



Norwegian Ministry
of Finance

Chapter 1

Prop. 1 LS (2019–2020) Proposition to the Storting
(bill and draft resolution). For the fiscal year 2020

Taxes 2020

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Taxes 2020

*Recommendation from the Ministry of Finance of 27 September 2019,
approved in the Council of State on the same date.
(Solberg Government)*

1 Main tax policy features

1.1 The tax policy of the Government

The Government will use the tax system to fund public goods and services, ensure social mobility, achieve more efficient resource allocation and improve conditions for Norwegian businesses. Private ownership shall be strengthened, and it shall be profitable to work, save and invest more.

The tax level shall be reduced to stimulate economic growth and to enhance the freedom of families and individuals. Taxes shall also stimulate more environmentally-friendly behaviour. Hence, improvements to the tax system form a key element of the economic policy of the Government, and are a principal policy instrument for promoting economic growth.

Broad tax bases, low tax rates and equal tax treatment across industries, businesses and investments will contribute to resources being utilised in the best possible manner. These principles also underpinned the tax reform proposed by the Government. The Storting has endorsed these fundamental principles through its deliberation of Report No. 4 (2015–2016) to the Storting; *Better Taxation – A Tax Reform for Transformation and Growth* (the Tax Report).

The competitiveness of Norway depends on the ability of our economy to change and to utilise resources in the best possible manner. This is achieved by ensuring that the general business framework makes it attractive to invest in Norway. Special arrangements and exemptions in the tax system will often result in resources being used for less productive purposes.

Key achievements in the Government's tax policy

The Government has reduced overall taxes by about NOK 25 billion accrued since it took office. The Government has implemented, among others, the following changes as of 2019:

- Income tax has been reduced for individuals and corporations. The lowering of the tax rate on ordinary income for individuals and corporations from 28 to 22 percent serves to stimulate savings and investments and strengthens the growth capacity of the economy. The reduction of marginal tax rates for individuals and the abolition of tax class 2 have strengthened work incentives.
- Net wealth tax has been reduced by about NOK 7 billion. The reductions stimulate savings, the inflow of Norwegian equity, as well as investments in the business sector. The tax rate has been reduced, the basic allowance has been increased and a valuation discount of 25 percent has been introduced for shares and operating assets and associated debt. The valuation of different assets has become more equal.
- The Skattefunn tax incentive scheme for stimulating R&D in businesses has been expanded. R&D support via the Skattefunn scheme has increased from NOK 1.7 billion in 2013 to NOK 4.1 billion in 2017.
- Taxes on businesses, including corporate tax, have been reduced by about NOK 6.4 billion net.
- The inheritance tax has been abolished. This eases the liquidity strain of generational change and represents a major simplification.
- There has been a clear shift towards environmentally related taxes.
- As far as car taxation is concerned, the motor vehicle registration tax has been changed in an environmentally-friendly direction and the significant preferential tax treatment

of electric cars has been strengthened. This has served to increase the number of new zero- and low-emission cars and to reduce central government tax revenues.

- The marine engine tax, the annual tax on caravans and the motor vehicle registration tax on vintage cars and amateur-built vehicles have been abolished.
- The re-registration tax has been reduced and simplified.

1.2 Main features of the tax proposal for 2020

The Norwegian economy is performing well, cf. the discussion in Meld. St. 1 (2019–2020), *National Budget 2020*. Since 2013, a responsible fiscal policy and an ambitious tax policy with broad tax reductions for businesses and individuals have yielded results. Total new tax reductions in 2020 as the result of the Government's proposal are about NOK 0.5 billion accrued.

Direct taxes

The television licence fee will be abolished on 1 January 2020, and the Norwegian Broadcasting Corporation (NRK) will from the same date be funded via the fiscal budget by reducing the personal allowance against income tax. The Government is now proposing to reduce the personal allowance by less than would be required for the change in the funding of NRK to be revenue neutral. Moreover, the Government is proposing to increase the tax credit for pensioners to ensure that those receiving the minimum national insurance pension will continue to pay no tax following the reduction in the personal allowance.

The Government will make it more attractive for small start-up companies to use options to attract and retain key personnel for their business. It is proposed to expand the current scheme to include companies with a maximum of 12 employees. The maximum option benefit per employee will be increased from NOK 500,000 to NOK 1 million. It is proposed to change the terms under the Skattefunn research and development tax incentive scheme to make it more attractive for businesses. The Government also proposes to eliminate unintended tax avoidance opportunities under the net wealth tax provisions. The special valuation provisions for shares of newly established companies will be abolished, such as to no longer make it possible to reduce the taxable valuation of unlisted companies via simple changes to the company structure.

The Government aims to reduce the maximum rate of property tax on residential properties and holiday homes from 0.5 to 0.4 percent from 2021, and will revert to this as part of a comprehensive local government finance proposal in connection with the local government proposition for 2021.

