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Norway

Tax Disputes

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This country-specific Q&A provides an overview of tax disputes laws and regulations applicable in Norway.

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Norway: Tax Disputes

1. Is it necessary for a taxpayer to register with the tax authority? Are separate registrations required for corporate income tax and value added tax/sales tax?

Foreign personal taxpayers working in Norway must register with the Norwegian tax authorities by applying for a tax deduction card (an electronic document showing how much tax the employer must deduct before paying the salary).

All Norwegian enterprises and foreign enterprises conducting business activities in Norway must be registered in the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret) regardless of any tax liability. However, no separate registrations – with the below exception for VAT registration – are required with the tax authorities for these types of taxpayers. Of course, taxpayers (resident or not) must submit tax returns declaring any income taxable in Norway.

Upon sale of vatable goods or services for more than NOK 50,000 within a 12-month period, registration with the Norwegian VAT register is required. Norwegian VAT legislation also allows for certain types of registration in the VAT Register in certain other cases. These include joint registration for collaborating companies (VAT group), voluntary registration for certain activities which are normally exempt from VAT, or pre-registration in two types of cases; a) if a significant taxable turnover is expected within a short period, or b) if an enterprise will have significant investments (i.e. exceeding NOK 250 000) in an investment period of at least four months prior to startup of its first sales activities.

2. In general terms, when a taxpayer files a tax return, does the tax authority check it and issue a tax assessment – or is there a system of self-assessment where the taxpayer makes their own assessment which stands unless checked?

The Norwegian tax system generally relies on a self-assessment principle, where the taxpayer must provide the correct and complete facts and assess the correct tax payable. The self-assessment stands unless challenged by the tax authorities.

3. Can a taxpayer amend the taxpayer's return after it has been filed? Are there any time limits to do this?

Taxpayers can, as a main rule, amend information in previously filed tax returns within a three-year period after the deadline for the tax return. Such amendments are, however, not allowed where the tax authorities have notified that the tax assessment is under review or where a reassessment by the tax authorities has been carried out.

4. Please summarise the main methods for a tax authority to challenge the amount of tax a taxpayer has paid by way of an initial assessment/self-assessment.

The tax authorities may challenge the position of the taxpayer in the annual tax return. The audit process is generally automated, but based on certain risk criteria. For large enterprises (including E&P companies), there are specialised departments within the tax authorities that carry out a thorough and systematic control of the tax returns.

The process is typically initiated by an audit followed by a notice of reassessment and a reassessment decision thereafter.

In the notice of reassessment, the tax authorities will inform the taxpayer of the factual and legal grounds relied on. Thereafter, the taxpayer is given the opportunity to submit comments and objections. The period leading up to the reassessment decision can be lengthy, and it is not uncommon that the tax authorities demand detailed information and documentation from the taxpayer.

5. What are the time limits that apply to such challenges (disregarding any override of these limits to comply with obligations to relief from double taxation under a tax treaty)?

The general deadline to challenge a taxpayer's self-assessment is five years. In grave cases of failure to provide (correct) information (where the taxpayer is subject to increased penalty tax or is reported to the police for tax fraud), the deadline is extended to ten years.

6. How is tax fraud defined in your law?

Simple tax fraud is defined in the Norwegian penal code as anyone who by intention or gross negligence provides incorrect or incomplete information to a public authority, or fails to provide required information, when they realise or ought to realise that it may lead to tax advantages.

Whether the tax fraud is simple or gross is based on an overall assessment, in particular whether the conduct in question (a) led to or may have led to the evasion of a considerable amount, (b) was perpetrated in a manner which has, to a significant degree, made it difficult to discover, (c) was committed on multiple occasions or over an extended period of time, (d) was committed by multiple persons acting together or shows signs of planning or organisation, (e) was perpetrated by abusing a position or relationship of trust, or (f) was contributed to in the conduct of a business. In determining whether the tax fraud is gross, multiple violations can be considered together.

7. How is tax fraud treated? Does the tax authority conduct a criminal investigation with a view to seeking a prosecution and custodial sentence?

Tax fraud can either be subject to criminal charges or penalty tax (a civil sanction under Norwegian law, but a criminal charge pursuant to the European Convention on Human Rights). See question 27 for further information on the penalty tax.

