been placed on achieving as accurate a tax system as possible. This applies in particular to the provisions on tax calculation and the requirements applicable to documentation of the calculation.

The duty is directed primarily at emissions from domestic activities and encompasses emissions from large units within the sectors shipping, aviation, land-based activities and activities on the continental shelf.

1. The competent technical authority for each sector
   (cf. the Regulations on Excise Duties Section 3-19-7)

Each sector encompassed by the excise duty has had a competent authority appointed as overseer. These are the Norwegian Maritime Directorate in the case of shipping, the Norwegian Civil Aviation Authority in the case of aviation, the Environment Agency in the case of land-based activities and the Norwegian Petroleum Directorate in the case of activities on the Norwegian Continental Shelf.

The competent authority shall have the professional responsibility for calculating the basis of each duty for its respective sector, and in practice has two main tasks: first of all, the authority may establish and verify emissions factors, cf. Sections 3-19-7 and 3-19-10 first and second paragraph of the Excise Duties Regulations. Secondly, these authorities shall assist Customs and Excise if any questions of a technical nature arise related to the calculation basis etc.

According to Section 3-19-7 of the regulations, “the competent authority may give guidelines for determining the source-specific emission factor”. This is an expression of the distribution of responsibilities and tasks between the excise duties authority and the competent authority, which is assumed to be the basis for the excise duty: questions regarding the excise duties rest with the excise duties authority and are regulated by national legislation that applies to such excise duties, while the technical conditions concerning the calculating basis rest with competent technical authority and are regulate by their own respective rules.

2. The scope and extent of the excise obligation – technical areas of application
   (cf. Section 1 first paragraph of the Storting Resolution and Section 3-19-1 of the Regulations on Excise Duties)

The provisions specify the activation thresholds for the units that are subject to the excise duty and emphasise that the obligation to pay excise duties is related to emissions from energy production. Energy production means any combustion process in which thermal energy is produced. This is illustrated by the fact that obligation to pay excise duties also encompasses emissions from flaring, where there is no production in the traditional sense.
In case of doubt as to whether an emission source is used for energy production, this will need to be resolved with the competent authority so that sufficient documentation will be available in the event of an inspection.

The obligation to pay excise duties applies irrespective of whether an emission occurs into water, air or the ground. Furthermore, this obligation will apply irrespective of the operational status of an emission source. For example, an energy plant that is not operating normally but is simply undergoing testing will be subject to paying duties for as long as the plant emits NOx and is encompassed by the technical area of applicability in Section 1 of the Storting resolution.

According to letter a, the regulations apply to propulsion machinery with a total installed capacity of more than 750 kW. Here, the rated power of the engines will be decisive. “Propulsion machinery” is defined in Section 3-19-3 letter a as “machines used or designed for the propulsion of vessels, aircrafts or vehicles”. Auxiliary engines and other engines used for the operation of generators etc. are not included for the purpose of calculation unless these have been designed for use for propulsion.

A distinction must be made here between engines that propel vessels forward used for general forward motion from engines used to keep a vessel stable, to manoeuvre into a port or similar. The latter are not considered propulsion machinery in respect of paying excise duties. The same applies to auxiliary engines (such as those used on side propellers) used for propulsion in emergency situations where the main engine has failed. Even if the use of such machines is possible, the auxiliary engine will still not be considered a propulsion machine.

For vessels that use diesel-electric propulsion, the auxiliary engines will be considered in the calculation of the total amount of output power of the installed propulsion machinery. In these cases, all the power produced on board is aggregated and can be used where and when needed.

The output of the propulsion machinery alone determines whether a unit is encompassed by the obligation to pay the excise duty. However, once a unit is encompassed by this obligation the duty shall be calculated on all emissions, including emissions deriving from sources other than the propulsion machinery. The wording of Section 1 first paragraph of the Storting resolution regulates the way in which the activation thresholds are to be determined, in other words which parts of, for example, the engine of a vessel are to be included for the purposes of determining whether the vessel is encompassed by the technical area of application for the obligation to pay the duty. The provision does not confine the obligation to emissions from the propulsion machinery. The scope of the obligation is specified in the regulations.

The certified output of the engine shall be applied as the basis. This is to avoid evasion of paying such excise duties by means of uncertified downward adjustments of engine power. Documentation of downward adjustments of power furnished by the engine manufacturer will also be accepted. Only the classification authority or engine manufacturer is permitted to provide documentation that is considered sufficient in this context. A boat/engine workshop
will for example not count as an *engine manufacturer*. In the case of vessels that have been declassified, or engine manufacturers that no longer exist, the competent authority must be contacted for documentation, where available, of the downward adjustment.

According to *letter b*, engines, boilers and turbines with a total installed capacity of more than 10 MW are encompassed. The rated power is without significance, since installed power will constitute a known size for the units in question. As a general rule, the obligation to pay duties under this alternative encompasses emissions from any engine, boiler or turbine. Viewed in the context of the broad understanding of the term *energy production* (see above), the excise obligation under letter b accordingly also encompasses emissions from, for example, soda boilers and CO-boilers used in the wood processing industry and in refineries, and from bio boilers and black-liquor boilers.

In assessing whether the capacity threshold of 10 MW is exceeded, the total output of the energy production units located at the same site, and that have a close operational connection, is taken in consideration. Energy production units not located at the same site can be assessed as at total if they have a close operational and physical connection. The assessment as to whether two or more units are located at the same site, and as to whether there is a close operational and physical connection, shall be similar to that which is applied according to the Climate Quota Regulation Section 1-1 fourth Paragraph. The said Section is implementing Annex 1 no. 2, cf. article 3 letter e of the Climate Quota Directive (2003/87/EC). Annex 1 no. 2 establishes which units within an installation shall be seen as a total when assessing whether a capacity threshold is exceeded, while article 3 letter e defines the term “installation”.

Section 1-1 fourth Paragraph of the Climate Quota Regulation was amended prior to the third quota period (2013 – 2020), in order to better harmonize its wording with that of the Directive. The amendments mean that units located at the same site and that have a close operational connection, shall be assessed as a total. Units not located at the same site, shall be assessed as a total when they have a close operation and physical connection. Whether units are located at the same site, and whether they have a close operational and/or physical connection, will depend on several relevant factors. Units will have an operational connection where one production unit affects the usage of another production unit. In both the first and the second quota periods (2005 – 2007 and 2008 – 2012) The Environment Agency have for example considered all the units in one district heating network to have both close operational and physical connection. This will apply similarly in the third quota period (2013 – 2020).

