

NARRATIVE REPORT ON NORWAY



PART 1: NARRATIVE REPORT

Norway is ranked 71st in our 2020 Financial Secrecy Index. This ranking is based on a combination of its secrecy score and a scale weighting based on its share of the global market for offshore financial services.

Norway has been assessed with 44 secrecy points out of a potential 100, which places it in the lower mid-range of the secrecy scale Norway accounts for less than 1 per cent of the global market for offshore financial services, making it a tiny player compared with other secrecy jurisdictions.

Telling the story

With a secrecy score as low as 44, Norway cannot be considered as a haven for secrecy. Indeed, over the last ten years, Norway has in several instances been a leading critic and opponent of financial secrecy and illicit cross-border flows. The official Norwegian report “Tax Havens and Development” from 2009 was important as an early contribution to making the fight against financial secrecy a policy issue for OECD countries. However, this has been less of a policy priority for the current government that took office in 2013. Norway has conducted few substantial reforms that affects its ranking on the FSI since the last published index in 2018.

Norway does have some tax and secrecy loopholes. This is particularly relevant to Norway’s shipping industry. 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.) This has been particularly highlighted through vanguard research on the use of tax havens by Norwegian economist Annette Alstadsæther together with Gabriel Zucman and Niels Johannesen. In 2017 they published research that estimated that the wealthiest 0.01 per cent in Scandinavian countries evade about 30 per cent of their personal tax burden by hiding their wealth offshore. The research was made possible by combining the unique data in the HSBC leaks and Panama Papers with data from tax authorities in Scandinavian countries.¹

Foreign investors are investing anonymously in Norwegian companies on a large scale. Foreign owners can buy stocks via “nominee accounts”, operated by banks in Luxembourg and Switzerland.

Special tax regimes: shipping and Svalbard

Shipping is historically an important economic sector for Norway, but for many years the majority of vessels owned by Norwegian-owned companies sailed under the flags of other countries. Today, Norway’s shipping industry pays no taxes on profits: they only pay a small tax on tonnage. This policy was [introduced](#) in 2007 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.²

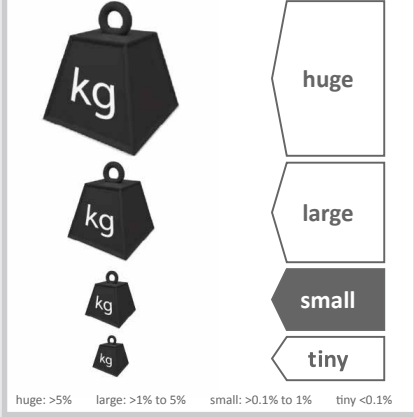
Norway has its own low-tax jurisdiction, the [Svalbard archipelago](#), which lies far to the North in the Arctic Sea.³ Businesses on the islands

Rank: 71 of 133

How Secretive? 44



How big? 0.6%



Norway accounts for 0.6 per cent of the global market for offshore financial services. This makes it a small player compared to other secrecy jurisdictions.

The ranking is based on a combination of its secrecy score and scale weighting.
 Full data is available here: <http://www.financialsecrecyindex.com/database>.
 To find out more about the Financial Secrecy Index, please visit <http://www.financialsecrecyindex.com>.
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pay a corporate income tax rate of 16 per cent, quite a bit lower than the 23 per cent 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 US [\\$120 million](#)) on Svalbard, even though oil drilling is banned in the area. The Ministry of Finance closed the loophole in 2011 by imposing the mainland tax rate on profits exceeding 15 million kroner. Seadrill then closed down its offices. This is now a minor issue.

Norwegian Sovereign Wealth Fund

The Norwegian Sovereign Wealth Fund is amongst the largest in the world, with assets of more than US \$1,000 billion. After years of pressure from civil society organizations, the Fund decided in 2017 to shut down its office in Luxembourg, which was responsible for global real estate investments, and to move operations back to Norway. It also published a new policy on “Tax and transparency”,⁴ which states amongst other things that the Fund expects the companies that they invest in to publish country-by-country reports.

Ownership transparency

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 5 June 2015 to implement a beneficial ownership (BO) registry. A proposal for a BO registry was presented by a government-appointed commission in 2017.⁵ This was criticized by transparency campaigners as a very weak proposal, since the registry would not be open to the public, it would not include listed companies and nominee accounts, and it would register only very large shareholders.⁶ A new proposal was passed into law in 2018, which will see Norway implement a public Beneficial Ownership Registry in accordance with EUs Anti-Money Laundering Directive.⁷ According to the government the new register will go live in 2020.