Criminal charges are investigated by the Norwegian prosecuting authority (typically after the matter has been reported by the tax authorities).

Simple tax fraud is punishable by a fine or imprisonment for a term of up to two years. Gross tax fraud is punishable by a fine or imprisonment for a term of up to six years. Grossly negligent tax fraud is treated with a penalty of a fine or imprisonment for a term of up to one year. If the grossly negligent tax fraud is deemed to be aggravated, imprisonment for a term of up to six years may be applied.

8. In practice, how often is a taxpayer audited after a return is filed? Does a tax authority need to have any justification to commence an audit?

The Norwegian tax authorities have a risk-based approach to audits, and large enterprises are generally subject to a thorough and systematic control, see

question 4 above.

The tax authorities do not need any justification to commence an audit. However, the tax authorities shall consider whether there are grounds for a reassessment, considering, among other things, the taxpayer's circumstances (e.g. information provided, the degree of guilt etc.), the time elapsed, the significance of the issue, and the evidence situation.

9. Does the tax authority have to abide by any standards or a code of conduct when carrying out audits? Does the tax authority publish any details of how it in practice conducts audits?

The tax authorities must abide by the standards set out in the Tax Administration Act, which outlines general procedural rules for the tax authorities, as well as non-statutory principles for good administrative practice. Upon imposing penalty taxes, the tax authorities will also have to abide by certain principles in the European Convention on Human Rights.

The tax authorities publish an annually updated handbook (the Tax Administration Handbook) which describes the authorities' standing and practices on the above-mentioned regulations.

10. Does the tax authority have the power to compulsorily request information? Does this extend to emails? Is there a right of appeal against the use of such a power?

The Norwegian tax authorities hold the power to compulsorily request information from taxpayers which may be relevant to the taxation or the audit of the taxpayer. This generally includes all information (in emails or otherwise) which is deemed relevant to the taxation or the audit of the taxpayer, including confidential information. The Norwegian Supreme Court has ruled that correspondence with the taxpayer's attorneys is, as a main rule, exempt from the duty to disclose information to the tax authorities.

If the taxpayer is of the opinion that the tax authorities do not have the right to access the information in question, the order may be appealed. While the appeal is being processed, the taxpayer is as a starting point obliged to share the information in question. A suspension should normally be granted when the complaint raises reasonable doubts about the legality of the order.

11. Can the tax authority have the power to compulsorily request information from third parties? Is there a right of appeal against the use of such a power?

The Norwegian tax authorities hold the power to compulsorily request a wide and specified range of information from third parties which may be relevant to the taxation of a taxpayer. This includes e.g. information on money transfers, deposits and debt.

If the third party is of the opinion that the tax authorities do not have the right to access the information in question, the request may be appealed. While the appeal is being processed, the third party is as a starting point obliged to share the information in question. A suspension should normally be granted when the complaint raises reasonable doubts about the legality of the order.

12. Is it possible to settle an audit by way of a binding agreement, i.e. without litigation?

No, it is not possible to settle an audit by way of a binding agreement. However, taxpayers may request a binding tax ruling of a planned transaction that has not yet been initiated (i.e. long before an audit is initiated).

13. If a taxpayer is concerned about how they are being treated, or the speed at which an audit is being conducted, do they have any remedies?

If a taxpayer is of the opinion that an audit is in breach of any statutory or non-statutory procedural rights, it is possible to file a complaint to the Parliamentary Ombud for Scrutiny of the Public Administration.

If an audit is lengthy, it may also result in the tax authorities losing their right to reassess, either because the time limit for giving a notice of reassessment is passed (see question 5 above) or due to non-statutory principles of passivity. If penalty tax is invoked, a lengthy process might entitle the taxpayer to a reduction of the penalty tax amount, see question 28.

14. If a taxpayer disagrees with a tax assessment, does the taxpayer have a right of appeal?

Yes, a taxpayer may appeal a reassessment decision to the Tax Appeal Board.

The validity of an appeal decision from the Tax Appeal Board may be challenged before the courts. Alternatively, the taxpayer may challenge the validity of the reassessment from the tax authorities directly before the courts (i.e. skip the appeal to the Tax Appeal Board).