As elsewhere, in the case of activities encompassed by letter b, all emissions from energy production will be encompassed.

According to letter c, the burning of gas from flares is encompassed by this obligation. These are flares on offshore facilities and on facilities on land.

3. The scope and extent of the excise obligation – geographical areas of application

(cf. Section 3-19-2 first to fourth paragraphs of the Excise Duties Regulations)
This provision specifies the geographical limits on the scope of the obligation to pay excise duties.

3.1 **Vessels**

3.1.1 Emissions from traffic within Norwegian territorial waters

The first paragraph clarifies the geographical area of application of the excise duty for vessels. According to letter *a*, all emissions from vessels within Norwegian territorial waters are encompassed by the obligation to pay the excise duty. This applies irrespective of the nationality of the vessel and her activities in the area. The definition of *Norwegian territorial waters* is linked to the Act of 27 June 2003 no. 57 concerning Norway’s Territorial Waters and Contiguous Zones, although for the purposes of the NO\(x\) excise duty, the obligation to pay excise duties applies only to the territorial waters around the Norwegian mainland, cf. Section 3-19-3 letter *b*.

Emissions from a vessel at harbour are encompassed by letter *a* of the first paragraph of Section 3-19-2. This applies unless the vessel arrived directly from a foreign harbour and the discharge in the Norwegian harbour is a natural consequence of traffic from the foreign harbour, such as loading and unloading operations or embarking or disembarking of passengers. In such cases these emissions are exempt pursuant to paragraph one of Section 3-19-11, regardless of how long these operations may take. We also refer you to Item 9.1 below.

Examples of such discharges into the harbour that are not a natural consequence of traffic from the foreign harbour are: planned dock or workshop stays or other shorter or longer harbour visits that are not related to traffic or transport from foreign harbours.

3.1.2 Emissions from domestic traffic

According to letter *b*, all emissions from domestic traffic are encompassed by this obligation. “Domestic traffic” is defined as traffic between two Norwegian ports and traffic between Norwegian ports and Svalbard, Jan Mayen, the dependencies or facilities on the Norwegian Continental Shelf, see Section 3-19-3 letter *c*. Emissions from the voyage as a whole will be encompassed, including emissions taking place during a vessel’s various activities between two ports, such as seismic surveys. As long as the vessel goes between two ports, it is encompassed by the obligation, regardless of the vessel’s activities in between.

Even if parts of the domestic traffic take place outside Norwegian territorial waters, emissions from the voyage as a whole will be encompassed by this obligation. Here again, the nationality of the vessel will have no bearing on the obligation. “Port” is further defined in Section 3-19-3 letter *h* as “any place at which a vessel can go alongside a quay, a dockside workshop or a continental shelf facility and any place outer limit of the territorial sea at which a vessel loads or unloads products or allows persons to embark or disembark”.

Legislation states that a vessel going from foreign ports to facilities on the Norwegian Continental Shelf, and which along the way change crews within Norwegian territorial waters, will first of all be defined as in “foreign traffic” from foreign ports to locations for
crew changes (see Item 9.1 concerning further details about “foreign traffic”). Furthermore, vessels are considered subject to duties and in “domestic traffic” when these are in transit between locations for crew changes (which are defined as “ports”) and facilities on the Norwegian Continental Shelf.

Similarly, this also applies if the vessel is going in the opposite direction, from a facility on the Norwegian Continental Shelf to foreign ports, with crew changes occurring within Norwegian territorial waters along the way.

3.1.3 Emissions from Norwegian-registered vessels in inshore waters

According to letter c, the obligation to pay excise duties applies to emissions from Norwegian-registered vessels in inshore waters. “Inshore waters” is defined as maritime zones where “the distance to the Norwegian coast (the baseline) is less than 250 nautical miles,” cf. Section 3-19-3 letter e. Norway does not have the same authority to tax foreign vessels this far out at sea unless the foreign vessel is engaged in domestic traffic.

3.1.4 Emissions from vessels moving between foreign harbours and from traffic between “special destinations”

The point of departure for the reach of the scope of the obligation to pay excise duties is traffic between Norwegian ports. This entails firstly that this obligation under Section 3-19-2 first paragraph will not encompass emissions from traffic between two foreign ports. This will apply even if the vessel passes through inshore waters or territorial waters around the Norwegian mainland on the way between the two foreign ports and without regard to the nationality of the vessel and her activities underway.

Moreover, the wording of the definition of “domestic traffic” entails that the special destinations stated here (Svalbard, Jan Mayen, the dependencies and facilities on the Norwegian Continental Shelf) are not a definition of Norwegian ports, but rather a specific regulation of the term “domestic traffic”. This also entails that traffic between the special destinations falls outside the scope of the excise obligation. Examples of traffic of this type include traffic between two Norwegian Continental Shelf facilities, regardless of whether the facilities are located in “inshore” or in “distant” waters, traffic between continental shelf facilities and Svalbard, and traffic between Svalbard and Jan Mayen. For mobile facilities traffic between two continental shelf locations is equal to traffic between two continental shelf facilities.

It follows from the aforementioned clarifications that traffic between foreign ports and the special destinations will also fall outside the scope of the obligation to pay excise duties. This will apply, for example, to traffic between foreign ports and facilities on the Norwegian Continental Shelf, irrespective of whether the facility is located in “inshore” or “distant” waters, and traffic between foreign ports and Svalbard.

The geographical area of application of the obligation to pay these excise duties for vessels as provided for in Section 3-19-12 first paragraph must be understood in light of the aforementioned clarifications.
The geographical area of application of this obligation for vessels must be viewed in the context of the exemption applicable to direct foreign traffic and fishing and catching in distant waters, cf. the Storting resolution Section 2, first paragraph, letters a and b, and the Excise Duties Regulations' Section 3-19-11 first and second paragraphs (see Item 9). One of the consequences of this is that emissions from vessels moving from Norwegian ports and which operate fishing or catching activities in distant waters are included in the exemptions listed in Section 3-19-11 second paragraph, even if the vessel will call at a port on Svalbard afterwards. The vessel will in this case be obligated to pay the excise duty depending on the primary objective of the individual vessel.