Indirect taxes

The Government is proposing to abolish CO₂ tax exemptions and low rates, as well as to increase the general rate by 5 percent. This will result in more equal pricing of CO₂ emissions and a more cost-efficient climate policy. The CO₂ tax on petroleum activities and domestic EU ETS aviation will also be increased by 5 percent. The road transport biofuel sales requirement will be increased from 12 to 20 percent in 2020. It is proposed, in line with the Granavolden platform, to reduce the road usage tax to avoid that increased CO₂ tax and increased biofuel sales requirement increases fuel prices.

New emission values (WLTP) are introduced in the CO₂ component of the motor vehicle registration tax for passenger cars without any net effect on tax revenues, by reducing rates and increasing thresholds. The Government is also proposing to abolish the NOK 350 duty-

free allowance for low value goods. A simplified arrangement for the payment of value added tax from foreign sellers/platforms is proposed, aiming for introduction from 1 April 2020.

Other proposed tax changes

The Government is also proposing a number of other changes to the tax rules, with revenue effects in 2020:

- The personal allowance will be adjusted in line with wage growth.
- A limit on withholding tax on retirement pension, disability pension and other disability benefits will be introduced for certain residents of EEA states.
- Tax liability and deductibility for maintenance payments will be abolished.
- Certain limits will remain nominally unchanged. This applies, for example, to the trade union subscription allowance, the kilometre rates of the travel allowance, the parental allowance, the tax-exempted net income and the net wealth supplement under the tax limitation rule, the special allowance in the Action Zone in Troms and Finnmark, the fishermen's and seamen's allowances, as well as the maximum savings under the home investment savings scheme for people below the age of 34 years (BSU).
- The net wealth tax will be changed to include commercial property indirectly held through an unlisted limited liability company or a partnership at 100 percent of documentable sales value on the part of the company or partnership when applying the safety valve.
- The provisions on tax treatment upon transition to the new accounting standard (IFRS9) will be expanded to also encompass unlisted banks and financial enterprises.
- Depreciation rates for fruit and berry fields will be increased.
- The special allowance for agriculture will be increased.
- The rates applicable under simplified customs clearance will be increased due to inflation.
- The reduced rates of electricity tax, the base tax on mineral oils and the CO₂ tax on natural gas will be increased due to the depreciation of the Norwegian krone against the Euro.
- The parimutuel betting tax will be reduced.
- The supervision fee for Finanstilsynet (the Financial Supervisory Authority of Norway) will be increased.
- The sectoral tax for the Norwegian Communications Authority will be increased.
- A new sectoral tax will be introduced to fund the emergency preparedness monitoring and dam safety activities of the Norwegian Water Resources and Energy Directorate.

1.3 Dynamic effects

Lower tax rates may serve to improve resource allocation and stimulate economic growth. Part of the immediate loss of revenues will thus be offset by an expansion of the tax bases. The tax reductions may thereby be self-financing to some extent. An expansion of the tax bases may take place over many years. The associated increase in revenues can therefore not be included in the current fiscal year. The budgetary room for manoeuvre will increase as and when tax bases expand and tax revenues increase.

Different taxes have different effects on resource allocation in the economy. Some taxes improve the allocation of resources, such as taxes that correct for damage caused to health and the environment. Other taxes may be more neutral. However, most taxes result in individuals and businesses changing their decisions in such a way as to utilise resources less efficiently.

Taxes on labour will, for example, make it less profitable to work. Correspondingly, it becomes less profitable to repay debts and deposit money in the bank or invest them in shares if part of the return has to be paid in tax. Taxes on business profits result in fewer investments being profitable for businesses.

Most of the tax revenues need to come from taxes that have a negative impact on the economy. Relying more heavily on taxes that have little impact on the decisions of individuals and businesses, and having low tax rates on broad bases rather than higher rates on narrow bases, minimises such negative effects. High tax rates provide strong incentives to change behaviour and make it profitable to evade or avoid such tax. This inhibits economic growth.

Tax rate reductions may therefore serve to improve resource allocation and to stimulate economic growth. Some forms of tax reduction will have a more positive impact than others. Economic research indicates, for example, that lower tax rates on business profits and labour may entail especially beneficial effects. The Tax Commission refers to international research and adopts the assumption that taxes on immovable property and on consumption have a less inhibiting effect on economic growth than other types of taxes, cf. the NOU 2014: 13 green paper; *Capital Taxation in an International Economy*. The Commission notes that traditional corporate tax and personal income tax (taxes on labour and capital income) have the strongest negative impact on economic growth.

