

NORWAY

Norway saw no substantial changes to taxes in 2007 with the tax structure and tax burden remaining mostly unchanged. This inertia is the result of a 2004 election campaign pledge by the still ruling red-green coalition to keep taxes at 2004-level. Some minor changes are, however, worth noting.

1.

In 2007 wealth tax was introduced on holdings in lifelong or fixed annual pension plans, which had hitherto been exempt from wealth tax. Also the share of the market value of tradable stocks and bonds to be included in the wealth tax base was increased from 80 to 85 percent – with the aim of being increases to 100 percent, so that eventually the full market value of tradable stocks and bonds will be included in the wealth tax base. Finally, the tax value of owner occupied houses was increased by 10 percent in 2007. However, the tax value of owner occupied houses is still far lower than the market value, which is underlined by a cap on the tax value of owner occupied houses at 30 percent of the market value! In 2007, a similar cap for the tax value of business property was introduced: now, the tax value of business property cannot exceed 80 percent of market value (for most business property owners this will not have any effect as the tax value of their property was already somewhat below the market value).

Norway has a progressive wealth tax, reaching 1.1 percent of wealth above NOK 540,000 (€ 68,140).


2.

As a part of a pension reform planned to take full effect in 2010, mandatory pension plans for most employed were introduced in 2006. Consequently, from 2007, the government chose to abolish the tax deduction for contributions to private pension plans. Hitherto, up to NOK 40,000/year (EUR 4,960) could be deducted before income taxes (on top of the fact that the holdings in these pension plans were exempt from wealth tax, as described above).

3.

In 2004 the Norwegian system of (regionally) differentiated employers contribution was abolished as it was deemed in defiance of EEC rules. As slightly altered system has now been approved. Now the rates (still varying between 0 and 14.1 percent) are differentiated according to the location of the company, not the employers address.

4.

It used to be that local property taxes could only be applied to business property and urban property. As of 2007, municipalities are free to tax all property including summer residents and the like. The change is hotly debated. 



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Increased wealth tax base

Norway has a progressive
wealth-tax with a top rate of
1.1%

No more tax deductions for private
pension plans

Reintroduction of differentiated
employers' contribution

Broadening of the base for local
property taxes
...hotly debated



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