3.1.5 Special note about the definition of arrival and departure for ships working at continental shelf facilities

As stated above, the excise obligation applies inter alia to emissions from traffic between Norwegian mainland harbours and facilities on the Norwegian Continental Shelf (domestic traffic). Emissions from traffic between two facilities are exempt from the duty. The obligation to pay the excise duty for a vessel moving from a Norwegian mainland harbour to a facility and further on to a new facility is cancelled as soon as the vessel arrives at the first facility. The obligation to pay the excise duty commences again when the vessel has departed from the final facility if the vessel is heading back to a harbour on the Norwegian mainland.

This is why it is necessary to define the vessel’s arrival and departure times at a facility, in order to calculate the correct excise duty. The following items will be applied as the basis for this:

**Provision and supply vessels**

Provision and supply vessels must record the time at which cargo was unloaded at the first facility as the basis for calculating the time of arrival. The time for departure – returning to a harbour on the Norwegian mainland – will simply be the time the vessel departs from the last facility.

The time of unloading must be recorded and kept on board; the departure time will also be easy to record, regardless of whether the vessels knew how many facilities it would visit on its voyage in advance.

**Other types of special ships on assignment around the continental shelf, as well as mobile facilities**

For the other types of special ships on assignment around the continental shelf, including mobile facilities, the time the vessel arrives, then departs from, its position at the time its work on the shelf has formally begun, must be used as the basis for the arrival and departure times.

*Special type of vessel on assignment around the continental shelf* means ships carrying out special services for the facilities on the continental shelf, including supply ships, stand-by vessels, diving support vessels, well-stimulation vessels and drilling ships, cf. Section 4-4-3 (4) of the
Excise Duties Regulations. As stated above, provisions and supply vessels in this context are treated differently from other specialised ships.

Vessels that have the opportunity to use dynamic positioning (DP) will be able to establish the time their work on the shelf formally begins (moment of arrival) by using this system, and on that basis calculate the excise duty.

3.2 Aircrafts
The second paragraph emphasises the geographical area of application of the excise obligation for aircrafts. “Aircrafts” is defined as “airplanes and helicopters”, cf. Section 3-19-3 letter j.

As a general rule, the obligation to pay excise duties applies to emissions from all aircrafts flying between Norwegian landing fields and facilities on the Norwegian Continental Shelf. In the case of airplanes, this obligation applies only on take-off and landing (see Item 7.3). In the case of helicopters, emissions from the whole flight are encompassed by this obligation, not solely take-off and landing.

Furthermore, this obligation applies to emissions from aircrafts flying between Norwegian landing fields and landing fields on Svalbard, Jan Mayen and the dependencies. In the case of airplanes, this obligation will in these cases apply only upon take-off and landing at landing fields on the Norwegian mainland since emissions from take-off and landing at landing fields on Svalbard require special regulation.

“Landing field” means landing fields as defined in Section 7-5 first paragraph of the Aviation Act, cf. Section 3-19-3 letter i. Section 7-5 first paragraph of the Aviation Act reads as follows:

“...A licence from the Ministry is required to build, operate or own a landing field for public use...”. This entails that landing fields for which no licence is required are not encompassed by the definition of “landing field” in Section 3-19-3 letter i. Traffic between these landing fields is accordingly not encompassed by the area of application of the obligation to pay excise duties.

3.3 Vehicles, including railway vehicles
The third paragraph regulates the geographical area of application of this excise duty with regard to emissions from vehicles, including railway vehicles. As a general rule, all emissions occurring in Norway are encompassed by the obligation to pay this duty. In practice, the limit of 750 kW entails that no cars will be subject to the duty.

The term “railway vehicle” encompasses all devices that run on rails. The geographical delimitation entails that the duty will be calculated on all emissions that take place on Norwegian territory up to the border.

3.4 Other emission units
The fourth paragraph emphasises that emissions from other units than provided for in the first to third paragraph, including stationary and mobile facilities performing petroleum
activities, are subject to the excise duty if the emission occurs in Norway or on the Norwegian Continental Shelf.

For example, a mobile facility subject to the excise duty pursuant to Section 3-19-1 travelling under its own engine power from a Norwegian port and out to the Norwegian Continental Shelf to conduct activities there will be encompassed by Section 3-19-2 first paragraph for the purpose of the voyage from the Norwegian port and out to the Norwegian Continental Shelf, and by Section 3-19-2 fourth paragraph for the purpose of the activity on the shelf.

4. Circumstances under which the excise obligation will arise
(c.f. Section 2-1 fourth paragraph and Section 3-19-4 of the Excise Duties Regulations)

The obligation to pay the excise duty on NO\textsubscript{x} arises with the emission of NO\textsubscript{x}.

It is the emission that is encompassed by the obligation to file the returns. The emission shall be reported by the 18th of the month after the end of the quarter in which the emission actually took place, cf. Section 6-1 third paragraph of the Excise Duties Regulations. The duty comes due for payment at the same time as the filing requirement for this obligation; cf. the Tax Payment Act Section 10-40 second paragraph.

5. Entities that are subject to the registration and excise obligation
(c.f. the Excise Duties Regulations Section 5-1 letters f and g)

Entities subject to registration and excise obligation are owners of vessels, aircrafts, vehicles and land-based facilities subject to the NO\textsubscript{x} excise tax, cf. Section 5-1 letter f, and operators of facilities on the Norwegian Continental Shelf subject to the NO\textsubscript{x} excise tax, including mobile facilities performing petroleum activities, cf. Section 5-1 letter g.

For mobile facilities, registration implies an obligation on the part of its owner to register for emissions from the facility when its propulsion machinery moves the facility as a "vessel", while the operator is obligated to register for emissions from the facility when it functions as an "offshore facility"; i.e. while operating stationary activities on the Norwegian Continental Shelf.

These entities must register with the Customs Region in question and as a general rule must follow the general provisions on tax management in Chapter 5 of the Excise Duties Regulations. Taxable undertakings are responsible for paying excise duties and taxes, and reporting these to Customs and Excise.

The registration requirement does not apply to undertakings with duty-free emissions only. Examples include ship owners with vessels that operate only in direct foreign traffic. Foreign undertakings that use representatives registered in accordance with the rule in Section 5-2 (see Item 14) are not encompassed by the registration requirement in Section 5-1. In these cases it is the representative who is obligated to register.

6. Basis for calculating the excise duty
The excise duty shall be calculated per kilogram of NOx.

7. Calculating the excise duty

The excise duty shall be calculated on all NOx emissions from the units encompassed by the excise obligation.