The tax rate on ordinary income for corporations and individuals has over the period 2013–2019 been reduced by 6 percentage points, from 28 to 22 percent. This strengthens the growth capacity of the mainland economy by stimulating increases in investment and labour supply over time. A lower corporate tax rate, in particular, is expected to have a positive effect. Estimates from the Tax Commission suggest that the degree of self-financing of the implemented corporate tax changes may be in the range of 20 – 40 percent over time. A reduced tax rate on ordinary income for individuals, combined with a changeover from surtax to bracket tax, has reduced the marginal tax rate on both labour and savings. The overall marginal tax rate on labour has since 2013 been reduced by between 1.4 and 3.7 percentage points for those who pay bracket tax (those with a personal income of no less than NOK 174,500 in 2019). This will stimulate work, and may involve an element of self-financing over time.

There is considerable uncertainty as to the degree of self-financing, but calculations made on the Statistics Norway simulation model LOTTE-Arbeid suggest that the degree of self-financing of the changes to personal taxation thus far implemented in the current term of the Storting (2017–2019) which can be calculated in the model, is about 16 percent.

The reduced tax rate on ordinary income for individuals has, when taken in isolation, reduced the marginal tax rate on capital income by 6 percentage points. Empirical research indicates that the overall effect of a higher return after tax is to increase savings, but the magnitude of such effect is uncertain.

The implemented reduction in the valuation of shares and operating assets for net wealth tax purposes will, together with the reduced tax rate on ordinary income, increase the return after tax from investing in shares and operating assets for those above the net wealth tax threshold. Furthermore, the preferential treatment of investments in primary dwellings and holiday homes, as compared to investments in business activities, for net wealth tax purposes is reduced. On the other hand, the preferential treatment of shares and operating assets, as compared to secondary dwellings, bank deposits and bonds, for net wealth tax purposes is somewhat increased. The reduced valuation may serve to channel a larger portion of savings into investment in business activities. It may also serve to increase investments in businesses that rely on Norwegian equity to implement their projects. A net wealth tax reduction is

assumed, against this background, to have a positive long-term effect on the Norwegian economy and Norwegian jobs.

The Ministry assumes that it will take time for dynamic effects of changes to income and net wealth tax to influence tax revenues. It may, for example, take time for individuals to increase their labour supply since this will often require them to increase their percentage of full-time equivalent or to find a new job. It is assumed, on the other hand, that changes in indirect taxes will affect prices and demand already in the first year. The estimated tax revenue from most excise duties therefore takes into account that the tax base changes when the tax rates are changed.

It would be desirable with a more detailed examination of the effect of the change in taxation. The Ministry has therefore commissioned a pilot study intended to prepare the ground for a subsequent evaluation. See the discussion under budget chapter 1600 of Prop. 1 S (2019–2020) for the Ministry of Finance.

1.4 Revenue effects of the proposed tax changes

Table 1.1 provides an overview of the revenue effects of the Government’s proposals. The revenue effects of the tax proposal are calculated relative to the benchmark system for 2020. The benchmark system for 2020 is based on the 2019 rules with relevant adjustments, the most important being adjustments for estimated price, wage or wealth growth.

Allowances and limits, etc., in the general rate structure for personal taxation have largely been adjusted to the 2020 level using estimated wage growth of 3.6 percent. Special allowances and other limits in personal taxation have largely been adjusted in the benchmark system using an estimated consumer price growth rate from 2019 to 2020 of 1.9 percent. This means that a taxpayer who only qualifies for standard reliefs and whose ordinary income and personal income both increase by 3.6 percent will have about the same average income tax level in the benchmark system for 2020 as in 2019. In the benchmark system, all unit taxes have been adjusted by the estimated consumer price growth from 2019 to 2020. In real terms, the benchmark system thus entails no change in tax levels from 2019 to 2020.

Table 1.1 Estimated revenue effects of the tax proposal for 2020. Negative figures represent tax reductions. The estimates have been calculated relative to the benchmark system for 2020. NOK million

	<i>Accrued</i>	<i>Booked</i>
Income tax for individuals.....	-879	-708
Adjust the personal allowance in line with wage growth	-75	-60
Adjust the personal allowance as part of the new funding of the Norwegian Broadcasting Corporation ¹	0	0
Reduce the personal allowance by less than would be required for the change in the funding of the Norwegian Broadcasting Corporation to be revenue neutral.....	-380	-305
Maintain no tax on minimum national insurance pension after reduced personal allowance by increasing the tax credit for pensioners.....	-225	-180
Limit withholding tax on retirement pension, disability pension and other disability benefits	0	-3
Abolish tax liability and deductibility for maintenance payments.....	3	2
Expand the option tax scheme for small start-up companies.....	-400	-320

