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Introduction to NORWAY

Thanks to oil and gas in the North Sea, Norway has become one of the richest countries in Europe in terms of income per capita. The revenues from the petroleum industry have allowed the country to build up substantial reserves for the Government Pension Fund Global. It now holds assets worth three times the Norwegian GDP. The fund is integrated into the government budget. One fundamental principle of Norwegian fiscal policy is the so-called budgetary rule, which says that over the course of a business cycle, the government may spend only the expected real return on the fund, estimated at 3% per year, roughly equivalent to around 8% of GDP.

After suffering from the decline in oil prices and the oil industry in 2016, the Norwegian economy picked up due to stronger domestic demand and a favourable global cyclical environment. GDP growth continued to be strong up until the Covid-19 crisis despite a slowdown in most advanced economies. In fact, the robust economy allowed the Norges Bank to raise its base rate by 100 basis points, to 1.50%, in 2018 and 2019 in order to keep inflation around its 2% target.

However, faced with the Covid-19 crisis and the fall in oil prices in the first months of 2020, the central bank had to reverse course and cut its base rate to 0%, its lowest level ever. Oil prices and the Norwegian krone have recovered since, but the environment remains challenging for the economy, notably due to the slowdown in trade. In the longer term, one of the key challenges for policymakers will be to rebalance the economy further away from oil and gas.

Summary

BNP Paribas presence

BNP Paribas has been present in Norway since 1985 and is one of only a few non-Nordic banks to have direct local clearing system access. This facilitates more competitive cut-off times and pricing. In addition, BNP Paribas provides a pan-regional capability, with direct local clearing system access across Norway, Sweden and Denmark. BNP Paribas’ trade centre for the Nordics provides a single entry point to its extensive branch network and local trade finance expertise in more than 60 countries around the world.

Currency

- Norwegian krone (NOK).

Exchange Rates

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate NOK per USD</td>
<td>8.064</td>
<td>8.400</td>
<td>8.272</td>
<td>8.13</td>
<td>8.80</td>
</tr>
</tbody>
</table>

Central Bank

- The Norwegian central bank is the Norges Bank (www.norges-bank.no).
- The Norges Bank is a member of the European System of Central Banks (ESCB).

Bank Supervision

- Norwegian banks are supervised by the Financial Supervisory Authority of Norway (Finanstilsynet – www.finanstilsynet.no/en/).

Bank accounts

Resident / non-resident status

- A company is generally considered resident in Norway if it has a registered office there.

Bank accounts for resident entities

<table>
<thead>
<tr>
<th></th>
<th>Inside Norway</th>
<th>Outside Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Currency</td>
<td>Permitted without restriction, fully convertible</td>
<td>Permitted without restriction, fully convertible</td>
</tr>
<tr>
<td>Foreign Currency</td>
<td>Permitted without restriction, fully convertible</td>
<td>Permitted without restriction, fully convertible</td>
</tr>
</tbody>
</table>

Bank accounts for non-resident entities

<table>
<thead>
<tr>
<th></th>
<th>Inside Norway</th>
<th>Outside Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Currency</td>
<td>Permitted without restriction, fully convertible</td>
<td>Permitted without restriction, fully convertible</td>
</tr>
<tr>
<td>Foreign Currency</td>
<td>Permitted without restriction, fully convertible</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

Lifting fees

- Per-item based charges are applied on payments between resident and non-resident accounts.
### Liquidity Management

<table>
<thead>
<tr>
<th>Service</th>
<th>Supported by BNP Paribas</th>
<th>Required/Permitted in NORWAY or Not Supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical cash pooling</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Notional pooling - Balance compensation</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Notional pooling - Interest optimisation</td>
<td>☑</td>
<td></td>
</tr>
</tbody>
</table>

### Collections

<table>
<thead>
<tr>
<th>Service</th>
<th>Supported by BNP Paribas</th>
<th>Required/Permitted in NORWAY or Not Supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash collections</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Cheque collections</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Direct debit collections</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Domestic incoming transfers</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Virtual IBAN</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Virtual accounts</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>International incoming transfers</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Card acquiring</td>
<td>☑</td>
<td></td>
</tr>
</tbody>
</table>

| Supported by BNP Paribas                | ☑                        |                                                             |

| Not required / permitted in NORWAY or not supported by BNP Paribas | ☐                        |                                                             |
## Payments