The rules on the calculation of this duty are based on a tripartite principle, with a point of departure in the duty being calculated on the basis of actual NOx emissions. If actual emissions are not known, the duty shall be calculated on the basis of a source-specific emission factor. If neither the actual emissions nor the source-specific factor are known, factors determined by standard values will be used.

7.1 Actual emission

Section 3-19-6 first paragraph specifies the general rule that the excise duty is to be calculated on the basis of the actual NOx emissions emanating from the individual emission source.

This applies to vessels, land-based activities and activities on the Norwegian Continental Shelf. Actual emissions may be determined by means of continuous measurement or by some other method of calculation that provides exact emission data. Sampling, analysis and calibration of measuring equipment shall be performed according to the Norwegian Standard (NS) for this or in accordance with some other international standard if no Norwegian Standard exists. In the case of activities where actual emissions are known, using these values for calculating the duty is mandatory.

If an inspection reveals irregularities in connection with measurement or calculation of actual emissions, Customs and Excise may overrule the reported quantity in consultation with the competent authority.

7.2 Source-specific emission factor

According to Section 3-19-6 second paragraph first item, the excise duty is calculated on the basis of a source-specific emission factor in cases in which the actual emission is not known. The source-specific factor is determined separately for each individual emission source or separately for a specifically delineated group of emission sources that are assumed to be equal. Quantity of energy product consumed is used in the calculation to determine the taxable quantity of emissions.

Taxable undertakings may apply to the appropriate competent technical authority to have the source-specific emission factor determined, cf. Section 3-19-7. The competent authority may provide detailed guidelines on the way in which source-specific factors are to be determined.

In the case of vessels, the keels of which were laid down or the engines of which were converted after 1 January 2000, the vessel's EIAPP Certificate (Engine International Air
Pollution Prevention) and the associated NO\textsubscript{x} Technical File will constitute the source-specific factor for the purpose of Section 3-19-6 second paragraph. This shows that the vessel’s engine satisfies the IMO requirements (International Maritime Organization) as to NO\textsubscript{x} emissions.

When calculating the excise duty using this alternative, the source-specific factor must be multiplied by the total quantity of fuel consumed.

7.3 Calculating emissions from airplanes
In the case of airplanes, the excise duty shall be calculated in accordance with the formula provided in Section 3-19-8 first paragraph, cf. Section 3-19-6 second paragraph second item.

The formula was created by a working group within the ECAC (European Civil Aviation Conference), known as the ERLIG (Emission Related Landing Charges Investigation Group) and calculates NO\textsubscript{x} emissions from airplanes during the landing and takeoff phase (LTO phase, below 3000 feet above the ground).

The emission value for a given aircraft is found by multiplying factor \(a\) by the number of engines on the aircraft, which in turn is multiplied by the NO\textsubscript{x} emissions of the aircraft during the LTO phase (\(\Sigma\)).

The data necessary for calculating emissions is available from the International Civil Aviation Organization (ICAO) emission database for regulated engines (in other words where the engine data is based on the ICAO standardised LTO cycle), and from the Swedish Defence Research Agency (Totalförsvarets forskningsinstitut - FOI) in Sweden in the case of engines that are not regulated by ICAO. Data is reported to the ICAO and FOI databases by, amongst other parties, engine manufacturers in countries in which the ERLIG model is used (including Sweden, Switzerland and the United Kingdom).

If the relevant data cannot be secured from the available databases, the aircraft owner or airline must apply the factors applicable to engines with the highest known emission value, cf. Section 3-19-8 second paragraph. This provides taxable parties with an incentive to acquire the most accurate documentation available.

7.4 Factor determined by standard value
Section 3-19-6 third paragraph specifies the final alternative for calculating the excise duty. This alternative applies where the actual NO\textsubscript{x} emission is not known and where there is no source-specific emission factor. In such cases the duty must be calculated on the basis of the standard value multiplied by the quantity of energy product consumed. In the case of emission sources for which the table cannot be used, the first or second alternative must be used for calculating the duty.

The individual specific standard values follow from Section 3-19-9 and apply to a variety of emission sources and various types of energy product.

\textit{a. Engines}
In the case of engines the factors are differentiated on the basis of maximum revolutions per minute, cf. Section 3-19-9 first paragraph. Factors have been fixed for four different rpm groups and the maximum rpm of the engine must be applied. Accordingly, actual revolutions per minute during an individual journey will not be of significance. The factors lie in the upper area of this range in order to provide an incentive to reduce emissions. It is assumed that the rpm groups can be used for all types of engines.

b. Boilers

The emission factors for boilers vary depending on the type of energy product used, the operating conditions and the type of boiler. With “converted boiler”, cf. letters i) and k), is meant existing oil boiler with a new gas burner.

c. Turbines

The emission factors for turbines depend on the type of energy product used, the operating conditions and the type of turbine.

d. Flares

The emission factors for flares depend on gas composition and type of flare.

The term $\text{Sm}^3$ (standard cubic metre) means that cubic metres must be related to standard conditions, which are $15 \, ^\circ\text{C}$ and 1 atmosphere. This is the most widely used international reference condition and it is essential that this be used in determining emissions. If this is not used, measured volume can be reduced by increasing pressure and/or lowering temperature.

e. Helicopters

Because engine data on helicopters cannot be found in either the ICAO or the FOI databases, and because it is difficult to determine an individual engine output for helicopters, NO\textsubscript{x} emissions from helicopters must be calculated solely on the basis of a standard factor of 6.67 kg NO\textsubscript{x} per tonne of energy product consumed, cf. Section 319-9 fifth paragraph.

This factor was set equal to the factor used by Statistics Norway for calculating emissions from helicopters for the purpose of reporting NO\textsubscript{x} emissions under the Gothenburg Protocol.

f. Railway vehicles

In the case of railway vehicles, an emission of 47 kg NO\textsubscript{x} per tonne of energy product consumed must be applied, cf. Section 3-19-9 sixth paragraph. This factor is equal to Statistics Norway’s factor for calculating emissions.

8. Documentation for calculating the excise duty
(cf. Section 3-19-10 of the Excise Duties Regulations)
The calculation of this excise duty must fulfil the general provisions relating to the information that must be shown in tax accounts, cf. Section 5-8 of the Excise Duties Regulations. The tax accounts provide the point of departure for Customs and Excise's inspection procedures and must accordingly be arranged in such a way that it will be traceable at a later point.