Maintain rates, limits and allowances unchanged in nominal terms, etc.	198	158
Net wealth tax	140	482
Eliminate scope for tax avoidance by establishing new companies	100	450
Remove unintended chain discount upon use of safety valve for commercial property	40	32
Business taxation	-330	-100
Implement IFRS9 for unlisted banks	-80	0
Skattefunn research and development tax incentive scheme	-150	0
Increase depreciation rates for fruit and berry fields	-20	-20
Increase the agricultural allowance	-80	-80
Environmental taxes and car taxes	-16	-36
Increase the general rate of tax on greenhouse gas emissions by 5 pct. Reduce the road usage tax correspondingly	170	155
Increase the CO ₂ tax in petroleum activities by 5 pct. ²	-	-
Abolish reduced rate of, and exemption from, CO ₂ tax on fishing and catching in inshore waters (net after compensation)	5	-15
Abolish exemption from CO ₂ tax on natural gas and LPG for chemical reduction or electrolysis, metallurgical and mineralogical processes	60	55
Road usage tax: Increase the road transport biofuel sales requirement in 2020.....	800	700
Road usage tax: Reduce rates such as to better reflect the energy content of fuels (in compensation for the increase in the biofuel sales requirement expanding the road usage tax base).....	-800	-700
Road usage tax: Reduce rates such as to better reflect the energy content of fuels (in compensation for the increase in the biofuel sales requirement increasing the raw material cost of fuels)	-250	-230
Road usage tax: Expand the road usage tax to encompass all liquid biofuels .	0	0
Road usage tax on LPG, further increase.....	1	1
Road usage tax on natural gas, introduce low rate (net revenues after compensation)	3	2
Aviation biofuel sales requirement	-5	-4
Motor vehicle registration tax: Changeover to new CO ₂ values based on WLTP without any net effect on tax revenues.....	0	0
Other indirect taxes and customs duties	581	398
Abolish the NOK 350 duty-free allowance on goods imports.....	590	405
Inflation adjust the rates applicable under simplified customs clearance	3	3
Reduce the parimutuel betting tax.....	-13	-11
Adjust reduced rates upwards due to the depreciation of the Norwegian krone	1	1
Sectoral taxes and overpriced fees	30	30

Increase supervision fee for Finanstilsynet	16	16
Increase new sectoral tax for the Norwegian Water Resources and Energy Directorate – emergency preparedness monitoring and dam safety	5	5
Increase the sectoral tax for the Norwegian Communications Authority	9	9
Proposed new tax changes in 2020.....	-474	66
Effect of decisions in the Revised National Budget 2019 ³	-1	-81
Effect of decisions relating to the National Budget 2019	0	655
Effect of decisions relating to the National Budget 2018	-140	-140
Effect of decisions relating to the Revised National Budget 2018	0	-10
Aggregate adopted tax changes and proposed changes in 2020	-615	490

¹ The Norwegian Broadcasting Corporation (NRK) licence fee will be abolished on 1 January 2020. NRK will from that date be funded via the fiscal budget by a reduction in the personal allowance. The increase in revenues will be netted against the loss of the NRK licence fee, thus implying no overall effect on revenues. Increased value added tax revenues resulting from this change will not have any real effect on revenues either since the increase in value added tax revenues is mirrored by a corresponding increase on the expenditure side of the budget.

² The proposed increase is estimated to increase gross revenues by about NOK 300 million. The net increase in revenues is about NOK 50 million, after tax (78 pct.) and the State's Direct Financial Interest (SDFI). Taxes from petroleum activities are transferred to the Government Pension Fund Global and therefore do not affect the room for fiscal policy manoeuvre for 2020.

³ Including changes to the provisions on employee discounts, cf. Prop. 51 S (2018-2019).
Source: Ministry of Finance.

Table 1.2 presents estimated booked tax revenues for 2020, as well as estimates for 2019 and accounting figures for 2018, specified by chapter and item.

Table 1.2 Booked tax revenues specified by chapter and item. NOK million

Chapter	Item	Description	Accounts 2018	Budget estimate 2019		Proposal 2020
				Balanced budget	Estimate NB 2020	
5501		Taxes on wealth and income				
	70	Bracket tax, net wealth tax, etc.....	66,397	74,882	75,100	80,900
	72	Central government tax ¹	185,860	105,610	108,000	119,000
	74	Corporate tax ¹	–	84,106	83,800	86,700
5502		Financial Activity Tax				
	70	Tax on wages.....	1,953	2,050	2,020	2,080
	71	Tax on profits	657	1,479	1,435	2,460
5506	70	Tax on inheritance and gifts	73	0	60	0
5507		Taxes on petroleum extraction				
	71	Ordinary tax on wealth and income.....	38,540	52,800	41,700	41,800
	72	Special tax on petroleum income	71,774	103,300	83,900	90,600
	74	Area fee, etc.	1,780	1,600	1,600	1,600
5508	70	Tax on the emission of CO ₂ in petroleum activities on the continental shelf	5,193	5,600	5,700	5,900
5509	70	Tax on the emission of NO _x in petroleum activities on the continental shelf	1	2	1	1
5511		Customs revenues				
	70	Customs duties	3,193	3,000	3,100	3,100