15. Is the right of appeal to an administrative body (independent or otherwise) or judicial in nature (i.e. to a tribunal or court)?

The taxpayer can appeal a reassessment decision to the Tax Appeal Board, which is an independent administrative appeal body (i.e. cannot be instructed by any level of the government). The Tax Appeal Board has its own secretariat consisting of case handlers who prepare the case and make a recommendation for how the appeal should be resolved.

Alternatively, the taxpayer may challenge the validity of the reassessment from the tax authorities directly before the courts (i.e. skip the appeal to the Tax Appeal Board).

16. Is the hearing in public? Is the decision published? What other information about the appeal can be accessed by a third party/the public?

The procedure before the Tax Appeal Board is not public.

Many decisions are published, but in redacted form to keep the taxpayer anonymous.

17. Is the procedure mainly written or a combination of written and oral?

The appeal to the Tax Appeal Board is generally written, but the taxpayer may, in some instances, participate in a brief oral hearing. The chairman and deputy chairman of the Tax Appeal Board decide whether the taxpayer shall be allowed to meet before the Tax Appeal Board. A requirement is normally that the case concerns complex facts that may be easier to explain orally.

18. Is there a document discovery process?

There is no document discovery process before the Tax Appeal Board. However, the taxpayer has a general duty to provide correct and complete factual information of relevance for the case. The taxpayer has the right to present new evidence to the Tax Appeal Board. This right is much more limited when the case is brought before the

courts.

19. Are witnesses called to give evidence?

Witnesses may not be called to give evidence in person. However, the taxpayer is free to submit witness statements in writing.

20. Is the burden on the taxpayer to disprove the assessment the subject of the appeal?

There is no formal burden of proof on the taxpayer. The Tax Appeal Board has a right and duty to try all sides of the case, applying the correct law on the (most likely) correct facts. Hence, it is not the reassessment decision from the tax authorities as such that is the subject matter for the Tax Appeal Board.

21. How long does an appeal usually take to conclude?

The appeal process in Norway is generally lengthy due to the limited resources of the Tax Appeal Board's secretariat. The Parliamentary Ombud for Scrutiny of the Public Administration has on numerous occasions asked the government to take measures, without significant improvements.

A taxpayer should expect the process to last at least around two years from submission of an appeal to the conclusion of the appeal case. However, we regularly experience that the appeal process can take considerably longer than two years – particularly in complex cases. The process can also be swifter.

Amongst areas of priority are appeals on binding tax rulings. Such appeals *should* be resolved within three months.

22. Does the taxpayer have to pay the assessment pending the outcome of the appeal?

Yes, the taxpayer has to pay the assessment pending the outcome of the appeal. An exemption applies for penalty tax, where the taxpayer can postpone making the payment until the Tax Appeal Board has made a decision or the court has made a final ruling.

23. Are there any restrictions on who can conduct or appear in the appeal on behalf of the

taxpayer?

A taxpayer has the right to be assisted or represented by a representative (Nw. fullmektig) at all stages of the proceedings.

24. Is there a system where the “loser pays” the winner's legal/professional costs of an appeal?

The taxpayer may as a main rule claim its own legal expenses covered if the Tax Appeal Board rules in favour of the taxpayer and the legal expenses are substantial and necessary. The costs covered are only those incurred in the appeal process. The costs incurred up until the reassessment decision are instead treated as deductible business expenses (if the general requirements for such deductions are met).

If the taxpayer does not win through in the Tax Appeal Board, there is no obligation to cover the tax authorities' expenses (the administrative appeal system is free of charge).

If the case ends up in court, the “loser pays” principle will as a main rule apply for the litigation costs.

25. Is it possible to use alternative forms of dispute resolution – such as voluntary mediation or binding arbitration? Are there any restrictions on when this alternative form of dispute resolution can be pursued?

No, it is not possible to use alternative forms of dispute resolution such as voluntary mediation or binding arbitration. However, as mentioned above (question 15), the taxpayer may challenge the validity of the reassessment decision before the courts instead of appealing to the Tax Appeal Board. Alternatively, the taxpayer may later challenge the validity of the appeal decision from the Tax Appeal Board before the courts.

