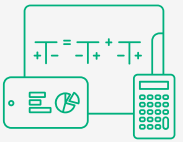


A photograph of a forest floor covered in green moss and low-lying plants, with tall, thin trees in the background. Four solid green rectangular blocks are placed on the ground, increasing in height from left to right. The word "greenstep" is written in white lowercase letters to the left of the blocks, and the phrase "We'll back you up with clarity" is written in white lowercase letters to the right of the blocks.

greenstep

We'll back you up with clarity

Diverse team of professionals at your service



Accounting
& Payroll



CFO
Services



Financing &
Transactions



Legal
& Tax Services



Analytics
& BI



HR
Services



L&D
Services



Sustainability
Services



Software
Solutions



Automation
& Process Mining

Our passion is to
support growth and
success with clarity



Our passion is to produce as much good as possible

Environmental
Sustainability

10 % renewable energy

Social
Sustainability

Carestep

Governance & Economic
Sustainability

10 % “together” bonus



We have been compensating for the emissions generated by our operations since 2022.

Our Offices



2010

FINLAND

Espoo	Jyväskylä
Turku	Kuopio
Oulu	Lappeenranta
Tampere	Seinäjoki
Vaasa	Pori
Vantaa	Rovaniemi
Lahti	Raasepori
Hämeenlinna	Joensuu



2019

ESTONIA

Tallinn



2020

SWEDEN

Stockholm
Norrköping
Umeå
Sundsvall
Göteborg



2021

ÅLAND

Mariehamn



2022

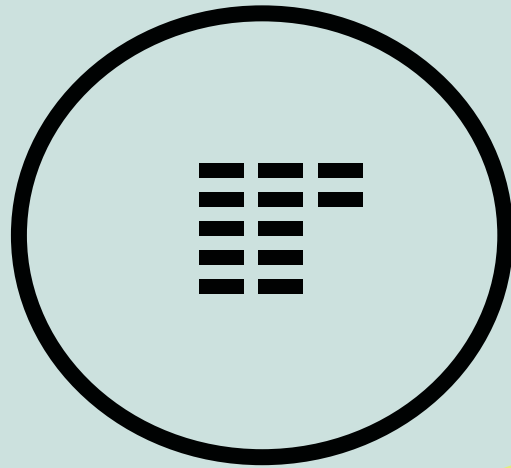
NORWAY

Moss
Oslo
Trondheim

Brønnøysund Register Centre

Compliance

Norwegian Labour and Welfare Administration



Compliance / reporting responsibilities

- The **Assignment and employee register** (RF-1199 / RF-1198).
 - Contract classification.
 - Basic details about contracts / employees
 - Important: Companies without a permanent establishment can apply for an *exemption* from Advance Tax Deductions.
- **ID-check** at the Norwegian Tax Authorities (obtaining a Tax Deduction Card).
- The monthly **Salary Reporting Scheme («A-melding»)**.
 - Nothing to pay for those with A) exemption from Advance Tax B) A1-form
- The bi-monthly **VAT-returns**.
- Annual **Corporate Tax Return** (deadline for 2024: 31 May 2025). Companies without a permanent establishment can apply for an *exemption*.
- Annual **Personal Tax Returns** (deadline for 2024: 30 April 2025).
- **Annual Accounts** for those with permanent establishment (deadline for 2024: 31 July 2025)

Oy Kati AB Kalajoki – practical case (3/3)

- **Step 3:** Employee registration, ID-checks at the tax office. 10 employees.
- **Step 4:** Tax positions. 4-month project. Construction / installation or service / maintenance? In any case - not a permanent establishment.
- **Step 5:** «Day-to-day handling».
 - Monthly salary reports («A-melding»)
 - Bi-monthly VAT-returns
 - Application for exemption from corporate tax return filing (January 2024)
 - Personal Tax Returns for 2023 (deadline 30 April 2024).
 - No personal income tax to pay.
 - We will work out an attachment to the tax returns, referring to the Nordic Tax Treaty and the fact that Kati has no permanent establishment for 2023.

Projects in Norway

A practical approach, focusing on registration and reporting responsibilities, tax, VAT and compliance matters

Øivind Henrik von Mehren

Lawyer | Partner – Magnus Legal

Projects in Norway

A practical approach, focusing on registration and reporting responsibilities, tax, VAT and compliance matters

- When will project work lead to a *registration obligation* in Norway?
- **Starting point 1:** Section 2-3 of the Norwegian Taxation Act:
 - A Finnish company is taxable to Norway for profits from «**business activities** in which... it is engaged or participates, and **which take place in this country** or are managed from this country, including business activities where employees are made available to others in Norway”



