

Norway

1. Value added Tax on Electronic Services (VAT on e-Services)

- New regulations relating to VAT on e-Services delivered from abroad to private individuals in Norway enter into force on 1 July 2011.
- A statement showing turnover and VAT to Norway must be submitted quarterly. The first period will be for the months of July, August and September 2011. The first VAT reporting period will be from 1 July – 30 September 2011 and the final deadline for submission of the first VAT return will be 20 October 2011.
- The Norwegian Tax Administration has now published more specific information for Value Added Tax on Electronic Services (VAT on e-Services). The registration procedure takes place on web, from where you can find a link to the statement form and register the company's details. The VAT reporting procedure is a simplified VAT procedure exclusive for non-established vendors of e-Services.

2. Background

- From 1 July 2011, non-established vendors must charge VAT when supplying electronic services to Norwegian consumers.
- Since 2001, electronic services have been subject to VAT in Norway, when supplied from vendors established in Norway. On 10 December 2010, and as part of the 2011 Fiscal Budget, the Norwegian Parliament passed a bill making purchases of electronic services from abroad (import) by consumers in Norway also subject to VAT at the standard rate of 25 percent.
- When registered through the simplified VAT scheme portal, vendors may at any time log in to communicate with the Norwegian Tax Administration or to submit the simplified VAT return.

3. Who can use the simplified system?

- The supplier can use the simplified system if it delivers electronic services or electronic communication services from abroad to Norwegian private individuals (B2C).
- Foreign suppliers of electronically deliverable services B2B might opt to use the simplified VAT registration procedure for the supplies B2C.
- The supplier cannot use the system if it is established in Norway or chooses to set up business in Norway. The simplified VAT registration procedure is not an option for

foreign entities having a VAT registration obligation on the basis of making other business activities subject to VAT in Norway.

- If a supplier of electronic services delivers the services through the use of an intermediary, the intermediary shall be deemed to be the supplier. This means it is necessary to explain the distinction between the supplier and the intermediary:

The difference will be based on an overall assessment of whether ‘the delivery takes place through the use of an intermediary’. It is not decisive whether underlying agreements between the parties classify the relationship as involving a subcontractor, intermediary, agent or commissioner etc. The definition of electronic services is mainly based on the delivery of the services. Who is contractually responsible for the content of the service is not necessarily decisive when assessing who must be registered. When deciding who the supplier is pursuant to the Value Added Tax Act, the most important factor is who is responsible for the actual delivery, i.e. who is responsible for transferring the files to the end user or gives the end user access to the digital content. Who collects payment from the recipient must also be taken into consideration. This provision means that those who sell electronic services through an intermediary cannot themselves be registered pursuant to section 2-1 third paragraph.

4. Which electronic services are included in the system?

- Electronic services are defined in the Norwegian Value Added Tax Act section 1-3 first paragraph letter j. The definition is based on the EU VAT Directive (2206/112/EU) and the EU VAT Regulation (Council Implementing Regulation NO 282/2011 of 15 March 2011). They can be used as guidelines when deciding what is included in the term electronic services.
- Examples include the downloading of software, music, films, digital books and other electronic publications.
- A foreign supplier of electronic communication services to Norwegian private individuals can also use the simplified system. This goes further than the current system in the EU. By electronic communication services is meant broadband telephony and internet access, among other things. Broadcasting services are also included, regardless of whether the broadcasting takes place via traditional radio or TV networks, the internet or other networks.
- If the content of the service would be exempt for VAT according to the VAT legislation in Norway, VAT is not applicable for the supply of such services from a foreign supplier to Norwegian private consumers. For example, this means that VAT shall not be charged on the sale of services in the form of lotteries and games of chance delivered via the internet (online poker etc.) to Norwegian customers.

