DOING BUSINESS IN NORWAY

Celebrating 15 years
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In our day to day work assisting our clients, our objective is always to achieve excellence within the profession and art of law, helping the client attain their objectives.

By publishing Doing Business in Norway we want to give the reader an updated summary of the parts of Norwegian law which will be of interest to companies and individuals contemplating engaging in business activities in Norway. This book covers a number of areas of Norwegian law, but is only intended to give a brief outline of these areas. Nevertheless, we hope that you will find this introduction to topics and areas of importance to those engaging in business in Norway useful.

In 2016, Arntzen de Besche Law Firm celebrates its 15th anniversary. The firm's law practice dates back to 1870. On 1 January 2001 the two midsize Oslo law firms Arntzen, Underland & Co and De Besche & Co merged into Arntzen de Besche, which has become one of the leading law firms in Norway.

With 130 lawyers in our three offices in Oslo, Trondheim and Stavanger, we serve Norwegian and foreign clients within the broad field of business law. We assist private clients from the smallest enterprises to the largest listed corporations and within most industries, and we also assist public authorities.

Publishing Doing Business in Norway is one of the ways we mark our 15th Anniversary!

Arntzen de Besche

Sven Iver Steen  Erlend Haaskjold  Trond Vernegg
Managing Partner  Litigation Partner, Editor  M&A Partner, Editor
Svartisen is Norway's second largest glacier and covers more than 370 square kilometres. The highest point on the glacier rises to 1,595 metres above sea level. The name Svartisen comes from 'svartis', or 'black ice', an old word used to describe the deep blue colour of the ice and the contrast with the white snow and newer ice on the glacier plateau itself. The lowest part of the glacier is just 20 metres above sea level, making it easily accessible to tourists and glacier walkers.
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As the sun sinks into the sea and disappears, leaving a golden light on the horizon; as it bids farewell after yet another day in paradise; as its rays shine their last and silence falls over the water and people, that’s a good time to reflect on how lucky we Norwegians are that we can sleep safely in a peaceful country.
INTRODUCTION
General

Norway is a constitutional monarchy where the executive, legislative and judiciary powers are divided between the Government, the Parliament (the Storting), and the civil courts respectively. The legal system is usually described as mixed; elements based on the Roman and continental traditions are blended with features from the English common law system.

The Constitution is dated 17 May 1814. The declaration of a sovereign state marked the end of 400 years of Danish rule. The independence, however, was short-lived, as the Swedes made claim to acquire Norway following the end and the outcome of the Napoleonic wars. Following a brief military intervention, Norway accepted a form of union with Sweden, which lasted until Norway’s second declaration of independence in 1905. Since then, Norway has been a sovereign state.

The Constitution sets out the basic principles of the State and its governance. Over time, the powers and authority vested in the King personally have been transferred to the Government as the King’s council. Today, the King acts solely in ceremonial matters. The Government is elected by Parliament. Parliament is elected by a general election every four years. The Supreme Court renders final judgments, which ensures the independence of the civil court system.

The Constitution also contains a catalogue of fundamental rights such as a prohibition against legislation adopted with retroactive effect, freedom of speech, and a right to full compensation in the event of public expropriation of private property. More recently, the Parliament has adopted provisions to ensure the rights of the ethnic-minority groups, and a general right to a healthy and sustainable environment. Public authorities are required to respect the international human rights. Several international conventions have been incorporated into Norwegian law, most notably the European Human Rights Convention.

Today, the King acts solely in ceremonial matters. The Government is elected by Parliament.
And fearless men from the North went forth over the sea towards foreign shores… Given good weather a Viking ship could sail more than 150 nautical miles a day!
FORMS OF DOING BUSINESS
General

Enterprises in Norway can be organised in several ways. Most are organised as limited liability companies, partnerships (where the participants, either jointly or in the aggregate, are liable for the full amount of the company's obligations) or through a Norwegian branch of a foreign entity. All enterprises operating business activities in Norway are obliged to register with the Register of Business Enterprises, by which the entity will receive an organisation number and (if applicable) a VAT registration number. As the majority of enterprises in Norway are limited liability companies, this type of company will be the main focus in the following. We will, however, also briefly discuss the law relating to partnerships and branches.

" As the majority of enterprises in Norway are limited liability companies, this type of company will be the main focus in the following. "
Norwegians have lived amongst snow and ice since they first settled in this area 10,000 years ago. A snow cave or an igloo was often used as shelter. An igloo is made from solid snow blocks laid out in a spiral so the last block at the top will be almost perfectly round. The igloo protects against cold and extreme weather and is usually between two and three metres high.
LIMITED LIABILITY COMPANIES
Private and public limited liability companies

As in other jurisdictions, the key distinction in Norwegian corporate law is between companies where the owners have or do not have liability for the company’s obligations. In a limited liability company, the shareholder’s liability is limited to the equity capital they have invested in the company.

A limited liability company may be incorporated as a “public” or “private” company. Private limited liability companies are governed by the Private Limited Liability Companies Act 1997 (PRLLC), and public limited liability companies are governed by the Public Limited Liability Companies Act 1997 (PULLC) (jointly the LLC Acts). The key conceptual difference is that a company incorporated pursuant to the PULLC is intended to raise capital from a broad investor base and may (but does not have to) be listed on a stock exchange. A company incorporated pursuant to the PRLLC is intended to raise capital from a fewer number of investors, and cannot be listed on a stock exchange. Although the LLC Acts for most parts are identical, regulations differ on certain topics to reflect this conceptual difference. The general meeting of a private or public limited liability company can resolve to transform the company to become a private or public limited liability company, as appropriate. Unless otherwise indicated, all references to a “company” shall be taken to comprise both private and public limited liability companies.

The Opera House in Oslo with the Barcode buildings in the background. In 2016 there will be 10,000 people working and 500 living in this area.
Incorporation

The minimum mandatory procedure for incorporating a company is relatively straightforward. The subscriber of shares in the company (the founder(s)) must draw up a memorandum of incorporation which, as a minimum, shall include:

► the company’s articles of association;
► the name and other details of the founders;
► the number of shares to be subscribed by each founder;
► the price payable for each share to be subscribed for by the founders;
► the deadline for paying the subscription price for the shares;
► the names of the company’s directors; and
► the name of the company’s auditor (if applicable). It is permitted, subject to certain qualifications, for smaller companies to resolve that the board shall be permitted to decide that the company’s accounts shall not be subject to annual audits.

If the contribution payable to the company for shares shall be settled by way of contribution in kind – only payment in NOK is considered “cash” for these purposes, all other means of settlement, including foreign currency, is considered as contribution in kind – the founders must also prepare a statement on the value of the contributed asset, as well as an opening balance sheet which shall be attached to the memorandum of incorporation. The additional documentation shall serve to confirm that the value of the assets contributed as payment for the shares, has a value which at least is equal to the equity contribution made on the shares.

The company’s receipt of the full contribution payable by the founders shall be confirmed by a Norwegian certified auditor or alternatively, if the contribution shall be made in cash, by a financial institution. Norwegian corporate law does not include the concept of no par value shares or shares that are issued yet not fully paid-up.

The founder(s) shall date and sign the memorandum of incorporation. When all the founders have done so – there is no requirement that the company has more than one founder, and there is no upper limit on how many founders
there can be – the shares are subscribed and the company is formed. The incorporation of the company shall then be reported to the Register of Business Enterprises within three months. Limitations apply to the company’s ability to take on obligations by contract and otherwise until registration is complete.

Furthermore, the board of directors shall without delay ensure creation of a register of shareholders of the company. In public limited liability companies the register of shareholders shall be managed by a central security registry. Evidence of share ownership consists solely of the share register. The concept of physical share certificates is no longer recognised or part of Norwegian corporate law for newly incorporated companies.

Norway is one of the world’s leading fishing nations and export a range of different species of fish. In 1946 Norway was the first country in the world to establish a Ministry of Fisheries.
Company capital

The minimum share capital requirement for a private limited liability company is NOK 30,000. For public limited liability companies the minimum requirement is NOK 1,000,000. The share capital shall be divided into one or more shares. All shares, regardless of whether the share capital is divided into more than one class of shares, shall have the same par value.

Regardless of its registered share capital (which essentially represents a matter of accounting and has limited financial or legal significance, but see below in this paragraph), a company shall at all times maintain equity and liquidity which is adequate in terms of the risk and scope of the company’s business. Considerations as to whether the company meets the equity and liquidity test must be made by the board of directors on a regular basis, all depending on the nature of the company’s business. If equity and liquidity falls below the level which the board reasonable believes is the minimum required for the company in view of its business operations and risk exposure, and always if equity is deemed to be less than half of the company’s registered share capital, the LLC Acts impose upon the board to within reasonable time call a general meeting, in which it shall report to the shareholders on the company’s financial position. The board of directors shall propose to the general meeting measures to restore the equity to acceptable levels. If the board of directors does not find proposing such measures justified or such measures are found not to be reasonably feasible, it shall propose liquidation of the company.

All distributions of the company’s assets are subject to and may only be done in accordance with the LLC Acts’ provisions on payment of dividends, capital reduction, merger or demerger of companies, and repayment following liquidation. If a distribution has been made in without following the rules set out in these provisions, the recipient is subject to a strict and unlimited obligation to return the received assets (or their corresponding value, if the asset itself e.g. has been consumed or further traded).

“The company shall at all times have a level of equity and liquidity which equals or exceeds the reasonable minimum for the type of business the company conducts.
Shares and shareholders’ rights

All shares in a company carry equal rights, unless the shares pursuant to the company’s articles of association are divided into different classes of shares. The articles of association shall in such case specify the distinctions between the share classes, the total par value and number of shares within each class.

As a general rule, shares in public limited liability companies are freely transferable, i.e. transfer of title to shares is not subject to board consent, shareholder right of first refusal or other restrictions. The general rule is the opposite in private limited liability companies where a share transfer, unless otherwise set out in the articles of association, is subject to the board of directors’ consent (not to be unreasonably withheld) and also existing shareholders’ right of first refusal.

Legal protection for title to shares in a company is secured by notification to the company that title has passed to the new owner. The new holder (by acquisition or otherwise) of a share in a PULLC shall therefore immediately notify the company of its acquisition. Following such notice, the company is obliged to register the new owner in the register of shareholders without undue delay and state the date of registration. In a PULLC, it is, however, the former owner shall ensure that the change in ownership is reported to the relevant central security registry. This is because it is the former owner which has to instruct its securities account agent to transfer title to the shares to the new owner versus the central securities register.

The purchaser may only exercise the rights that pertain to a shareholder (a) when the transfer has been entered in the company’s register of shareholders, or (b) when the transfer has been reported and evidenced towards the company without being prevented by restrictions such as board approval or existing shareholders’ pre-emption right.

“Legal protection for title to shares in a company is secured by notification to the company that title has passed to the new owner.”
The general meeting

The highest authority in a company is exercised by its shareholders through the general meeting. This means that the general meeting can pass resolutions regarding any matter relating to the company. However, where a general meeting resolution is not required by law or the company’s articles of association, the board of directors will have authority to discuss and resolve the matter. The general meeting will nevertheless have a right of instruction and reversal of decisions made by the board of directors.

Unless otherwise prescribed by LLC Acts or specific provisions in the company’s articles of association, resolutions by the general meeting are passed by a simple majority of the votes cast. Certain resolutions do, however, require a qualified majority, as follows:

► Amendment of the articles of association: requires the support of at least two-thirds of a) the votes cast; and b) of the share capital represented at the general meeting. A resolution to amend the articles of association which detracts from the rights of an entire class of shares requires the support of two-thirds of the represented capital of that class. Moreover, at least half the votes of the shareholders who do not own shares in any other class must be cast in favour of the proposal.

► Qualified majority requirement: a resolution which in respect of issued shares causes the shareholders’ right to dividend or the company’s assets to be reduced; requires the supporting vote of owners of shares making up more than nine-tenths of the share capital represented at the general meeting, in addition to a majority as for amendments of the articles of association. The same majority is required for certain resolutions changing the transferability of issued shares.

Requirement of unanimity etc.: a resolution requires the consent of all the shareholders (whether present in the general meeting or not) when, in respect of issued shares, it implies that (i) the obligations of the shareholders towards the company are increased; (ii) the right to assign or acquire shares in the company is restricted (otherwise than as such resolutions requiring qualified majority described above); (iii) shares may be subject to compulsory redemption; (iv) the legal relationship among formerly equivalent shares is altered; or (v) the right of shareholders to collect dividends or to the company’s capital is reduced by a provision to change the company’s object to not generating profit for the shareholders.
Sheep farming is an important part of Norwegian agriculture. Today there are about 1.1 million sheep in Norway spread over 18,000 farms. Sheep farming secures about 10,000 jobs, but is mainly done as a side line. The most common breed of sheep in Norway is Norsk kvit sau, or Norwegian white sheep, which thrive on the coast and in the mountains.
It is permitted for the shareholders to include in the articles of association that certain resolutions shall require higher majorities than set out above to be passed. In addition, the LLC Acts include general limitations regarding resolutions adopted by the general meeting which potentially may give certain shareholders or others an unreasonable benefit at the expense of the other shareholders in the company. Resolutions which unreasonably benefit certain shareholders or others can be invalidated by way of legal proceedings.

Then they came sailing in through the fjord, these mighty ships with their characteristic shape. The technological invention, the keel, made the Viking ships go much faster than previous vessels.
COMPANY MANAGEMENT

The board of directors

The board of directors is a mandatory body in a company and is elected by the general meeting as the shareholders’ representatives responsible for the management of the company. The board shall:

► ensure proper organisation of the business of the company;

► draw up plans and budgets for the company’s business and also lay down guidelines for the business;

► keep itself informed of the company’s financial position;

► ensure that the company’s activities, accounts and capital management are subject to adequate control; and

► effectuate any inspections the board considers necessary in order to perform its tasks.

If a PRLLC does not have a general manager (a PULLC shall always have a general manager, as further set out in “General Manager”), the Board is also responsible for organising and managing the day-to-day operations of such company. If the company has appointed a general manager, the board of directors is responsible for supervising the day-to-day administration and the company’s business in general. In conducting this responsibility the board of directors may issue instructions for the general manager, and may at any time require that the general manager reports to the board of directors on specific matters.

Resolutions by the board of directors are, unless otherwise set out in the articles, passed by a simple majority of the votes cast. Minutes shall be kept of the board of directors’ proceedings.

In a company with more than 30 employees and no corporate assembly (cf. “The corporate assembly”), a majority of the employees may require the election of one member of the board of directors and one observer by and amongst the employees. If the company has 50 employees and no corporate assembly, a majority of the employees may require the election of up to one third and at least two of the board members. If the company has more than
200 employees and no corporate assembly, the majority of the employees shall elect one additional board member and two additional observers.

At least half the members of the board of directors shall reside in Norway or be nationals of states that are parties to the EEA Agreement and reside in such state. It is possible to apply to the Ministry of Trade, Industry and Fisheries for an exemption from this requirement.

The general manager of a PULLC may not be a member of its board of directors. Other than that, there are no statutory limitations on the shareholders’ right to elect executive directors. It is, however, worth observing that in Norway as opposed to, e.g. in the US and the UK, it is not common to elect directors from the ranks of the executives, as this is deemed detrimental to corporate governance. Incidentally, executive board members are allowed in a company. Note, however, that executive board members are considered unfortunate from a corporate governance perspective. Finally, the board of directors of public limited liability companies shall be comprised of both sexes, in accordance with detailed provisions in the PULLC.

The Royal Palace in Oslo was built for King Karl III Johan and was finished in 1849, after 25 years of planning. The architect behind this beautiful building was the Dane von Linstow, who took his inspiration from similar buildings in Denmark and Germany.
General Manager

Public limited liability companies are required by statute to have a general manager, whilst this is optional for private limited liability companies.

The general manager is the highest executive officer in a limited liability company, and the only executive whose responsibilities are governed by the LLC Acts. Other executives and employees are appointed by the general manager or its subordinates.

The general manager is appointed by the board of directors to be in charge of the day-to-day management of the company’s business, and to always be in compliance with instructions issued by the board of directors. The general manager does not have the authority to decide on matters which are deemed to be “unusual” or of material importance.

The general manager may, however, also decide in matters beyond the board’s instructions and the day-to-day management, if the board’s decision cannot be awaited without major inconvenience to the company. The board shall be notified as soon as possible of such decision. Furthermore, it is among the fiduciary duties of the general manager to ensure that the company’s accounts are made in accordance with statutory law and regulations, and that the company’s capital management is properly organised.

At least every four months for private limited liability companies and at least each month for public limited liability companies, the general manager shall report to the board with information on the company’s business, position and profit/loss development. There are no statutory requirements as to form or content for such reporting, other than that by its nature it must provide such information as to reasonably permit the board to keep itself informed about the operational and financial development of the company.

The general manager shall reside in Norway, or if she or he is a national of a state that is a party to the EEA Agreement, reside in such state. It is possible to apply to the Ministry of Trade, Industry and Fisheries for an exemption from this requirement.

"The general manager is the highest executive officer in a limited liability company."
The corporate assembly
A company with more than 200 employees is, unless otherwise agreed between the company and the employees, required to have a corporate assembly of at least 12 members. The duties of the corporate assembly include the election of the members and the chairman of the board of directors, supervising the board of directors, and being the general manager’s administration of the company. At the proposal of the board of directors the corporate assembly may also adopt resolutions in certain matters.

The company and a majority of the employees or unions comprising two-thirds of the employees may agree that the company shall not have a corporate assembly.

Auditor
Public limited liability companies are required to appoint an auditor. The general meeting of a private limited liability company may, however, authorise the board of directors to decide not to have an auditor; subject to the company’s operating revenue, balance sheet amount and number of employees being below certain statutory nominal thresholds. The auditor shall be elected by the general meeting.

If a PRLLC has resolved not to have its annual accounts audited, it will still need auditor confirmations in relation to a number of corporate actions, such as a capital increase/decrease, mergers and demergers and liquidation process. It may therefore be practical even for such companies to maintain a relationship with an auditor which is familiar with the company and its management.

Representation and signatory power
The board of directors represents the company towards external parties and has the full corporate authority to act with binding effect for the company. The board of directors may also appoint directors, the general manager or named employees as having authorised signatory power for the company (individually or jointly). It is also common to include provisions in the articles of association, by which the shareholders have specified that, in addition to the full board acting jointly, e.g. the general manager and any board member, acting jointly, shall hold the authorised signatory powers for the company.

The company shall notify the Register of Business Enterprises of who it has appointed as having authorised power of signature on behalf of the company. Once registered, this information can be relied upon by third parties, in the sense that any disposition made by the authorised signatories towards third
parties will be binding for the company, unless the third party knew or should have known that the relevant authorised signatory did in fact not have internal authorisation to act in such way, and if it would represent an act of bad faith to uphold such disposition.

It is, however, important to understand that it is not a requirement for a disposition to be binding on the company that it is taken by an authorised signatory. By the powers vested in that position, the general manager represents and is authorised to act with binding effect for the company in all matters relating to the day-to-day management (as further discussed above). Within the limitations of its own authority, the general manager may also authorise anyone else to contract or otherwise represent the company. Such authority can be implied in the relevant employee’s position – a chief operating officer will for example be deemed to have wide authority to act on behalf of the company in matters relating to its operations – or express in the form of a formal POA structure by which various individuals are appointed as attorney-in-fact for specific purposes.

"The company shall notify the Register of Business Enterprises of who it has appointed as having authorised power of signature on behalf of the company."
There is a Norwegian saying claiming that Norwegians are ‘born with skis on their feet’. In Nordmarka outside Oslo cross country skiers can enjoy over 2,600 kilometres of well prepared tracks. There are also many nice cafés where skiers can take a break and relax before moving on. And if the planned trip turns out to be too long, they can stay overnight at one of the 24 Turistforeningen (Norwegian Trekking Association) cabins in the Oslo area.
The LLC Acts exhaustively regulate the various methods by which the company’s equity is permitted to be distributed to the shareholders. Any distribution of the company’s equity not in compliance with these provisions is illegal, not binding on the company and shall be repaid by the recipient. Any such illegal distribution may further expose the board of directors, general manager and/or shareholders, and also the company’s auditors and other advisors who may have facilitated the distribution, to financial liability and criminal prosecution.

**Dividend**

A company may only distribute dividend to the extent that after the distribution it maintains net assets with a book value at least equal to the company’s share capital and any other restricted equity (certain types of balance sheet equity which is categorised as non-distributable due to its nature) in the balance sheet. The calculation shall be made on the basis of the balance in the company’s last auditor approved balance sheet, however so that it is the registered share capital on the time of resolving the dividend payment that applies.

Distribution of dividend is resolved by the general meeting with simple majority following a proposal by the board of directors for such distribution. As a reflection of the board of directors’ responsibility to ensure that the company maintains a certain level of equity and liquidity (as described above), the general meeting is not permitted to resolve the distribution of dividend in excess of the amount proposed by the board.