Projects in Norway

- **Starting point 2:** The Assignment and employee register.
 - **All contracts / subcontracts worth more than NOK 20 000** awarded to a Finnish company, **resulting in an activity in Norway** (or on the Norwegian continental shelf), should be reported to the Norwegian Tax Authorities.
- Any company engaged / participating in «business activities» needs an organization number in Norway. The practical alternatives are:
 - A) to incorporate a Limited Liability Company (AS)
 - **A) Branch registration (NUF) – the most common alternative for project work in Norway.**



The planning phase (1/2)

- How to plan and structure the project in Norway to avoid delays.
- The importance of considering *processing time*.
 - **Step 1:** to register a branch.
 - Registration documents: Certificate of Registration (in English), BR-1080 (Register Form), Power of Attorney
 - Immigration matters – will non-EU workers be brought to Norway?
 - Are certain certificates / authorizations needed? (for instance electro professional matters / StartBANK / Central Approval Quality Scheme / the use of forlikfts / cherry-pickers)
 - HSE-cards (!)

The planning phase (2/2)

- Social Security Matters – maintaining membership in home country / A1-forms.
 - Employer's Social Security Contribution in Norway: 14,1 percent of gross salary.
 - Employee's Social Security Contribution in Norway: 7,8 percent of gross salary.
- Are Finnish employment contracts compliant with the Norwegian Working Environment Act? (Keywords: minimum salary requirements, working hours / average calculation rotation schemes)
- HSE-requirements? (HSE-plan / Safe Job Analysis / Certificates for hot works or working in heights etc.)
- VAT-registration requirements (!)

HSE-cards

- Requirement to access most construction sites in Norway – like an admission card.
- To order the HSE-cards the following is needed:
 - Organization number of the employer
 - ID-number of the employee (which will be obtained via the Assignment and employee register)
 - A high-quality photograph (like photographs used for official passports)
- Processing fee of NOK 129,50 + VAT for each HSE-card



Project / contract classification (1/2)

- The contract classification is critical to find the correct:
 - tax and VAT position of the company
 - tax position of the workers
- In practice - three alternatives:
 - A) Construction, installation and assembly works («genuine subcontract»)
 - B) Service, Maintenance, Repair works («genuine subcontract»)
 - C) Hired Labour arrangements

Project / contract classification (2/2)

- Genuine subcontracts: the Finnish company has the economic risk and responsibility for a certain delivery / «end product». The client is paying for a specific result.
- Hired Labour arrangements: the Finnish company is merely hiring out employees who are controlled / supervised by the client. The client is paying for the labour itself – not a specific result.

VAT-registration

- For “genuine subcontracts”: Registration requirement when a company has sold goods and services for more than NOK 50 000 over the course of a 12-month period.
- Important (in some cases critical) to have VAT-registration in place before crossing the Norwegian border.
- *Pre-registration* is often the main rule for project work. However, you need an organization number before you can apply for pre-registration.
- Unpredictable processing time for VAT-applications (a few days to 3-4 weeks).
- Temporary import vs. “traditional” import.
- NB: A Finnish company merely hiring out employees should *not* register for VAT in Norway.

Corporate tax matters

- Corporate Tax Rate in Norway per 2024: 22 percent.
- Starting point: Section 2-3 of the Norwegian Taxation Act. Norway has taxation rights to profits from business activities taking place in Norway.
- The Finnish Taxation Act gives Finland the taxation rights to the very same profits.
- Double Taxation is prevented through *the Nordic Tax Treaty*.
- Article 7: Finland has the ultimate taxation rights unless the Finnish company has a **permanent establishment** in Norway, cf. Article 5. If so, the taxation rights goes to Norway.

Permanent establishment

– The three alternative contract classifications:

a. Construction, installation and assembly works («genuine subcontract»)

- Permanent establishment if the project exceeds a duration of 12 months.

Keywords: Start date / termination date.
Temporary interruptions.
One project vs. several projects. Contract splitting.

b. Service, Maintenance, Repair works («genuine subcontract»)

- Permanent establishment if the project is regarded as a «fixed place of business» for the Finnish company. As a starting point, the project should last for roughly 6 months to be considered as «fixed».

c. Hired Labour arrangements

- A remote delivery service and no permanent establishment.

NB: The (Norwegian) client should classify the contract in the Assignment and employee register.

Finding the taxable business profits

- How to allocate business profits to the permanent establishment?
- Starting point: Norway only has taxation rights to business profits «attributable» to the permanent establishment.
 - Income: The invoiced amount to the client in Norway.
 - Costs: More complicated.
 - Salary costs, social costs, travels, board / lodging.
 - Tools, equipment, materials, consumables etc.
 - Overhead costs?
 - Remote support?
 - Profits are taxable to Norway with 22 percent.

Personal tax matters (1/2)

- Personal Income Tax Rate in Norway per 2024: depends on salary levels – but not more than 47,4 percent. In practice, often 17,2 percent for foreign workers.
- No personal tax liability *for Finnish tax residents* if the project of the employer does not constitute a permanent establishment (but each tax treaty must be scrutinized in detail, cf. for instance Norway vs. Germany or Norway vs. Portugal).
- Personal tax liability if the project of the employer constitutes a permanent establishment.