<table>
<thead>
<tr>
<th>Service</th>
<th>Supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash withdrawals</td>
<td>✓</td>
</tr>
<tr>
<td>Cheque payments</td>
<td></td>
</tr>
<tr>
<td>Direct debit payments</td>
<td>✓</td>
</tr>
<tr>
<td>Domestic outgoing transfers</td>
<td>✓</td>
</tr>
<tr>
<td>Commercial cards</td>
<td></td>
</tr>
<tr>
<td>Virtual cards</td>
<td></td>
</tr>
<tr>
<td>International outgoing transfers</td>
<td>✓</td>
</tr>
<tr>
<td>SWIFT gpi</td>
<td></td>
</tr>
<tr>
<td>Real-time international payments through BNP Paribas' network</td>
<td></td>
</tr>
<tr>
<td>Card issuing</td>
<td>✓</td>
</tr>
</tbody>
</table>

- **Supported by BNP Paribas**
- **Not required / permitted in NORWAY or not supported by BNP Paribas**

## Channels

<table>
<thead>
<tr>
<th>Channel</th>
<th>Supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local e-Banking</td>
<td></td>
</tr>
<tr>
<td>Global e-Banking - Connexis</td>
<td>✓</td>
</tr>
<tr>
<td>SWIFT/ host to host</td>
<td>✓</td>
</tr>
</tbody>
</table>

- **Supported by BNP Paribas**
- **Not required / permitted in NORWAY or not supported by BNP Paribas**
Payments & Collections

Market overview

- In common with the other Scandinavian countries, cash use is very low in Norway, with only 3% of point of sale transactions made by cash. Over half of all payment card transactions are contactless and in 2019, there were 209 million mobile payment transactions (up from 91 million in 2017), with a value of NOK 103 billion. Companies use electronic credit transfers to make supplier and payroll payments, and direct debits to collect payment both from individuals and other companies.
- Electronic banking services are available from all banks. Domestic standards have been superseded by the adoption of the ISO 20022 international messaging standard (SEPA). Multinational companies also use the SWIFT for Corporates messaging standards. Transaction and balance reporting and transaction initiation services are available on a domestic and cross-border basis.
- BankID, an electronic identification and signature system, is used by the Norwegian banking industry. BankAxess, an online payment service, is offered by Norwegian banks. eFaktura, an online electronic invoice and bill presentment scheme, is increasingly used by Norwegian companies. At end-2019, there were 13,492 registered agreements offering eFaktura to retail customers. In 2019, approximately 140 million eFaktura invoices were sent from businesses to retail customers and 58 million EHF invoices were sent (from businesses to businesses, and between businesses and the government).
- Online and mobile banking services are provided by all the country’s leading banks. As of end 2019, there were 8.6 million online and mobile banking agreements in place.

Payment systems

<table>
<thead>
<tr>
<th>NBO</th>
<th>TYPE</th>
<th>• Real time gross settlement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PARTICIPANTS</td>
<td>125.</td>
<td></td>
</tr>
</tbody>
</table>
| TRANSACTION TYPES PROCESSED | • High-value and urgent NOK-denominated interbank credit transfers.  
|                      | • Net obligations from the NICS payment system.                    |
| OPERATING HOURS      | 24 hours Mon-Fri.             |                              |
| CLEARING CYCLE DETAILS (eg. cut-off times) | Payments are cleared and settled in real time between 05:30 and 16:35 CET. |

| SYSTEM HOLIDAYS    | • The NBO is closed at weekends and on all Norwegian bank holidays.  
|                    | • Norway’s bank holidays are:  
|                    | • 2nd half 2020: 24–26 December.  
|                    | • 2021: 1 January, 1, 2, 5 April, 1, 13, 17, 24 May, 24–26 December. |

<table>
<thead>
<tr>
<th>NICS Brutto</th>
<th>TYPE</th>
<th>• Real time gross settlement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PARTICIPANTS</td>
<td>21 direct.</td>
<td></td>
</tr>
</tbody>
</table>
| **TRANSACTION TYPES PROCESSED** | • High value (above NOK 25 million) urgent NOK-denominated credit and debit payments.  
• Paper-based payments (cheques) which must be truncated into electronic items before processing. |
| **OPERATING HOURS** | • 24 hours Mon-Fri. |
| **CLEARING CYCLE DETAILS (eg cut-off times)** | • Clearing is continuous. Final settlement takes place via the NBO. |
| **SYSTEM HOLIDAYS** | • NICS RTGS is closed at weekends and on all central bank holidays. (Dates as above) |
| **NICS NETTO TYPE** | • Multilateral net clearing system. |
| **PARTICIPANTS** | • 122. |
| **TRANSACTION TYPES PROCESSED** | • Low value (equal to or below NOK 25 million) non-urgent NOK-denominated credit and debit payments.  
• Paper-based payments (cheques) which must be truncated into electronic items before processing. |
| **OPERATING HOURS** | • 24 hours Mon-Fri. |
| **CLEARING CYCLE DETAILS (eg cut-off times)** | • Clearing is continuous. Final settlement takes place via the NBO five times daily at 05:30, 09:30, 11:30, 13:30 and 15:30 CET. |
| **System Holidays** | • NICS Netto is closed at weekends and on all Norwegian bank holidays. (Dates as above) |