Dividend capacity based on the balance sheet of the statutory annual accounts for the preceding financial year can be paid out in one or several tranches, in each case subject to a board proposal for such distribution and a general meeting resolution for the same. It is also permitted to resolve interim dividends based on an updated audited balance sheet at any time during the course of the year, subject always to the same restrictions and procedure as set out above.

Distribution of dividend is resolved by the general meeting with simple majority following a proposal by the board of directors for such distribution.
Capital reduction
Shareholders may resolve to distribute the company’s equity by way of a reduction of the share capital, as further set out in “Demerger”.

Merger or demerger
Shareholders may resolve to distribute the company’s equity by way of a merger or demerger as further set out in “Dissolution and winding-up”.

Repayment following liquidation
Shareholders will also receive any surplus equity which remains after having settled all obligations towards creditors after having dissolved the company.

Capital increase
The company’s share capital is increased either by subscription of new shares or by increasing the par value of the existing shares.

Equity can be contributed a) by way of subscribing for new shares at a subscription price equal to the face value of the company’s shares, in which case the full amount contributed is booked as share capital which is considered tied-up equity and subject to distribution restrictions; or b) by way of subscribing for shares at a price higher than their face value, in which case the full amount paid in excess of the face value will represent premium, which subject to the company’s equity at any given time may be available for distribution.

Share capital can further be increased by way of transfer of the company’s own funds from unrestricted equity to share capital (bonus issue); the conversion of loans granting the creditor the right to convert the loan into shares, the conversion of warrants shares (shares which gives the holder a right to subscribe for further shares), or conversion of warrants.

In addition to cash (for the purpose of capital increases, only NOK is considered as cash, all other ways of contributions are either settled in kind, including typically foreign currency, or by set off against debt owed by the company to the subscriber), it is permitted to resolve that contribution for new shares can be settled in kind by any asset which the company pursuant to accounting rules is permitted to book as an asset in its balance sheet. If contribution shall be made in kind or be settled by set-off, the board must issue a statement by which it confirms that the value of the assets received by the company at least
equals the amount to be contributed pursuant to the subscriptions made. The statement shall be confirmed by an auditor. The valuation of the assets the company is to take over cannot be carried out earlier than four weeks before the general meeting’s resolution.

To resolve the increase of the company’s share capital, the board must submit a proposal to the general meeting specifying the details of the proposed increase and also the appropriate changes to the capital provision of the company’s articles of association. The board must present a proposal for the specific resolution for the capital increase, and must therefore, among other requirements, specify whether the new share capital shall be raised by cash or in kind contributions, by transferring funds, by converting debt or by requesting further shareholder contributions (see further details below).

The board must also describe the reason for its proposal to increase the share capital, and a brief statement must be provided on matters of importance which subscribers should consider in connection with the subscription of new shares.

In connection with a capital increase by subscription of shares in return for cash contributions, the existing shareholders have a preferential right to subscribe for the new shares in proportion to their current shareholdings in the company. It is permitted, subject to certain conditions, for the board to propose and the general meeting to resolve that the shareholders’ preferential right shall be waived in relation to each specific capital increase.

“The valuation of the assets the company is to take over cannot be carried out earlier than four weeks before the general meeting’s resolution.”
A resolution to increase the share capital shall be adopted by the general meeting. The general meeting may, based on a proposal by the board of directors, also grant a power of attorney to the board of directors to increase the share capital. The general meeting’s resolution granting power of attorney to the board of directors must be registered with the Register of Business Enterprises without delay, and be advised that the board of directors cannot use such power of attorney to issue new shares before it has been registered. Once the power of attorney is registered with the Register of Business Enterprises, the board may, subject to the limitations set out in the resolution of the general meeting, resolve to increase the share capital without any further general meeting resolution.

As a minimum, a resolution to increase the company’s share capital must always state the amount by which the share capital is to be increased, or specify upper and lower limits for such an increase, the par value of the shares, the amount to be paid for each share and who is entitled to subscribe for the new shares. In addition, the resolution must give information about the subscription deadline, which cannot be longer than three months from the date on which the general meeting adopted the resolution, time and place for the settlement, from which date the new shares will entitle the shareholders to a dividend, if there are or are to be shares of different classes in the company and the estimated expenses in connection with the capital increase.

The amount of share capital, number of shares and par value of shares are always set out in the company’s articles of association. Hence, a capital increase will also require that the general meeting resolves to amend the articles of association.

If the capital increase takes the form of a bonus issue, the resolution must, as a minimum, state the amount by which the share capital is to be increased, whether the increase shall take place through raising the par value or through issuing new shares and the class of shares to which the new shares are to belong if there are, or are to be, shares of different classes in the company.

The Register of Business Enterprises must be notified of the capital increase within three months after the final date for subscription – which may be a later date than the general meeting resolution – or the resolution will lapse. The notification must include the share capital amount and a confirmation from either the auditor or financial institution confirming the payment of the capital amount. If the contribution is a non-cash contribution, the board of directors shall issue a statement describing the contribution and the valuation of such contribution. The share capital is considered increased by the notified amount specified in the notification when the capital increase is registered in the Register of Business Enterprises.
Dog sledding at Svalbard, a group of islands situated about half way between the Norwegian mainland and the North Pole. The islands were initially used as a base for whalers, and from the 19th century also for coal mining. In 1925 Svalbard became a part of Norway. Its location north of the Arctic Circle means that Svalbard experiences both the Midnight Sun in the summer and the Polar Night in the winter.
FINANCIAL INSTRUMENTS

The LLC Acts include regulations governing the procedure and corporate actions necessary for the issue of certain types of financial instruments. These financial instruments, when properly issued, give the holder the right to convert them into shares in the company without any further corporate actions (e.g. GM resolutions) being necessary. Although the company may contract with third parties they shall have the right to subscribe for new shares, such right will always, unless in the form of a financial instrument as described below, be subject to the condition that the shareholders of the company pass the resolutions required for the issue of such new shares. The below represents a conceptual description of the three types of financial instruments convertible into shares and a summary of certain key characteristics only.

Convertible loans
A convertible loan is a loan that has been issued by the company by shareholder resolution in the general meeting – with such majority as required to amend the articles of association – pursuant a proposal by the board of directors, and which as per the terms of the agreement and the general meeting resolution may be converted into new shares in the company. The resolution to issue a convertible loan contains several of the same elements as a resolution for a general increase of the company’s share capital as described above. The right to subscribe to new shares is directly tied to and cannot be separated from the creditor position pursuant to the loan agreement.

Upon conversion, in accordance with the agreed terms of the loan agreement, the company can issue the required number of shares to the convertible loan holder as an executive action without shareholder approval, the effect of which is that the relevant portion of the loan is set off against the creditor’s (subscribers’) obligation to pay for the new shares. The maximum period for the right to convert the loan into shares is five years from the date of the general meeting resolution.

As is the case in relation to ordinary capital increases, the existing shareholders have the preferential right to subscribe for a convertible loan, cf. same above. It is also permitted for the general meeting to grant the board of directors a power of attorney to issue convertible loans. The convertible loan, and a board power of attorney to issue convertible loans, shall be registered with the Register of Business Enterprises.
Warrants shares
Warrants shares are shares which give the holder the right to subscribe for additional new shares in the company, subject to the terms of the general meeting resolution issuing the warrants shares, e.g. by allowing a subscriber for one share the right to subscribe for one more share within a pre-defined period of time and at a pre-defined subscription price. The right to demand the issue of new shares is inseparable from the share. The maximum period for the right to convert the warrants shares into shares is five years from the date of the general meeting resolution. The shareholder preferential right to subscribe for new shares issued by the company does not apply upon the conversion of warrants shares into shares.

The resolution to issue warrants shares is passed by the general meeting with such majority as is required to amend the articles of association. The issue of warrants shares, and the maximum resulting share capital increase, shall be registered with the Register of Business Enterprises.

Warrants
Warrants are subscription rights that are not attached to any shares in the company. As opposed to warrants shares, ordinary warrants may therefore be traded by the holder, if so permitted pursuant to the terms of issue. The maximum period for the right to convert the warrants into shares is five years from the date of the general meeting resolution. The shareholder preferential right to subscribe for new shares issued by the company does not apply upon the conversion of warrants into shares. There is no requirement that a premium is payable for the warrant itself. The resolution to issue warrants is passed by the general meeting with such majority as is required to amend the articles of association. The issue of warrants, and the maximum resulting share capital increase, shall be registered with the Register of Business Enterprises.

"The right to subscribe to new shares is directly tied to and cannot be separated from the creditor position pursuant to the convertible loan."
Share capital reduction

The shareholders may, subject to a proposal by the board of directors, resolve to reduce the share capital in the company. Reduction of the share capital requires a resolution by the general meeting. The amount to which the reduction relates may only be used for

1. covering a loss that cannot be covered in any other way;

2. distribution to the shareholders or cancellation of the company’s own shares;

3. allocation to reserves to be used in accordance with the general meeting’s resolution.

The resolution must state the reduction amount and the purpose for which it is to be used. It must also be stated whether the reduction in capital is to be implemented by the redemption of shares or by a reduction in par value of the share. Any reduction of the share capital pursuant to alternatives 2 and 3 above will always be subject to the requirement that the company retains equity and liquidity which is adequate in terms of the risk and scope of the company’s business. The auditor must confirm that there will be full cover for the company’s restricted equity after the reduction.

If the full amount of the reduction amount is to be used to cover a loss (alternative 1 above), the reduction in the capital will take effect when the notification of the reduction has been registered with the Register of Business Enterprises and without notice to any creditors. In such case, a dividend in the company cannot be declared until three years after the registration with the Register of Business Enterprises, unless the share capital has again been increased by an amount that is at least equivalent to the reduction.

If the reduction of the amount is to be used in whole or part in accordance with alternatives 2 or 3 above, the resolution of the reduction must be registered with the Register of Business Enterprises which will make the resolution public in its electronic publication platform and by notifying the company’s creditors that any objection to the reduction must be submitted to the company within six weeks of the public notice. When the deadline has expired and the relationship with any creditors is settled, the resolution on a reduction in capital will enter into force when a new notification thereof is registered with the Register of Business Enterprises.
There are 2,534 glaciers in Norway, covering an area of about 2,692 square kilometres. Several of the glaciers can be explored on foot both in the summer and winter.
Mergers and Demergers between Limited Companies

The Limited Liability Acts set out mandatory rules as to how statutory mergers and demergers between companies are to be prepared, resolved, implemented, including how the assets and shares of the company are to be managed, and procedures taken for consideration by its governing bodies.

When the merger or demerger has been registered with the Registry of Business Enterprises, the acquiring company may, in accordance with general rules, transfer formal positions as the owner of or holder of rights to assets that have belonged to the transferring company. It is a general rule (the continuity principle) that mergers and demergers are completed with a company law and tax law continuity. The continuity principle means that the merging or demerging companies and its shareholders will continue in the companies to which they are transmitted. In relation to tax matters, the continuity principle therefore implies that the tax positions of companies will continue unchanged in the acquiring companies.

The below is a description of the main rules that apply in a merger/demerger between independent companies. Cross-border mergers and demergers, mergers between a parent company and a wholly-owned subsidiary, mergers between companies with the same owner and demergers when the acquiring companies own all the shares in the transferor company may be completed using somewhat simplified procedures.

**Merger**

A statutory merger is a transaction whereby one company (the Transferring company) takes over one or more of another company's (the acquiring company) assets, rights and obligations as a whole, and by the shareholders in the Transferring company receiving a consideration in the form of

- shares in the acquiring company; or

- such shares plus an additional payment which must not exceed 20 per cent of the total consideration.

The boards of directors of the merging companies must prepare and sign a joint merger plan. When the merger plan has been completed, the board of directors of each company must prepare a written report on the merger and
the effects it will have on the company. The report must give an account for
the reasons for the proposed merger and the significance of the merger to the
employees of the company. Employee representatives in the merging compa-
nies must be given information and shall have the right to discuss the merger
in accordance with the Norwegian Working Employment Act.

In the individual company, the merger shall be resolved by the general meeting
approving the merger plan. In the Transferring company, the approval also has
effect as subscription for the shares that are to be received as consideration
from the acquiring company. The consideration shares shall be issued in accord-
dance with the procedure for an ordinary capital increase if the merger is com-
pleted by takeover and in accordance with the procedure for incorporation if
the merger is completed by formation of a new company.

The resolution must be reported to the Register of Business Enterprises no
later than one month after the merger plan has been approved by the general
meetings and, if applicable, by the boards of directors in all the companies
participating in the merger. The Register of Business Enterprises will make
public the merger resolutions in its electronic publication platform and by
that notify the creditors. When the six week deadline has expired for all the
companies participating in the merger and the relationship with any creditor
which has objected to the merger has been settled, the acquiring company
must again notify the Register of Business Enterprises that the merger is to
enter into force, with the following effects:

1. the Transferring company is dissolved;
2. the acquiring company is formed or the share capital in the company is
   increased;
3. the transferor company’s assets, rights and obligations are transferred to the
   acquiring company; and
4. the shares in the transferor company are exchanged for the shares in the
   acquiring company.

A merger may trigger a requirement for a merger filing to be made to the
Norwegian Competition Authority. Merger filing is required if the companies
involved have a total revenue in Norway of more than NOK 1 billion, but not
if only one of the companies has an annual revenue in Norway of more than
NOK 100 million – the test is made against the revenue set out in the latest
statutory annual financial statements of the companies.
Demerger

A statutory demerger is a transaction by which some or all of the transferor company’s assets, rights and obligations are to be divided between one or more acquiring companies in return for the shareholders in the Transferor company receiving consideration in the form of

- shares in the company or in one or all of the acquiring companies; or
- such shares plus an additional payment which must not exceed 20 per cent of the total consideration.

The board of directors of the Transferring company must draw up and sign a demerger plan containing certain information and describing the distribution of the company’s assets, rights and obligations between the Transferring company and the acquiring company/companies, the distribution of shares and other considerations between the shareholders in the Transferring company. In the company that is to be split, the demerger shall be resolved and approved by the general meeting. In connection with a demerger by a transfer to an existing company, the resolution shall be correspondingly adopted in the acquiring company.

The demerger must be reported to the Register of Business Enterprises no later than one month after the demerger plan has been approved. The Register of Business Enterprises will make public the demerger resolution in its electronic publication platform and by that notify the creditors. After the deadline of six weeks has expired and the relationship with any creditor has been settled, the demerger must be reported to the Register of Business Enterprises as completed.

If the demerger is to be carried out by the transferor company’s assets, rights and obligations being divided between two or more acquiring companies that, together, own all the shares in the Transferor company, the demerger can be carried out by the board of director’s adopting the resolution in the company to be demerged and without payment of a consideration.

If the company that is liable for an obligation pursuant to the demerger plan fails to meet the obligations, the companies that have participated in the demerger are jointly and severally liable for such obligation towards the relevant creditor. However, each of the other companies’ liability shall be limited to an amount equivalent to the net value that was received by it in connection with the demerger.
Dissolution and winding-up

Companies are wound up and deregistered in two stages.

The winding-up and dissolution of a company requires a resolution by the general meeting by the same majority as is required for an amendment to the articles of association, based on a proposal from the board of directors. The general meeting must elect a committee of liquidators that shall act as the board of directors during the winding-up proceedings and will replace the former board and managing director of the company. When dissolution has been decided, the company must add the words “in liquidation” to its business name in letters, notices and other documents. The resolution of dissolution must be notified to the Register of Business Enterprises and made public in the electronic publication platform. The creditor’s deadline to report their claims is six weeks and starts from the date the notice is published.

For companies such claims are filed with the chair of the board of liquidators, who will ensure that they are included in the winding-up accounts. The company’s assets shall be converted into cash wherever necessary to meet its obligations. Any distributions to shareholders or profits other than dividends may not be effected before the company’s obligations have been discharged and at least two months have elapsed since the last announcement of the notification to creditors in the Register of Business Enterprises’ electronic publication platform.

On completion of the distribution an audited financial statement shall be submitted to the general meeting. When the financial statement has been approved a notification shall be sent to the Register of Business Enterprises stating that the company has been finally dissolved.

“In the company that is to be split, the demerger shall be resolved and approved by the general meeting.”
Board liability

The board’s statutory responsibilities and liabilities are regulated in the relevant LLC Act, and by general Norwegian background law of damages. Board members can be held economically liable for loss caused by negligent or wilful acts or omissions, whilst failure to comply with mandatory law also may result in criminal liability as the case may be. Criminal liability may result in fines or, in aggravating circumstances, imprisonment for up to one year. The company itself may also be subject to criminal liability for its acts or omissions in breach of applicable criminal law.

The company, a shareholder or others may hold the general manager, a member of the board of directors, member of the corporate assembly, independent experts, investigator or shareholder liable for any damage which they, in the capacity mentioned, have intentionally or negligently caused such party.

The company, a shareholder or others may also hold a party who, intentionally or negligently, has contributed to damage as mentioned above, liable for the damage. Damages can be claimed from such person even though the individual who was primarily responsible cannot be held liable because he or she did not act with intent or negligence.

Each board member is required to perform his fiduciary duties with appropriate care and execute the tasks and responsibilities in a suitable manner. The test as to whether a board member has acted with the proper level of diligence is both subjective and objective. The subjective part relates to the director’s individual knowledge, skill and experience. The objective part relates to the general knowledge, skill and experience that can reasonably be expected of a person carrying out the functions of a director.

“Each board member is required to perform his fiduciary duties with appropriate care and execute the tasks and responsibilities in a suitable manner.”
Dried fish is one of Norway’s most popular exports. It is primarily cod that is being conserved in this traditional way. The fish is hung up on ‘hjell’, a rack to hang the fish on, and this is done while there is still snow on the ground to protect the fish from insects. The climate in the north of Norway is perfect for drying the fish, which is used to make ‘lutefisk’, amongst other things.
PARTNERSHIPS
General

Partnerships are subject to the provisions of the Partnership Act 1985.

The distinct characteristic of an unlimited liability partnership, as opposed to a limited liability company, is that although the partnership is a legal entity separate from its partners, the partners are, subject to the variations described below, jointly and severally liable for all the obligations of the partnership itself. Both the partnership and the partner can be held directly liable for the partnership’s obligations, although creditors must first seek settlement from the partnership itself.

The following forms of partnership exist, all of whom having in common that the partnership’s obligations towards third parties are fully covered by the partners:

► Unlimited liability partnerships: partnership where the partners have unlimited personal liability for the total obligations of the partnership, undivided or for parts which altogether constitute the total obligations of the partnership and who act as such in relation to third parties.

► Limited partnership: partnership where at least one partner has unlimited liability for the obligations of the partnership and at least one other partner has limited liability up to a stipulated sum of the obligations of the partnership.

In each partnership, a dated written partnership agreement shall be drawn up and signed by all partners. Later amendments shall be made in the same manner unless the amendments appear from a record of a partners meeting. A partner who joins the partnership after it has been established shall accede to the partnership agreement in writing.

Partnership agreements shall at least contain provisions concerning:

► the name of the partnership;

► the name and address of each partner;

► the object of the partnership;

► the municipality in which the partnership will have its head office; and

► whether the partners will contribute capital, and the value of any contributed assets.
The partners exercise the highest authority in the partnership through the partnership meeting. Only the partners have voting rights and all resolutions require the unanimous support of all voting partners. Minutes shall be kept of the proceedings in the partners meeting.

It may be agreed that the partnership shall have a board of directors who shall conduct the general administration of the partnership and particularly ensure that the capital administration is organised in a satisfactory manner. The directors are elected by the partners’ meeting. Board resolutions are adopted by a majority of the attending directors. However, a valid resolution always requires the supporting vote of more than one-third of all the directors.

The partners meeting may also engage a general manager to conduct the everyday management of the partnership and particularly ensure that the capital administration is safely organised. The general manager shall comply with the guidelines and instructions issued by the partners meeting or board of directors. If appointed, the general manager’s authorities in a partnership are similar to his authorities in a limited liability company as described in “General”.

Vigelandsparken in Oslo is one of the best known sculpture parks in the world. In the background you can see the famous Monolitten, or The Monolith, which stands 17 metres tall and consists of 121 human figures.
The puffin is a colourful addition to our coastal fauna and can be found on the West Coast and further north. The largest colony is in Lofoten, where several thousands of birds are nesting. They can beat their wings rapidly, up to 400 times per minute, to reach a maximum speed of 85 kilometres an hour.
BRANCHES
General

A foreign company may conduct its business in Norway through a branch, which in legal terms is referred to as a “Norwegian registered foreign enterprise”, abbreviated as “NUF”. Foreign enterprises conducting business in Norway are obliged to register with the Register of Business Enterprises.

There are no specific requirements for the legal structure of the foreign business. Both businesses with limited and unlimited liability may register as a NUF. The Norwegian branch is not a separate legal entity, but considered to be part of the foreign company.

The NUF does not have a legal personality different from that of the main foreign company. This means that the NUF is always acting on behalf of the foreign company. Only the foreign company may be party in litigations and the internal organisations of the NUF, and the power to enter into agreements, decision-making procedure and distribution of dividend is governed by the jurisdiction of the main foreign company.