Personal tax matters (2/2)

- Personal tax liability if the worker is working in Norway cf. a Hired Labour arrangement.
- Personal tax liability *in any case* if the worker stays in Norway for more than 183 days within any 12-month period (or 270 days within any 36-month period).
- Double Taxation is prevented through the Nordic Tax Treaty. A worker with Norwegian personal tax liability should get a tax credit in Finland by documenting tax paid in Norway.

Compliance / reporting responsibilities (1/2)

- The Assignment and employee register (RF-1199 / RF-1198).
 - Contract classification.
 - Basic details about contracts / employees
 - Important: Companies without a permanent establishment can apply for an exemption from Advance Tax Deductions.
- ID-check at the Norwegian Tax Authorities (obtaining a Tax Deduction Card).
 - The monthly Salary Reporting Scheme («A-melding»).

Compliance / reporting responsibilities (2/2)

- Nothing to pay for those with A) exemption from Advance Tax B) A1-form
- The bi-monthly VAT-returns.
- Annual Corporate Tax Return (deadline for 2024: 31 May 2025). Companies without a permanent establishment can apply for an exemption.
- Annual Personal Tax Returns (deadline for 2024: 30 April 2025).
- Annual Accounts for those with permanent establishment (deadline for 2024: 31 July 2025).

Oy Kati AB Kalajoki

Practical case 1/7

- Award-winning pioneer in ore exploration and diamond core drilling – headquartered in Kalajoki, Norra Österbotten.
- Contract with a mining company in northern Norway (4-5 month project).
- First contact with Greenstep / Magnus Legal: 2 May 2023.
- Planned start-up: Monday 29 May 2023. Before this, Kati needed to cross the Norwegian border with trucks, transporting diamond drilling rigs and other (expensive) equipment. Our client wanted to avoid paying 25 percent of the value at the border.

Oy Kati AB Kalajoki

Practical case 2/7

- Step 1: Branch registration. Documents were express delivered to the company register 3 May 2023.
- Step 2: While waiting for the branch registration, we gathered information (including A1 forms) and planned the project (working out average calculation rotation schemes etc.).
- Delays at the company register: the branch was registered 24 May 2023 (Wednesday).

Oy Kati AB Kalajoki

Practical case 3/7

- VAT-registration application (pre-registration) was filed on 24 May 2023 (Wednesday)
- 25 May 2023 (Thursday) – we started calling contacts at the tax authorities. Later the same day, Kati was registered for VAT. However, the company register needed to update their systems, so the VAT-registration was only «visible» on Friday, 26 May 2023.

Oy Kati AB Kalajoki

Practical case 4/7

- At this point, we started calling contacts at KGH Customs (freight forwarder). They explained that the VAT-registration had to be «visible» in the the systems of Customs Norway, called TVINN.
- Kati contacted their bank and was ready to transfer the 25 percent to avoid avoid the trucks being stuck at the border over the weekend. Around lunch, the TVINN-system was updated, KGH prepared the customs clearance documents, and Kati crossed the border – without paying anything.



Oy Kati AB Kalajoki

Practical case 6/7

- Step 3: Employee registration, ID-checks at the tax office. 10 employees.
- Step 4: Tax positions. 4-month project. Construction / installation or service / maintenance? In any case - not a permanent establishment.

Oy Kati AB Kalajoki

Practical case 7/7

- **Step 5: «Day-to-day handling».**
 - Monthly salary reports («A-melding»)
 - Bi-monthly VAT-returns
 - Application for exemption from corporate tax return filing (January 2024)
 - Personal Tax Returns for 2023 (deadline 30 April 2024).

No personal income tax to pay.

We will work out an attachment to the tax returns, referring to the Nordic Tax Treaty and the fact that Kati has no permanent establishment for 2023.



N O R D I A

SWEDEN • NORWAY • DENMARK • FINLAND • LAW

How to set up a business in Norway and cross border obstacles

- Team Finland Talks, 6 March 2024

LEVELS of conducting business in Norway

Cross border activities only
(no registration necessary)