Company transparency - public country by country reporting (CBCR)⁸

Since 31 December 2017 multinationals in Norway have been filing country by country reports, as Norway has implemented the OECD BEPS agreement.⁹ During negotiations in Parliament on this implementation, the Norwegian Parliament voted to demand that any companies subject to this law would also be required to make this information publicly available. The Norwegian Parliament has

also asked the government to push for the OECD to make public country by country reporting the standard for all sectors.¹⁰ However, the Norwegian Government has not yet followed up on the parliament’s vote to make information publicly available.

In 2014, Norway introduced limited country by country reporting for the extractives and logging industries, but civil society organisations argued that this reporting regime was ineffective and had several clear loopholes.¹¹ One important loophole was the fact that corporations were only required to report on their activities in countries where they engage in physical extraction of natural resources, and thus corporations can avoid reporting on their activities in tax havens.

In December 2016, the government published a revised directive on the country by country reporting requirement of extractives and logging companies.¹² This strengthened the accounting requirements on several points, notably in that, as a general rule, information in the reports should now come from audited annual accounts. However, the directive has still been formulated in a way that allows companies to avoid publishing figures on its activities in jurisdictions where no resource extraction is taking place, including tax havens.¹³

The Norwegian CBCR regime was subject to an external evaluation in 2017. The Norwegian Finance Ministry is said to be working on a revision of the current CBCR rules, but there is no public information on when and how the current CBCR regime will be improved.

OECD and tax treaties

Norway has been a very active member of the OECD on tax issues. The Head of the Norwegian Tax Administration, Hans Christian Holte, has devoted much time and effort to the OECD as the Chair of the OECD Forum on Tax Administration. Norway has renegotiated 28 of its DTAs to facilitate exchange of information under the OECD Multilateral Convention. In addition, several old DTAs have been recently renegotiated to include the article on exchange of information according to the OECD model tax treaty. According to the government website on tax treaties, Norway is currently in the process of renegotiating 23 of their DTAs.¹⁴

With thanks to Peter Ringstad, [TJN-Norway](#)

Endnotes

- 1 https://www.washingtonpost.com/news/wonk/wp/2017/06/01/researchers-are-figuring-out-just-how-much-wealth-the-super-rich-are-hiding-overseas/?utm_term=.939584cbdeaa; 04.02.2020
- 2 <http://translate.google.com/translate?sl=no&tl=en&js=n&prev=t&hl=en&ie=UTF-8&u=http%3A%2F%2Fen.nbim.no%2Fnull-skatt-for-hjemflaggede-skip%2F3464345>; 04.02.2020.
- 3 <https://en.visitsvalbard.com/>; 04.02.2020.
- 4 <https://www.nbim.no/en/responsibility/risk-management/tax-and-transparency/>; 04.02.2020.
- 5 Regjeringen.no, 'Ny lovgivning om tiltak mot hvitvasking og terrorfinansiering II', 2016, <https://www.regjeringen.no/no/dokumenter/nou-2016-27/id2523704/sec17>; 04.02.2020.
- 6 Tax Justice Norway, 'Svakt forslag til norsk eierregister', 23 March 2017, <http://taxjustice.no/ressurser/svakt-forslag-til-norsk-eierregister>; 04.02.2020.
- 7 <https://www.regjeringen.no/no/aktuelt/okt-apenhet-om-norske-selskaper-og-foretak/id2605474/>; 04.02.2020.
- 8 This chapter was first written by TJN Norway for the Eurodad report "Tax Games: The Race to the Bottom", and is a slightly edited version of the text on CBCR found in the chapter on Norway.
- 9 Lovdata, 'Forskrift om land-for-land-rapportering til skattemyndighetene', 16 December 2016, <https://lovdata.no/dokument/SF/forskrift/2016-12-09-1563>; 04.02.2020; see also Thomson Reuters, 'Norway Implements Country-by-Country Reporting Requirements', 12 December 2016, <https://tax.thomsonreuters.com/blog/checkpoint/Norway-Implements-Country-by-Country-Reporting-Requirements>; 04.02.2020.
- 10 Stortinget, 'Innstilling fra finanskomiteen om endringer i ligningsloven (land-for-land-rapportering til skattemyndighetene)', (Chapter 14, II, B., I), 8 November 2016, <https://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Innstillinger/Stortinget/2016-2017/inns-201617-042l/?all=true#m14>; 04.02.2020.
- 11 Lovdata, 'Forskrift om land-for-land-rapportering', 7 January 2014, <https://lovdata.no/dokument/SF/forskrift/2013-12-20-1682>; 04.02.2020; see also Publish What You Pay Norway, 'What Statoil reported and what Statoil should have reported', June 2016, http://www.publishwhatyoupay.no/sites/all/files/PWYP_Briefing_As_Is_vs_Should_Have_Eng_Web_0.pdf; 04.02.2020.
- 12 Regjeringen.no, 'Endringer i forskrift om land-for-land-rapportering', 22 December 2016, <https://www.regjeringen.no/no/aktuelt/endringer-i-forskrift-om-land-for-land-rapportering/id2525537/>; 04.02.2020.
- 13 Regjeringen.no, 'Endringer i forskrift om land-for-land-rapportering', 22 December 2016, <https://www.regjeringen.no/no/aktuelt/endringer-i-forskrift-om-land-for-land-rapportering/id2525537/>; 04.02.2020.
- 14 <https://www.regjeringen.no/no/tema/okonomi-og-budsjett/skatter-og-avgifter/skatteavtaler-mellom-norge-og-andre-stat/id417330/>; 04.02.2020.