Even though NUFs are acting on behalf of the foreign home office, NUFs are not subject to any particular corporate restrictions and may – as an extension of the home office – enter into contracts, buy and sell, hire and dismiss employees and in general conduct business as any other regular commercial entity with full legal personality.

There are more than 2,000 glaciers and seven large national parks at Svalbard. There are also two large nature reserves covering 77,000 square kilometres.
There is no requirement for a NUF to have a board of directors as long as the NUF has a contact person that is registered with the Register of Business Enterprises.

A NUF does not provide the foreign company with protection against liability connected to the business in Norway. Thus, when a foreign enterprise is operating in the form of a NUF, it will be liable for all obligations undertaken by its NUF to the extent of its entire capital at home and abroad, and not only to the extent of the capital invested in the NUF.

Registration of a NUF in the Register of Business Enterprises does not in itself result in a tax liability to Norway. The tax liability, with an obligation to submit annual accounts, occurs when the NUF has, joins or conducts business activities in Norway that results in taxable income, or when the NUF has wealth or income from properties or movables in Norway.

If the branch does not operate from a fixed place of business in Norway and is liable for value added tax (VAT) according to the provisions of the VAT Act, a Norwegian representative for VAT must be registered. The branch will normally be tax liable to Norway and will otherwise have to comply with Norwegian regulations.
Many think that Geirangerfjord is the most beautiful fjord in Norway. With its snowcapped mountain tops, wild waterfalls, lush mountain sides and deep blue waters, this area is veritable fairy tale. Amongst the fjord’s many attractions are the waterfall called Seven Sisters, the road construction called The Knot, and the viewpoint Flydalsjuvet.
INSOLVENCY
General

Norwegian insolvency legislation is regulated by the Norwegian Bankruptcy Act of June 8, 1984 No. 58 (Konkursloven) (the Bankruptcy Act), which sets forth the various procedures to be followed both in the case of court-administered debt negotiations and bankruptcy proceedings, and the Creditors Recovery Act of June 8, 1984 No. 59 (Dekningsloven) (the Recovery Act) containing provisions on, among other things, the priority of claims.

The key features of the Norwegian bankruptcy proceedings are (i) the seizure and subsequent disposal of the debtor’s assets, (ii) the assessment and ranking of claims, (iii) the testing and revocation of transactions (including the securing of existing claims) made prior to bankruptcy, (iv) the handling of the debtor’s contractual relationships and (v) the distribution of funds (if any) in accordance with the priority rules. If the business operations of the bankrupt company are continued, they are in practice continued at the risk of, and only to the extent guaranteed by, the creditors.

Bankruptcy proceedings may be opened provided that, and only if, the debtor is insolvent. Both the debtor and the creditors (holding or alleging to hold a claim) can petition for bankruptcy.

There are two requirements for a debtor to be deemed to be insolvent: (i) the debtor must be unable to service its debts as they become due (the liquidity test) and (ii) the debtor’s debts must exceed the sum of its assets and revenue, based on real, and not book, values (the balance sheet test).

During bankruptcy proceedings the debtor’s assets are controlled by the court-appointed liquidator (usually a lawyer), on behalf of the bankruptcy estate. The main task of the liquidator is to turn all the debtor’s assets into cash in the manner assumed to be most profitable for the estate (the creditors), and then distribute the available cash to the rightful creditors.

In the case of bankruptcy, all of the debtor’s assets will be seized by the bankruptcy estate, and the debtor may not dispose of the seized assets in any way while the bankruptcy proceedings are ongoing. The bankruptcy estate may also seize assets owned by third parties, if these assets before the bankruptcy were acquired from the debtor in an unlawful manner, if the acquisition lacks legal protection, or if the transaction can be reversed according to the Recovery Act. The bankruptcy estate is a separate legal entity, which is authorised to exercise all ownership interests and rights with respect to the seized assets, including, but not limited to, the realisation of assets.
Secured creditors are, in principle, not deemed to be part of the bankruptcy proceedings to the extent that the value of the security is sufficient to cover the underlying obligations of the debtor. The secured creditors may, in principle, realise the security, and cover their claims; however, the realisation of a number of categories of security during the first six months after the opening of a bankruptcy will be subject to the approval of the bankruptcy estate – the same principles apply to official debt negotiations. The bankruptcy estate has the right, subject to certain conditions being fulfilled, to realise the security and divide the proceeds between the secured creditors and other creditors holding legal rights in the assets.

Furthermore, the bankruptcy estate has a statutory first lien, ahead of any other creditor, on up to 5 per cent of the estimated value or sales value of all assets secured by the debtor for its own debt or by a third-party for the debtor’s indebtedness, but limited to NOK 602,000 (which is 700 times the ordinary Norwegian court fee of NOK 860). Such statutory lien is not applicable to financial security (cash deposits and financial instruments) established pursuant to the Norwegian Financial Collateral Act no.17/2004 (the Financial Collateral Act) or the Norwegian Liens Act No.2/1980 s.6-4(9).

Any under-secured amount (the amount of debt exceeding the value of the assets securing it) will be deemed to be an ordinary (unsecured) trade claim.

In a Norwegian bankruptcy, the creditors will be paid according to the following priority:

1. secured claims – valid and perfected security covered up to the value of the secured asset, either after the realisation by the secured creditor itself or after realisation undertaken by the bankruptcy estate;

2. super priority claims – claims that arise during the bankruptcy proceedings, liquidator’s costs and obligations of the estate;

3. salary claims – within certain limitations;

4. tax claims – such as withholding tax and value-added tax within certain limitations;

5. ordinary unsecured claims – all other claims unless subordinated, including unsecured debt, trade creditor claims and indemnity claims; and

6. subordinated claims – including interest incurred after the opening of bankruptcy proceedings, claims subordinated by agreement, liquidated damages and penalty claims.
Pursuant to the Recovery Act, the bankruptcy estate may be entitled to set aside or reverse transactions carried out in the three to twelve-month period – and, in respect of transactions representing an economic gain in favour of related parties, up to two years – before the opening of the bankruptcy, such as extraordinary payments of certain creditors, security established for existing debt and transactions at an under-value. The bankruptcy estate may also, under certain circumstances, be entitled to set aside or reverse transactions made in bad faith or negligently which in an improper manner increase the debtor’s debt, favour one or more creditors at the expense of others or deprive the debtor of assets which may otherwise have served to cover the creditors’ claims, in which case the time limit for challenges by the estate is increased to ten years.

If the debtor is incorporated under the laws of Norway, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, Norwegian insolvency law – assuming the country of main business interests of the company is Norway and this remains the case, and the company has no establishments elsewhere. The Norwegian insolvency law may be less favorable to your interests as a creditor than the bankruptcy laws of any other jurisdiction you may be familiar with, including, in respect of priority of creditors, the ability to obtain post-petition interest and the ability to influence proceedings and the duration thereof, and this may limit your ability to receive payments due on any debt. In the event that any one or more of the company or the Guarantors experience financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

As stated above, provided the country of main business interests of the insolvent company remain in Norway, and the company does not have business establishments in other jurisdictions, insolvency proceedings relating to other countries are likely to be commenced in Norway. However, it should be noted that the concepts of a company’s centre of main interests and its other establishments are fluid and factual concepts that may change. To that extent the laws of such other country allows for insolvency proceedings for foreign companies with business establishments in that country, such other jurisdictions’ insolvency laws may become relevant.

“\nIn the case of bankruptcy, all of the debtor’s assets will be seized by the bankruptcy estate, and the debtor may not dispose of the seized assets in any way while the bankruptcy proceedings are ongoing.\n\n"
With the power of water and great patience, glaciers and snow, streams and rivers, white water rapids and waterfalls have shaped the Norwegian landscape and its beautiful fjords.
TAX SYSTEM
General
The Norwegian tax system generally consists of business income tax, personal income and net wealth tax, local real estate taxes (if applicable), the value-added tax and special and registration duties. As Norway is not a member of the European Union, the EU directives pertaining to income and value-added tax are not applicable with respect to taxes imposed by Norway. However, Norwegian taxing powers are constrained by the EEA Agreement. More specifically, the EU law on the four freedoms and nondiscrimination applies equally with respect to Norway. The EEA Agreement further contains prohibitions against state aid which limits Norway’s ability to grant tax benefits limited to specific taxpayers or industries.

Tax administration
For most corporate and individual taxpayers the tax assessments are conducted by the regional tax offices. Currently, the Norwegian tax administration is divided into five regions. In addition, there are three special tax offices dealing with taxation of large enterprises, oil companies and non-resident companies and individuals. The regional and special tax offices are administratively governed and instructed by the national Directorate of Taxes. Tax collection is undertaken by municipal tax collectors.

Tax treaties
Norwegian taxes imposed may be reduced or, in certain instance, eliminated by application of a tax treaty for the avoidance of double taxation of income. Currently, Norway has entered into tax treaties with close to 90 countries. The Norwegian Ministry of Finance keeps an up-to-date list of current tax treaties, treaties awaiting ratification and treaties under negotiation on the following website:

Entities subject to tax

The main distinction between entities which are separate taxpayers and entities which are transparent for tax purposes is drawn based on whether or not the owners’ liabilities are limited to the paid in capital or not. The liability is limited to the paid in capital for entities such as the public limited liability companies (allmennaksjeselskaper/ASA) and private limited liability companies (aksjeselskaper/AS). Companies organised under foreign law will be treated as a separate taxpayer if the owners’ liability is limited in the same manner. Further, entities such as cooperatives, associations and foundations are taxed as separate entities.

Entities which are separate taxpayers are taxable on a worldwide income basis in Norway.

Partnerships are taxed at the level of the owners. The partners’ share of the taxable income is, however, computed at the level of the partnership and then allocated to each partner as a net share of the taxable income earned by the partnership. The most common types of partnerships include:

- general partnership (ansvarlig selskap/ANS) where all partners bear an unlimited liability;
- limited partnership (kommandittselskap/KS) where at least one owner has unlimited liability; and
- share liability partnership (selskap med delt ansvar/DA) where the partners bear an unlimited nominal liability individually capped by their interest share.

Certain entities which would normally be subject to ordinary income tax are, regardless of their legal form, generally exempted on the basis of not having a commercial purpose. Nevertheless, the exemption does not fully extend to all business income realised.

Further, physical persons resident in Norway will be taxable on their worldwide income.

Entities which are separate taxpayers are taxable on a worldwide income basis in Norway.
Rate of tax

Norway has adopted a dual income tax system whereby all income is subject to a flat income tax at 27 per cent. This is referred to as tax on ordinary income. It is levied on a net basis and applies to all categories of income such as business income, capital income, wages and pensions. It applies to both corporate and individual taxpayers. Costs which are incurred to generate taxable income are deductible in the basis for ordinary income tax. For personal taxpayers, certain costs incurred in relation to employment income are included in a standardised deduction set at the lowest of 43 per cent of the income or NOK 89,050 (per 2015).

For certain areas in Northern Norway, including Finnmark and seven municipalities in Troms, the tax rate on ordinary income is reduced to 23.5 per cent.

For individuals, the ordinary income tax is complemented with a progressive tax on employment income and business income (sole proprietorships). The progressive rates are levied on a gross basis and – per the 2015 income year – set as follows:

▷ Level 1: 9 per cent for income in excess of NOK 550,550; and

▷ Level 2: 12 per cent for income in excess of NOK 885,600.

In addition, individuals are subject to a gross basis social security contribution on employment income at 8.2 per cent. Pension income is subject to a rate of 5.1 per cent. Sole proprietors are subject to a corresponding gross basis social security contribution at 11.4 per cent.

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1 Likely to be reduced to 25 per cent from 2016.

2 The Government has proposed to introduce a new gross basis taxation with a maximum rate of 13.7 per cent for income in excess of NOK 909,500. Taking into account the proposed reduced tax rate on ordinary income the proposed marginal income tax rate will be 46.9 per cent.
**Tax losses**

With few exceptions, tax losses may be utilised to offset ordinary income from other sources. For instances, if an individual taxpayer suffers significant capital losses, these losses will be available to reduce the amount of employment income to be taxed as ordinary income.

Tax losses may be carried forward indefinitely. A tax loss may be carried back up to two years when a business operation ceases to exist or a company or other taxable entity is liquidated.

Losses arising from participations in Controlled Foreign Corporations (CFCs) and limited liability partnerships can only be applied against future profit shares from the same CFC/partnership.

“For individuals, the ordinary income tax is complemented with a progressive tax on employment income and business income.”
Interest
As a general proposition, interest expense is deductible regardless of the amount of debt and regardless of the purpose of the debt. However, for certain taxpayers the deductibility is subject to limitations if the lender is classified as a related party.

These limiting rules apply for:

► legal entities treated as separate taxpayers, e.g. limited liability companies (Norwegian and corresponding foreign entities), mutual insurance companies, cooperatives and foundations;

► partnerships (when computing the total net income to be allocated to the partners);

► Controlled Foreign Corporations; and

► branches of non-resident companies.

A related person is defined as a lender directly or indirectly controlling 50 per cent or more of a borrower, or a borrower directly or indirectly controlling 50 per cent or more of a lender. Individuals may be a related party lender based on kinship or marriage; further, a family member’s company may be identified with the owner for purposes of determining whether he or she is a related party lender.

An important feature of the rules is that external lenders are in certain circumstances reclassified as related party lenders to the extent a related party has pledged a security or guaranteed the debt. This rule does not apply when a subsidiary has furnished security for a loan drawn down by the parent company, but will cause a bank loan drawn down by a subsidiary and guaranteed by the parent company to be reclassified as a related party loan.

The interest deductions on related party loans are limited to 30 per cent of an adjusted taxable income. The adjusted taxable income is taxable income increased by net interest costs and tax depreciations, similar to EBITDA. The taxpayer will not be able to deduct interest payments to the extent that such expenses exceed 30 per cent of the mentioned EBITDA. Companies whose net interest costs are below NOK 5 million are exempt.

It should be noted that the rules are drafted so that even companies with accumulated tax losses carried forward may end up with current year tax payables.

Disallowed interest expenses may be carried forward for ten years.
Trollstigen – The Troll’s Path – is Norway’s most visited tourist road. It was opened by King Haakon VII in 1936 after eight years of construction. The road runs between Åndalsnes and Valldal and is a true feat of engineering. On its way to Stigrøra (858 metres above sea level), the Trollstigen road takes 11 hairpin turns as it climbs up the steep mountain side. Some places the road is cut into the mountain, in other places it is built up with stone walls. The road crosses Stigfossen waterfall over an impressive stone bridge.
PARTICIPATION EXEMPTION

Qualifying investments / Shares in limited liability companies

At the outset, shares in Norwegian companies will always constitute a qualifying investment. The effect is that 3 per cent of any dividend income received will have to be included at the statutory rate of 27 per cent, producing an effective tax rate of 0.81 per cent. A dividend may be fully exempt if the taxpayer holds a participation of at least 90 per cent in the distributing company.

Capital gains on these shares will, with the exceptions noted below, be fully exempt regardless of the relative size of the shareholding giving rise to the capital gain. Correspondingly, losses are non-deductible.

For shares in companies resident within the EU/EEA, an initial assessment has to be made on whether or not the company is resident within a low tax jurisdiction. A low tax jurisdiction is defined as a jurisdiction in which the company is taxed at less than two-thirds than what would have been assessed had the company been tax resident in Norway. The analysis is not only confined to a comparison of the tax rates, but also requires a substantive review of how the taxable income is computed.

Rosebay willowherb is a common plant all over Norway, from the edge of the fjord all the way up to the mountain, even above the tree line.
For instance, if a Norwegian LLC owns shares in a Dutch BV which in turn holds shares comprised by the Dutch participation exemption, it must be analysed whether the latter shares would have been comprised by the Norwegian participation exemption. If not, then Dutch BV could be regarded as being tax resident in a low tax jurisdiction.

For companies resident outside the EEA the applicability of the participation exemption will depend on the following conditions:

- Whether the company is resident in a low tax jurisdiction or not.

- The percentage of vote and capital represented by the shares:
  - Dividends are only comprised if the Norwegian qualifying shareholder has held at least 10 per cent of vote and capital continuously for a period of two years comprising the distribution date.
  - Gains are only comprised if the Norwegian qualifying shareholder has held at least 10 per cent of vote and capital continuously for two years until the realisation date.
  - Losses are deductible if the Norwegian qualifying shareholder has not at any point over the past two years held 10 per cent or more of the vote and capital of the company.

A low tax jurisdiction is defined as a jurisdiction in which the company is taxed at less than two thirds than what would have been assessed had the company been tax resident in Norway.
Investments in partnerships and hybrid entities

A partnership share will be comprised as a qualifying investment as long as the value of the portfolio of equity investments held by the partnership itself does not include 10 per cent or more of non-qualifying investments. As a general proposition, all entities, whether formed under Norwegian or foreign law, will be classified as a partnership for Norwegian tax purposes as long as one or more of the owners have an unlimited liability for the partnership’s total liability.

If a foreign entity does not qualify as a partnership under this test, it is necessary to analyse if the company is comparable to a qualifying Norwegian entity.

Some special considerations are needed if the entity in question is treated as a transparent entity in its state of residence but as a separate entity for Norwegian tax purposes, i.e. that no owner has unlimited liability. Typical examples could be Lux FCPs, US non-listed LLCs and UK unlimited companies. These entities will be comprised as long as they are either

► organised under the laws of an EEA member state; or

► organised under the laws of a ‘normal tax jurisdiction’; and

► do not receive income from companies resident in low tax jurisdictions outside the EEA.

Investments in funds

Conceptually, the analysis of whether or not an investment in a mutual fund is comprised by the Norwegian participation exemption will, to a large extent, equal the analysis conducted for shares above. It should be noted that only “equity funds” – i.e. funds that at least hold one share – may be comprised.

The key issue is whether or not the fund is organised and operated in a manner similar to Norwegian funds. There is limited guidance and practice on how the assessment should be conducted, but it may be assumed that European funds organised under the UCITS directives will be comprised.

Please note that with respect to umbrella funds, e.g. certain Lux SICAVs and FCPs, where each sub-fund only bears a liability for its own performance and liabilities, the Norwegian tax authorities will analyse the applicability of the participation exemption at the level of the sub-fund.
There is no public guidance on the applicability of the participation exemption on foreign hedge funds. Consequently, the analysis would have to depend on a specific analysis of each fund. Generally, the analysis will be the same as under “Private and public limited liability companies”, i.e. depending on whether the hedge fund is organised in an entity that is treated as a partnership or separate entity for Norwegian purposes.

**Investments in other equity instruments**

As a general proposition, all derivatives with shares as the underlying object are comprised by the participation exemption as long as the underlying shares themselves are qualifying investments. This would apply to warrants, subscription rights and stock options.

A derivative which is based on an index is comprised only if the index reflects shares which would have been comprised by the participation exemption. In practice, the tax authorities appear to have accepted that up to 10 per cent of the value of the index may represent shares outside the scope of the participation exemption, i.e. that 90 per cent of the value of the index is linked to shares in companies within the EEA. The tax authorities have further stated that this requirement should not be applied rigidly and it is accepted that – for “shorter periods” – the 90 per cent threshold is not met because of market fluctuations.

**Investments in non-equity instruments**

Bonds fall outside the scope of the Norwegian participation exemption. This includes bonds which are coupled with other instruments such as bonds convertible to shares or bonds where the interest rather than a fixed coupon interest is derived from a share index etc. As long as the principal amount is guaranteed, the instrument will likely be classified as a bond instrument. Interest on these bonds will therefore be taxable at the ordinary income tax rate. When a convertible bond is exchanged into shares, the shares will have to be analysed on a stand-alone basis.

“Bonds fall outside the scope of the Norwegian participation exemption.”
Oslo Opera House was designed by the Snøhetta architects and was opened in April 2008. The building has already received many awards for its grand architecture and is also listed by the Directorate for Cultural Heritage. The beautiful building has led to an increased interest in opera amongst the Norwegian people, and events on the roof are very popular. In the opening year alone more than a million people visited the Opera; this striking building has become one of Oslo’s most popular tourist attractions.
BUSINESS TAXATION

Depreciation

An asset employed in business operations has to be capitalised for tax purposes if the asset is “permanent and significant”. The asset will meet this threshold if they have a cost basis of at least NOK 15,000 and are presumed to have a useable lifetime in excess of three years. If either of these two tests are failed, the expense is immediately deductible.

Tangible “permanent and significant” assets are depreciated on a declining balance. The annual rates are as follows:

a. office machinery (pc, printer etc): 30 per cent;

b. acquired goodwill: 20 per cent;

c. trailers, trucks, busses, vans, taxis and vehicles for transporting disabled persons: 20 per cent;

d. cars, tractors, machinery, tools, instruments, fixtures: 20 per cent;

e. ships, vessels, rigs: 14 per cent;

f. planes, helicopters: 12 per cent;

g. electric power transmission and production plants: 5 per cent;

h. buildings, plants, hotels, rooming houses and public houses (restaurants, cafes etc): 4 per cent;

i. office buildings: 2 per cent; and

j. permanent technical installations in buildings (e.g. ventilations and elevators): 10 per cent.