5. Will the simplified system confer a right to deduct input VAT?

- No.
- The simplified VAT registration procedure implies that the foreign entity is not entitled to deduct any incurred Norwegian input VAT in the Norwegian VAT return. However, the foreign entity will have the right to apply for a refund of Norwegian VAT incurred in relation to the taxable activities in Norway by submitting an application to the Norwegian tax office.
- An ordinary registration procedure by use of a fiscal representative for VAT purposes will still entitle the foreign entity to deduct input VAT on a continuing basis through the VAT return. This alternative might be a cash flow advantage.

6. Registration

- As an alternative to the normal procedure for registration in the Norwegian VAT Register, foreign suppliers can use a simplified registration scheme and reporting system when supplying services to private individuals.
- Supplies to businesses and public enterprises (B2B) shall still be dealt with pursuant to the normal reverse charge rules.
- Registration, reporting and payment take place by following the instructions through a procedure on the tax authorities website.
- The supplier is assigned an identification number and password, ref. the procedure following as an attachment to this letter.
- The obligation to register arises when the total value of deliveries to recipients in Norway exceeds NOK 50,000 during a period of 12 months. Suppliers who otherwise meet the requirements can nonetheless be registered in the simplified registration system before this amount limit is exceeded.
- A supplier who falls below the amount limit of NOK 50,000 and who has not been deleted (see below), must nonetheless register in the system for two calendar years and calculate and pay VAT and submit VAT returns during this period.
- The simplified system enters into force on 1 July 2011. Registration can take place from 20 June 2011. However, a confirmation e-mail will not be sent until 30 June 2011.

7. When and how will payment take place?

- VAT must be declared and paid by the same deadlines as apply to the EU system, i.e. quarterly, with a deadline for the submission of returns and payment 20 days after the end of the period:

Reporting period	VAT declaration and payment due by
1 July to 30 September	20 October
1 October to 31 December	20 January
1 January to 31 March	20 April
1 April to 30 June	20 July

- In the simplified registration system, the supplier must submit a VAT return stating its identification number, the calculation basis and the calculated VAT translated into Norwegian kroner. The amounts must be rounded off to the nearest whole krone.
- Payment is made online into the account shown at the website of the Norwegian tax authorities.

8. Documentation and compliance requirements

- In the simplified registration system, the supplier must keep a list of transactions that concern the sale of electronic services to Norwegian private individuals. The list of transactions must be sufficiently detailed to be compared with the VAT return and thereby function as means for control. The list of transactions must be stored for 10 years and, at the Norwegian tax authorities' request, it must be made available electronically within three weeks.
- As regards compliance with the regulations, suppliers in the simplified registration system will be subject to most of the Value Added Tax Act's general administrative provisions. Among other things, this means that the suppliers will have a general obligation to disclose information that has a bearing on VAT control and that the VAT authorities can obtain information about the suppliers from third parties. It also means that the VAT authorities is in a position to assess VAT and impose penalties and late payment interest if a supplier provides incorrect or incomplete information or fails to submit a VAT return.

9. Deletion from the simplified registration system

- A supplier will be deleted from the simplified registration system when the enterprise ceases trading or when the conditions for using the simplified registration system are no longer met. A supplier will also be deleted if it repeatedly fails to fulfill its obligations pursuant to the Value Added Tax Act.
- Deleted suppliers who still engage in activities that are liable for VAT are obliged to register in the Norwegian VAT register through a fiscal representative.

Contacts

For more detailed information, please do not hesitate to contact your local PwC contact or

Espen Qvist, International VAT champion, PwC Norway

+47 95 26 04 07

espen.qvist@no.pwc.com

Yngvar E. Solheim, partner in charge of VAT on e-services

+47 95 26 06 57

yngvar.solheim@no.pwc.com

Per Kirknes, manager – International VAT

+47 95 26 00 99

per.kirknes@no.pwc.com

Susanne Åsheim Ihlebæk, associate-attorney - International VAT

+47 95 26 08 85

susanne.ihlebaek@no.pwc.com

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