**Credit transfers**

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- High-value and urgent interbank credit transfers can be cleared and settled in real time via the NBO.
- High-value and urgent domestic credit transfers can also be cleared via NICS and settled in real time via the NBO.
- DNB (settlement bank for 90 smaller banks) and SpareBank 1 SMN (settlement bank for ten smaller banks) also participate in the settlement in Norges Bank on behalf of smaller banks.
- High-value and urgent cross-border credit transfers can also be settled via the Euro Banking Association's EURO1 system. Two banks in Norway participate directly in EURO1.
- High-value, cross-border credit transfers in domestic and other currencies can be processed via SWIFT, correspondent banking and bank branch networks.
- Low-value (equal to or below NOK 25 million) and non-urgent credit transfers are cleared via NICS Netto and settled via the NBO.
- Credit transfers with a value equal to or below NOK 500,000 can be made with real-time settlement (Straksbetalinger).
- SEPA credit transfers can be settled via STEP1 or STEP2 or via correspondent banking networks. Approximately 105 banks in Norway participate in the SEPA credit transfer scheme.
- In November 2017, the European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) went live across all SEPA countries. The scheme enables the transfer of funds.
(the maximum threshold value for SCT Insts is EUR 100,000) to another account in less than ten seconds.

**Direct debits**

- Direct debits are mainly used for regular payments, such as utility payments.
- There are two types of direct debit in Norway: direct debits for intercompany payments (AutoGiro); and direct debits for individuals and companies (AvtaleGiro).
- All direct debits are cleared via NICS on a same-day basis.
- SEPA direct debit schemes are available in Norway.

**Cheques**

- The cheque is not a common cashless payment instrument in Norway.
- Cheques are primarily used for high-value business payments.
- All cheques are truncated into electronic items before being cleared by NICS.

**Card payments**

- Card payments are increasingly popular, especially for retail transactions.
- BankAxept is Norway’s national debit card scheme. BankAxept cards are issued in conjunction with card providers such as MasterCard or Visa.
- There were 137 million payment cards at the end of 2019. Of these, 7.3 million were combined international debit / BankAxept cards.
- There were 5.3 million credit cards in circulation at the end of 2019.
- Visa and MasterCard-branded credit cards are the most widely issued.
- All BankAxept cards are chip-based.
- Contactless card technology is available in Norway. There were approximately 10 million contactless cards in circulation at the end of 2019.

**ATM/POS**

- There were 1,395 ATMs in Norway at the end of 2019.
- There were 164,775 POS terminals in Norway at the end of 2019.
- All card payments are settled via NICS.
- All ATMs and POS terminals are EMV-compliant.

**Electronic wallet**

- There are six e-money institutions operating in Norway.
- Mobile payment services such as Apple Pay, Google Pay and Vipps are available.
- Visa and MasterCard have developed their own electronic wallets called Visa Checkout and MasterPass.
- Mobile payments increased from 91 million in 2017 to 209 million in 2019, with a value of NOK 103 billion. Most mobile payments are made via the instant payments infrastructure. Approximately one million instant payments were made in 2017; in 2019 there were 122 million instant payments, with a value of NOK 88 billion. Most mobile payments were made via the Vipps mobile payment solution.
Channels

Market overview

Liquidity management

Domestic: notional pooling

- Domestic notional cash pools are available. Interest optimisation is preferred because of the restrictions on banks offsetting credit and debit balances.
- Resident and non-resident bank accounts can participate in the same notional pool structure, as can different legal entities.

Domestic: cash concentration

- Domestic cash concentration structures are widely available.
- Resident and non-resident bank accounts can participate in the same cash concentration structure, as can different legal entities. Central bank reporting applies.
- Commonly used structures include zero balancing and single legal account pooling.
- Central bank reporting applies.