	71	Auction revenue from customs quotas	270	300	260	300
5521	70	Value added tax.....	295,121	310,000	309,400	325,600
5526	70	Tax on alcoholic beverages	14,138	14,200	14,400	14,500
5531	70	Tax on tobacco products, etc.....	6,699	6,600	6,700	6,700
5536		Tax on motor vehicles, etc.				
	71	Motor vehicle registration tax	14,820	14,641	13,500	12,000
	72	Traffic insurance tax.....	6,878	9,400	9,100	9,100
	73	Annual weight-based tax	337	350	330	340
	75	Re-registration tax	1,381	1,480	1,300	1,250
5538		Road usage tax on engine fuel				
	70	Road usage tax on petrol	5,541	5,700	5,200	4,900
	71	Road usage tax on auto diesel	10,424	10,900	10,300	10,100
	72	Road usage tax on natural gas and LPG.....	6	7	7	20
5541	70	Electricity tax	11,304	11,010	10,700	11,300
5542		Tax on mineral oils, etc.				
	70	Base tax on mineral oils, etc.....	1,861	1,850	1,850	1,900
	71	Tax on lubricating oils, etc.....	114	120	110	115
5543		Environmental tax on mineral products, etc.				
	70	CO ₂ tax	8,615	8,700	8,100	8,700
	71	Sulphur tax	1	6	1	1
5547		Tax on chemicals that are harmful to health and the environment				
	70	Trichloroethene (TRI).....	0	1	0	0
	71	Tetrachloroethene (PER).....	0	1	1	1
5548	70	Tax on hydrofluorocarbons (HFC) and perfluorocarbons (PFC).....	430	370	360	390
5549	70	Tax on the emission of NO _x	57	54	70	55
5550	70	Environmental tax on pesticides.....	53	65	65	65
5551		Tax relating to the minerals industry				
	70	Tax relating to subsea natural resources other than petroleum.....	1	1	1	1
	71	Tax relating to the right to explore and extract minerals pursuant to the Minerals Act.....	4	2	6	6
5555	70	Tax on chocolate and sugar products, etc.....	2,242	1,500	1,500	1,490
5556	70	Tax on non-alcoholic beverages, etc.	2,941	3,050	3,050	3,200
5557	70	Tax on sugar, etc.	186	210	190	200
5559		Tax on beverage packaging				
	70	Base tax on disposable packaging	1,949	1,980	1,990	2,100
	71	Environmental tax on cartons.....	52	55	50	50
	72	Environmental tax on plastics	36	40	30	30
	73	Environmental tax on metals.....	8	10	5	5
	74	Environmental tax on glass	86	85	90	95
5561	70	Air passenger tax.....	1,871	2,040	1,800	1,900
5562	70	Parimutuel betting tax	136	135	130	120
5565	70	Stamp duty	9,483	9,700	10,300	10,800
		Sectoral taxes ²	3,568	3,586	3,668	3,763
5583	70	Taxes on frequencies, etc.	294	302	298	343
5584	70	Abolished taxes	-1			

5700	National Insurance Scheme revenues				
71	Employee's social security contributions	144,130	150,714	148,800	156,500
72	Employer's social security contributions	183,272	191,806	193,600	202,600
Total taxes via the fiscal budget		1,103,727	1,195,400	1,163,677	1,224,680

¹ Corporate taxes are included in item 72 until 2018. From 2019, central government tax is only including taxes from personal taxpayers.

² This is a composite item for sectoral taxes under the different ministries, relevant to various chapters and items. See Table 13.1 for a detailed overview.

Source: Ministry of Finance.

Table 1.3 presents booked effects of new proposals for rule changes in 2020, specified by chapter and item.

Table 1.3 Estimated booked revenue effects of the tax proposal for 2020, specified by chapter and item. Calculated relative to the benchmark system for 2020. NOK million

Chapter	Item	Description	Change
5501		Taxes on wealth and income ¹	
	70	Bracket tax, net wealth tax, etc.	402
	72	Central government tax ²	4,490
	73	Tax on accumulated liabilities in shipping companies	0
	74	Corporate tax	0
5502		Financial Activity Tax	
	70	Tax on wages	0
	71	Tax on profits.....	0
5507		Taxes on petroleum extraction	
	71	Ordinary tax on wealth and income.....	0
	72	Special tax on petroleum income	0
	74	Area fee, etc.	0
5508	70	Tax on the emission of CO ₂ in petroleum activities on the continental shelf ³	-
5509	70	Tax on the emission of NO _x in petroleum activities on the continental shelf.....	0
5511		Customs revenues	
	70	Customs duties.....	-10
	71	Auction revenue from customs quotas	0
5521	70	Value added tax ⁴	418
5526	70	Tax on alcoholic beverages	3
5531	70	Tax on tobacco products, etc.	0
5536		Tax on motor vehicles, etc.	
	71	Motor vehicle registration tax.....	0
	72	Traffic insurance tax	0
	73	Annual weight-based tax	0
	75	Re-registration tax	0