8.1 Actual emission

According to Section 3-19-10 first paragraph, undertakings that report and pay excise duties on the basis of actual emissions must document their calculations. Examples of types of documentation as provided for in this alternative include verification that a measurement on a vessel has been conducted by an accredited classification company, for example DNV (Det Norske Veritas), or verification from the Norwegian Maritime Directorate that actual emissions from the vessel have been determined by an operator competent to do so.

8.2 Source-specific emission factor

Section 3-19-10 second paragraph contains the requirement that, where a source-specific emission factor is used, documentation must be submitted to show that it was determined on the basis of a Norwegian Standard (NS) or an equivalent international standard.

One example of an international standard is the EIAPP Certificate referred to earlier with the associated NO\textsubscript{x} Technical File, which is normally issued for vessels laid after 1 January 2000 and older vessels that have converted engines in accordance with the IMO's NO\textsubscript{x} requirements. Documentation that the source-specific factor has been determined on the basis of the data contained in the EIAPP Certificate will constitute approved documentation for calculating the excise duty under this alternative.

If neither a Norwegian Standard nor an international standard can be used as documentation, the competent authority must verify the factor that is used in accordance with the authority’s own guidelines.

a. Engines

Section 3-19-10 third paragraph contains documentation requirements for engines where the rpm figure is applied. As a general rule, the engine’s rpm must be confirmed by means of a certificate. However, other documentation such as verification from the manufacturer may also be applied if sufficient evidence can be presented that the verification reflects the true situation.

b. Low NO\textsubscript{x} turbines

Section 3-19-10 fifth paragraph provides that the calculation of emissions from low NO\textsubscript{x} turbines must be documented with a certificate from the manufacturer or some other documentation verified by a competent authority showing that the turbine is a low NO\textsubscript{x} turbine.
9. Exemption from the excise duty – direct foreign traffic, and fishing and catching in distant waters

(cf. Section 2 first paragraph letters a, b and c of the Storting Resolution, and Section 3-19-11 of the Excise Duties Regulations)

9.1 Direct foreign traffic

Section 2 first paragraph letters a and c of the Storting Resolution and Section 3-19-11 first paragraph of the Excise Duties Regulations provide for exemptions in the case of emissions from vessels operating in direct traffic between Norwegian and foreign ports and aircrafts operating in direct traffic between Norwegian and foreign landing fields. The background for this exemption is that the emission accounts underlying the Gothenburg Protocol do not encompass emissions of this nature. If the preconditions for exemption are met, emissions from the voyage as a whole will be exempted from the excise duty.

A precondition for the exemption is that the traffic is direct traffic. Direct traffic is defined in Section 3-19-3 letter g. Whether or not this precondition is fulfilled in the case of an aircraft will be simple to determine. If the aircraft takes off from a Norwegian landing field, stops at a second Norwegian landing field and then continues to a foreign landing field, the journey between the Norwegian landing fields will be subject to the excise duty, whereas the journey from the Norwegian to the foreign landing field will be exempted from the duty. See Section 3-19-2 second paragraph on which parts of the flight are subject to pay the duty.

The same principles apply to vessels. Any emissions from intermediate calls at Norwegian ports will be encompassed by the excise obligation, whereas emissions from the voyage from the last Norwegian port to a foreign port will be exempt from the duty.

However, a vessel that is in direct foreign traffic but that calls on a Norwegian port underway in order to embark or disembark a pilot will nevertheless be considered to be in direct foreign traffic. In other words, the intermediate call in the Norwegian port will in such cases not be encompassed by the excise obligation. The justification for this is provided by safety considerations since, according to the information provided the services of pilots are used by more vessels than are legally required to do so. It is not the intention that the activities of marine pilots should have consequences in terms of the excise duty.

A vessel will not be considered to be in direct traffic between a Norwegian port and a foreign port if she is engaged in fishing, catching or other activities during the course of the voyage. Other activities include activities conducted by a vessel in addition to ordinary traffic in or out of the taxation area. In determining whether a vessel is sailing in ordinary traffic, the purpose of the traffic will be a key element. When the purpose of the voyage is for example simply transporting freight or passengers from port A to port B, this will be considered ordinary traffic. If the traffic also has an additional purpose, such as sightseeing, research or seismic surveys, the vessel will no longer be considered to be engaged in ordinary traffic. In such instances, the vessel will be conducting other activities underway, and the precondition for exemption from the excise duty will not have been met.
The requirement as to other activities is not related to the physical movement of the vessel. A vessel moving between a Norwegian and foreign port that needs to anchor up while waiting to put into a port will accordingly still be considered to be in direct traffic if the purpose of the voyage is ordinary transport of, for example, products or persons. The same applies where supplies, bunkers, medicines, personnel or other deliveries are delivered to the vessel while she is anchored up waiting to put into port. The decisive factor is that such deliveries form part of or are essential to the ordinary traffic of the vessel between the Norwegian and the foreign port.

As has already been noted, the obligation to pay the excise duty does not encompass emissions from vessels in traffic between two foreign ports, traffic between the special destinations stated in the definition of domestic traffic, or between foreign ports and the special destinations. This applies both to Norwegian-registered and foreign-registered vessels and without regard to the activities conducted by the vessel underway (see Item 3.1 about the entity’s geographical area of application).

As stated in Item 3.1.1 above, the exemption for direct foreign traffic also includes discharges from a vessel in Norwegian harbours after arriving from a foreign harbour if the discharge is a natural consequence of the voyage from the foreign harbour. This will apply in situations such as loading or unloading operations or embarkation and disembarkation of passengers related to the voyage, regardless of how long these operations last.

Discharges into the harbour during planned time ashore such as during dock or workshop stays or for other kinds of harbour stays not related to traffic from the foreign harbour are not subject to an exemption. This type of discharge is taxable pursuant to letter a of the first paragraph of Section 3-19-2, defined as a discharge from traffic within Norwegian territorial waters.

9.2 Fishing and catching in distant waters
Section 2 first paragraph letter b of the Storting Resolution and Section 3-19-11 second paragraph of the Excise Duties Regulations grant exemptions in the case of emissions from vessels engaged in fishing and catching in distant waters. The term distant waters is defined in Section 3-19-3 letter f as “maritime zones where the distance to the Norwegian coast (the baseline) is 250 nautical miles or more”. The exemption here applies only to emissions occurring outside this limit. Emissions occurring within this limit are encompassed by the excise obligation. The exemption also applies if the voyage is also regarded as domestic traffic, cf. Section 3-19-2 first paragraph letter b.

