

## NARRATIVE REPORT ON NORWAY



### PART 1: NARRATIVE REPORT

With a secrecy score as low as 38, Norway cannot be considered as a haven for secrecy. Indeed, for the past five or so years, the government has been a leading critic and opponent of financial secrecy and illicit cross-border flows, engaging in what it calls, in its [own words](#), a "war" against tax havens. The official Norwegian report "[Tax Havens and Development](#)" from 2009 had several recommendations on how to tackle tax havens, not just with international cooperation but also by national legislation. This represented a major shift in Norwegian politics on the issue.

However, Norway does have some tax and secrecy loopholes. This is particularly relevant to Norway's shipping industry, and also has some relevance in oil and other sectors. Recent media articles have revealed several cases highlighting the Norwegian economy's close links to tax havens (and also exposing sums lost to Norway as a result of tax dodging.) Official statistics, for example, show that [six out of every ten companies](#) registered in Norway don't pay any taxes at all. Foreign investors are investing anonymously in Norwegian companies [on a large scale](#). Foreign owners can buy stocks via "nominee accounts", operated by banks in i.e. Luxembourg and Switzerland.

In 2015, a [wide variety of actors](#) engaged in a public debate about beneficial ownership disclosure. This debate led to the Norwegian Parliament voting unanimously on the [5<sup>th</sup> of June 2015](#) to implement a beneficial ownership registry. The Parliaments stated that the anonymity of nominee accounts shall be abolished, and the public shall have wide access to the registry.

#### Shipping

Norway's shipping industry pays no taxes on profits: they only pay a small tax on tonnage. This policy was [introduced](#) in 2007 - by the same elected government that declared war on tax havens - in order to attract ships back to the Norwegian flag, amid fierce tax 'competition' from countries in the EU, the Bahamas, Bermuda and other 'flag of convenience' jurisdictions.

#### Oil

Norway has its own low-tax jurisdiction, the [Svalbard archipelago](#), which lies far to the North in the Arctic Sea. Businesses on the islands pay a corporate income tax rate of 16 percent, quite a bit lower than the 27 percent (since 2013, before that it was 28%) on the mainland. Some businesses have exploited this opportunity by setting up an office with one employee, and routing profits through there. The best known example is the drilling rig company Seadrill, which recorded profits of 719 million kroner (some [\\$120 million](#)) on Svalbard, even though oil drilling

**Rank: 53**

Chart 1 - How Secretive?

**38**  
Secrecy Score

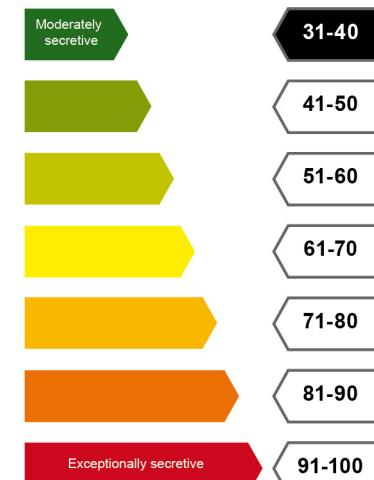
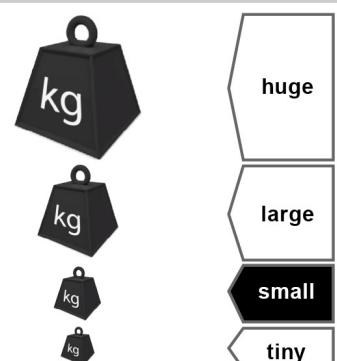


Chart 2 - How Big?



Norway accounts for slightly over 0.7 per cent of the global market for offshore financial services, making it a small player compared with other secrecy jurisdictions.

The ranking is based on a combination of its secrecy score and scale weighting.

[Read more](#)  
[→ Full data](#)  
[→ Norway on TJN Blog](#)  
[→ Full Methodology](#)

## Norway

is banned in the area. The Ministry of Finance closed the loophole in 2011 by imposing the mainland tax rate on profits exceeding 10 million kroner. Seadrill then closed down its offices. This is now a minor issue.

The Government Pension Fund Global (often referred to as the Norwegian oil fund) manages Norway's vast petrol revenue. In 2012 they established a subsidiary in Luxembourg, NBIM S.á.r.l., to manage real estate investments, investing heavily in [property in London](#). The Fund also has subsidiaries in Delaware. This has led to criticism that if a state-owned fund relocates to a tax haven, this could damage the public view of taxation. The Fund claimed they are obliged to reduce costs, under a mandate from the Ministry of Finance. The Fund has also been criticised for investing in Credit Suisse (*Finansavisen* august 2014 – not online), [Tesco](#) and [Formula1](#). The Fund has no guidelines or rules to ensure tax ethical behaviour. This led to several Parliament proposals to establish tax ethical guidelines and to withdraw Fund subsidiaries from tax havens. [All proposals failed to reach a majority](#) since they were only supported by three of the smaller parties. Read more [here](#).