5538		Road usage tax on engine fuel	
	70	Road usage tax on petrol.....	-161
	71	Road usage tax on auto diesel.....	-120
	72	Road usage tax on natural gas and LPG	12
5541	70	Electricity tax.....	1
5542		Tax on mineral oils, etc.	
	70	Base tax on mineral oils, etc.	0
	71	Tax on lubricating oils, etc.	0
5543		Environmental tax on mineral products, etc.	
	70	CO ₂ tax.....	480
	71	Sulphur tax.....	0
5547		Tax on chemicals that are harmful to health and the environment	
	70	Trichloroethene (TRI)	0
	71	Tetrachloroethene (PER)	0
5548	70	Tax on hydrofluorocarbons (HFC) and perfluorocarbons (PFC).....	17
5549	70	Tax on the emission of NO _x	0
5550	70	Environmental tax on pesticides.....	0
5551		Tax relating to the minerals industry	
	70	Tax relating to subsea natural resources other than petroleum	0
	71	Tax relating to the right to explore and extract minerals pursuant to the Minerals Act.....	0
5555	70	Tax on chocolate and sugar products, etc.	15
5556	70	Tax on non-alcoholic beverages, etc.	15
5557	70	Tax on sugar, etc.....	0
5559		Tax on beverage packaging	
	70	Base tax on disposable packaging	5
	71	Environmental tax on cartons	0
	72	Environmental tax on plastics.....	0
	73	Environmental tax on metals	0
	74	Environmental tax on glass	0
5561	70	Air passenger tax	0
5562	70	Parimutuel betting tax.....	-11
5565	70	Stamp duty	0
		Sectoral taxes and overpriced fees ⁵	30
5583	70	Tax on frequencies, etc.	0
5700		National Insurance Scheme revenues	
	71	Employee's social security contributions	-61
	72	Employer's social security contributions.....	-74
Total changes in taxes and revenues via the fiscal budget			5,451

¹ The effects apply to central, regional and local government. Reference is made to Section 4.8 for a discussion of regional and local government tax rates.

² The change in the funding of the Norwegian Broadcasting Corporation (NRK) will increase tax revenues by reducing the personal allowance. In principle, the changeover is revenue neutral, inasmuch as the television licence fee will be abolished on 1 January 2020 and the income level of NRK in 2019 will be maintained. See also footnote 4.

³ For 2020 it is proposed to increase tax rates by 5 pct. on top of inflation adjustment. The proposed increase is estimated to increase gross revenues by about NOK 300 million. The net increase in revenues is about NOK 50 million, after tax (78 pct.) and the State's Direct Financial Interest (SDFI). Taxes from petroleum activities are transferred to the Government Pension Fund Global and therefore do not affect the room for fiscal policy manoeuvre for 2020.

⁴ NOK 380 million as the result of the abolishment of the NOK 350 duty-free allowance on goods imports and NOK 38 million as the result of the change in the funding of the Norwegian Broadcasting Corporation.

⁵ Reference is made to Table 1.1 and Chapter 13 for a specification of which sectoral taxes and overpriced fees are being changed.

Source: Ministry of Finance.

1.5 Distributional profile of the tax proposal

The Government's tax policy is characterised by growth-promoting tax reductions that have benefited large groups of the population, cf. Figure 2.24. All in all, the Government is proposing fairly limited new tax changes, other than those related to the changeover to funding the Norwegian Broadcasting Corporation (NRK) via the budget. The changeover is offset by the abolition of the television licence fee. In the Government's budget proposal for 2020, the changes related to the changeover to funding NRK via the budget account for the predominant part of the changes to income tax for individuals.

Statistics Norway does not have access to data showing the impact of the abolition of the television licence fee across households and individual taxpayers in various income groups. Consequently, there is no proper basis for integrating the change in the funding of NRK in the Statistics Norway tax model LOTTE-Skatt. Moreover, the other tax changes, which are not related to the change in the funding of NRK, and which could have been analysed in LOTTE-Skatt (adjusting the personal allowance in line with wage growth, increasing the agricultural allowance and maintaining certain thresholds unchanged in nominal terms), each have fairly limited revenue effects and represent an aggregate net revenue increase of about NOK 40 million accrued. The average net change in tax in the various income intervals as the result of these changes are minor. The Ministry does not, against this background, present a distributional effects table for the 2020 tax proposal.

Although the average change in disposable income in various income intervals from changing the funding of NRK cannot be calculated in a satisfactory manner, the Ministry has a good basis for estimating how disposable income is affected for different household types. The Government is proposing to reduce the personal allowance by less than would be required for the change to be revenue neutral and to increase the tax credit for pension income.