The legislation should be understood such that emissions from vessels moving from Norwegian ports and which operate fishing or catching activities in distant waters are included in the exemptions listed in Section 3-19-11 second paragraph, even if the vessel will call at a port on Svalbard afterwards. In this case, the vessel shall only pay the duty on the part of the voyage from the Norwegian port up to the limit that designates distant waters (see also Item 3.1).

9.3 Preconditions for exemption
Section 3-19-11 third paragraph makes exemption conditional upon the availability of relevant documentation. The relevant documentation requirement will be fulfilled in the form of a copy of a log book or similar showing the vessel’s name, nationality, destination and quantity of energy product consumed for the application of the excise duty and also its duty-free use, respectively.

9.4 Procedure for exemption
Section 3-19-11 fourth paragraph specifies how the exemption is to be recorded in the excise duty return. Undertakings with both emissions that are subject to the excise and also duty-free emissions must record the total quantity of emissions in the excise duty return. Duty-free emissions are recorded exclusive of the excise duty, i.e. at the zero rate.

10. Exemption from the excise duty – emission units encompassed by an environmental agreement with the Norwegian Government
(cf. Section 2 first paragraph letter d of the Storting Resolution, and Section 3-19-12 of the Excise Duties Regulations)

Exemption from the excise duty on emissions of NO$_x$ is granted in the case of emission units that are encompassed by an environmental agreement with the Norwegian Government on the performance of measures to reduce NO$_x$ in accordance with a specified environmental goal.

The first environmental agreement was instituted on 14 May 2008 between the Government (represented by the Ministry of the Environment) and 14 business organizations. The EFTA Surveillance Authority (ESA) reached a decision on 16 July of this same year stating that no objection would be raised by the EEC concerning the exemptions encompassed by this agreement. The agreement expired 31 December 2010.

A new environmental agreement was approved on 19 May 2011 by ESA, and came into force on this date. This agreement is valid until 2017, and the mechanisms from the first agreement continue without any major changes in the new agreement. For more information about the environmental agreement, we refer you to the NO$_x$ Fund’s website, www.nho.no/nox.

The conditions for an exemption in the environmental agreement with the Government are regulated by Section 3-19-12 of the Excise Duties Regulations. This exemption is applicable from the moment the entity signs this agreement with the Norwegian Government, cf. Section 3-19-12 second paragraph. The compliance date is the date that the Certificate of Compliance for this agreement is issued by the Confederation of Norwegian Enterprise’s Business Sector’s NO$_x$ Fund (NHO’s Næringslivets NO$_x$ fond). The basis for the exemption shall be documented by the use of a Certificate of Compliance, and a copy of this shall be sent to the Customs Region, cf. Section 3-19-12 fourth paragraph.

All undertakings encompassed by the agreement, must specify which of their emission units they have signed the agreement for, in order to benefit from the tax exemption. It is not sufficient for the undertakings simply to sign the agreement, unless its units are clearly identified.
This follows from the Section 3-19-12 first paragraph – “Emissions from units that are subject to the Norwegian Environmental Agreement regarding (…)” –, has been consistently practised from the time of the first Environmental Agreement in 2008, and is also clearly stated in the present Agreement’s Declaration of Compliance (last page): “If the undertaking has vessels (or rigs) meant to be part of the Agreement, this must be duly specified with the vessel’s name and IMO-number, in order for the undertaking to benefit from the tax exemption for all its units”.

The registered undertaking must notify the Customs Region immediately if the Certificate of Compliance is rescinded, cf. Section 3-19-2 fifth paragraph.

For entities that signed the agreement no later than 1 July 2011, the exemption shall apply starting 1 January 2011, cf. Section 3-19-12 second paragraph. The Customs Region will refund the exempted excise duties after an application has been submitted for the exemption for duties paid during the time period 1 January to 30 June 2011. In other words, the individual entities that are entitled to a refund must apply to the Customs Region for this refund. A copy of the Certificate of Compliance must be included in this documentation.

Exemptions are made under the condition that the Environment Agency has given its approval for the implementation of the contract obligations for each year in question, cf. Section 3-19-12 third paragraph. In cases where the Environment Agency does not approve the agreement, the entity in question must report its emissions and pay the applicable excise duties for which the exemption was made, before the 18th of July of the following year. If only parts of the excise obligation are approved, the exemption will apply to the proportion in percentage of the annual refund obligation that is considered satisfied.

Entities encompassed by this exemption based on an environmental agreement with the Norwegian Government shall still deliver a quarterly excise duty return where the taxable amount of NO\textsubscript{X} emission is listed, cf. Section 6-1 third paragraph of the Excise Duties Regulations. The amount of the excise duty for units that are subject to the duty covered by the exemption shall still be listed as zero on the return, cf. Section 6-1 first paragraph final item. Any alterations to the entity’s business organization and other conditions as stated in Section 5-5 second paragraph of the Excise Duties Regulations of any significance for the excise duty must be reported to the Customs Region in the usual manner, cf. Section 5-5 third paragraph.

11. Dispensation from the excise obligation
(cf. Section 4 of the Storting resolution)

Subject to application, the Customs Region may grant exemption from or reduce the excise duty if individual cases or situations arise that were not considered at the time of the enactment of the Storting Resolution, and where - in the assessment of the excise duties authorities - the duty has an unintended effect in the individual case. In other words, the provision imposes two conditions, both of which must be fulfilled and as a consequence the scope for exemption is very limited.
It follows from pages 24 to 25 of Proposition to Storting no. 1 (1985-86), which provides a
general discussion of the authority to grant dispensation in the area of excise duties - that
economic, social, health, industry policy or similar factors are not ascribed weight when
assessing whether the conditions for exemption have been met. This has also been
consistently applied in practice, both in the case of the excise duty on NO\textsubscript{x} and in the case of
other excise duties.

12. Excise duty refunds for undertakings that install treatment equipment – transitional
arrangement

(cf. Section 3-19-14 of the Excise Duties Regulations)

When this excise duty was introduced, it was concluded that a lack of workshop capacity
could create problems with regard to the installation of treatment equipment.

Against this background, a transitional arrangement was introduced involving refunds for
taxable undertakings that concluded an agreement with a workshop or the like by 1 July
2007 on the time for installation of treatment equipment. The amount of the refund will be
equivalent to the difference between the duty that was paid without treatment equipment
and the duty payable with treatment equipment, in the period between 1 January 2007 and
until the date on which the treatment equipment is installed. The provision does not specify
any time limits by which the treatment equipment must be installed.

