SUMMARY DESCRIPTION OF THE NORWEGIAN ACTS ON VALUE-ADDED TAX
AND TAX ON INVESTMENTS ETC. OF 19 JUNE 1969

The Permanent Mission of Norway has transmitted to the secretariat the following information.

The Act on Value-Added Tax consists of twenty chapters and seventy-six paragraphs. The Act on Tax on Investments etc. consists of eight paragraphs. The investment tax is to be regarded as part of the now general value-added tax system to be introduced.

I. The Act on Value-Added Tax

Chapter I - Introductory notes

This Chapter defines for the purpose of the Act different elements within the value-added tax system comprising the definition of taxable goods, the turnover of goods and services and the terms "outgoing tax" and "ingoing tax". It is also mentioned in this Chapter the goods and services which are not liable to value-added tax in the sense that they fall outside the scope of the Act.

In principle all goods sold commercially will be liable to value-added tax, including building constructions, electricity and water from water supply works etc., but not immovable property. The trade and hiring of cinematographic films, with the exception of advertising films is excluded from the Act. Services which are not mentioned under paragraph 13 in the Act, (cf. Chapter IV below) fall outside the scope of the Act.

In addition to exports of goods and services there are certain goods and services which are specifically exempted from the value-added tax. These are mentioned under paragraphs 16 and 17 (cf. Chapter IV below).

The value-added tax will be collected at all stages of transaction including the import stage. Provisions concerning the import of goods are given under paragraphs 62-65 (cf. Chapter XVI below).

Chapter II deals with certain administrative questions concerning information which is obtained by the tax authority in connexion with the controls of the value-added tax.

Chapter III - Taxable enterprises

This Chapter provides that the value-added tax has to be paid by independent firms, persons, associations (including co-operative societies), public institutions and sponsors of auctions. Such enterprises have to be registered (cf. Chapter VII below).
Chapter IV - Goods and services subject to value-added tax

All goods, new and used, will be liable to the general value-added tax according to paragraph 13. Under this paragraph are also listed the services which will be liable to value-added tax. These are:

1. Goods or immovable property, soil cultivation, sowing, etc., cleaning, garbage removal, snow clearing, dyeing, clothes cleaning, impregnating and decorating.

2. Animal breeding, training, care and supervision, veterinary treatment and artificial insemination of animals.

3. Lease of goods, and of machines, mechanical and electrical equipment connected to immovable property.

4. Transportation and storage of goods, including lease of storage boxes, apart from lease by banks, assistance in arranging goods transportation, forwarding, customs clearance, distribution and the like.

5. Transfer and other utilization of patents, licences, trademarks, production methods and the like.

6. Typewriting, copying, office service, mass distribution, punched card service and electronic data processing.

7. Telecommunications, including telephone, telegraph and telex.

8. Advertising and advertisements, including assistance in arranging for advertising and the use of space for advertisements, posters and other advertising.

9. Technical, administrative or organizational assistance including also assistance related to services as mentioned in point 1 above, analysis, control, testing, market analysis, marketing and opinion polling.

10. Serving of food and beverages in or from hotels and other inns, restaurants and in railway stations and trains, ships and aircraft on domestic routes, and the leasing of reception rooms in connexion with such serving.


Services which are not mentioned in this list fall outside the scope of the Act. These are inter alia passenger transport, renting of rooms in hotels etc., services rendered by banks, insurance companies and postal services and services rendered by doctors, dentists, hospitals, cultural and entertainment services etc. Enterprises rendering such services could not be registered as taxable firms and have no possibilities of getting refund of value-added tax on their purchases.
Under this Chapter (paragraphs 16 and 17) are also listed the transactions and
the goods and services which are specifically exempted from the value-added tax.
These are mainly export transactions and transactions connected therewith, but
also the trade in newspapers, books and certain periodicals, fishing ships and
other ships of more than 25 tons used for commercial traffic and airplanes used for
the same purpose. Hiring of ships and airplanes destined for passenger transport
is also exempted from the value-added tax.

Used motor vehicles previously registered in Norway are also exempted from
the value-added tax. Such motor vehicles will instead be liable to a special
registration fee when sold, in the same way as today.

Enterprises engaged in these businesses have to be registered in order to get
advantage of the credit of the value-added tax on their purchases.