Cross-border notional pooling

- Cross-border notional cash pools are available, especially within the Nordic region. Interest optimisation is preferred because of the restrictions on banks offsetting credit and debit balances.
- Resident and non-resident bank accounts can participate in the same cross-border notional pool structure, as can different legal entities.

Cross-border cash concentration

- Cross-border cash concentration structures are available but are typically on a regional (Nordic) basis. Central bank reporting applies.
- Restrictions apply to structures involving non-resident entities.

Short term investments

Market overview

Interest payable on credit balances

- Current accounts are permitted for residents and non-residents but do not typically pay interest.

Demand deposits

- Demand deposits are available for residents and non-residents.
Time deposits

- Time deposits are available in NOK or major foreign currencies for terms ranging from one day to two years. Maturities of one week to three months are most common.

Certificates of deposit

- Domestic banks issue certificates of deposit with a range of maturities. The minimum investment is NOK 1 million.

Treasury (government) bills

- Norges Bank and other licensed banks issue treasury bills (T-bills) for terms of three, six, nine or 12 months.
- The minimum investment is NOK 1 million.
- Fixed-rate state bonds are also issued for terms from two to 11 years.

Certificates of deposit

- Domestic banks issue certificates of deposit with a range of maturities. The minimum investment is NOK 1 million.

Fixed-rate state bonds are also issued for terms from two to 11 years.

Commercial paper

- Domestic commercial paper is issued by large companies, mortgage companies and public authorities. The minimum investment is NOK 1 million.

Money market funds

- Domestic money market funds are available.

Repurchase agreements (repos)

- Repos are available in Norway.

Bankers' acceptances

- These are not used in Norway.

BNP Paribas insights

BNP Paribas Trade Finance Capabilities

Trade payments

<table>
<thead>
<tr>
<th>Documentary credits</th>
<th>✓</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentary collections</td>
<td>✓</td>
</tr>
</tbody>
</table>

- Supported by BNP Paribas
- Not required / permitted in NORWAY or not supported by BNP Paribas
## Guarantees

<table>
<thead>
<tr>
<th>Guarantee</th>
<th>Supported by BNP Paribas</th>
<th>Not required / permitted in NORWAY or not supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank guarantees</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Standby letters of credit</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

## Supply chain management

<table>
<thead>
<tr>
<th>Supply chain</th>
<th>Supported by BNP Paribas</th>
<th>Not required / permitted in NORWAY or not supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

## Trade channels

<table>
<thead>
<tr>
<th>Trade channel</th>
<th>Supported by BNP Paribas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connexis Trade</td>
<td>✓</td>
</tr>
<tr>
<td>Connexis Supply Chain</td>
<td>✓</td>
</tr>
<tr>
<td>SWIFTNet Trade for Corporates</td>
<td>✓</td>
</tr>
<tr>
<td>Connexis Connect</td>
<td>☐</td>
</tr>
</tbody>
</table>

Supported by BNP Paribas
International trade

General trade rules

- Norway’s trade finance regulations and practices are broadly aligned with the EU customs code and its associated regulations and commercial policies.
- Norway is a member of the European Free Trade Association (EFTA) alongside Iceland, Liechtenstein and Switzerland.
- Trade with EFTA member states is exempt from tariffs and other controls.
- As a member of the European Economic Area (EEA), Norway has unrestricted trade with EEA members.

Trade agreements

- EFTA has established free trade agreements (FTAs) with Albania, Bosnia and Herzegovina, Canada, Chile, Colombia, Costa Rica, Ecuador, Egypt, Georgia, Guatemala, the Gulf Cooperation Council (GCC), Hong Kong, Indonesia, Israel, Jordan, Lebanon, Macedonia, Mexico, Montenegro, Morocco, the Palestinian Authority, Panama, Peru, Philippines, Serbia, Singapore, the Southern African Customs Union (SACU), South Korea, Tunisia, Turkey and Ukraine.
- EFTA has established cooperation agreements with Kosovo, Mauritius, Mongolia, Moldova, Myanmar, Nigeria and Pakistan.
- EFTA is negotiating FTAs with India, Malaysia, Mercosur (the Southern Common Market), Vietnam.