Households of one taxpayer who currently pays the television licence fee will be distinctly better off. This applies, in particular, to single pensioners receiving the minimum national insurance pension, who are sheltered from tax on their pension. Most households of two taxpayers who currently pay the television licence fee will have about the same disposable income. Households with two taxpayers will be better off if at least one of the taxpayers is not fully affected by the reduction in the personal allowance, or if at least one of them receives a fairly low pension income. Households which currently do not pay the television licence fee and are affected by the lower personal allowance will be worse off. Reference is made to Chapter 3 for further details.

The Government proposes certain other tax changes with distributional effects. It is proposed to eliminate certain unintended tax avoidance opportunities under the net wealth tax

provisions, which have primarily been accessible to those with high net wealth in the form of business holdings. The aggregate tax increase is just under NOK 0.5 billion.

The Government proposes to increase the child benefit in 2020 as well. The child benefit for children aged 0–5 years will from 1 September be increased by NOK 3,600 (full-year effect) on top of inflation adjustment. The rate for children aged 6–17 years will remain unchanged in nominal terms. The aggregate full-year effect of the child benefit changes is to increase the average disposable income of child benefit recipients by about NOK 1,600 per year. The average increase is largest for the recipients on the lowest incomes. Recipients with an income of less than NOK 300,000 will on average see an increase of about NOK 2,400 in their disposable income.

1.6 Tax rates and thresholds

Table 1.4 shows tax rates, allowances and thresholds in 2019 and the Government’s proposals for 2020. The general allowances and thresholds are rounded after adjustment for estimated growth in wages, pensions or prices from 2019 to 2020. The increases may therefore deviate somewhat from the level of the various growth estimates. Wage growth is estimated at 3.6 percent, consumer price growth at 1.9 percent and growth in the ordinary retirement pension at 2.8 percent. Reference is also made to the proposed tax decisions in this proposition and to the overview of allowances and thresholds on the Ministry’s website.

Table 1.4 Tax rates, allowances and thresholds in 2019 and proposals for 2020

	2019 rules	Proposal 2020	Change 2019–2020
<i>Tax on ordinary income</i>			
Individuals ¹	22 pct.	22 pct.	-
Corporations ²	22 pct.	22 pct.	-
<i>Tax on resource rent industries</i>			
Petroleum (special tax).....	56 pct.	56 pct.	-
Hydropower (tax on resource rent)	37 pct.	37 pct.	-
<i>Bracket tax</i>			
Bracket 1			
Threshold	NOK 174,500	NOK 180,800	3.6 pct.
Rate	1.9 pct.	1.9 pct.	-
Bracket 2			
Threshold	NOK 245,650	NOK 254,500	3.6 pct.
Rate	4.2 pct.	4.2 pct.	-
Bracket 3			
Threshold	NOK 617,500	NOK 639,750	3.6 pct.
Rate ³	13.2 pct.	13.2 pct.	-
Bracket 4			
Threshold	NOK 964,800	NOK 999,550	3.6 pct.
Rate	16.2 pct.	16.2 pct.	-

<i>Employee's social security contributions</i>			
Lower threshold for the payment of employee's social security contributions.....	NOK 54,650	NOK 54,650	-
Levelling rate	25 pct.	25 pct.	-
Rate			
Wage income.....	8.2 pct.	8.2 pct.	-
Fishing, hunting and childcare ⁴	8.2 pct.	8.2 pct.	-
Income from other self-employment.....	11.4 pct.	11.4 pct.	-
Pension income, etc.....	5.1 pct.	5.1 pct.	-
<i>Rate on the gross income of foreign employees (withholding tax).....</i>	25 pct.	25 pct.	-
<i>Employer's social security contributions</i>			
Zone I.....	14.1 pct.	14.1 pct.	-
Zone Ia ⁵	14.1/10.6 pct.	14.1/10.6 pct.	-
Zone II.....	10.6 pct.	10.6 pct.	-
Zone III	6.4 pct.	6.4 pct.	-
Zone IV	5.1 pct.	5.1 pct.	-
Zone IVa	7.9 pct.	7.9 pct.	-
Zone V.....	0 pct.	0 pct.	-
<i>Maximum effective marginal tax rates</i>			
Wage income, excl. employer's social security contributions.....	46.4 pct.	46.4 pct.	-
Wage income, incl. employer's social security contributions.....	53.0 pct.	53.0 pct.	-
Pension income ⁶	43.3 pct.	43.3 pct.	-
Income from self-employment ⁷	49.6 pct.	49.6 pct.	-
Dividends ⁷	46.7 pct.	46.7 pct.	-
<i>Personal allowance⁸</i>	NOK 56,550	NOK 51,300	-9.3 pct.
<i>Basic allowance for wage income</i>			
Rate	45 pct.	45 pct.	-
Lower limit.....	NOK 4,000	NOK 4,000	-
Upper limit ⁹	NOK 100,800	NOK 104,450	3.6 pct.
<i>Basic allowance for pension income</i>			
Rate	31 pct.	31 pct.	-
Lower limit.....	NOK 4,000	NOK 4,000	-
Upper limit.....	NOK 85,050	NOK 87,450	2.8 pct.

