



**ARNTZEN
de BESCHE**

Foreign rig owner receiving Norwegian management services - not taxable to Norway for bare-boat charter income

In its ruling of 14 Dec 2015, the Supreme Court concluded that Odfjell Rig Ltd was not taxable to Norway for its part of rig BB charter income.

Both the District Court and the Court of Appeal had previously reached the opposite conclusion. These lower courts found that the services performed by the Norwegian manager were so extensive that it captured the BB leasing income as taxable to Norway, referring to that no activity was left to the owner position, other than formal decisions of long term contracts etc. The crucial question before the Supreme Court was whether the manager only rendered services or if the manager's activity comprised also the full BB income. Only one of the five judges sided with the state, while the other four concluded that the activities of the manager did not imply that the leasing activity as such was performed in Norway. The majority a.o. referred to the annual BB lease rate being NOK 540 mill compared to NOK 11 mill of annual management fees. The management services were viewed as of limited scope and value, and hence constituted supportive services to the BB leasing rather than being the BB leasing.

To see the structure chart, please click [here](#).



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