Imports / exports

<table>
<thead>
<tr>
<th>Imports</th>
<th>Machinery and equipment</th>
<th>Chemicals</th>
<th>Metals</th>
<th>Foodstuffs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Import sources</td>
<td>Sweden (11.4%)</td>
<td>Germany (11%)</td>
<td>China (9.8 %)</td>
<td>USA (6.8%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>South Korea (6.7%)</td>
</tr>
<tr>
<td>Exports</td>
<td>Petroleum and petroleum products</td>
<td>Machinery and equipment</td>
<td>Metals</td>
<td>Chemicals</td>
</tr>
<tr>
<td>Export markets</td>
<td>UK (21.1 %)</td>
<td>Germany (15.5%)</td>
<td>Netherlands (9.9%)</td>
<td>Sweden (6.6%)</td>
</tr>
</tbody>
</table>

Import / export volumes
<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- goods</td>
<td>103,832</td>
<td>88,905</td>
<td>103,776</td>
<td>121,886</td>
<td>103,194</td>
</tr>
<tr>
<td>- services</td>
<td>41,647</td>
<td>41,465</td>
<td>40,543</td>
<td>44,443</td>
<td>45,245</td>
</tr>
<tr>
<td><strong>Imports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- goods</td>
<td>76,346</td>
<td>75,985</td>
<td>80,574</td>
<td>88,324</td>
<td>88,304</td>
</tr>
<tr>
<td>- services</td>
<td>47,269</td>
<td>48,349</td>
<td>49,840</td>
<td>52,783</td>
<td>53,005</td>
</tr>
<tr>
<td><strong>Current account as % GDP</strong></td>
<td>8.1</td>
<td>4.0</td>
<td>4.6</td>
<td>7.2</td>
<td>4.1</td>
</tr>
</tbody>
</table>


**Trade finance - imports**

**Documentation**

- The following documentation is usually required in order to import goods into Norway:
  - customs declaration
  - commercial invoice
  - bill of lading
  - packing list
  - certificate of origin (in certain cases).

**Import licences**

- Licences are required when importing certain textile products, certain agricultural products, alcohol, tobacco, pharmaceuticals and armaments.

**Import taxes and tariffs**

- Tariffs are generally not set on imports
- Preferential tariff rates are set on imports from developing countries.
- Imports from the world's least-developed countries may be exempt from taxes and tariffs.
- Higher tariffs are set on agricultural imports.

**Financing requirements**

- None

**Risk mitigation**

- None
**Prohibited imports**

- Prohibited imports are published on a negative list.
- Norway prohibits the import of certain items in order to protect fauna and flora, for health and safety reasons, and/or national security.

**Trade finance - exports**

**Documentation**

- The following documentation is usually required in order to export goods from Norway:
  - customs declaration
  - commercial invoice
  - bill of lading
  - packing list
  - certificate of origin (in certain cases).

**Export licences**

- Licences are required when exporting certain agricultural products and for items subject to strategic controls.

**Export taxes and tariffs**

- Exports taxes are placed on goods from countries that are not covered by Norway's free trade agreements.
- Export tariffs of 0.3% to 1.05% are placed on exports of fish and fish products, of which 0.3% is directed to research and development and the rest to the seafood marketing by the Norwegian Seafood Council.

**Financing requirements**

- None

**Risk mitigation**

- The Norwegian Guarantee Institute for Export Credits (GEIK), Norway’s national export credit agency, provides insurance on export supplier credit, export buyer credit, credit for pre-export financing and outward investment and its financing.
- The Norwegian Export Credit Agency (Eksportfinans) provides State-supported long-term commercial export supplier credit, export buyer credit, credit for pre-export financing, bank (bond) guarantees related to export contracts and outward investment finance.
- Export credit insurance is also available from private insurance companies.
- Export financing is also available privately from commercial banks.

**Prohibited exports**

- Prohibited exports are published on a negative list.
Regulatory requirements

Reporting regulations

- Transactions between resident accounts and accounts held by non-residents must be reported to Statistics Norway (Statistisk Sentralbyrå – www.ssb.no/en/).
- Transactions involving financial entities are shared with the Financial Supervisory Authority of Norway.
- Individuals leaving or entering the country with NOK 25,000 in cash (or more) must declare this to customs.

Exchange controls

- Norway does not apply exchange controls.

Taxation

Resident / non-resident

- A company is generally considered resident in Norway if it is incorporated under Norwegian law, or if its place of effective management is located in Norway.

Tax authority

- Norwegian Revenue Authorities (Skatteetaten).

Tax year/filing

- The tax year corresponds to the calendar year. However, companies may apply for assessment based on their financial year.
- Advance payments of corporate taxes are due twice a year (15 February and 15 April in the year following the tax year). Any (remaining) shortfall is payable during the autumn, normally in November. The tax authorities estimate the amount of the first two payments based on the previous year's income. The last payment is based on a tax return, which companies must file electronically by 31 May. Hard copy tax returns are not permitted.
- There are no provisions for consolidated returns, but Norwegian group companies and Norwegian branches of EEA companies can make group contributions.