26. Is there a right of onward appeal? If so, what are all the levels of onward appeal before the case reaches the highest appellate court.

There is only one level in the administrative Tax Appeal Board. The taxpayer or the tax authorities may, however, challenge the validity of the appeal decision of the Tax Appeal Board before the courts. The District Court decision can be appealed to the Court of Appeal, and the Court of Appeal's decision can be appealed to the Supreme Court. However, very few cases are allowed to

be heard by the Supreme Court.

27. What are the main penalties that can be applied when additional tax is charged? What are the minimum and maximum penalties?

The general penalty tax is 20 per cent of the tax benefit that has or could have been achieved. The rate is fixed (no discretion by the tax authorities). However, the rate is reduced to 10 per cent if the incorrect information provided to the tax authorities is information that third parties were also required to provide to the tax authorities.

An additional penalty tax of 20 or 40 per cent may be charged on top of the general 20 per cent penalty tax (in total 40 or 60 per cent) for taxpayers who intentionally or grossly negligently have provided incorrect or incomplete information to the tax authorities, or fail to provide required information, when the taxpayer understands or should understand that it may lead to tax advantages. The choice of rate is determined based on an assessment of the taxpayer's conduct (e.g. information provided and degree of guilt). The highest rate is reserved for severe cases where the evasion is planned, well-organised, and/or systematic.

As an alternative to penalty taxes, tax fraud may lead to criminal charges under the Norwegian penal code (see questions 6 and 7).

28. If penalties can be mitigated, what factors are taken into account?

If the duty to provide information is neglected, penalty tax will not be charged if the taxpayer's circumstances are deemed *excusable*.

Exemptions also apply when:

- the failure to provide information is due to obvious errors in calculation or writing;
- when the seller fails to calculate VAT on ordinary booked sales, and it is proven that the buyer has a right to fully deduct the VAT applicable, or the buyer would have been entitled to VAT compensation;
- when the taxpayer amends its tax return with correct and complete information before an audit is initiated;
- when the penalty tax is below NOK 1,000; or
- when the taxpayer is deceased.

If a reassessment decision levying penalty tax is not made within reasonable time, the penalty tax is reduced

in the amount of one and a half times the standardised court fee (NOK 1,314 for 2025) per month starting from the time the notice of penalty tax is sent, until the case is settled. The reason is that penalty tax qualifies as a criminal charge under the European Convention of Human Rights (although a civil sanction under Norwegian law), giving the taxpayer a right to a decision within reasonable time.

29. Within your jurisdiction, are you finding that tax authorities are more inclined to bring challenges in particular areas? If so, what are these?

The Norwegian tax authorities have a risk-based approach to audits. Large enterprises are generally subject to particularly thorough controls.

Among sectors that are under strict scrutiny are the petroleum, hydro power production, wind power production and aquaculture industries. These sectors are all subject to a higher level of taxation, through special resource rent tax regimes. Strict control with shipping companies qualifying for the tonnage tax system is also an important focus for the Norwegian tax authorities.

Our impression is that transfer pricing, taxation of dividends and distributions, and the application of the interest deduction limitation rule are all priorities of the Norwegian tax authorities.

30. In your opinion, are there any areas which taxpayers are currently finding particularly difficult to deal with when faced with a challenge by the tax authorities?

In complex transfer pricing disputes, the taxpayers will often have difficulties convincing the tax authorities of what they believe are the legally relevant factual bases when applying the arm's length principle. Such disputes are even more challenging if the case is brought before the courts, as the tax authorities generally argue that they have discretionary authority to determine the arm's length price with limited authority for the courts to control the assessment (provided that an arm's length adjustment in principle is allowed).

31. Which areas do you think will be most likely to be the subject of challenges and disputes in the next twelve months?

We have indications that the first disputes following

reassessment decisions applying the newly introduced resource rent tax rules for the aquaculture sector are on the rise. These reassessments will likely challenge both the taxpayers' interpretation of the new rules and raise a number of transfer pricing issues (as only part of the

value chain is subject to the special tax).

We also expect disputes following reassessment decisions based on the wind power production resource rent tax regime entered into force 1 January 2024.

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