The practice has been that the 1 July 2007 condition for this transitional scheme will also be
considered to have been fulfilled where a contract is concluded on the provision of the
necessary preliminary study in connection with the installation of the treatment equipment
within this date.

Applications for refunds must be sent to the Customs Region in question.

13. The refund for undertakings with assessed source-specific emission factor –
transitional arrangement

(cf. Section 3-19-15 of the Excise Duties Regulations)

The background for this provision is the need for a transitional scheme for undertakings that
have not had a source-specific emission factor fixed in accordance with Section 3-19-6 second
paragraph by the time the first excise duty payment is due and which must therefore
calculate the duty on the basis of a template factor until such time as the factor is in place.
The transitional arrangement applies to all entities, regardless of sector.

An application for a specific factor to be set had to be sent to the competent authority before
1 July 2007. The amount of the refund will be equivalent to the difference between the duty
paid before the fixing of the specific factor and the duty paid after the factor is in place, for
the period from 1 January 2007 and until the factor has been determined. As in the case of the
transitional scheme for installations of treatment equipment, no time limit is set for
determining the factor.

Applications for refunds must be sent to the Customs Region in question.
14. The right to register – foreign representatives  
(cf. Section 3-19-13 and Section 5-2 letter d of the Excise Duties Regulations)

Foreign owners of vessels or aircrafts subject to the excise duty with no place of business or domicile in Norway are not required to register in Norway. Undertakings of this nature may pay the excise duty through a representative on their taxable traffic in Norway, cf. Section 3-19-13 first paragraph. The representative has the right to register under Section 5-2 letter d.

Upon arrival in Norway, the master or pilot of a foreign vessel or aircraft shall notify the customs authorities of the identity of the representative who will pay the excise duty, cf. Section 3-19-13 second paragraph. This is done in a separate box on the Prior Notice Form (RD-0040) for ships. If the vessel is exempt according to the environmental agreement with the state, the compliance number from the NOx Fund must be provided.

The owner of the vessel or aircraft and the representative are jointly and severally liable for the excise duty, cf. Section 3-19-13 last paragraph. The obligations and responsibilities of the representative must however follow from a clear legal basis, preferably a written agreement between the representative and the foreign owner in question. The representative may, for example, undertake responsibility for all the traffic of the foreign owner in Norway, or, if applicable, for a limited number of vessels and/or for a limited period.

Neither agents nor others are automatically liable as representatives for foreign owners of the vessel that is subject to pay the excise duty.

The underlying contractual arrangement between the representative and the foreign owner must be stored in the representative's tax records in such a way that the customs authorities may, in the event of an inspection, verify that the duties reported by the representative are correct in relation to the obligations undertaken by the representative in respect of the foreign owner.

Registered representatives have the same rights and obligations with respect to the customs authorities as other registered undertakings.

15. Place of registration  
(cf. Section 5-4 of the Excise Duties Regulations)

Registration shall take place in the Customs Region in which the undertaking has its registered office or head office as shown in the Central Coordinating Register for Legal Entities. Undertakings with places of business in multiple Customer Regions shall register the undertaking in the Customs Region in which their head office is located.

16. Excise duty term periods  
(cf. Section 6-1 third paragraph of the Excise Duties Regulations)
Registered taxable undertakings are required to submit excise duty returns on the excise duties to the Customs Region by the 18th day of the month after the end of the quarter in which the emission took place, cf. Section 6-1 third paragraph.

17. Excise duty accounting
(cf. Section 5-8 of the Excise Duties Regulations)

The requirements for bookkeeping and accounts for Section 5-8 of the Excise Duties Regulations must be read in connection with the requirements to documentation for the exemptions, cf. the general provisions in Section 2-8 of the Excise Duties Regulations. In addition to this, the accounting records for such excise duties must show that the other requirements to documentation are satisfied according to Chapter 3-19 of the regulations.

18. Payment, calculation of interest and provision of security

The Act of 17 June 2005 no. 67 concerning the Payment and Collection of Claims for Tax and Duty and the Regulations of 21 December 2007 no. 1766 Complementing and Implementing Etc of the Tax Payment Act contain the rules regarding payment deadlines, calculation of interest and provisions of security.

18.1 Due dates and payment
(cf. Chapter 9 and 10 of the Tax Payment Act, with appurtenant regulations)

Chapter 9 of the Tax Payment Act lists the rules concerning ways and means of payment and what is considered correct and timely payment.

Chapter 10 of the Tax Payment Act lists the rules for payment due dates. For registered undertakings that are subject to the excise obligation, Section 10-40 of the Tax Payment Act states that domestic excise duties are due for payment on the same day that the excise duty return for these duties is to be delivered, cf. Section 6-1 of the Excise Duties Regulations. The provisions covering due dates for payment of excise duties, that are due from importation, are found in the Tax Payment Act, Section 10-41.

Chapter 10 of the Tax Payment Act also contains other provisions that regulate the due dates with regard to changes to legislation, the taxpayers’ liability and responsibility, and the rules regarding unconditional payment obligations, even if an administrative decision has been appealed, or similar.

More detailed information on payment and credit schemes and arrangements for importation can be found in the Customs and Excise’s Guidelines for Importation (in Norwegian), published on www.toll.no.

18.2 Calculation of interest
(cf. Chapter 11 of the Tax Payment Act and Chapter 11 of the Tax Payment Regulations)

The Tax Payment Act provides for legal authority for four types of interest rate: interest on overdue payments, cf. Section 11-1, interest calculated in arrears, cf. Section 11-2, interest on late refunds, cf. Section 11-3, and interest on refunds, cf. Section 11-4.
Interest on overdue payments pursuant to Section 11-1 of the Tax Payment Act shall be calculated on claims that are not paid when due and will accrue until payment has been made. Interest calculated in arrears in accordance with Section 11-2 of the Act shall also be included in the calculation of interest on overdue payment if principal and interest are not paid within the specified time limit. Even if an excise duty has not been established in a timely manner because of delayed delivery of the excise duty return, interest will still be applied and established in line with Section 11-1 of the Tax Payment Act, with a point of departure in ordinary due dates. This is described in Section 10-40-3 of the Tax Payment Act.