Statoil is the world's eleventh largest oil and gas company and 67% owned by the Norwegian Government. Statoil has 25 subsidiaries in the USA, 23 of which are registered in the secrecy jurisdiction of Delaware. It has no employees in Delaware. Statoil has stated that they use Delaware because it is "business friendly and has just and predictable legislation".

### Lawyers

Norwegian tax authorities discovered that from 2004 to 2009, 7,500 million kroner (some \$1.3 billion) had been transferred to and from tax havens from Norway via six Norwegian law firms. The money had been transferred through lawyers' client accounts. A supreme court ruling states that the tax authorities cannot access information on who the money belongs to, since lawyers are protected by client confidentiality. As a result, in 2012 an official in the Ministry of Finance publicly said that *the law offices in Oslo*

*act as a tax haven within Norway's borders.*<sup>1</sup> In 2013 an [exception to the principle of client confidentiality](#) was made in law. Tax authorities can now more easily gain access information about client accounts, on request. In 2015, a committee of lawyers proposed to overturn the law from 2013 in a white paper commissioned by the Government. The white paper is out for [public consultation](#) with deadline on 1st January 2016. Read more from the debate [here](#)

### Information exchange and country-by-country reporting

The Nordictax authorities signed the multilateral convention on mutual assistance in tax matters in 1991. This includes automatic exchange of information on income, interests, dividend and royalty payments etc. The Nordic countries are also cooperating on the negotiation of information on request-agreements (TIEAs). The work was started in 2006 and is coordinated under the Nordic Council. If a tax haven signs this "Nordic" agreement, it automatically has an agreement with seven Nordic countries (Norway, Denmark, The Faroe Islands, Greenland, Finland, Iceland and Sweden). This may explain the popularity of Nordic agreements amongst tax havens, since 12 agreements are needed to obtain "compliant" status from the OECD. The Ministry of Finance have agreements with all countries they consider to be tax havens, except the United Arab Emirates. An overview of Norway's tax agreements can be found [here](#) and [here](#).

Norway also has an unusual currency registry, which holds information on currency transactions, and transfer of funds in and out of Norway. Its purpose is primarily to prevent and combat tax evasion and help determine correct tax payments. The information in the registry can be used by a number of agencies, including the tax administration and customs. Banks and financial institutions report on cross-border transactions in and out of Norway, including the parties involved in the transaction and the amount of the transaction.<sup>2</sup>

The 8<sup>th</sup> of December 2013 The Norwegian Parliament unanimously passed a law stating

that Norway shall [implement country-by-country](#) for the extractive and forestry industries. See also [regulations here](#). The law builds on the European Union's reporting requirements, but additional reporting elements have been added in the Norwegian version: investments, sales income, production volume, acquisitions of goods and services, and number of employees (CbC information). Companies are not, however, required to report CbC information from their activities in countries where they only have "supportive functions". In practice, this means their activities in tax havens. The law and regulations also includes a whole range of other [problematic exceptions](#). The law became effective from 1<sup>st</sup> January 2014, and the first CbC reports from companies became available in 2015.

In June 2015 the Norwegian Parliament again voted over a proposal to extend the CbC reporting requirements to more sectors and to include tax havens. The proposal had a majority in principle, but [was not passed](#) because two parties could not vote different from the two governing parties (a minority), due to a cooperation agreement between them (which came into place to ensure a majority for the governing parties after elections in 2013). Several parliamentarians immediately started negotiating [a new proposal](#). The following week the new proposal was passed by a [unanimous Parliament](#) (Proposal no. 40). This means that companies now need to report from their activities in tax havens, and that the submitted reports will be subject to some form of control. The proposal did not, however, extend the reporting requirements to more sectors.

## Next steps for Norway

Norway's secrecy score of 38 shows that it must still make progress in offering satisfactory financial transparency. If it wishes to play a full part in the modern financial community and to impede and deter illicit financial flows, including flows originating from tax evasion, aggressive tax avoidance practices, corrupt practices and criminal activities, it should take action on the points noted where it falls short of acceptable international standards. See part

2 below for details of Norway's shortcomings on transparency. See this link <http://www.financialsecrecyindex.com/kfsi> for an overview of how each of these shortcomings can be fixed.