New machinery acquisitions and upgrades (group d) are allowed an additional 10 per cent accelerated depreciation in the year of acquisition.

Once the balance is reduced to NOK 15,000 it may be immediately expensed.
If assets in groups a, c, d and j are realised at a loss, the balance may become negative and an amount equaling the respective depreciation rate must be included in income annually until the NOK 15,000 threshold is met.

The realised amount in groups e–i are listed on a gain and loss account and included with at least 20 per cent annually, if positive, and deductible with up to 20 per cent annually if negative.

A realisation of developed goodwill which, unlike acquired goodwill, does not give rise to annual depreciations may be entered into the account for acquired goodwill. The consequence is that the gain is deferred and only 20 per cent of the gain will be included annually.

Intangible assets and assets with a limited usable life are not depreciated under the declining balance method. Intangible assets may only be depreciated to the extent the taxpayer can demonstrate that the intangible has suffered a significant and permanent loss in value.

For assets with a limited useable life, they are depreciated linearly of their expected lifetime.

"A realisation of developed goodwill which, unlike acquired goodwill, does not give rise to annual depreciations may be entered into the account for acquired goodwill."
R&D (Skattefunn)

Companies conducting research and development may be awarded a tax relief under the Skattefunn scheme, provided that the research program has been approved by the Research Council of Norway. The scheme is open to all branches of industry and all types of companies subject to taxation in Norway. The business may be engaged in research and development activity on their own or through collaboration with others.

The tax relief is under normal conditions limited to 18 per cent of the company’s R&D costs, with a maximum relief of NOK 15 million. However, under specific conditions the tax relief may be awarded with an amount corresponding to 20 per cent of the company’s R&D costs, with a maximum tax relieved of NOK 33 million. The deduction is applied and granted through the annual tax assessment.

3 The Government has proposed to increase the maximum amounts from 2016 to NOK 20 million and NOK 40 million, respectively.

The polar bear is the largest predatory land animal in the world and is only found in Arctic areas. There is a large polar bear population at Svalbard.
Tax consolidation

Norwegian tax law does not allow for filing a joint or consolidated tax return. However, a consolidation of taxable profits may be achieved by way of the group contribution scheme. The rules are drafted with regard to contributions between Norwegian limited liability companies, but a group contribution may also be rendered to and received from branches of limited liability companies resident within the EU/EEA area. Limited liability companies resident in tax treaty jurisdictions outside the EU/EEA area may render group contributions, but cannot be the recipient.

A group contribution is a unilateral and gratuitous transfer of profits from one company to another. The transferor company may – to the extent of its taxable income (ordinary income) – deduct the contributed amount whereas the transferee will have to include the amount as taxable income.

The same company law restrictions which apply to dividend distribution apply to group contributions.

If the group contribution exceeds the taxable income of the transferor it will not have any tax effect, i.e. the contribution cannot cause the transferor to recognise a tax loss.

However, there will not be a corresponding inclusion at the level of the transferee for the excess amount. This entails that the group contribution may be utilised to transfer funds from one entity to another within the group without following the corporate structure as required for dividend distributions.

Although there is no requirement that funds are actually transferred, a receivable must at least be booked between the entities in question.
Aurlandsfjord in the county of Sogn og Fjordane. There are almost 1,200 fjords in Norway, and the Norwegian coast is one of the areas in the world with the most fjords. The longest Norwegian fjords are Sognefjord at 204 kilometres and Hardangerfjord at 180 kilometres. Only Greenland have longer fjords than Norway. Many of the fjords have waterfalls that cascade straight into the sea.
Exit taxes

When assets are removed from the Norwegian taxing jurisdiction, an exit tax is triggered. The tax is applicable for all transactions which are not deemed as a realisation for Norwegian tax purposes.

More specifically, the tax is triggered when

- a resident taxpayer shifts residency out of Norway and the assets are no longer subject to Norwegian taxing jurisdiction;
- a non-resident closes down a permanent establishment or withdraws assets from a permanent establishment; or
- a CFC is no longer considered a CFC because it is no longer subject to Norwegian control.

For companies shifting tax residency from Norway, an exit charge is imposed on all assets and liabilities as if they had been realised at fair market value the day before the move. If the assets or liabilities after the move will form part of a Norwegian permanent establishment then no exit tax is triggered. Thus, it is feasible to conduct an outbound merger of a Norwegian company without immediate taxation only if the assets or the Norwegian transferee entity are maintained in a permanent establishment.

The ski track waits by tarns and moors, in the forest and in the wide open expanse above the tree line. The ski track is like writing in the snow all the way to the everwhite plateau at the top of the mountain.
Further, if the taxpayer moves to a state within the EU/EEA a deferment of the tax payment may be available. Interest will be applied to the deferred tax amount and a security may be required if there is a true risk that the tax will not be paid. Further, the deferment does not comprise gain on intangible assets and current assets.

For individual taxpayers, the exit tax only applies to inherent gains on shares in limited liability companies and partnerships (whether Norwegian or not) as well as equity instruments (warrants, options and other derivatives). Further, the rules only apply if the total gain exceeds NOK 500,000 at the time the individual taxpayer shifts residency out of Norway.

**Tax residency**

Companies and legal entities which are managed from Norway are generally considered to be tax resident in Norway. The key issue is whether board level decisions are made in Norway. With respect to entities organised under foreign law, it may be that decisions which are ordinarily made at the board level under Norwegian law could be adopted by other corporate bodies. In that case, administrative practice would still deem those decisions to be made at the “board level”.

For practical purposes, all companies organised under Norwegian law will be treated as tax resident in Norway unless the company itself claims residency in another state or there are clear indications that all management activities take place in another state.

Tax resident entities are taxable to Norway on a worldwide basis.

Individuals are treated as resident in Norway if they stay in Norway for 183 days in any 12 month period or 270 days in any 36 month period. The individual is taxed as resident in Norway as of the income year when the number of days has been met.

Resident individuals who move to another state are treated as maintaining tax residency in Norway until it can be documented that the individual has not been in Norway for more than 61 days during the income year, and that neither the individual nor spouse (whether legal or common law), nor underage children dispose a dwelling in Norway. If the individual has been a tax resident for ten years or more at the time of moving, the tax residency under domestic law is in force until after the close of the third income year after the move. The tax residency is foregone only if the individual has not been present in Norway for more than 61 days in any of the income years and that neither the individual nor any close relative, as mentioned above, dispose a dwelling in Norway.
Taxation of non-residents

Non-resident companies are taxable to Norway on income from business operations which are either conducted or managed from Norway. As a general observation, the threshold for becoming taxable under domestic law is fairly low.

A business is conducted in Norway if activities or an economic nature is undertaken in Norway. If the foreign entity, for instance, has employees or premises in Norway through which a business operation is conducted the threshold is met. If the active business operations are conducted outside Norway, but managed from within Norway, the business will still be taxable to Norway.

► The tax is computed in the same manner as for resident entities.

► Non-resident individuals are taxable to Norway on income from employment conducted in Norway as well as directorships in Norwegian entities.

► Income from real property situated in Norway is taxable in Norway.

Withholding taxes

Norway does not impose withholding taxes on payments of interest, rents or royalties. Dividends are, however, generally subject to a 25 per cent withholding tax when paid to a non-resident shareholder. The withholding tax may be eliminated or reduced, either by operation of domestic law or under an applicable tax treaty with the home state of the shareholder. The exemption under domestic law is only available for corporate shareholders which are “actually established and conducts genuine economic activity” within the European Economic Area.

With respect to tax treaty relief, Norway currently has a zero rated dividend withholding tax in treaties with 16 countries.

All treaties subject the reduced withholding tax to a condition that the recipient is the “beneficial owner” of the dividend. This concept is unknown in domestic law, and the administrative guidance is sparse. However, as a general proposition, Norwegian tax authorities and courts can be expected to adhere to the OECD commentaries when interpreting and applying the term. Currently, the only court decision in this matter is a city court decision from 2014. The ruling is extensive and places great emphasis on the OECD commentaries.
Mergers and reorganisations

A merger or a demerger is at the outset a taxable event at both the company and shareholder level. However, these transactions may be done on a roll-over basis for tax purposes provided that certain requirements are met. The key requirement is that there is full continuity of ownership, i.e. that the transaction does not alter the economic rights between the shareholders. Nevertheless, it is feasible to carry out the transaction with up to 20 per cent boot, e.g. cash or other non-equity consideration which is taxed as a realisation of shares.

A merger can be carried out between two legal entities which are substantially similar with respect to legal organisation and tax treatment. Thus, a partnership taxed entity cannot merge with an entity which is taxed separately from its owners.

Cross-border mergers and demergers are feasible within the EU/EEA. However, it should be noted that to the extent assets or business operations are transferred out of Norway as a result of the transaction an exit charge may be imposed.

Within a tax group, it is feasible to transfer assets from one entity to another without immediate taxation. The gain is, however, preserved and triggered at the time the asset is actually sold or either the transferor or transferee company no longer forms part of the group.

People need harmony, and it can be found in nature. Nothing is more harmonious than a river bathed in sunshine as it winds through the landscape.
CFC regime

The Norwegian legislation on controlled foreign companies (No:NOKUS) has been in place since 1992. The rules apply if the following criteria are met:

- Norwegian shareholders, i.e. shareholders resident in Norway for tax purposes whether or not they are physical or legal persons, own 50 per cent, directly or indirectly, or more of the foreign company; and

- the foreign company is subjected to a taxation which is lower than two-thirds of the effective tax it would have been imposed had it been resident in Norway.

The ownership test is conducted both at the start and the end of the income year. Please note, however, that if the foreign company was deemed a CFC in the preceding year it will be treated as a CFC for the current year even if the Norwegian ownership has dropped below 50 per cent by the close of the year. This exception does not apply if the Norwegian ownership has dropped under 40 per cent during the year.

Further, a CFC will exist regardless of the rules described above if the Norwegian ownership at the end of the year exceeds 60 per cent.

For practical purposes, the CFC taxation entails that the foreign company is regarded as a transparent entity for tax purposes. Consequently, each Norwegian shareholder – regardless of the ownership share – will be taxed on their allocable share of the CFC’s net income. If profits are distributed from the CFC they may be received free of tax to the extent that they are distributed from previously taxed profits.

To the extent the CFC earns income which would have qualified under the participation exemption, it does not trigger tax at the level of Norwegian corporate shareholders. Such income is also treated as previously taxed income with regard to subsequent distributions to the corporate shareholders.

“The ownership test is conducted both at the start and the end of the income year.”
In Norway the dream of your very own jetty by the water, far from people, can still become a reality.
Small fishing boats in winter attire are a much loved sight along the Norwegian coast. These boats are in Papperhavn at Hvaler, one of Østfold county’s most idyllic marinas. The boats are mostly used for fishing mackerel and transporting wrasse back to Papperhavn from Havnholmen out in the sea.
TRANSFER PRICING

Scope of rules
Pursuant to s.13-1 of the Tax Act, the Norwegian tax authorities may adjust the pricing in cases where there is a “community of interest” between two parties. This will typically be for transactions between companies that are directly or indirectly fully-owned within the same group, but also cover situations where there is less than 100 per cent ownership, provided there is common control, substantial influence or other basis for a community of interest that could impact the terms for such dealings.

Section 13-1 follows a two-step approach. Firstly, the tax office must substantiate that there is reason to assume taxable Norwegian income has been reduced. Secondly, the correct price must be determined. The courts can always test the first criterion for a transfer pricing adjustment, while there are certain limitations to how far a court will go in testing the price assessed by the tax office (see para.5.5 below).

Where there is a community of interest between the parties to a transaction, and as a result Norwegian taxable income has been reduced, tax authorities may adjust the pricing for basically all types of transactions and agreements. The tax authorities carry the burden of proof to substantiate that it is more likely than not that the income has been reduced because of wrongful pricing. The tax authorities may normally not adjust terms of the dealings other than the price. However, typically in the area of thin capitalisation, a reclassification may be carried out in the sense that debt might be reclassified as equity, or vice versa.

Where income has been reduced and the other party to the transaction is a resident outside the EEA, the burden of proof is with the taxpayer to demonstrate that the income reduction is not due to the community of interest between the parties. However, the practical implication of this rule is somewhat unclear as the tax authorities, in any event, have to prove that the income has been reduced.

For the sale of crude oil and propane, taxable income is determined using a price list presented by the Norm Price Board every quarter. The daily price for each field/product is set based on averages of observed transactions. The Norm Price Board has representatives from the Government and from oil companies. The norm price may also be set for natural gas, but has so far only been used for crude oil and propane. The norm price system for petroleum is not explained any further within the framework of this handbook.
Norway is a country of long distances, a small population and a difficult topography. Investment in public transportation networks is a priority in order to improve welfare and economic growth. Road and bridge building projects in the less populated areas can shorten travel time into the cities and contribute to economic growth, which covers the investment.
Norwegian transfer pricing rules apply to transactions where one of the parties is a Norwegian tax resident and the other one is not, as well as to transactions where both parties are residents in Norway. In practice, they are normally not invoked for purely domestic transactions, unless the transaction implies a value transfer that could be viewed as irregular dividend from a fully or partly-owned company, or concerns transactions involving the 78 per cent special tax regime on the NCS and the ordinary (27 per cent) corporate tax regime. An example of the latter is the ExxonMobil case from 2010 (appeal court). In that case, the group established a new subsidiary to charter and to operate a vessel for the parent company’s crude production. The subsidiary was funded with equity, and this equity was used to fund a loan to the ship-owner. As a result, interest costs were deducted in the 78 per cent special tax regime, and interest income was taxed at the level of the subsidiary in the ordinary corporate tax regime. Using the substance over form principle, the court, however, concluded that the transaction could not be accepted for tax purposes, and the interest income was taxed at the hands of the parent company (78 per cent).

Dealings with companies that reside in a tax haven are normally dealt with under the same principles as dealings with companies in other countries. However, the OECD guidelines are not directly applicable. Hence, where the Norwegian tax base has been eroded due to wrongful pricing, it might be more difficult in such cases to challenge the concrete pricing as assessed by the tax office.

The allocation of profits to a permanent establishment follows the same principles as laid down in the OECD guidelines and is therefore heavily influenced by the same arm’s length standard as applied under the transfer pricing rules. This entails that the profit of the permanent establishment shall be allocated between the head office and the permanent establishment as if the latter had been a separate legal entity dealing with both the head office and related companies on terms consistent with the transfer pricing guidelines.

**Documentation**

There are detailed regulations outlining the content requirements for transfer pricing documentation. These adhere very closely to the OECD guidelines on documentation. Among the requirements that may be mentioned is a description of the business environment in which the company operates, the legal structure, business areas and business units, important competition factors, financial relations, types and size of internal transactions, functional analysis, centralised service performance, intellectual property, choice of pricing methods, comparable prices and the internal agreements.
Dealings with companies that reside in a tax haven are normally dealt with under the same principles as dealings with companies in other countries.

**Advance Pricing Agreements**

Norwegian tax authorities do not issue APAs. On a case-by-case basis, it is possible to discuss the transfer pricing principles with the tax office, but they will not issue a formally binding pricing acceptance, either in the form of an agreement or a ruling. In practice, where the principles are disclosed and discussed prior to implementation, unless the tax office has indicated that other methods might be superior, the tax office will normally respect the applied principles. The Ministry of Finance has announced that they are considering introducing APA regulations.

In the case of sales of gas between related parties, a special APA procedure exists within the oil tax authorities (so far, this has not been used much in practice).

Recently, Norway has opened itself up for mutual APA negotiations with other countries. Only a handful of pilot cases have so far been dealt with under such MAP/APA approach.
Saltfjellet-Svartisen is a large and varied national park. Svartisen consists of two separate glaciers, Vestisen and Østisen. The glacier landscape has river plains with sand and clay sediments which are constantly being changed by the glacial rivers. The three big valleys Glomdalen-Vesterdalen, Stormdalen and Bjøllådalen are important elements of the park with lush and biodiverse forest in places.
SPECIAL TAX REGIMES

Petroleum tax
For companies engaged in oil and gas operations on the Norwegian Continental Shelf, there are two partially overlapping income tax regimes: ordinary income tax imposed by the general rules in the Norwegian General Tax Act 1999 (the GTA) and the special petroleum tax on income imposed by the Petroleum Tax Act (the PTA). As a result, the total marginal income tax rate for companies engaged in E&P activities on the NCS is 78 per cent, consisting of a 27 per cent general income tax and a 51 per cent special petroleum tax to the State. The 78 per cent tax is assessed on the income of a company engaged in exploitation, treatment or transportation of petroleum, see the PTA s.5. The petroleum tax applies on a corporation net profit level, not on a ring-fenced basis. Although different licenses on the NCS are not ring-fenced, the company as such is ringfenced. Losses generated by other activities may not be set off against assessed income for special tax (51 per cent) purposes and there are limitations on the right to set of other losses against the general tax (27 per cent) basis.

Taxable income is computed according to the general tax legislation and particular rules set out in the PTA. Gross income generated by oil sales is assessed according to a norm price system, whereby the sales prices are fixed by an administrative body with the objective of arriving at fair market prices. Income generated by gas sales is, as a main rule, assessed on actual sales prices.

Although certain important deductible expenses are dealt with in the PTA, the deductibility of expenses is based on the general rules in the GTA. The timing of deductions for tax purposes generally follows the realisation principle, i.e. when the expense is unconditionally incurred by the taxpayer. Provisions in the accounts based on prudent accounting principles are generally not deductible for tax purposes (for example reserves built up for removal of offshore installations).

Refund of tax value of exploration costs
In order to increase the exploration activity on the NCS, an exploration refund scheme was introduced in Norway with effect from 2005. The Ministry of Finance aimed at making the NCS more attractive for new, smaller companies.

Under the exploration refund scheme, companies not being in tax position may annually claim a refund from the State of the tax value of direct and indirect
costs, except financial charges, incurred in exploration for petroleum resources, cf. the PTA s.3c(5), e.g. costs related to drilling on exploration licenses, purchase of seismic, wages to personnel engaged in exploration activities etc. The tax value is set to the total of direct and indirect costs multiplied with the tax rate, currently 78 per cent. The refund will reduce the tax loss carried forward correspondingly. The amount of exploration costs may not exceed the annual net loss from the petroleum activities of the taxpayer, to ensure that the costs are not already set off against taxable income.

**Hydro-electric plants**

In addition to the ordinary income tax at 27 per cent, hydro-electric plants are subject to a 31 per cent natural resource rent tax. The additional tax is intended to capture the extra profits generated by the limited natural resources employed in the business. An amount equal to the normal rate or return on the investment is shielded against the additional tax. The basis for the natural resource rent tax is the spot price less actual costs and income representing the ordinary rate of return. The income is computed at the level of each plant.

In addition, the hydro-electric plants are subject to a municipal natural resource extraction tax of NOK 0.013 per produced kwh. The tax is computed with one-seventh of the combined production for the income years and the six years preceding the income year. The tax is creditable towards the ordinary income tax and will thus not ordinarily create an additional tax burden. Any uncredited tax may be carried forward with interest.

Hydro-electric plants may also be subjected to municipal property tax.

The amount of exploration costs may not exceed the annual net loss from the petroleum activities of the taxpayer, to ensure that the costs are not already set off against taxable income.
Tonnage tax

Only limited liability companies can opt for the Tonnage Tax regime (TT). In theory, TT is available for any EU/EEA based company, however, all of the company’s activities/assets would have to be taxable to Norway and qualify for the regime. Hence, in practice only Norwegian companies can qualify, or an EU/EEA based company with a qualifying branch in Norway.

There is a distinction between qualifying assets, which the company must own in order to qualify for TT, and permissible assets that the company may own in addition to its qualifying assets.

Ships are qualifying assets. The definition of a ship is partly provided in the regulations, partly through practice and generally influenced by what the EU has approved under state aid guidelines. There is some level of variation between for example what the Netherlands accept under its TT and Norway, UK, Denmark, etc, but less so after the 2010 clarifications by the EU Commission. A building contract is sufficient. Also ships owned indirectly through partnerships (including IS) is sufficient, but the minimum ownership requirement is 3 per cent of the partnership. The income at the partnership level is taxed at the hand of the partners and each (corporate) partner may choose individually whether or not to apply TT.

The qualification test must be met 1.1 and continuously through the year including 31.12.

Permissible assets are, in addition to qualifying assets, shares in listed companies and shares/parts in shipping pools/JV.

A TT company may generally only earn “passive income” and will typically lease out the vessel on bare boat terms to affiliated companies who operate the vessel, or engage third parties to provide management and crewing. However, certain types of employees/activities are accepted within the TT company. This is limited to marine crew as well as technical and commercial managers for vessels owned by the TT company.