PART 2: SECRECY SCORE

OWNERSHIP REGISTRATION

- 7 1. Banking Secrecy
- 50 2. Trust and Foundations Register
- 65 3. Recorded Company Ownership
- 50 4. Other Wealth Ownership
- 50 5. Limited Partnership Transparency

LEGAL ENTITY TRANSPARENCY

- 85 6. Public Company Ownership
- 0 7. Public Company Accounts
- 100 8. Country-by-Country Reporting
- 100 9. Corporate Tax Disclosure
- 100 10. Legal Entity Identifier

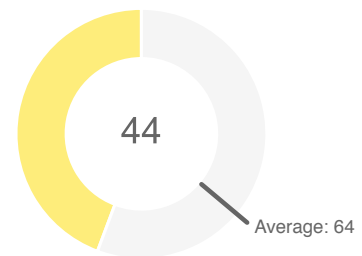
INTEGRITY OF TAX AND FINANCIAL REGULATION

- 63 11. Tax Administration Capacity
- 0 12. Consistent Personal Income Tax
- 40 13. Avoids Promoting Tax Evasion
- 75 14. Tax Court Secrecy
- 25 15. Harmful Structures
- 30 16. Public Statistics

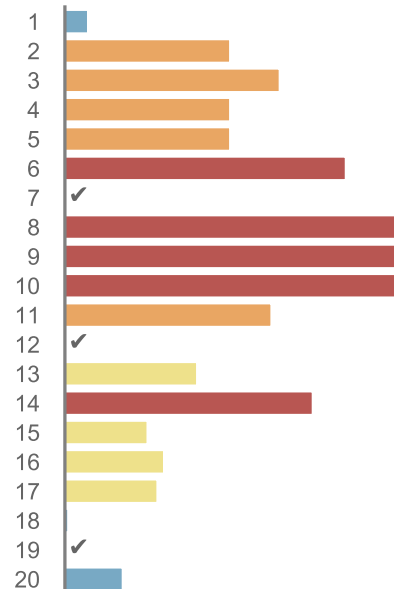
INTERNATIONAL STANDARDS AND COOPERATION

- 28 17. Anti-Money Laundering
- 1 18. Automatic Information Exchange
- 0 19. Bilateral Treaties
- 18 20. International Legal Cooperation

Secrecy Score



Key Financial Secrecy Indicators



Notes and Sources

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

The secrecy score is calculated as an arithmetic average of the 20 Key Financial Secrecy Indicators (KFSI), listed on the right. Each indicator is explained in more detail in the links accessible by clicking on the name of the KFSI.

A grey tick in the chart above indicates full compliance with the relevant indicator, meaning least secrecy; red indicates non-compliance (most secrecy); colours in between partial compliance.

This report draws on data sources that include regulatory reports, legislation, regulation and news available as of 30 September 2019 (or later in some cases).

Full data is available here: <http://www.financialsecrityindex.com/database>.

To find out more about the Financial Secrecy Index, please visit <http://www.financialsecrityindex.com>.