*With thanks to Sigrid Jacobsen and Peter Ringstad, Tax Justice Network - Norway, for their major input into this report.*

### Read more:

- [Full data for Norway](#)
- [Norway on TJN Blog](#)
- [Full Methodology](#)

### Sources

- Norway's shipping industry tonnage tax - [http://translate.google.com/translate?sl=no&tl=en&js=n&prev=\\_t&hl=en&ie=UTF-8&u=http%3A%2F%2Fe24.no%2Fnull-skatt-for-hjemflaggede-skip%2F3464345](http://translate.google.com/translate?sl=no&tl=en&js=n&prev=_t&hl=en&ie=UTF-8&u=http%3A%2F%2Fe24.no%2Fnull-skatt-for-hjemflaggede-skip%2F3464345)
- Norway's "war" against tax havens - <http://e24.no/makro-og-politikk/felles-front-mot-skatteparadiser/1558670> (in Norwegian)
- Overview of Norway's tax agreements 1, Ministry of Finance - <http://www.regjeringen.no/en/dep/fin/Selected-topics/taxes-and-duties/tax-treaties-between-norway-and-other-st.html?id=417330>
- Overview of Norway's tax agreements 2, Report - <http://e24.no/makro-og-politikk/finansdepartementet-vi-er-to-land-unna-paradis/20383421>
- Tax Havens and Development (2009) - [http://www.regjeringen.no/pages/2223780/PDFS/NOU200920090019000EN\\_PDFS.pdf](http://www.regjeringen.no/pages/2223780/PDFS/NOU200920090019000EN_PDFS.pdf)

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<sup>1</sup>Vilfjerne "norske" skatteparadis (Dagens Næringsliv, 22<sup>nd</sup> November 2012 – article not online)

<sup>2</sup> For transactions on 100,000 NOK or more going out of Norway, the reason for the transaction must be included. Banks must also report the purchase and sale of foreign currency for amounts above 5,000 NOK.

## PART 2: NORWAY'S SECRECY SCORE

### TRANSPARENCY OF BENEFICIAL OWNERSHIP – Norway

- 1** *Banking Secrecy: Does the jurisdiction have banking secrecy?*  
Norway partly curtails banking secrecy
- 2** *Trust and Foundations Register: Is there a public register of trusts/foundations, or are trusts/foundations prevented?*  
Norway partly discloses or prevents trusts and private foundations
- 3** *Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies?*  
Norway does not maintain company ownership details in official records

### KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – Norway

- 4** *Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for free, or for less than US\$10/€10?*  
Norway does not require that company ownership details are publicly available online
- 5** *Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for free, or for less than US\$10/€10?*  
Norway requires company accounts to be available on public record only for a fee
- 6** *Country-by-Country Reporting: Are all companies required to publish country-by-country financial reports?*  
Norway does not require public country-by-country financial reporting by companies

### EFFICIENCY OF TAX AND FINANCIAL REGULATION – Norway

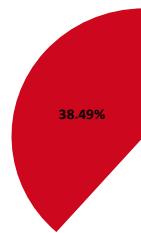
- 7** *Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents?*  
Norway requires resident paying agents to tell the domestic tax authorities about payments to non-residents
- 8** *Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information efficiently, and is there a large taxpayer unit?*  
Norway uses appropriate tools for efficiently analysing tax related information
- 9** *Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments?*  
Norway partly avoids promoting tax evasion via a tax credit system
- 10** *Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses?*  
Norway partly allows harmful legal vehicles

### INTERNATIONAL STANDARDS AND COOPERATION – Norway

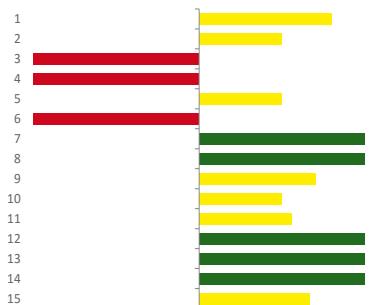
- 11** *Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations?*  
Norway partly complies with international anti-money laundering standards
- 12** *Automatic Information Exchange: Does the jurisdiction participate fully in multilateral Automatic Information Exchange via the Common Reporting Standard?*  
Norway participates fully in Automatic Information Exchange
- 13** *Bilateral Treaties: Does the jurisdiction have at least 53 bilateral treaties providing for information exchange upon request, or is it part of the European Council/OECD convention?*  
As of 31 May, 2015, Norway had at least 53 bilateral tax information sharing agreements complying with basic OECD requirements
- 14** *International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency?*  
Norway has ratified the five most relevant international treaties relating to financial transparency
- 15** *International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues?*  
Norway partly cooperates with other states on money laundering and other criminal issues

### Secrecy Score

Norway - Secrecy Score



Norway KFSI-Assessment



### Notes and Sources

The ranking is based on a combination of its secrecy score and scale weighting (click [here](#) to see our full methodology).

The secrecy score of 38 per cent for Norway has been computed by assessing its performance on 15 Key Financial Secrecy Indicators (KFSI), listed on the left. Each KFSI is explained in more detail, [here](#).

Green indicates full compliance on the relevant indicator, meaning least secrecy; red indicates non-compliance (most secrecy); and yellow indicates partial compliance.

This paper draws on data sources including regulatory reports, legislation, regulation and news available as of 31.12.2014 (with the exception of KFSI 13 for which the cut-off date is 31.05.2015).

Full data on Norway is available here: <http://www.financialsecrecyindex.com/database/menu.xml>

All background data for all countries can be found on the Financial Secrecy Index website: <http://www.financialsecrecyindex.com>