A TT company cannot be grouped for tax purposes with other Norwegian companies. There is no exit tax or similar upon selling the vessel and leaving the TT regime, or on dividend.

Formally the decision to opt for TT is binding for 10 years. If the company nevertheless chooses to exit and be under the ordinary tax regime, the practical consequence is that a re-entry is not possible until the original 10 year period

CELEBRATING 15 YEARS
has lapsed (but a new different TT company may be started by the same company group). Further, the choice to enter TT must be made for all companies within a group which otherwise qualifies for TT.

As a starting point there is no flagging requirement. Some offshore locations may require the establishment of a local ship owning company in order to fly their flag. Such companies will typically be CFC for Norwegian tax purposes when established by a Norwegian owner. Such CFC companies will be both qualifying and permissible assets under Norwegian TT.

In years where the average EU/EEA portion of EU/EEA flags is reduced, Norway will however enforce a flagging requirement. This requirement will then say that the proportion of EU/EEA flagged vessels cannot be reduced in proportion to other flags. This was the case for example in 2012. For a company with only one ship this is never an issue.

The tonnage tax rates are as follows:

- vessel NET DWT tax per day per 1,000 tons;
- first 1,000 NOK 0;
- 1,001–10 000 NOK 18;
- 10,001–25 000 NOK 12; and
- 25,001 and more NOK 6.

The definition of a ship is partly provided in the regulations, partly through practice and generally influenced by what the EU has approved under state aid guidelines.
Svalbard

Although forming part of Norway, the Svalbard archipelago is a separate tax jurisdiction. It is generally treated as a foreign country when applying the ordinary Norwegian tax legislation and it is not comprised by any tax treaties. Nevertheless, the rules for computing the income generally follow the same principles as the general Tax Act applicable to residents in Norway.

The corporate income tax rate is 16 per cent for income up to NOK 15m and 27 per cent of the excess of the income over 10 times the salary cost and 0.2 times the tax value of real property situated on Svalbard. The marginal personal income tax rate is a proportional rate of 22 per cent.

Property tax

There is no national property tax in Norway. The introduction of property tax is left to the local municipalities, and the income from the tax falls to the municipality. The tax rate must be between 0.02 and 0.07 per cent of the value basis of the property. The value is based on a property valuation which must be established by conducting a property valuation every tenth. The municipal authorities may also decide to use the residential property value (capital basis) established by the Tax Administration as a basis of the calculation of the property tax.

Municipalities may choose to apply a reduction factor when valuing properties. The municipality may decide to impose property taxes on all categories of property, or only on certain categories as private property (homes and vacation homes), business property or industrial property. The municipality may also choose to impose property tax only in certain zones of the municipal. Special valuation rules apply in the case of property tax on hydro power stations; these are based on the value of what is produced, subject to minimum and maximum limits. Through 2014, 341 of 428 municipalities have introduced property tax. This constitutes a 10 per cent increase from 2012. The municipalities’ total income from property tax was about NOK 8.9 billion in 2013.

Net wealth tax

Individuals resident in Norway as well as certain legal persons such as foundations, cooperatives, savings banks and mutual insurance companies are subject to a net wealth tax.

The tax is in part municipal and in part a state tax and is levied on the net wealth as of 1 January in the year following the income year. The rates are
0.85 per cent of all amounts in excess of NOK 1,200,000. As a starting point, the taxpayer’s property will be valued at fair market value. However, for certain types of property there are exceptions to this rule. For instance, for real property the value will be determined by reference to the size of the residence multiplied by a regionally differentiated rate fixed by the tax authorities. The taxpayer can in any event require that the value is reduced to 30 per cent of the market value for a primary residence and 70 per cent of the market value for a secondary residence.

Real property which is intended for business use is valued based on a computed rental value. There are also certain special valuation rules for real property which forms part of the primary industries.

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4  The threshold will likely increase to NOK 1,400,000 from 2016.

5  The maximum rate for secondary residence will likely increase to 80 per cent from 2016.

There is no national property tax in Norway. The introduction of property tax is left to the local municipalities, and the income from the tax falls to the municipality.
In 2009 The Oslo Opera House won the Mies van der Rohe Award, the European Union’s award for contemporary architecture. Perhaps the most eye-catching thing about the building are the large tiles of white carrara marble covering the façade.
VALUE ADDED TAX (VAT)

VAT general/VAT registration

As Norway is not a member of the European Union, the Norwegian VAT legislation may differ significantly from the EU VAT legislation. VAT is levied on all supplies of goods or services made within the Norwegian territorial border. The territorial application for VAT purposes includes Norway and its territorial seas, but not Spitsbergen (Svalbard), Jan Mayen and the Norwegian dependencies. A "supply" includes sales of goods and services against compensation. The VAT registration threshold in Norway is NOK 50,000.

The threshold relates to VAT taxable supplies within a 12-month period. The standard registration form “Supplement for the Value Added Tax Register” must be submitted by paper or electronically to the Regional Tax Office in order to obtain a VAT registration. The VAT registration process takes approximately 2–6 weeks.

Information required for VAT registration:

► estimated startup date;

► a short description of the activities that will be performed in Norway;

► phone number;

► Norwegian bank account number;

► name of the person(s) authorised to sign the registration form; and

► documentation showing that the threshold is exceeded.

Please note that there are two options for pre-registration:

1. the company’s costs in Norway has exceeded NOK 250,000; and

2. the threshold will be exceeded within three weeks subsequent to the start up.

Please note that there is no separate VAT number in Norway. The Norwegian 9-digit business organisation number is also the VAT number.
VAT rates in Norway

 ► The standard VAT rate is 25 per cent.

 ► A reduced rate of 15 per cent applies for foodstuff (except from pharmaceutical medicaments and alcoholic beverages).

 ► A reduced rate of 8 per cent applies for domestic passenger transport and accommodation.

 ► A 0 per cent rate (zero rate) applies for export sales, specific supplies to certain aircraft and certain vessels, and specific goods and services for petroleum activities etc.

VAT reporting

VAT reporting periods and due dates:

<table>
<thead>
<tr>
<th>VAT PERIOD</th>
<th>MONTHS</th>
<th>DUE DATE FOR SUBMITTING THE RETURN</th>
<th>DUE DATE FOR PAYMENT OF THE VAT</th>
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VAT returns shall be submitted electronically each VAT period at the Norwegian public reporting portal Altinn: [www.altinn.no/en/](http://www.altinn.no/en/). In order to submit VAT returns, a Norwegian ID-number (D-number) is mandatory. In Altinn, it is possible to delegate roles to another Altinn user, for example to an accountant.
Import of goods
Import of goods to Norway attracts import VAT. Some types of goods are liable to customs duties and/or excise duties, such as textiles, alcoholic beverages, tobacco products, sugary products and mineral products. The Customs Tariff lists all goods that are liable to customs duties. Goods that are liable to excise duties are listed in specific annual regulations.

Customs credit (duty deferment account)
Enterprises can apply for a customs credit (duty deferment account) in order to simplify the customs clearance and payment of import duties. Please note, that the customs credit not will be granted until the VAT registration is completed. In order to apply for customs credit the following is needed:

► estimated import duties over a two-month period (two peak months);
► contact person for customs matters; and
► Norwegian bank account number.

Invoicing requirements
Invoices may be issued in the following languages: Norwegian, Swedish, Danish or English. The sales price may be invoiced in any currency. However, the VAT amount must be stated in NOK on the invoice. The Norwegian business organisation number (nine digits) followed by the letters “MVA” must be stated on the invoice. In addition, the expression “Foretaksregisteret” (Register of Business Enterprises) must be stated on the invoice. It is not allowed to issue an invoice with VAT prior to the formal VAT registration. In the case where a company/branch will have to issue an invoice before the VAT registration is completed, there are two options which are both approved by the VAT Authority:

1. Issue the invoice without VAT, and then issue a separate VAT invoice (VAT amount only) as soon as the VAT registration is completed.

2. Issue the invoice without VAT, and then issue a credit note and a new invoice including VAT as soon as the VAT registration is completed.

“The sales price may be invoiced in any currency.
The lynx is a rare but beautiful part of Norwegian wildlife. The species was almost extinct 80 years ago but can now be hunted just like any other big game. It is mainly sought after for its fur, which is highly prized.
Exemptions

The following services are exempt from VAT – these activities will not give the right to deduct input VAT:

► healthcare services;
► alternative therapy;
► social services;
► educational services;
► financial services;
► certain services within art and culture;
► certain services within sports;
► public authority duties;
► state services;
► sale and letting of immovable goods;
► certain goods and services by non-profit/charitable organisations;
► lottery services;
► ceremonial services in connection with burials and cremations;
► services as a member of a board etc;
► postage stamps, notes and coins as collectors’ items;
► goods used privately; and
► retiring carbon allowances.
The following services are exempt from VAT (zero rated) – these activities will give the right to deduct input VAT:

► newspapers (paper versions);
► certain periodicals;
► books (paper versions) at the final link of the supply chain;
► parish magazines, school magazines, street magazines etc;
► electric power for household use in Northern Norway;
► electric vehicles;
► sale of vessels of at least 15m length for use in passenger transport, goods transport, towing, salvaging or rescue, ice-breaking or hunting at sea;
► sale of specialised vessels for use in petroleum activities off shore;
► sale of school vessels;
► sale of vessels of at least 10m length for use by the Norwegian Armed Forces;
► sale of research/meteorological vessels;
► sale of vessels of at least 6m length for use in commercial fishing;
► hiring of specific vessels;
► sale and hiring of aircraft for commercial aviation activities and military aircraft;
► sale and hiring of drilling platforms and other mobile platforms;
► construction of embassy buildings;
► sale of goods and services to international military forces;
► transfer of going concern;
► biological material;
► export of goods and services;
► international transportation of passengers or goods;
► goods and services for certain vessels and aircraft; and
► goods and services for petroleum activities.
Northern Lights are created when particles from the Sun reach the Earth’s atmosphere. When they hit the magnetic field they are led towards a circle around the magnetic North Pole, and the energy which is released creates Northern Lights. When you dream about and plan to see the Northern Lights, you have to remember that it is all up to nature, which loves to play hide and seek. It would be a good idea to spend a few days in the area where you are likely to experience Northern Lights. When the lights finally appear in the night sky, the waiting will be forgotten!
Transfer and registration taxes

There are no general stamp duties or transfer taxes in Norway.

Norwegian properties are registered in the land register, which is the official register of legal rights and obligations associated with real property. The land register lists ownership and encumbrances such as mortgages, leasing rights, pre-emptive purchasing rights etc. The registration of a transfer of title to a real property triggers a registration fee in the amount of 2.5 per cent of the fair market value of the property.

A registration fee is also imposed when registering title to cars, caravans and commercial vehicles such as lorries, trailers and busses etc. The fee is computed by reference to the total weight of the vehicle and the year of its first registration. For 2015 the highest fee is NOK 5,800.

Income tax filing

The statutory deadline for filing the corporate tax return is 31 May in the year following the income year if the filing is done electronically. As of 2016 paper filings are no longer possible corporate taxpayers.

Income tax payments

Corporations are subject to advance corporate income tax payments. These are computed based on taxable results from previous years and are due on 15 February and 15 March in the year following the income year, with half the amount on each day. If the tax assessment entails an incremental tax liability the amount becomes due three weeks after the tax assessment was sent to the taxpayer which is usually between early August and mid-October.

Reassessment

After the ordinary tax assessment the tax authorities may amend or fully reassess the income within two calendar years after the close of assessment year. If, however, the tax disclosure was incomplete or incorrect the reassessment period is extended to ten years. Whether the disclosure is incomplete or incorrect is a question of the factual representations made in the tax filing.

Based on case law from the Norwegian Supreme Court, the key criteria is whether or not the tax authorities have received sufficient information to
either form a view on the issue in dispute or, at the very least, be encouraged to request more information. The Ministry of Finance has proposed to introduce one single statute of limitation of five years, regardless of whether the tax filing was incorrect or incomplete. The proposal has recently been on a public consultation and a legislative proposal is expected to be submitted to parliament during 2015 or early 2016.

Penalty taxes
Penalty tax is a sanction for incomplete or incorrect filing. The ordinary penalty tax rate is 30 per cent of the evaded tax. In instances where the taxpayer has willfully or with gross negligence submitted the incomplete or incorrect information with the tax return the penalty tax rate may be increased to 45 per cent or even 60 per cent.

It should be noted that the imposition of penalty tax is regarded as “punishment” under the European Convention on Human Rights (ECHR) art.6 and therefore provide the taxpayer with additional procedural rights in addition to those offered under the domestic Tax Assessment Act. These rights are triggered at the moment a notification of a possible penalty tax is submitted to the taxpayer.
The acrobat of the sea, with a colourful beak and bright red feet. Sometimes called sea parrots, they return in their thousands in April – the puffin has become quite the attraction visited by people from all over the country!
At Easter, Norwegians dream of a cabin high up in the mountains with ski tracks across the crisp snow and a sun trap by the cabin wall. And while the population of Oslo is reduced by 200,000 over the Easter holiday, the population of Trysil increases by 230 per cent!
When National Romanticism became the main art movement in Norway, it spurred a renewed interest in the country’s wild and dramatic nature: the fjords, glaciers, waterfalls and wide open mountains. The value of fjords as a national symbol had already been ‘discovered’ by Romantic artists and travellers from England, Germany and Denmark.
The fjord lies dark in the freezing November cold. The wind whips the crests of the waves into white foam. Suddenly the dark sea starts shimmering like silver and comes alive. Seconds later your boat is surrounded by black fins on all sides. The characteristic black and white bodies are unmistakable; you find yourself in the middle of a pod of killer whales hunting a school of silvery herring.
Dog sledding has become a popular sport in recent years, also amongst amateurs. Many winter sports places in Norway will rent out dog teams with four to six dogs. One of the toughest dog sledding races in Norway is Finnmarkslopet, the longest in Europe at about 1,000 kilometres. For races that long the participants are allowed to use as many as 14 dogs at the start!
EMPLOYMENT LAW
General Overview
Norwegian employment law is governed by laws, statutory regulations and collective agreements in addition to regulation which derives from non-statutory practice. The Norwegian Act of 17 June 2005 No.62 relating to working environment, working hours and employment protection, etc (WEA) is the principal act within the Norwegian employment law legislation. Other relevant legislation include the Norwegian Holiday Act, the Gender Equality Act, the Discrimination Act, the Temporary Lay-Off Act, The Labour Disputes Act, the National Insurance Act and the Occupational Pension Act.

PRE-EMPLOYMENT CONSIDERATIONS

The EE-register
An employer is required to register in the NAV State Register of Employers and Employees (the EE-register) subsequent to the National Insurance Act s.25(1). The employer is required to give notification of inclusion, change in, and termination of employment to the EE-register. Please note that the employer cannot employ foreign persons unless they have work permits allowing them to work in Norway.

Types of employment
An employee shall, as a main rule, be granted permanent employment. Temporary employment is, however, permitted to a limited degree, subject to statutory limitations.

1. Limited general right to temporary employment: It is permitted for the employer to offer temporary employment for a period of up to 12 months, without naming any special circumstances justifying that the employment is temporary instead of permanent. Employees employed on a temporary basis may represent up to 15 per cent of the employer’s workforce (which is also permitted e.g. if the employer only has one employee). Temporary employment on such general grounds may not exceed 12 months, and will trigger a quarantine period of 12 months upon expiration, during which the relevant position may not be filled by another temporary employee. The quarantine period is not triggered if the temporary employee is offered permanent employment in the same or another position.
2. Temporary employment in certain specific circumstances: Temporary employment is also permitted, without regard to the above-mentioned restrictions, under the following circumstances:

- when warranted by the nature of the work and the work differs from that which is ordinarily performed in the undertaking;
- temporary replacement for another person;
- work as a trainee;
- participants in labour market schemes; and
- athletes, trainers referees and other leaders within organised sports.

Illegal temporary employment will be deemed as permanent employment: If a temporary employment is agreed or maintained in breach of these provisions, the temporary employee may claim that the employment is permanent. The legal effect would be that the employee is deemed as permanently employed, and thereby has the same protection against dismissal as a permanent employee. The employee may also claim compensation for illegal temporary employment.

**Employment contracts**

All employee relationships shall be subject to a written employment contract, which should be entered into “as early as possible”, but no later than one month following commencement of the employment at the latest. The minimum requirements regarding the content of the employment contract are listed in the WEA s.14-6 and include provisions on work place, work hours, salary and benefits, probation time, starting date of employment, notice periods upon termination etc.

"An employee shall, as a main rule, be granted permanent employment."
Similar to a pelican, the frigatebird is a rare sight on the Norwegian coast. Those who are lucky enough to see it will no doubt notice its large wingspan of over two metres and the long, straight beak with a hook at the end.
MANDATORY EMPLOYEE BENEFITS AND SOCIAL SECURITY

Employer’s social security contribution
The employer is obliged to pay contributions to the National Insurance scheme on wages and other remuneration for work and assignments carried out in or outside employment in Norway or on the Norwegian Continental Shelf. The obligation to pay employer’s National Insurance contributions may apply even if the employer is not engaged in activity in Norway that is liable for tax and irrespective of whether the employee is personally liable for tax in Norway.

An employer’s National Insurance contributions are calculated as a percentage of the pay and other remuneration paid for work carried out in Norway or on the Norwegian Continental Shelf. The rate payable differs between various regions in Norway, with the highest currently being 14.1 per cent, and the lowest currently being 0 per cent in certain remote rural areas.

Occupational injury insurance
An employer is obliged to take out an Occupational Injuries Insurance covering the employees. As a general rule, such insurance shall include cover for injuries and illnesses occurring during performance of work, during working hours and at the workplace. The insurance must cover actual loss and future loss of income and future expenses incurred as a consequence of the occupational injury.

Occupational pension
The employer is obligated to provide for a pension scheme for all employees who are 20 years or older, and who are employed in a position representing at least 20 per cent of a full-time employment. The obligation concerns only retirement pension – not disability pension or dependents’ pension, which are optional schemes. The minimum level is a 2 per cent contribution for salary between approximately 1 billion and 12 billion. The maximum contribution rates are 7 per cent of salary up to 7.1 billion, and 25.1 per cent of salary up to 12 billion. Pension contributions in accordance with national pension law are subject to extensive tax benefits for the employee, hence the limitations as to how much can be contributed. Contributions outside of the pension law limitations will be taxable as income, including payroll tax.
EMPLOYEES’ REPRESENTATION STRUCTURES, TRADE UNIONS AND COLLECTIVE BARGAINING AGREEMENTS

General overview
Employee representation structure depends on the size of the company, the line of business, the presence of unions and, accordingly, the presence of collective bargaining agreements.

The WEA includes several provisions regarding information and consultation with the employees and/or the employee representatives. In undertakings that regularly employ at least 50 employees, the employer is obligated to provide information concerning issues of importance for the employees’ working conditions and discuss such issues with the employees’ elected representatives.

Trade unions and collective bargaining agreements
A new entity will not be bound by any collective agreement directly before any trade unions call for such an agreement, and the entity concludes one. However, if the entity becomes a member of an employers’ association, and there are trade union members amongst the company’s employees, the employer will normally be directly bound by the relevant agreement between the employers association and the relevant trade unions.

An employer is obliged to take out an Occupational Injuries Insurance covering the employees.
Collective disputes
Employees protected under Norwegian labour legislation enjoy the right to strike and to use other labour dispute instruments under specified circumstances. The employer’s right to carry out a lockout is in Norway equal to the employees’ right to strike. Jointly, these are referred to as labour dispute instruments.

In order to understand the regulations concerning strike and other labour dispute instruments, it is necessary to know that Norwegian collective labour law draws a line between interest conflicts and legal disputes.

Disagreements regarding changes in the level of wages and other employment terms and conditions that are regulated in a Collective Bargaining Agreement (CBA) are considered interest conflicts which may be resolved through labour dispute instruments (strike/lockout) provided that certain requirements are met. Labour dispute instruments are usually combined with negotiations.

The starting point therefore, is that any conflict of interest may be solved through labour dispute instruments. However, during the tariff period (the period while the CBA is in force), the parties are subject to an obligation to keep industrial peace. The obligation to keep industrial peace is closely interlinked with the collective agreements and the obligation applies to all issues which are directly or indirectly governed by the CBA.

On the other hand, if no CBA is entered into or an agreement has been terminated, the obligation to keep industrial peace does not apply. Unions are entitled to demand that a CBA shall be entered into and initiate a strike if the demand is not met.

Health and safety in the workplace
Pursuant to the WEA, the employer is responsible for maintaining a safe, sound and proper working environment. A safety delegate shall be elected among employees at all undertakings. At companies with less than ten employees, the parties may agree on a different arrangement in writing.

Undertakings which regularly employ at least 50 employees shall have a “Working Environment Committee”, cf. WEA s.7(1). Working environment committees shall also be formed in undertakings with between 20 and 50 employees when so requested by the employer or the employee representatives. It is the responsibility of the employer to ensure that a working environment committee is established when required.
EMPLOYMENT CONSIDERATIONS

Probation period
If the employee has not previously been employed by the company, the parties may include in the employment contract that the employee for a period not exceeding the first six months of employment shall be employed on probation.