Financial instruments

- There are specific tax rules in the Ordinary Income Tax Act regarding the treatment of financial instruments. Gains from financial instruments will be taxed at a rate of 27%.

Interest and financing costs

- Norway does not have particular rules that disallow the deduction of certain interest and other financing costs, apart from the rules described in the transfer pricing and thin capitalisation rules sections (see below).
Foreign exchange

- There are different sets of rules: foreign exchange gains and losses can be taxed as a separate item or as part of the underlying transaction.

Advance tax ruling availability

- It is possible to ask for a statement in advance from the tax authorities. The transaction cannot be carried out before the statement is issued.

Capital gains tax

- Gains generally are taxable, subject to an exemption for capital gains on shares.
- Capital gains derived by a Norwegian limited company on the disposal of shares in another Norwegian (or EEA resident) limited company are exempt from taxation. For gains realised on the disposal of shares in a company in a low-tax jurisdiction within the EEA, the exemption applies only if real business activities are conducted in that jurisdiction. Capital gains realised by a Norwegian limited company on shares in a company resident in a non-EEA country are exempt from taxation if at least 10% of the shares have been held for at least two years and the foreign company is not resident in a low-tax jurisdiction.
- Exit taxation rules apply when companies are migrated out of Norway’s tax jurisdiction. There are certain exemptions to these rules when companies migrate to another jurisdiction within the EEA. If a company migrates to a low-tax jurisdiction within the EEA, the exemption is conditional on the company conducting real business activities in the new jurisdiction. When assets are migrated out of Norway, a built-in gain exceeding certain thresholds is taxable. With respect to assets owned by a taxpayer resident in an EEA country, the payment of the tax assessed can be deferred in certain cases. However, 1/7 of the original tax must be paid every income year from the year of the migration. The deferral is subject to an interest charge and if there is genuine risk that the tax may not be recovered, a security must be provided.

Withholding tax (subject to tax treaties)

<table>
<thead>
<tr>
<th>Payments to:</th>
<th>Interest</th>
<th>Dividends</th>
<th>Royalties</th>
<th>Other income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident entities</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Non-resident entities</td>
<td>None</td>
<td>0% / 25%</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

- No withholding tax is levied on payments made to resident companies.
- Dividends paid by resident companies to corporate shareholders resident outside the EEA or individual shareholders are subject to a withholding tax of 25%, unless a reduced tax treaty rate applies. No other withholding tax is levied on payments made to non-resident companies.
- There is no withholding tax on dividends paid by a Norwegian company to an EEA resident corporate shareholder, provided the shareholder conducts a real business activity and has an “actual establishment” in the relevant jurisdiction.

Tax treaties / tax information exchange agreements (TIEAs)

- Norway has exchange of information relationships with 128 jurisdictions through 82 double tax treaties and 46
Norway, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, has signed a multilateral cooperation agreement with 30 other countries (the MCAA). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).

With country-by-country reporting, tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA started in 2017–18 on 2016 information.

### Thin capitalisation

- Interest on debt generally may only be deducted to the extent the net interest expenses do not exceed 25% of adjusted tax EBITDA. For groups, NOK 25 million in net interest expenses for Norwegian entities within the group generally should be deductible regardless of tax EBITDA (for non-group companies, a de minimis threshold of NOK 5 million in net interest expenses applies at the company level). For groups subject to an interest limitation, relief may be sought under two potential "equity escape" rules where a company or Norwegian part of a group has documented (and an auditor has confirmed) that its adjusted equity ratio is not greater than two percentage points lower than the equity ratio of the consolidated group as reflected in the group’s accounts prepared by the ultimate parent entity. However, certain related party debt still may be limited regardless of the de minimis threshold or equity escape rules.

### Transfer pricing

- In principle, intercompany transactions are acceptable for tax purposes if they are based on the arm’s length principle. Documentation requirements apply.

### Stamp duty

- Stamp duty at a rate of 2.5% is levied on deeds of conveyance in relation to the transfer of property/real estate.

### Cash pooling

- Norway does not have specific tax rules that apply to cash pooling arrangements.

### Financial transactions / banking services tax

- Norway does not have specific financial transactions/banking services taxes that apply to services, loans, money transfers, letters of credit or foreign exchange.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2020 (www.deloitte.com).

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