Interest on increases under administrative decisions on amendments or self-adjustment (interest calculated in arrears) pursuant to Section 11-2 of the Tax Payment Act shall be calculated on increases in the duty determined by means of amendment resolutions etc. Interest shall accrue from the time at which the claims should originally have been paid and until an administrative decision on an increase is made.

Interest calculation pursuant to Section 11-2 will take place in the case of corrections to earlier assessments, either on the initiative of the entity subject to the duty or on the initiative of Customs and Excise. The same applies when no earlier assessment was made, for example in cases of smuggling that are uncovered during an accounting inspection. In the case of repayment of excess payments of duties after the due date, Section 11-3 of the Tax Payment Act provides that interest will be paid from the said due date and until repayment has been made.

In the case of reimbursements for excess payments of the duty as a consequence of an administrative decision etc. according to Section 11-4 of the Tax Payment Act, compensatory interest shall be paid from the time the payment was made until the due date for the payment of the refund.

Ordinary refunds following application entail that new facts will have come to light (e.g. that new documents are submitted to Customs and Excise) and do not represent a correction to an earlier, incorrect assessment of the duty. As a general rule, in such cases there will be no payment of interest.

The rates applicable to the various interest rate provisions are regulated in Section 11-6 of the Tax Payment Act. Rates related to delayed payments and refunds will follow the standard rate for interest on overdue payments, which are assessed every six month by the Ministry of Finance. The remaining rates are regulated annually based on Norway's official key interest rate. Applicable rates of interest can be found on Customs and Excise's web site.

There are special rules for interest compensation related to refunds, according to Sections 4-1-1, 4-2-1 and 4-3-1 of the Excise Duties Regulations. Rates of interest are listed in Section 11-6-1 of the Tax Payment Regulations.

18.3 Monetary thresholds for payment and repayment

(cf. Section 10-4 of the Tax Payment Act, and Section 10-4-1 first paragraph letter b and second paragraph, as well as Sections 10-4-2, 10-4-3 and 10-4-4 of the Tax Payment Regulations)
Monetary thresholds have been fixed for the payment and repayment of claims. The monetary thresholds apply per individual claim or per individual period, tax specification or declaration. The general rule is that customs and duties of less than NOK 100 are not payable or repayable. Certain exceptions apply to this payment threshold as regards payment of claims that come due upon importation of products into Norway. A maximum limit of NOK 50 applies in the case of interest on late payment.

18.4 Provision for Financial Security
(cf. Section 14-21 second paragraph of the Tax Payment Act)

Section 14-21 second paragraph of the Tax Payment Act provides that, at the time of registration or later, the Customs Region may require the undertaking to furnish security for excise duties that the entity becomes liable for in the future.

Section 14-21-2 of the Tax Payment Regulations specifies the criteria that will apply when determining whether security is to be required. As a general rule, security will be required in the case of breaches of the provisions governing due dates or other breaches of provisions for excise duties, where the undertaking has amounts outstanding in taxes, duties or customs duties - or where the undertaking, board or management are not considered creditworthy.

It is the responsibility of the Customs Region to perform assessments of the creditworthiness of the undertaking. In the first instance, requirements apply to financial strength and liquidity. The self-assessment system is based on a relationship of trust between Customs and Excise and the undertaking. An assessment of this trust will therefore be essential to an assessment of the creditworthiness of the undertaking. This trust will be assessed in relation to the undertaking's willingness to pay, ability to pay, compliance with the tax and customs regulations etc. and the likelihood that the Customs Region will be able to collect amounts outstanding.

Where a security is claimed, it shall at all times cover the tax or duty claim for two tax periods, based on the two periods with the highest tax burden in the last twelve months. Security shall be furnished in the form of a surety from a bank or the equivalent, cf. Section 14-21-2 third paragraph of the Tax Payment Regulations, cf. Section 14-20-4 second paragraph. The security furnished may be reduced if the undertaking can document, based on the above, that an excessive amount of security has been required.

19. Excise duty codes and completing the excise duty return (Form RD-0007)
(cf. Chapter 6 of the Excise Duties Regulations)

The following tax type and tax groups shall be used for the purpose of declaring excise duties on emissions of NOX on the return:

<table>
<thead>
<tr>
<th>Type</th>
<th>Group</th>
<th>Tax area</th>
<th>The scope of the tax</th>
<th>Unit</th>
<th>Rate in kroner</th>
</tr>
</thead>
<tbody>
<tr>
<td>NX</td>
<td>100</td>
<td>Emissions from fishing and catching</td>
<td>kg</td>
<td>19.19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>200</td>
<td>Emissions from shipping</td>
<td>kg</td>
<td>19.19</td>
<td></td>
</tr>
</tbody>
</table>
Emissions from aviation

Emissions from railway vehicles

Emissions from industry and mining

Emissions from other activities

Emissions from petroleum activities

The type of tax must always be entered in column 13 and the tax groups in column 14; cf. the excise duty return.

Additional codes:
Duty-free sales must also be declared on the excise duty return, but with an additional code from 00 to 99. The following additional codes apply in the case of nitrogen oxides (NO$_x$):

22 Emissions from vessels and aircrafts in direct traffic between Norwegian and foreign ports or airfields
23 Emissions from vessels used for fishing and catching in distant waters
35 Exemptions for entities that have signed the environmental agreement with the Norwegian Government

Exemption
All the stated codes are exemption codes. Even though the excise duty will NOT be paid, these must be entered on the excise duty return, adjacent to the correct tax types and tax groups, with the number of units. Please note that certain exemptions are granted only subject to application to the Customs Region and cannot be recorded on the terminal excise duty return using a supplementary code.

Other information concerning the filling in of the excise duty return
When filling in the excise duty return, all movements regarding the entity’s obligation to pay excise duties must be listed and stated. Net recording, where only the excise duty amount due is listed, must not occur.

20. ELSÆR – Electronic Excise Duty Reporting

A new electronic excise duty reporting scheme was introduced as of 1 September 2011. This scheme is offered to all registered undertakings.

The scheme is available by logging on to Altinn. Accessing the service will require a log-in security level 2, or higher. In addition to this you must also act as:

- an accounting representative
- have access to accounting forms and services for your business.

The general manager or others with this role are permitted to delegate this role to employees. For more extensive information about delegating rights within Altinn, please contact the Altinn User Service, or use this link:
https://www.altinn.no/no/Portalhjelp/Administrere-rettigheter-og-prosesssteg

We also refer you to the user’s manual for the excise duty electronic reporting scheme, published on www.toll.no.