During the probation period, a dismissal with notice may be warranted upon the employee’s lack of suitability for the work, lack of proficiency or lack of reliability. In practice, the employee enjoys a lesser degree of protection against dismissal during the probation period than what is the case for employees not under probation. Customary notice period during the probation period is 14 days, running from the day the other party receives the notice of dismissal.

Holiday
According to the Norwegian Holiday Act the employees are entitled to an annual holiday of the minimum of 25 working days. According to the Holiday Act terminology, Saturdays are considered “working days”, and thus the minimum amount of holiday is 4 weeks and one day. The employer is required to pay holiday pay by an amount equal to 10.2 per cent of the annual remuneration. It is, however, market practice to agree that the employee shall have the right to grant five weeks of holiday annually (equal to 30 working days), which then requires the employer to pay holiday pay by a higher rate of 12 per cent.

Ordinary salary is not earned when the employee is absent on holiday. As a substitute, the employee is entitled to holiday pay, based upon last year’s remuneration. According to the Holiday Act, holiday pay should be paid out immediately prior to the vacation. It is, however, permitted to agree on a different payout schedule. To simplify the holiday pay procedure, most enterprises will instead deduct the monthly payment in June – plus 4/26 of the July remuneration if the employee is entitled to 30 workdays of vacation – and replace the ordinary salary payable in June with the last year’s holiday pay, irrespective of when the employee in fact is absent due to holidays.

“According to the Holiday Act, holiday pay should be paid out immediately prior to the vacation.”
The Midnight Sun – a sun which doesn’t sink below the horizon but is visible all day and night. This fantastic phenomenon can be experienced north of the Arctic Circle. The chance to see the Midnight Sun increases the nearer you get to the North Pole – at the Arctic Circle the Midnight Sun will be visible for about a month every year, while at the North Pole it is visible for six months depending on weather conditions.
HOURS OF WORK

Introduction
The regulations concerning working hours are extensive and particularly detailed. WEA determines that normal working hours must not exceed nine hours per 24 hours and 40 hours per seven days, cf. s.10-4(1).

The WEA does, however, permit that the employer and the employee in writing agree that normal working hours may be arranged in such a way that, on average, during a period not exceeding 52 weeks, they are no longer than described above, whilst actual work during certain days and weeks may be longer or shorter than these limitations. Total daily and weekly working hours may, however, still not exceed ten hours per 24 hours and 48 hours per seven days, cf. s.10-5(1). It is also permitted to agree that the 48-hour weekly maximum is averaged out over up to eight weeks, in effect so that it is possible to concentrate work hours to a much higher degree, provided that this is compensated with time off later.

The WEA s.10-8 determines that an employee shall have at least 11 hours continuous off-duty time per 24 hours. The off-duty period shall be placed between two main work periods. Further, an employee shall have a continuous off-duty period of 35 hours per seven days. Work performed from 18.00 on the day preceding a Sunday or public holiday until 22.00 on the day preceding the next working day is regarded as holiday work. Requiring employees to work during holidays is only permitted if warranted by the nature of the work.

Overtime pay
Work in excess of agreed working hours must not take place except in cases when there is an exceptional and time-limited need for it. If an employee's work hours exceed the limit prescribed by the Act for normal working hours, the time in excess is regarded as overtime. Overtime hours shall be compensated by at least an extra 40 per cent of the ordinary hourly pay. The employer and the employee may agree in writing that overtime hours shall wholly or partly be taken out as off-duty time on agreed dates.

Overtime hours shall be compensated by at least an extra 40 per cent of the ordinary hourly pay.

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Exemptions from the above requirements

Exemption from the general rules on working hours (and overtime payment) applies to leading and especially independent personnel. This would typically include management positions, but also to certain independent positions outside management. The necessary conditions to be met are that the employee controls his own working hours himself and is mainly free to decide the extent of his work without employer approval. An individual assessment is needed for each position designated as exempt from the rules on working hours, and the boundaries can be unclear.

Provisions on wages

The WEA includes no definition of wages, bonuses or other kinds of remuneration. There are no regulations on national minimum wages. The wage conditions are regulated through negotiations, individual or collective.

The employer has a statutory duty whenever paying out wages, salaries etc, to deduct the correct amount of income tax and remit this to the tax office.

An individual assessment is needed for each position designated as exempt from the rules on working hours, and the boundaries can be unclear.
TERMINATION OF THE
EMPLOYMENT CONTRACT

Introduction
An employee may terminate the employment contract in accordance with the procedures set forth in the employment contract. The parties may also agree upon termination of the employment contract, often in combination with severance pay. If the employer considers terminating the employment contract unilaterally, certain mandatory legal provisions must be taken into consideration.

According to the WEA s.15-7, notice of dismissal from the employer should be “objectively justified” on the basis of circumstances relating to “the undertaking, the employer or the employee”.

Procedural requirements
Before making the final decision regarding termination of an employment contract, the employer shall, if possible, discuss the matter with the employee. The employee is entitled to bring an advisor of his own choice, and should be informed about this right in writing prior to the meeting.

Failure to follow the set out procedure may result in the termination being found invalid. Invalidity will most likely entail costly claims of compensation from the employees.

A notice of dismissal should be in writing, and should contain certain compulsory information about the employee’s rights under national law.
GROUNDS FOR DISMISSAL

Matters relating to the employee
Circumstances that may allow the employer to terminate based on matters relating to the employee include: denial of order, breach of a confidentiality clause, absence without a legitimate reason or criminal offences committed during work performance. If the grounds are related to minor disciplinary actions, a prior formal warning in writing would generally be advisable. Note that the threshold for having adequate grounds for dismissal based on circumstances relating to the employee is high in Norway.

Summary dismissal – termination without a notice period
The employer may summarily dismiss an employee who is guilty of a gross breach of duty or other serious breach of the contract of employment. Summary dismissal implies that the conditions of employment are terminated with immediate effect as the employer revokes the contract of employment.

Matters relating to the enterprise – redundancies
As long as the employer can document that a reorganisation or reduction of the work force is necessary and warranted, and that the selection of employees in a process of redundancy is fair, the court will most likely accept the termination of the employment contract. The employer will still have to consider the interest of the company versus the consequences for the affected employees.

When selecting employees for redundancy, the employer must base his decision on relevant criteria, such as qualifications, seniority and age. Seniority should be given special consideration. A dismissal with notice will not be warranted if it is solely due to a transfer of the undertaking.

The obligation to consult on the redundancy process only applies to the elected representatives and not to the employees as such, neither as a group, nor as individuals. Individual employees only have a right to be informed.

However, the individual meetings before a notice of termination is sent should be in the form of a consultation with the employees likely to be affected.

When all the possible individual meetings have been held, the employer may take the decision on which employees are to be given notice of termination.
As a main rule, an employee has both a right and an obligation to continue working during the entire notice period. This means that he is entitled to normal salary and holiday payments, regardless of whether the company closes down before the end of the notice period.

**Termination of the chief executive of the undertaking**
The chief executive of the undertaking may, in writing, agree to a specified severance pay in exchange for waiving his/her protection from dismissal under the WEA. Severance pay in some form is an absolute requirement, and it must be sufficient to make up for the loss of protection. This only applies to the chief executive of the undertaking.

**Compensation claims**
A dismissed employee is entitled to commence legal proceedings. While such proceedings remain pending before the courts, which may take several months and sometimes more than a year or two, the employee is generally entitled to remain in his post and receive his normal salary.

Because of the general right to remain in post, a challenged termination can be quite costly for the employer, even if the court eventually upholds it. This is part of the reason why severance agreements are quite common, although Norwegian law contains no statutory obligation to provide severance.
INDUSTRIAL AND INTELLECTUAL PROPERTY
PATENTS

General
Norway adheres to various international conventions relevant to patents, such as, amongst others, the Paris Convention, the PCT Treaty, the EPC convention, the WIPO convention, the TRIPS Agreement, and the London Agreement. Norway is, however, for amongst other constitutional reasons, not expected to implement the European unitary patent system.

Norwegian patents are primarily governed by the Patents Act 1967 (patentloven) and the Patent Regulation 2007 (patentforskriften). Inventions made by employees are governed by the Employee Invention Act 1970 (arbeidsrampfinknellsloven). Norwegian patents are valid for 20 years from the date of the application. Supplementary Protection Certificates may be granted for pharmaceutical and medicinal products, with the effect that the period of protection is extended with 5 years. Norwegian law does not offer protection under a utility model system.

Application and grant
Patent are granted by the Norwegian Industrial Property Office (www.patentstyret.no). Applications may be filed by the inventor or such other person/entity to which the inventor has assigned the rights in the invention.

As a result of Norway’s adherence to the EPC convention, the EPO may also grant patents that are valid in Norway, provided the patent holder files a translation of the patent to the Norwegian Patent Office and pays a registration fee within applicable deadlines. Translation requirements are limited following the implementation of the London agreement, and patents can be in English language except for the patent claims.

A Norwegian patent may on certain conditions enjoy priority from the former date of filing in another jurisdiction, provided such patent application enters the national phase in Norway within applicable deadlines.

The processing of the patent application may be speeded up if the patent has already been granted in certain other jurisdictions, on basis of the Patent Prosecution Highway arrangement to which the Norwegian Industrial Property Office is a party.

The validity of a patent grant may be challenged subsequent to the grant, and this is frequently done as a defense in infringement cases.
Patentability
To be patentable, an invention must meet criteria of novelty and inventive step, be of a technical nature and have industrial application. A patent will not be granted for: (1) a discovery, scientific theory or mathematical method; (2) aesthetic creations; (3) schemes, rules or methods for performing mental acts, playing games or doing business, or programs for computers; (4) presentations of information; or (5) certain types of biological processes, and surgical or therapeutic methods. Computer programs as such are in general protected by copyright law, not patent law. Patentable inventions may however encompass computer programs.

Employee inventions
Employee inventors will as a formal starting point retain the rights to their inventions, but are obliged to report the invention to the employer. An employer may demand to have assigned the rights to the inventions from the employee. The employee may on certain conditions be entitled to a reasonable compensation for such assignment.

Assignments and licenses
The right to exploit a patented invention may be assigned or licensed. There are no particular formal requirements to such agreements, and the contents of such agreements are not restricted by mandatory legislation. A licensed right can however not be assigned or sub-licensed, unless otherwise has been expressly agreed or is clearly implied between the parties. To be fully protected against creditors and other third parties, a license agreement must be registered with the Norwegian Industrial Property Office. A compulsory license to use a patented invention may be granted by the courts of the competition authorities, amongst others, in cases where the patent holder does not itself use the invention. This possibility is in practice hardly ever applied.

"Employee inventors will as a formal starting point retain the rights to their inventions, but are obliged to report the invention to the employer."
**Infringement**

An action for the infringement of a patent may be brought by the owner of the patent, or by an exclusive licensee. Infringement law suits must be brought before the Oslo City Court as the exclusive legal venue, regardless of where in Norway the infringement has taken place.

An infringement may result in a court order to cease the infringement, as well as claims for damages and orders to destruct or withdraw the infringing product from the market. Claims for damages may be calculated as the higher of: a) the losses suffered by the patent holder; b) a reasonable royalty for the use; or c) the net profit made by the infringer. In cases of bad faith or gross negligence, the infringer may be liable for a royalty based on twice the market license rate. The plaintiff may on certain conditions request a preliminary injunction from the courts in order to prohibit further infringements pending ordinary trial.
In the last couple of decades, cranes have become a regular sight by the water’s edge. Many cities have seen old industrial buildings turned into exclusive apartments. Oslo, Tønsberg, Fredrikstad and Porsgrunn have all got examples of this kind of repurposing.
TRADE MARKS

General

Norwegian trademarks are primarily governed by the Trademarks Act 2010 (varemerkeloven) and the Trademark Regulation 2010 (varemerkeforskriften). Trademark protection is obtained through registration, or through usage that has resulted in the trademark being well-known. Different types of trademarks may be protected. In addition to the more traditional product names and logos, also sounds, shapes and slogans may potentially be registered as trademarks. It is however for the time being a condition for trademark registration that the mark can be expressed graphically.

Trademark protection is obtained through registration, or through usage that has resulted in the trademark being well-known.
Registration and examination

Trademarks are registered by applications to the Norwegian Industrial Property Office (www.patentstyret.no). Alternatively, international applications filed in other countries may be extended to Norway on basis of the Madrid Agreement.

Any individual or legal entity, whether Norwegian or foreign, may register a trade mark in Norway. Registrations remain in force for 10 years, but may be renewed indefinitely for additional periods of 10 years. A fixed registration or renewal fee must be paid for each class of goods or services for which the mark is registered. If a registered trade mark is not used for a period of five years, an action can be brought to have the registration deleted.

Trademark applications may be rejected for formal reasons, such as incorrect completion of the application form or lacking payment of the registration fee. Applications may also be rejected if the trademark does not meet the substantive conditions for applications, e.g. if it is purely generic or lacks distinctive character, is contrary to public policy or good morals, or is misleading. The Industrial Property Office is not obliged to examine whether or not a trademark application infringes the rights of third parties, such as, e.g. a previously registered trademark or company name. Possible conflicts with third party rights must however be examined if the Industrial Property Office becomes aware of them.

For a three-month period from the date of publication of the application, anyone may file an opposition to registration with the Industrial Property Office. The right to file an opposition is not limited to third parties whose rights are infringed by the registration of the trademark. A granted trademark may later be declared invalid. This can be done either by the courts, or on basis of an administrative process starting with the Industrial Property Office.

The decisions of the Industrial Property Office may be appealed and brought before the Norwegian Board of Appeal for Industrial Property Rights (www.kfir.no). They may thereafter be brought before the courts of law.

Assignment and license

Trademarks can be assigned or licensed, either together with or separate from the business for which it was originally registered. A license cannot be assigned or sublicensed, unless this has been agreed. The transfer or license agreement is not subject to any particular formal requirements. A transfer or license agreement must however be registered with the Industrial Property Office to enjoy protection against third parties, such as the assignor’s creditors.
**Infringement**

The infringement of a trademark can result in civil and criminal liability. A licensee can also bring an action for infringement, provided the infringement has taken place within the area of the license. Infringement law suits must be brought before the Oslo City Court as the exclusive legal venue, regardless of where in Norway the infringement has taken place.

The court may order the infringement to stop, as well as award damages. Such damages are calculated as the higher of 1) the loss suffered by the trademark holder, 2) the profits made by the infringer, or 3) a reasonable royalty for the illegal use of the trademark. If the infringement was willful or grossly negligent, the plaintiff is entitled to an amount set as twice such reasonable royalty rate. The court may also impose measures to hinder further infringement, such as order the destruction of counterfeit goods. A preliminary injunction may also be imposed to stop unauthorised use.

**DESIGNS**

Norway is party to various conventions related to designs, including the Paris Convention 1883, the Locarno Convention 1968 and the Trips Agreement. Designs are under Norwegian law protected under the Design Act 2003 (designloven), which implements EC Directive 98/71/EF. Further, designs may alternatively or in addition be protected by copyright law or the passing-off provisions under the Norwegian Marketing Act (markedsføringsloven). The EU Community Design does not apply in Norway.

Protection under the Design Act is obtained through registration with the Industrial Property Office. Alternatively, international registrations under the WIPO system may be extended to Norway. The design must be new and have individual character. Designs cannot be registered to the extent the visual aspects are determined by the technical function of the product. The duration of protection is up to 25 years from the date of registration. The creator’s rights are protected by civil and criminal sanctions.
COPYRIGHT

General
The Copyright Act (åndsverksloven) protects intellectual works regardless of their type, form of expression, merit or intended use. Protected works include, e.g. books, lectures, dramatic works, choreographic works, computer programs, musical compositions, cinematographic works, designs, paintings, architectural works, works of applied art, etc. Translations and adaptations of works of the imagination are similarly protected, subject to the rights of the author of the original work.

In addition, the Copyright Act protects certain so-called neighbouring rights that are not protected through copyright as such, including databases, photographs and certain artistic performances.

Copyright is vested in the author automatically upon creation of the work. There is no registration scheme for copyrights, and it is not required to mark any materials with copyright symbols. Copyright in computer programs developed by employees is automatically transferred to the employer. For other types of copyrighted materials, there is no such automatic transfer of rights, and an assignment requires that this follows expressly or implied from the employment contract.

Copyright contents
Copyright gives the rights holder an exclusive right of presentation (i.e. by public recital or dramatic presentation) and right of reproduction (i.e. by printing, engraving and recording). These rights are limited in extent by, among other things, the right to make copies for private use. The rights subsist for 70 years following the author’s death. In addition, the author has “moral rights”, which give the author the exclusive right to determine whether his work shall be published; to protect the work against any attempt to change its nature or alter it; and to change it. This moral right attached to the person of the author, is perpetual, inalienable and not subject to prescription.

Assignment and licensing
Copyright may be assigned and licensed, except for the moral rights as mentioned above. No particular formal requirements apply to such agreements. An assigned copyright may not be further assigned, unless this has been agreed with the assignor, or the copyright is assigned further as part of a business.
Winter in the manmade landscape at Mølen near Nevlunghavn. With its 230 burial cairns it is the grandest of its kind in Norway. Chieftains and servants were buried here under large and small piles of stone. The area contains 16 large burial cairns, four of them huge rocky mounds with a diameter of 25-35 metres. There are also 192 smaller rock piles in eight rows parallel with the water line.
DATA PROTECTION
General

Norwegian laws on data protection are primarily found in the Data Protection Act 2000 (personopplysningloven) and the Data Protection Regulation 2000 (personopplysningforskriften). These legislative instruments implement the EC Directive 95/46/EC, meaning that Norwegian data protection laws are to a large extent aligned with the laws of the other European countries. It is expected that EU General Data Protection Regulation will be adopted by Norway, and at such time replace the current legislation.

The supervisory authority for data protection in Norway is the Data Protection Authority (DPA) (www.datatilsynet.no). The DPA receives notification and grants authorisations for the processing of personal data, provides guidance on the understanding of the legal requirements, and also enforces the legislation by issuing orders to comply and administrative fees for non-compliance.

The personal data legislation has a broad scope, and applies to all electronic processing of personal data. Non-electronic processing is only covered to the extent it concerns registers over persons. Processing of data for strictly personal purposes is however exempted from the legislation. The jurisdictional scope of the Norwegian laws is limited to processing of personal data by 1) controllers established in Norway, and 2) controllers established outside the EU/EEA that use equipment in Norway for their processing, except for equipment used for transfers only.

It is expected that EU General Data Protection Regulation will be adopted by Norway, and at such time replace the current legislation.
The number of domesticated reindeer is huge in Norway. An estimated 200,000 reindeer roam around our expansive country, with 70 per cent found in the northernmost county, Finnmark.
Restrictions
Processing of personal data is only allowed to the extent there is legal basis for such processing. The Personal Data Act lists several alternatives in this respect, one of which is the consent of the data subject. Other grounds allowing the processing is that it is necessary in order to 1) fulfil a contract to which the data subject is party, 2) enable the controller to fulfil a legal obligation, 3) protect the vital interests of the data subject, 4) perform a task in the public interest, or 5) exercise official authority. Finally, processing is allowed when necessary in order to enable the controller or third parties to whom the data are disclosed to protect a legitimate interest, provided such interest is not overridden by the interests of the data subject.

In order to process sensitive data, certain additional requirements must be met. Sensitive data is defined as personal data relating to a) racial or ethnic origin, or political opinions, philosophical or religious beliefs, b) the fact that a person has been suspected of, charged with, indicted for or convicted of a criminal act, c) health, d) sex life, and e) trade-union membership.

Even if the above referred to conditions are met, the processing of person data is only allowed when used for “explicitly stated purposes that are objectively justi- fied by the activities of the controller”. The personal data must not subsequently be used for other purposes that are incompatible with the original purpose of the collection, without the consent of the data subject. The data must also be accurate and up-to-date, adequate, relevant and not excessive in relation to the purpose of the processing.

Notification and authorisation
As a starting point, any processing of personal data must be notified to the DPA, and any processing of sensitive personal data is subject to authorisation from the DPA. A number of exceptions to this starting point are found, meaning that many ordinary types of data processing are exempted from both the notification and authorisation requirements. For instance, processing of ordinary employee data, customer and supplier data for administrative purposes does not have to be notified to or authorised by the DPA.

Transfer abroad
Transfers or personal data abroad from Norway are allowed to countries within the EU/EEA, and to third countries that the EU Commission has concluded has an adequate level of protection. Personal data could previously also be transferred to the US on basis of the Safe Harbor arrangement, but this opportunity ceased with the Schrems decision of the European Court of Justice.
Administrative requirements
The processing of personal data is subject to a number of administrative requirements. In particular, the data controller must be able to document that it meets requirements to data security and internal control systems. The data controller is obliged to reply to certain inquiries concerning the data processing being conducted.