Chapter V - Taxable value (outgoing tax)

The taxable value is the consideration paid for goods and services, excluding
the value-added tax itself but including other taxes. For imported goods the
taxable value is the customs value including customs duties and other taxes, but
excluding the value-added tax itself (cf. Chapter XVI below). The value-added tax
charged on sales of electric power will however be based on an average price per
kilowatt hour fixed by the Ministry.

Chapter VI - Deductions or refund of value-added tax on purchases (ingoing tax)

For enterprises liable to value-added tax there is with certain exceptions a
general right to deduct value-added tax on purchases. The exceptions are inter alia
tax paid on passenger cars, tax paid on expenditures for the maintenance and running
of such motor cars (petrol) etc. and tax paid on expenditures for entertainment
(serving of food and beverages etc.).

Chapter VII contains provisions for the registration of taxable enterprises. Firms
whose annual turnover does not exceed Nkr 6,000 are not taxable for their sales
and shall not register.

Chapter VIII contains provisions concerning the taxpayers reporting to the tax
authorities. The normal taxation period will be two months. If a firm's tax
deductible is regularly at least 25 per cent in excess of the tax payable (because
of export sales etc.) the firm may be allowed to use monthly settlement periods.
If the tax deductible regularly exceeds the tax payable with more than 50 per cent,
weekly settlements may be allowed. The tax must be remitted together with the report
within fifty days of the end of the taxation period. If the tax deductible exceeds
the tax payable for a taxation period, the excess amount will be paid to the firm.
Such payments will be effected within twenty days (Chapter IX).

For taxable firms and persons in farming, fishing and related activities the
taxation period will be one year and the tax report and the remittance of the tax
have to be sent within three months and twenty days of the end of the taxation
period (Chapters IX and X).
Chapters XI, XII and XVII contain provisions concerning bookkeeping, invoicing and obligations for the taxpayers to furnish the tax authorities with information for the purpose of control. Invoices or other sales documents must be issued for deliveries made to and by registered firms. In such cases the document must show the consideration excluding the tax and the amount of tax separately.

Chapters XIII, XIV, XV, XVIII and XIX contain provisions concerning penalties and complaints etc.

Chapter XVI contains special provisions concerning the assessment of value-added tax at importation. The importation of goods will be subject to value-added tax at the time of importation (customs clearance of the goods). The taxable value is the customs value including the customs duty and other taxes, but excluding the value-added tax. When goods are reimported after having been refined, processed or repaired abroad, the tax will be charged on the costs of the refining etc., including the shipment costs.

Chapter XX - Transitional provisions and entry into force

The law on value-added tax will enter into force on 1 January 1970. The provisions concerning the obligations for registration of taxable firms (Chapter VII) entered into force on 1 October 1969. The value-added tax will be charged on deliveries of goods and rendering of services which take place on or after the date of entering into force of this law.

II. The Act on Tax on Investments etc.

According to this Act, which will enter into force on 1 January 1970 a tax on investments etc. will be introduced at the same time as the value-added tax. The tax on investments etc. is intended to be a complement to the value-added tax and will be collected from the enterprises liable to value-added tax which are obliged to be registered for the purpose of this tax. In principle the investment tax shall be levied on all purchases of goods where enterprises are entitled to a deduction of the value-added tax paid, with the exception of goods which are intended for resale or for use as raw materials or semi-manufactures for further processing and resale. Some auxiliary materials for processing firms will also be excluded from this tax. In principle the tax on investment etc., which will be 13 per cent, is to be calculated for investment goods, furniture, stationery etc., which are used by firms liable to value-added tax. For firms which fall outside the scope of the value-added tax system the final tax burden will be equal to the value-added tax of 20 per cent without any right for deduction or refund. Under the existing retail sales tax system the industry pays 13.64 per cent tax on investment goods etc. With certain exceptions the investment tax shall also be calculated on work done on immovable property and other investment goods etc. within the enterprises by their own workers.

The tax shall be calculated by the firms themselves which use the goods liable to this tax and the tax base shall be the purchase price of the goods exclusive of the value-added tax charged by the supplier of the goods. For investment goods etc. produced for own use the taxable value will be the general turnover value, fixed by the Ministry.
Every firm liable to value-added tax where deduction of tax on purchases is claimed will be liable to the tax on investment etc. There will be no border tax adjustments for this tax.

The rules for the reporting and payment of tax on investments etc. are the same as for the value-added tax.