- Internet sales
- Sales to e.g. distributor in Norway

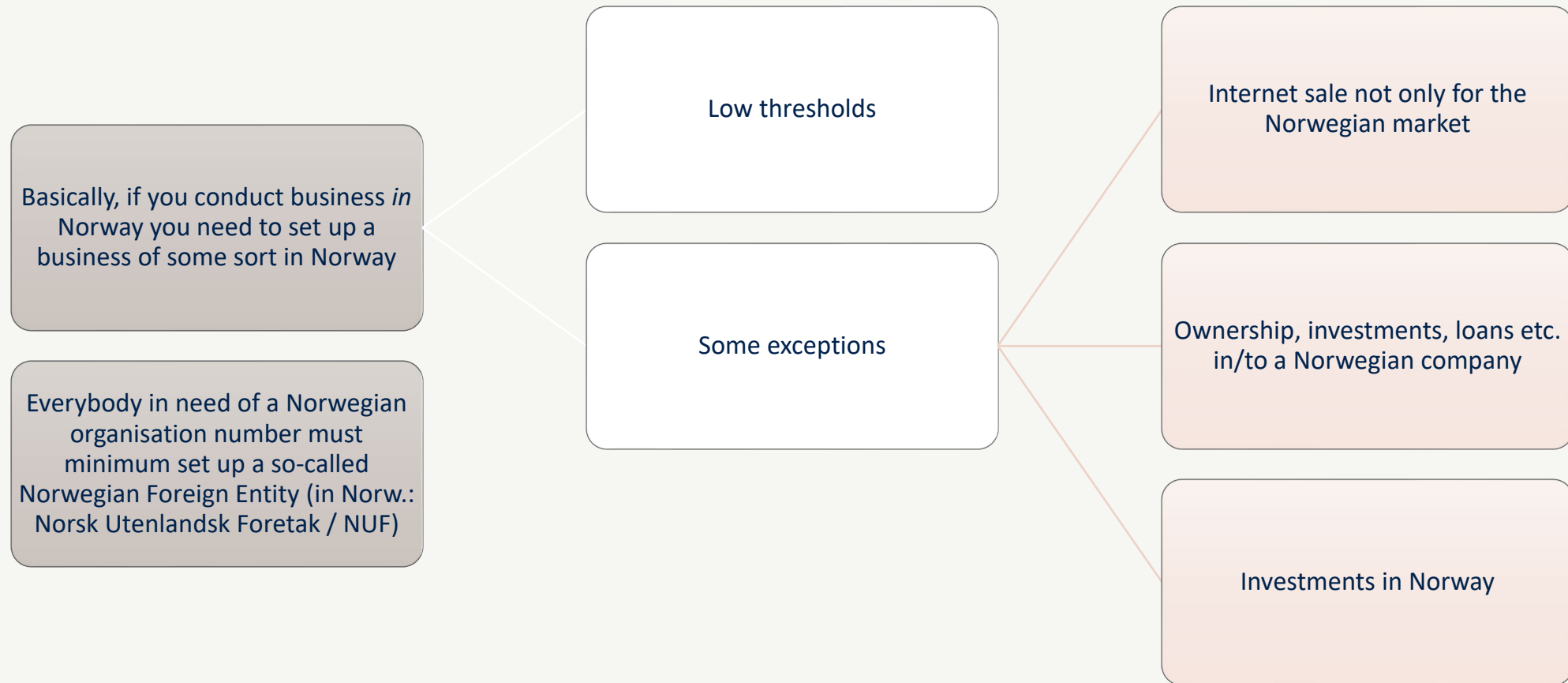
Limited activities in
Norway

- Warehouse
- Contracts with performance in Norway
- Sending employees to Norway

Setting up a branch

Setting up a subsidiary

WHEN do you need to set up a business in Norway



WHEN do you need to set up a business in Norway, cont.

Examples on when you need a Norwegian org.no.:

- In need of a bank account in Norway
- Enter into contracts in Norway with *performance in* Norway exceeding NOK 20,000 (and all employees sent to Norway must be reported)
- Having employees in Norway
- Having a warehouse in Norway
- Sales specific targeted to the Norwegian market



CONSEQUENCES of doing business in Norway



A branch of a foreign company is required to keep accounts and submit its annual financial statements to the Register of Accounts (Norw.: Regnskapsregisteret) if the branch is liable to taxation in Norway



Tax obligation to Norway also dependant on tax agreement with Finland



VAT registration if turnover exceeding NOK 50k in a 12 months period

Note: Special conditions on small value e-commerce and remotely deliverable services (VOEC)



Registration of employees etc.



Industry specific requirements / regulatory issues

CONSEQUENCES of doing business in Norway, cont.

When receiving an organization number you will be categorized as a NUF, regardless of the level of activity conducted in Norway

Instead of a NUF, you can of course choose to establish a limited company (in Norwegian: aksjeselskap / AS)

CROSS BORDER OBSTACLES



Known cross border obstacles:

Receiving a bank account in Norway

In log on Norwegian web-based services and public authorities

Initial registration: must be submitted by using physical paper form and original ('wet ink') signatures



If facing cross border obstacles – let us know and we can bring the obstacle to NGO's working to delete or minimize cross border obstacles

We work within the law, not within borders

Oslo, Norway

Helsinki, Finland

Stockholm, Sweden

Gothenburg, Sweden

Copenhagen, Denmark





Thank you

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