This must be done free of charge and within 30 days upon receipt of the request. The data controller must also on certain conditions inform the data subject about the data processing when collecting data. Personal data that is incorrect or incomplete must be rectified. Personal data that is no longer necessary to carry out the purpose of the processing must be deleted.

Use of data processors
A controller may use a data processor to process data on its behalf. The agreement with the processor must be in writing, and the processor may only process personal data in such way as is agreed with the controller. It must be stated in the agreement with the processor that the processor shall carry out such data security measures as is required by the Personal Data Act. The controller still remains liable for the processing. The processor also has its own duty to, amongst others, ensure sufficient data security.

Cookies
The use of cookies is restricted in the Electronic Communication Act s.2-7. Use of cookies is as a starting point conditional partly upon the user being informed about the data processed, the purpose of the processing, and who processes the data and partly upon the user consenting to such use. It is assumed that consent may be provided through browser settings. The restrictions on the use of cookies do not apply when the purpose of the cookie is solely to transfer communication in an electronic communication network, or necessary to provide an information society service that has been requested by the user.

Sanctions
Violations of the Personal Data Act may result in administrative fines of up to an equivalent of about €100,000, as well as orders to cease the illegal processing and daily coercive fines if such orders are not complied with. In principle, violations are also subject to criminal liability in the form of fines or imprisonment up to a maximum of three years. Criminal prosecution is however unlikely and has not been seen in practice so far.
Today there are 107 lighthouses in Norway, of which about 80 are listed buildings. The first lighthouse to be built was Lindesnes fyr in 1655. All the lighthouses in Norway today are automated and no longer inhabited.
General
Norwegian law offers protection for consumers through a number of legislative mechanisms. An overview will be presented in the following. There is no universal definition of “consumer”, and the notion may vary from one piece of legislation to another. In many statutory instruments, a consumer is defined as a natural/physical person not acting predominantly in a business capacity.

Norway has implemented the EU Consumer Rights Directive 2011/83, as well as a number of other EU directives related to consumer protection. This means that Norwegian law to some extent is harmonised with the laws of other European countries in terms of the consumer in this area. Some particular Norwegian consumer protection provisions may also be found, such as the mandatory maximum warranty period of up to 5 years in the Consumer Purchase Act.

Mandatory content in contracts
In Norway, several statutes contain mandatory provisions that govern contracts with consumers. When a contractual relationship is subject to mandatory regulations, the parties cannot with binding effect agree to terms that would be less favourable to the consumer than those prescribed by the Act.

Examples of such legislation are the Consumer Purchase Act 2002, the Right of Cancellation Act 2014 (and implementation of directive 2011/83/EU on consumer rights), the Marketing Practice Act 2009, the Trade and Craft Service for Consumers Act 1989, the Tenancy Act 1999 and the Housing Construction Act 1997. These Acts are results of a need for a set of rules that provide adequate protection for consumers.

Some of these Acts stipulate that none of their provisions can be departed from by agreement to the detriment of the consumer. Examples of such mandatory content can be the provisions on delivery, defects, delay, sanctions and remedies. Some Acts are only mandatory in part. Examples on this are the Act on Agreements 1918 and the Sale of Real Property Act 1992. These Acts are as a starting point non-mandatory, but contain certain explicitly stated exceptions.

The mandatory legislation will often determine the consequences of a breach of contract by the professional counterparty. This can include definitions of what is a breach, when such breach can justify termination of the contract, which other remedies are available to the consumer, and how late the consumer can complain without the claim being time-barred. As an example, whilst a fundamental breach of contract is required in order for private parties to terminate the agreement pursuant to the Sale of Goods Act, the Norwegian
Consumer Purchase Act provides the consumers with a right to terminate the agreement where the breach is “not unessential”. Another example is the principle of strict liability for losses suffered by consumers as a result of defective products. This principle is inter alia seen in the Norwegian Consumer Purchase Act.

The legislative consumer protection satisfies the provisions of various EU directives regarding consumer rights. Consequently, the Norwegian consumer rights are similar to those of the other EU/EEA countries. However, some directives only establish minimum requirements, such as Directive 1999/44. This means that the Member States may adopt more stringent provisions to ensure a higher level of consumer protection. This has inter alia led to a waiver from EU/EEA regulation on consumer protection in terms of the rules on the warranty period. In the Norwegian Consumer Purchase Act, the two-year warranty period as stipulated in Directive 1999/44 art.5 is increased to five years.

The five-year warranty period applies to all products or parts of products meant to last significantly longer than two years. The products’ expected lifetime must be subject to an individual assessment. Case law shows that most consumer electronics, such as mobile phones, are covered by the five-year warranty period. The two-year rule as stipulated in Directive 1999/44 shall apply for products meant to last shorter. The five-year “warranty” is often misunderstood, and does not mean that the product is warranted to last for five years. The five-year “warranty” only means that the consumer customer may complain as late as five years from the date of purchase, provided that the product turns out to be defective. The product is not defective simply because it does not last for five years. The issue of whether lacking duration constitutes a defect will depend on separate assessments, such as reasonable expectations to merchantable quality in light of information given and the nature of the product.

**Unfair contract terms**

The Norwegian Act on Agreements of 1918 (avtaleloven) s.36, has mandatory provisions that sanction unfair contract terms. According to s.36, “an agreement may be wholly or partially set aside or amended if it would be unreasonable or in conflict with generally accepted business practice to invoke it”. The provision does in principle apply to both consumer agreements and other agreements. However, whether an agreement is unreasonable and thus can be set aside or amended, will depend on the position of the parties. This means that the threshold for applicability of the clause is lower for contracts entered into with consumers, than contracts entered into with professionals.
The application of the clause requires a broad assessment of the individual case, where several aspects are taken into account. The decisive factor is not the clause as such, but the results of applying it in the situation the parties are in at the time.

In addition, the Norwegian Marketing Act of 2009 (markedsføringsloven) stipulates a general prohibition against unfair terms and conditions in consumer relations. The Act is in accordance with several EU directives, including Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market and Directive 93/13/EC on unfair terms in consumer contracts. The Marketing Act may be used to sanction standard terms and conditions as such, and not only set aside obligations entered into in individual consumer contracts.

As an example on the use of the Marketing Act for purposes as mentioned, the Norwegian Consumer Ombudsman filed a complaint against Apple on the grounds that the company provides itself with a right to one-sided change of the consumer’s conditions for the use of iCloud. The Consumer Ombudsman found that Apple’s practice was unfair and thus contravenes with the Norwegian Marketing Act and the underlying EU obligations.

Furthermore, the Marketing Act stipulates requirements relating to guarantee conditions in consumer relationships. If a guarantee is provided, the guarantee conditions shall provide certain information as stipulated in s.23 litra a-e in a clear and plain manner. This includes the content of the guarantee and any limitations and special conditions that may apply.

The Norwegian Act on Agreements 1918 prevents circumventions of the consumer protection against unfair contract terms. Pursuant to s.37 i.f, under s.37(3) of the Act an agreement on the choice of law of a non-EU/EEA jurisdiction may be set aside if the law of such other jurisdiction will give the consumer less protection than otherwise. This provision facilitates a comparison between the provisions of the national law which has been selected and the rules that would otherwise have been applicable.

As a party to the convention on jurisdiction and the enforcement of judgments in civil and commercial matters of 1988 (Lugano Convention), the Norwegian rules on jurisdiction also contribute to ensure that the provisions on consumer protection are complied with. The Lugano Convention limits the contracting parties’ freedom to agree on legal venue in a jurisdiction other than the state where the consumer is domiciled. The Norwegian Act relating to mediation and procedure in civil disputes of 2005 (the Dispute Act) incorporates the Lugano Convention into Norwegian law pursuant to ss.4–8.
Financial agreements with consumers
Consumers entering into financial agreements enjoy the protection of the Financial Agreements Act (FAA). The FAA cannot be departed from to the detriment of consumers. The FAA applies in some cases also to financial institutions established outside of Norway, including when such foreign financial institution has marketed its products in Norway or the financial agreement in question has been entered into in Norway. The application of Norwegian law, and thus the FAA, may be set aside by a choice of the laws of a jurisdiction within the EU/EEA, but not the choice of a jurisdiction outside the EU/EEA, to the extent this weakens the position of the consumer.

The FAA implements several EU directives, including 2007/64/EC on payment services in the inner market, and EC 2008/48/EC on consumer credit. The substantive scope of the FAA includes provisions on bank accounts and deposits, payment services, credit agreements and guarantees for loans/credits. A number of detailed obligations are imposed on financial institutions in relation to consumers, some examples of which are:

► Information obligations: This includes information about the identity of both the financial itself and the products offered, including the key terms and conditions of the agreement. Particular requirements apply to information about, amongst others, the costs of a credit such as the effective interest rate, and information about the risk of guaranteeing for loans, etc.

► Advice against obligations: Financial institutions must advice against the taking up of a loan or issuing a guarantee by a customer, if the financial capabilities of the customer suggest so.

► Agreement and product content requirements: The FAA gives the customers certain rights to, e.g. terminate the financial agreement and provide settlement mechanisms when this is done. There are also product content requirements, such as to, e.g. payment transfer times. Liability in case of breach of agreement is also subject to mandatory provisions.

► Form of agreement: Financial agreements must be in writing.

The Marketing Act may be used to sanction standard terms and conditions as such, and not only set aside obligations entered into in individual consumer contracts.
Information requirements

Before entering into a contract with a consumer, a business will in some cases be required to provide certain information to the consumer. The information required can be about the characteristics of the product itself, about the key terms and conditions of the agreement, or about the identity of the business. An example is the information requirements related to financial agreements as described above. Another example is the Consumer Sale of Goods Act, according to which goods can be considered defective if the vendor has not provided such information about them as the buyer could reasonably expect.

Particular information obligations apply in the case of distance sales, as further detailed in Distance Selling Act 2014. The information required on basis of the Distance Selling Act must be provided in Norwegian if the marketing is directed towards Norwegian consumers. Similar information obligations apply in case of online sales, on basis of the E-commerce Act. Further, the Price Information Regulation has detailed requirements to the information about and presentation of the price of a product. For certain types of products, particular labelling requirements apply. This is in particular relevant to food and other nutritional products. On basis of the implementation of EU Directive 1169/2011, information must be given on the product about, e.g. ingredients, nutritional values, and allergens.

The beautiful Norwegian fjords have become very popular with foreign tourists. The number of cruise tourists visiting Norway has increased from about 200,000 to almost 700,000 a year over the last 15 years.
**Contract formation requirements**

As a starting point, no formal requirements apply to the entering into of a consumer contract. Both verbal and electronic agreements are normally binding. Certain agreements must be in writing, such as financial agreements. Distance selling agreements must also be confirmed in writing in order to be binding. Requirements for written contracts are in most cases met by an electronic contract.

The Distance Selling Act 2014 requires that it is made clear to the consumer when an obligation to pay is taken on. If an order resulting in a payment obligation is placed by clicking on, e.g. a button, this button should be marked with wording such as “obligation to pay” or similar. It is not required that contracts are in Norwegian language, and it is as a starting point up to the consumer whether or not to enter into a contract in another language. An exception is found for certain types of distance sales agreements.

**Marketing and sales methods**

The Marketing Act 2009 restricts the types of marketing and sales methods allowed, and implements, amongst others, EU Directives 2005/29/EC and 2011/83/EC. Misleading marketing and unreasonable and aggressive business practices are prohibited. Detailed requirements are provided in this context, including regulations on unreasonable marketing practice and comparative marketing.

The use of individual electronic marketing communications, such as email and SMS, is not allowed unless the recipient has previously consented thereto, or the recipient is an existing customer for products similar to those being promoted. Recipients of such marketing communication must in any case always be given the chance to opt out from receiving further such communications.

Individual marketing by use of phone calls and letters is as a starting point allowed, however so that no such communication can be directed to individuals that have registered themselves in the Reservation Register.

The above referred to restrictions of the Marketing Act apply also to marketing from other jurisdiction, if it is directed towards the Norwegian market. Distance sales are subject to the requirements of the Distance Sales Act 2014, which amongst others establishes obligations to give certain information to the customer, and the right to cancel the purchase within certain deadlines. The customer must be given a specific form that can be used for cancelling the purchase, and if such form is not provided, the deadlines before which the option to cancel must be used will be extended.
Quality and safety requirements
In Norway, product quality and safety is mainly ensured through requirements stipulated in the Product Control Act 1976 (produktkontrolloven) and the Norwegian Product Liability Act 1988 (produktansvarsloven). Both Acts transpose several EU regulations into Norwegian law.

The Product Control Act applies to production, including testing, importing, marketing, use and other handling of products and to consumer services. The primary purpose of the Act is to prevent products, hereunder consumer products, or consumer services from causing damage to health or disturbances of the environment. A number of regulations are attached to the Act. These regulations stipulate detailed quality and safety requirements applicable to specific sectors, such as the regulation on safety of toys of 2013 and regulation on machines of 2009.

Any person that wilfully or negligently contravenes provisions set out in or issued under the Product Control Act or conditions laid down in s.7 of the Act, may be liable for fines and/or imprisonment for up to three months.

The Product Liability Act applies to the liability of a producer for damage caused by a product made or supplied for sale as part of its profession, business or equivalent activity. The Act establishes a strict liability for manufacturers, importers, distributors and sellers of goods.

Consumer authorities and organisations
The Consumer Ombudsman (www.forbrukerombudet.no) and the Market Council (www.markedsradet.no) are independent administrative public bodies that have been established to protect the interests of the consumers. This is done by supervising market conditions and influencing traders to observe the regulatory framework. They act upon complaints from consumers and traders, but will also at their own initiative look at marketing measures. The said bodies have authority to issue decisions banning unlawful marketing and contract terms and conditions in standard contracts when deemed necessary in the interests of consumers.
SOCIAL AND SOCIAL WELFARE
General

Norway is a well-developed welfare state with a high degree of social security. The rules are governed by a number of Acts and regulations including:

- The National Insurance Act 1997 (Folketrygdloven), which provides economic benefits in situations of unemployment, maternity, alone childcare, sickness or injury, disability, old age and death.

- The Act relating to Social Services in the work and welfare sector of 2009 (Sosialtjenesteloven), the purpose of which is to promote financial and social security and to improve the living conditions of disadvantaged persons. Furthermore, the Act contributes to greater equality of human worth and social status, and to the prevention of social problems.

- The Act relating to health authorities and health trusts (Health Authorities and Health Trusts Act, Helse-og omsorgstjenesteloven) of 2011 prevents, treats and facilitates to cope with disease, injury, suffering and disabilities. The Act relating to patients’ rights (the Patients’ Rights Act, Pasient-og brukerrettighetsloven) of 1999 helps to ensure that all citizens have equal access to good quality health care by granting patients rights in their relations with the health service.

In the following we provide a short overview of important rules under the National Insurance Act.

Sickness benefits

The Norwegian National Insurance provides sickness benefit to employees for a period of one year. The employer is obliged to pay the sickness benefit for the first 16 days of any sickness period. Sickness benefit from the National Insurance covers salary up to approximately NOK 540,000. It is not unusual that the employer has agreed to pay the difference between the sickness benefit received from the National Insurance and the actual salary. The employer must establish occupational injury insurance for all the employees.

Maternity leave

Employees have the right to pay during maternity and paternity leave. The compensation is either 80 per cent of the salary for 59 weeks or 100 per cent for 49 weeks. For leave of absence due to adoption the compensation is either 80 per cent of the salary for 56 weeks or 100 per cent for 46 weeks. Compensation during this period is covered by the National Insurance. Parental benefits cover the loss of income within an indexed maximum limit of six times
the Base Amount, currently approximately NOK 540,000 per year. Many public and private sector employers make up any differences between their employees’ actual salaries and the statutory entitlement. Three weeks before the birth and the first six weeks after the birth are reserved for the mother. In the event that both parents are entitled to parental benefits, then ten weeks of the benefit period are reserved for the father (the father’s quota) and ten weeks are reserved for the mother (the mother’s quota, including the six weeks after birth). The remaining part of the benefit period of 26 or 36 weeks may be shared between the parents.

Furthermore, parents have the right to take leave of absence for an additional year without compensation. Parental benefit may be combined with reduced working hours. The benefit is then reduced, but the period is extended. Employees who return to work after maternity or paternity leave are entitled to the same position they held before the leave of absence. Employees are also entitled to take paid leave of absence for a certain number of days each year to care for their children when they are sick.

**National insurance contributions**

Employer’s contribution is paid by employers to the National Insurance scheme. It is calculated on the basis of gross pay and allowances. Normally the employers’ National Insurance contributions will be 14.1 per cent of the salaries. These contributions partly finance social security contributions (for example unemployment benefit), retirement pensions and disability pensions.

Employees have the right to pay during maternity and paternity leave. The compensation is either 80 per cent of the salary for 59 weeks or 100 per cent for 49 weeks.
O Norway, my Norway! Do give me a May when sunny waves sigh and heave!
But hear me, o hear me: as day fades away
And renders my brow dark with eve
Teach me then to wither, o land of my birth
And make me a bed in your own holy earth
When summer is ready to leave!

(Theodor Caspari 1901)
Translated from Norwegian
PENSIONS

General
The Norwegian pension scheme went through a reform in 2010/2011. Norwegian law accepts various forms of defined contribution schemes as well as defined benefit schemes. Each form of qualified pension scheme has its corresponding specific pension act: “Foretakspensjonsloven” regulates defined benefit schemes. “Innskuddspensjonsloven” provides the legal framework for qualified defined contribution schemes, whilst “Tjenestepensjonsloven” provides the framework for “hybrid” models i.e. defined contribution schemes combined with insurance of expected lifelong benefit levels. The overall trend is that defined benefit schemes are being phased out. Norwegian pension legislation is based upon the Norwegian Act relating to mandatory pension schemes of 2006 (Lov om Obligatorisk Tjenestepensjon (OTP)), which outlines the general obligation of companies to provide for a qualified pension scheme. In the following we provide an overview of important provisions under this Act.

The Norwegian Act relating to mandatory pension schemes
The Norwegian Act relating to pension schemes establishes an obligation for the employer to provide for an occupational pension scheme in accordance with one of the three specific pension acts mentioned above. All employers that are taxable to Norway and with a minimum of one employee employed in Norway are comprised by the law. The employer is obligated to provide for a pension scheme for all the employees who are 20 years or older, and who are employed 20 per cent of full-time or more. The obligation concerns only old-age retirement pension – not disablement pension or dependents’ pension; these are optional schemes. The employer is, however, required to provide a waiver of premiums in the event of disability. The minimum level of contribution in a defined benefit or hybrid scheme is a 2 per cent contribution for salary between approximately NOK 90,000 and 1,080,000 (1–12 G). G is the Norwegian welfare service base amount, currently NOK 90,480 (2015). Salary exceeding 12G, currently approximately 1,080,000 is not pensionable. Pension contributions under a qualified pension scheme are tax-deductible, and not subject to payroll tax, hence the limitations.

Operating a qualified pension scheme for all employees will both serve to fulfill the obligation to operate a pension scheme under the Act relating to mandatory pension schemes, and qualify for the associated tax benefits. Norwegian life assurance companies offer a wide range of different pension schemes,
with a variety of investment options and associated insurances. The employer may also establish its own pension fund, but this is rare, at least for smaller employers.

The employer may choose which pension scheme shall be established and which life insurance company is to be used. The employer may also decide the level of the pension scheme, within the limits of the law.

If the pension scheme includes 15 or more members, the company shall establish a steering committee for the pension scheme. The steering committee shall consist of a minimum of three persons, of which a minimum of one person shall be elected from and by the members. The steering committee shall be consulted when it comes to matters concerning the pension scheme. The steering committee is non-decision-making authority; it has only a consultative function. The company’s annual report or annual accounts must show that the company has a pension scheme in accordance with the minimum requirement established in the law. Pension contributions under a qualified pension scheme are tax-deductible for the employer.
The different forms of pension schemes
The different forms of qualified pension schemes include defined benefit schemes, defined contribution schemes and a so-called hybrid schemes as mentioned above.

The characteristics of defined benefit pension scheme
A defined benefit scheme guarantees that the employee, at the age of retirement, receives a defined yearly benefit, for example a total pension equal to 65 per cent of salary from public and private pension combined. This entails that the company’s future annual premium payment is hard to predict. The return of the pension contribution remains in the pension fund and so it “devolves” on the company.

The company has a limited codetermination concerning where to invest the pension contribution. In practice the company may choose between standard portfolios which the life assurance companies offer for the management of defined benefit schemes.

One disadvantage concerning defined benefit pension scheme is that the scheme gives the company lack of cost control, and allocates the total risk of any future development to the company. In addition to this, when it comes to the management of the fund, the risk of return lies with the company.

The characteristics of defined contribution pension scheme
Under a defined contribution scheme, the company pays an annual premium equivalent to a percentage of each employee’s wage, or an agreed annual amount. The premium must at least correspond with the minimum requirement established in the new law as mentioned above (which is 2 per cent of pensionable salary). Upper contribution limits are 7 % for salary between 0 and 7,1 G. For salary between 7,1 G and 12 G, an extra contribution of up to 18,1 % may be added. The much higher rate for salary exceeding 7,1 G is meant to allow compensation for less attractive public pension accrual for higher paid employees.

The capital in the pension fund may be invested in many different ways. The employee may get determinative influence concerning the investment portfolio, and the return of the payment devolves on the employee. At the same time the risk of the return lies with the employee and not the company. The company’s cost control is normally better under a defined contribution scheme than a defined benefit scheme. In addition to this the risk of the return lies with the employee and not the company.
The pension scheme may, as a main rule, be amended by the employer's discretion, provided that the new pension scheme is in accordance with the minimum requirement established in the law, and provided also that the employer is not prohibited from amending the scheme according to the individual (employment) agreements.

**The characteristics of a hybrid pension scheme**

The so called hybrid schemes largely provides similar pension accrual as defined contribution schemes. There is, however, one notable difference: In a defined benefit scheme, the employee's pension accrual will be the sum of all contributions and any return on investment. This amount belongs to the employee, and can be paid out as an annuity over a selected number of years. If the employee lives longer than expected, the payments will stop once the pension capital is spent. If the employee lives shorter than expected, the remaining capital will go to his estate. In a hybrid scheme the yearly pension benefits are calculated in the same way, accrual and return divided by expected years of benefits. However, the employee does not hold title to the actual pension capital. Instead, the yearly calculated benefit is insured or guaranteed as a lifelong benefit, so the employee will continue to receive the same benefit even if he or she lives much longer than expected. A hybrid scheme can be combined with several other insurances. The hybrid schemes were introduced by law in 2013, and have not grown popular so far.

"The capital in the pension fund may be invested in many different ways. The employee may get determinative influence concerning the investment portfolio, and the return of the payment devolves on the employee."
The national tourist road Atlanterhavsvegen zig-zags over seven low bridges out in the sea between Molde and Kristiansund by the fjords to the west. The Atlanterhavsvegen road itself is a little over 8 kilometres long and was opened in 1989, while the National Tourist Route Atlanterhavsvegen between Kårvåg and Bud is 36 kilometres.
IMMIGRATION
General
A Norwegian immigration scheme consists of several acts and regulations. The Norwegian Act of 15 May 2008 nr. 35 on the entry of foreign nationals into the Kingdom of Norway and their stay in the realm (Immigration Act) and Regulations of 15 October 2009 nr. 1286 on the entry of foreign nationals into the Kingdom of Norway and their stay in the realm (Immigration regulations) are the principal acts within the Norwegian immigration law legislation. The Acts are in accordance with various EU/EEA regulations. They include regulations on labour immigration, hereunder chs 3, 6, 13 under the Immigration Act and ch. 19 in under the Immigration Regulations.

Norway is, represented by the Labour and Welfare Service, part of the EURES network (European Employment Services), which is a cooperation between the European national employment services and the EU Commission. The purpose of this cooperation is to provide assistance to jobseekers who want to work in other European countries and employers who want to recruit people from other European countries. Below we provide an overview of the most important and potentially relevant Norwegian labour immigration legislation.

Foreign nationals comprised by the EEA/EFTA area
Foreign nationals covered by the EEA Agreement and the EFTA convention (EEA nationals) are subject to special provisions in the Norwegian Immigration Act ch.13. Pursuant to s.111, an EEA national who has a valid identity card or passport has a right of residence for up to three months, provided that the person in question does not become an unreasonable burden for public welfare systems. If certain conditions, as stipulated in s.112, are met, EEA nationals have a right of residence for more than three months.

An EEA national’s right of residence applies correspondingly to a family member who is not an EEA national, as long as the family member accompanies or is reunited with the EEA national and holds a valid passport, cf. s. 111 second para. When the EEA nationals have had a continuous lawful stay of five years, they are granted a right of permanent residence, cf. s. 115. A family member, who is not an EEA national, achieves a similar right, when he/she has lived with an EEA national and has had a continuous lawful stay in the realm of five years.
Norway was mapped out using cairns. Many still build new cairns on new peaks to mark their visit.
LITIGATION
The court system
The Norwegian court system is based on unitary courts with general jurisdiction. There are three instances of judicial courts: local courts of first instance, regional courts of appeal, and the Supreme Court. With a few exceptions, there are no specialised courts in Norway, not even in commercial matters. The general courts handle criminal matters and all civil disputes. Even matters relating to public administration and tax are within the jurisdiction of the ordinary courts. Some civil disputes will have to be heard by a board of conciliation (forliksråd) before the general courts will assume jurisdiction.

Within specific areas of law, several administrative bodies have been established to resolve disputes. Consumer disputes may be referred to the Consumer Complaints Board (Forbrukertvistutvalget), insurance disputes may be referred to the Insurance Complaints Board (Forsikringsskadenemnda), and certain disputes with banks and financial institutions may be referred to the Complaints Board for Consumers in Banking and Financial Matters (Bankklagenemnda). In general, all rulings rendered by such bodies may subsequently be tried in the civil courts. It should also be mentioned that a separate Ombudsman gives reasoned opinions in matters relating to the exercise of public authority. Although not legally binding, the Ombudsman’s opinion is normally respected.

Courts of First Instance
The Courts of First Instance handle all criminal, civil, commercial and administrative matters, irrespective of amount in dispute or complexity of the matter. The only exceptions are the few legal areas which belong to the jurisdiction of a specialised court. Some claims must be discussed in a Conciliation Board before they can be brought before Courts of First Instance. Such claims are mostly claims with value less than NOK 125,000.

The proceedings before the Courts are, as a general rule, oral. Oral testimony occurs often, both by parties and witnesses. Parties shall present their case and they shall present relevant evidence. Written evidence must be orally presented to the Court. The Court shall only try the claims raised by the parties. At the end of the hearing, the parties shall present their claim for legal costs.

“With a few exceptions, there are no specialised courts in Norway, not even in commercial matters.
Detail from the Oseberg ship, one of the best preserved Viking ships in Norway. A richly decorated oak vessel 21.5 metres long, it was found buried outside Tønsberg in 1903. Amongst the artefacts found during the excavation were a carriage with four wheels, three sleighs and five pillars carved with animal heads.
SPECIALISED FIRST INSTANCE COURTS

Land Consolidation Court (jordskifterett)
The Land Consolidation Court tries matters of public land consolidation. The Court consists of one judge with legal education and two lay judges with specialist knowledge. In complicated cases, the Court may be set with four lay judges while in simpler cases the court may only be set with a legal judge. It is not common for the parties to use legal counsel, but lawyers do appear in 30–40 per cent of the cases. There are in total 34 Land Consolidation Courts in Norway, and five Land Consolidation Courts of Appeal. The decisions by the Land Consolidation Court can be appealed either to a Land Consolidation Court of Appeal or a general Court of Appeal.

Court of Assessment (Skjønnsrett)
The Court of Assessment is established in individual cases by the Ministry of Local Government. The Ministry will only form the Court if the municipal where the dispute has arisen submits an application for the establishment of such Court. In some cases, the general civil courts can resolve the dispute by assessment, and so there is no need to establish an individual Court of Assessment. The Court of Assessment shall consist of five members. One is required to be a legal judge, and shall be appointed by the Ministry. The remaining four are lay judges who are appointed by the general First Instance Court.

Labour Court (Arbeidsrett)
Disputes between employees and employers about tariff agreements and liability in cases of breach of tariff agreements, illegal lock-outs and strikes are handled by the Labour Court. The Labour Courts are composed by seven members. Three members are legal judges, and the remaining four are lay judges who are chosen by the labour organisations where the employees and the employers are members. The decisions by the Labour Courts can in general not be appealed, but there are some small exemptions to this rule.

Appellate Courts
There are six different Courts of Appeal in Norway. Each Court of Appeal has its own geographical jurisdiction. Each of these six Courts receives only appeals from First Instance Courts within this geographical jurisdiction. An
appeal is a complete rehearing of issues both of law and/or of fact, depending on which part of the First Instance Courts’ decision is appealed.

The Norwegian Supreme Court is the court of highest authority over questions of law, this involves questions of both written and unwritten law and also questions of constitutional law. There is no particular Constitutional Court in Norway. The Supreme Court can try both issues of law and fact, but mostly it tries fundamental questions of law. It also tries both civil and criminal cases. The Supreme Court has a panel of appeal, consisting of three judges. This panel decides whether or not the Supreme Court will try the appealed case. The Supreme Court will only try cases of fundamental questions that have meaning beyond the individual case. All other cases will be dismissed by the panel of appeal. The Supreme Court regularly consists of five judges. In larger cases, the Supreme Court can consist of seven judges, and in cases of particular importance, the Supreme Court often consists of eleven judges.

Costs

The general rule in Norway is that a winning party is entitled to full compensation for his legal costs from his opponent. The losing party may be exempted from this liability for costs if there was justifiable cause for having the case tried, if the successful party can be reproached for bringing the action or rejecting a reasonable offer to settlement, or if the case was important to the welfare of the losing party and they were in an inferior position.

If neither party can be said to have won the case, the main rule is that each party shall bear their own costs. A party, who has been successful to a significant degree without winning the case, may be awarded costs if there are reasonable grounds for it. In certain situations, a party may be awarded costs irrespective of the outcome of the case, particularly if the opposite party can be fully reproached.

The Dispute Act aims to reduce the parties’ legal fees. Active case management and proportionality reviews should be the central instrument for achieving this.

"The Norwegian Supreme Court is the court of highest authority over questions of law, this involves questions of both written and unwritten law and also questions of constitutional law."
Several of the Norwegian fjords are on the list of UNESCO World Heritage Sites. One of them is Nærøyfjord, a part of the Aurlandfjord in the county of Sogn og Fjordane. Nærøyfjord is one of our most beautiful fjords and in 2013 it inspired the backdrop for the town of Arendelle in the Disney film Frozen.
ARBITRATION
General
In Norway, arbitration is the preferred dispute resolution mechanism for commercial disputes. The legal rules for domestic arbitration are codified in the Norwegian Arbitration Act 2004. The law applies to arbitration which takes place in Norway, and it applies both if the parties are Norwegian or foreign. The purpose of this chapter is to outline the rules of law regarding the organisation and conduct of domestic Norwegian arbitration as well as the enforcement of Norwegian arbitral awards. The enforcement of international arbitral awards in Norway will also be mentioned.

Polar bears became a protected species in 1973. There are still about 5,000 polar bears at Svalbard.
DOMESTIC ARBITRATION

General

A valid contract may provide for the resolution of disputes through arbitration. The courts may only process matters if the law specifically gives them jurisdiction. There are some exceptions where the parties cannot decide arbitration.

First, the parties cannot decide to resolve their dispute through arbitration if the case concerns legal matters of which the parties have no right of disposition. Such matters are for instance matters regarding the status of persons (marriage, divorce), matters concerning children or compulsory interventions by administrative authority. Neither can the parties decide on arbitration in matters regarding the public law effects of competition law. Secondly, an arbitration agreement is generally not legally binding before a consumer if the agreement is made before the dispute has arisen. Thirdly, specific legislation might, in some cases, forbid arbitration.

Other than the above-mentioned exemptions, parties are free to resort to arbitration as a means of dispute resolution. Arbitration can be agreed upon by the parties, and in some cases, law may also require arbitration. Once a dispute arises, the existence of an arbitration clause compels the parties to submit the dispute to arbitration. The courts shall dismiss all matters that have been submitted to arbitration. The court may treat matters only if the arbitration clause is void, or if the court finds that arbitration cannot be held by other reasons.

“ A valid contract may provide for the resolution of disputes through arbitration.
The arbitration clause: submission to arbitration

An arbitration clause is an agreement to submit to arbitration disputes that may arise under a contract. Arbitration can also be agreed upon after a dispute arises. The clause may only regard a specific legal relation, and cannot be a general clause regarding all legal relations between the parties.

There are no formal requirements regarding the arbitration agreement. The arbitration agreement may be oral and informal. An oral agreement may however be difficult to prove if there should arise a separate dispute regarding the existence of the agreement. An arbitration clause will not automatically become unenforceable if the underlying contract is declared invalid. The clause may only be declared invalid if the clause itself suffers from reasons of invalidity.

The arbitration agreement will usually contain a designation of arbitrators. The parties may agree upon the number of arbitrators and the individuals that are appointed as arbitrators. The Norwegian Arbitration Act requires that the selected arbitrators are impartial and independent from both parties. They must also be qualified for the role as arbitrator. The parties may derogate from these requirements.

Shall the parties fail to appoint the arbitrators jointly, then the law demands that there shall be three arbitrators. Each party may appoint one arbitrator, and the two appointed arbitrators shall jointly appoint the third arbitrator. If the arbitral tribunal cannot be constituted in accordance with these proceedings, the parties may claim that a court of law appoints the arbitrators. These proceedings are determined in the Norwegian Arbitration Act. The parties may derogate the law regarding these proceedings, and may agree to another method of appointment.

Arbitrators

The arbitrators must be individuals. Should a legal entity be named arbitrator, a representative for the entity must be appointed. The appointed arbitrator shall, unsolicited, inform of circumstances that might give rise to justifiable doubts as to his impartiality or independence. The duty to inform the parties of such circumstances applies throughout the arbitral proceedings.

After the appointment, a party may only challenge the arbitrator for reasons the party became aware of after the appointment was made. Such reasons must concern the impartiality or independence of the arbitrator, or his qualifications to act as arbitrator. Should an arbitrator be removed from his duty, a new arbitrator must be elected by the regulations above.
Proceedings
The proceedings are carried out as established by the parties. If nothing is established by the parties, the arbitrators decide the rules of the proceedings. The Norwegian Arbitration Act only requires that both parties are treated equally and that they are given equal opportunity to perform their case.

It is the duty and the right of the parties to enlighten the dispute and case before the arbitrators. They may perform evidence as desired, and the arbitrators may only forbid evidence that clearly has no relevance to the dispute. The arbitrators may also appoint expert witnesses to enlighten certain questions before the arbitrators. The arbitrators shall use the legal rules decided by the parties to resolve the dispute. The Court of Arbitration may only use fairness to resolve the dispute if the parties explicitly have authorised the Court to do so. The Court shall only try the claims raised by the parties. The Court may decide upon resolving one or several claims in separate proceedings, unless the parties have decided otherwise.

Award
The arbitral award is settled by a majority vote. If a majority vote cannot be achieved, the leading arbitrator shall settle the award. Procedural questions may always be settled by the leader without involvement by the other arbitrators. The award must be in writing, and shall be signed by all arbitrators. In cases with several arbitrators, it is sufficient that only the majority signs the award provided that the reason for lack of signatures is stated in the award. The award shall contain the following, unless the parties have agreed differently:

1. the name(s) of the arbitrators;
2. whether the award is unanimous;
3. the date of arbitration;
4. the place of arbitration; and
5. the reasons upon which it is based.

In cases of dissenting votes, the award shall also contain:

1. the name(s) of the dissenting judge(s); and
2. the aspects the dissenting vote(s) concern.

The award shall be sent to the parties, and one signed copy shall also be sent to the general Court of First Instance for storage in the Court’s archives.
Legal remedies

An arbitral award cannot be appealed, unless the parties have agreed upon reasons and possibility for appeal. The award can only be found invalid by the general civil courts. If a party wishes to set aside the award, legal action has to be initiated within three months of the day the party received the award.

Only the following are grounds for invalidity:

1. one of the parties to the arbitration agreement lacked legal capacity;
2. the arbitration agreement is invalid under the rules of law to which the parties have agreed to subject it, or the parties fail the agreement under Norwegian law;
3. the party instituting the invalidity action was not given sufficient notice of the appointment of an arbitrator or of the arbitration case, or has not been given the opportunity to present his views on the case;
4. the arbitral award falls outside the scope of the arbitral tribunal’s jurisdiction;
5. the composition of the arbitral tribunal was incorrect; or
6. the arbitral procedure was contrary to law of the parties’ agreement, and it is obvious that the error may have had an impact on the decision.

Under the following circumstances, the court shall of its own accord set aside the award when issue of validity is brought before the courts:

► the dispute cannot be settled by arbitration under Norwegian law; or
► the arbitral award is contrary to public policy.

If the grounds for invalidity only affect parts of the award, then only such parts shall be invalid.

Enforcement

Enforcement is only required when there is no voluntary compliance with the award. The rules of enforcement of the award are set forth in the Arbitration Act and the Enforcement Act. The Enforcement Act states that an award can be submitted for enforcement when the award is legally binding and the time for voluntary performance is exceeded. The enforcement can be established by the local enforcement officer or the general Court of First Instance.
The Arbitration Act states specific circumstances which may prevent enforcement. Such circumstances are the same as the grounds for invalidity. In addition, enforcement shall be refused if an arbitral award is not yet binding on the parties, or it has been set aside by a court of the place of arbitration, or by a court of the country which law has been applied when deciding the dispute. If reasons for refusing enforcement only affect parts of the award, only such parts shall be refused enforcement.

**Enforcement of foreign and international awards**

Rules of enforcement of foreign and international awards are adopted in several international conventions. The most important of such conventions is the New York Convention of 10 June 1958. The Convention binds each contracting state to recognise arbitral awards as binding and enforce them in accordance with the rules of procedure of the territory where the award is relied upon. The parties may refuse recognition and enforcement under the same circumstances as under Norwegian law.
Today there are more than three million domesticated reindeer in the world. More than three quarters of them are found in Sibiria. In Norway domesticated reindeer are a common sight along the roads in Northern Norway.
ALTERNATIVE DISPUTE RESOLUTION

General
A number of different mechanisms are available for non-litigious resolution of civil disputes. It has been much debated whether the legal system benefits from private dispute resolution mechanisms, which are normally subject to confidentiality obligations. As the majority of large commercial disputes is already resolved through arbitration, it will be difficult to monitor developments in case law. However, with increasing costs of litigation, it seems inevitable that commercial parties will look for quicker and less expensive methods for dispute resolution. A main advantage with arbitration is the finality of the award. Thus, the parties save the risk of expensive appeal proceedings. In later years, we have seen mediation emerging as an important factor in settling disputes. Commercial contracts often set out mediation prior to arbitration proceedings, and we also see court assisted mediation playing an important role.

Mediation
In the past decade, the Ministry of Justice has supported and promoted initiatives to introduce mediation as a regular means of resolving disputes. This was further emphasised in the Dispute Act, where the courts now, at any stage of the proceedings, shall consider the possibilities of achieving an amicable settlement of the dispute. The court may initiate mediation, or decide on court assisted mediation. This is carried out by the judge who handles the case, or a judge from a group of dedicated trained mediators of the court in question. If the mediation is unsuccessful, the judge may only participate in the continued proceedings if the parties agree, and the judge sees no objections. The larger courts have set aside resources to train mediators, and have established dedicated groups of judges for mediation. According to the courts, the rate of success, i.e. reaching settlements, is very high.

Other forms of alternative dispute resolution
We also see disputes referred to other forms of resolution, which may be deemed more appropriate. Disputes related to financial and accounting matters are often referred to determination by accountants or auditors, in particular if the dispute is within certain values. Disputes in excess of the thresholds will often be referred to the arbitration procedure of contracts. We also see procedures where disputes are resolved by technical experts, such as in large

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construction contracts. The objective is to avoid mounting unresolved disputes related to variations in the project. Within insurance, there is a long tradition for referring disputes in respect of valuation to experts. A large part of, for instance disputes related to business interruption and to valuations of property damage, are resolved by experts appointed by the two parties.

As the majority of large commercial disputes is already resolved through arbitration, it will be difficult to monitor developments in case law.
Snow scooters are a popular means of transport at Svalbard. The number of snow scooters keeps increasing but so far wildlife has been protected from the growing traffic. However, many think that polar bears, seals, Svalbard reindeer and Arctic foxes are suffering from the exhaust and noise from the many thousands of scooters.
The seafront warehouses in Stavanger were built during the 19th century when there was a huge boom in herring fishing, and at one point consisted of 240 small and large warehouses and retail houses. Despite the recent situation in the oil market, Stavanger is still the centre of Norway’s oil industry.
Besides oil, fish farming has been Norway’s big industrial fairy tale over the last decades. Mostly salmon, but trout has become increasingly popular in recent years. The value of fish and shellfish sales in 2014 was 44.3 billion kroner. Norway exports more than 90 per cent of its produce from fish farming.
Nationaltheateret, Norway’s National Theatre building, opened in 1899 and was listed in 1983. The first theatre manager was Bjørn Bjørnson, son of the famous author and playwright Bjørnstjerne Bjørnson whose statue stands outside the theatre. The building has four stages, and the main stage with 741 seats is one of the most beautiful in the country. With its central location and splendid façade it has become a landmark building in Oslo.
Norwegian nature is big, beautiful and diverse. Just look at the masses of ice at Svartisen near Meløy. Here the ice offers a spectrum of colours from see-through and crystal clear ice to white, turquoise, and pale and deep shades of blue.
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