<i>Special wage income allowance</i> ¹⁰	NOK 31,800	NOK 31,800	-
<i>Special allowance for single parents</i>	NOK 51,804	NOK 51,804	-
<i>Special tax credit for pensioners</i>			
Maximum amount	NOK 30,000	NOK 32,330	7.8 pct.
Downscaling, bracket 1			
Threshold	NOK 198,200	NOK 204,150	3 pct.
Rate	15.3 pct.	16.7 pct.	1.4 pct. points
Downscaling, bracket 2			
Threshold	NOK 297,900	NOK 306,300	2.8 pct.
Rate	6.0 pct.	6.0 pct.	-
<i>The tax limitation rule</i>			
Levelling rate	55 pct.	55 pct.	-
Tax-exempted net income			
Single person.....	NOK 147,450	NOK 147,450	-
Married person	NOK 135,550	NOK 135,550	-
Net wealth supplement			
Rate	1.5 pct.	1.5 pct.	-
Single person.....	NOK 200,000	NOK 200,000	-
Married person	NOK 100,000	NOK 100,000	-
<i>Special allowance in Troms and Finnmark (the Action Zone)</i>			
	NOK 15,500	NOK 15,500	-
<i>Seamen's allowance</i>			
Rate	30 pct.	30 pct.	-
Upper limit	NOK 80,000	NOK 80,000	-
<i>Fishermen's allowance</i>			
Rate	30 pct.	30 pct.	-
Upper limit	NOK 150,000	NOK 150,000	-
<i>Special allowance for income from self-employment in agriculture, etc.</i>			
Income-independent allowance.....	NOK 63,500	NOK 90,000	41.7 pct.
Rate applicable to amounts in excess of the income-independent allowance	38 pct.	38 pct.	-
Maximum overall allowance.....	NOK 166,400	NOK 190,400	14.4 pct.
<i>Maximum annual allowance for payments to individual pension schemes</i> ¹¹			
	NOK 40,000	NOK 40,000	-

<i>Allowance for travel between home and work</i>			
Rate per km	NOK 1.56/0.76	NOK 1.56/0.76	-
Lower allowance limit	NOK 22,700	NOK 23,100	1.8 pct.
<i>Maximum allowance for donations to charities....</i>			
	NOK 50,000	NOK 50,000	-
<i>Maximum value of tax-exempted employee discounts¹²</i>			
	NOK 8,000	NOK 8,000	-
<i>Maximum allowance for paid trade union subscriptions, etc.....</i>			
	NOK 3,850	NOK 3,850	-
<i>Home investment savings scheme for people below the age of 34 years (BSU)</i>			
Tax deduction rate.....	20 pct.	20 pct.	-
Maximum annual saving	NOK 25,000	NOK 25,000	-
Maximum total savings in the scheme	NOK 300,000	NOK 300,000	-
<i>Parental allowance for documented childcare expenses</i>			
Upper limit			
One child	NOK 25,000	NOK 25,000	-
Supplement per additional child	NOK 15,000	NOK 15,000	-
<i>Net wealth tax¹³</i>			
Local government			
Threshold	NOK 1,500,000	NOK 1,500,000	-
Rate	0.7 pct.	0.7 pct.	-
Central government			
Threshold	NOK 1,500,000	NOK 1,500,000	-
Rate	0.15 pct.	0.15 pct.	-
Valuation discounts ¹⁴			
Primary dwellings	75 pct.	75 pct.	-
Secondary dwellings (and associated debt)	10 pct.	10 pct.	-
Shares and operating assets (incl. commercial property) and associated debt.....	25 pct.	25 pct.	-
<i>Financial Activity Tax</i>			
Financial Activity Tax on wages	5 pct.	5 pct.	-
<i>Depreciation rates</i>			
Asset group a (office equipment, etc.)	30 pct.	30 pct.	-
Asset group b (acquired goodwill).....	20 pct.	20 pct.	-
Asset group c (heavy goods vehicles, lorries,	24 (30) pct.	24 (30) pct.	-

buses, vans, etc.) ¹⁵			
Asset group d (passenger cars, machinery and equipment, etc.).....	20 pct.	20 pct.	-
Asset group e (ships, vessels, rigs, etc.).....	14 pct.	14 pct.	-
Asset group f (aircraft, helicopters)	12 pct.	12 pct.	-
Asset group g (facilities for the transmission and distribution of electricity and electrotechnical equipment in power companies)	5 pct.	5 pct.	-
Asset group h (buildings and installations, hotels, etc.) ¹⁶	4 (6/10) pct.	4 (6/10/20) pct.	(10/20 pct. points)
Asset group i (office buildings)	2 pct.	2 pct.	-
Asset group j (technical facilities in office buildings and other commercial buildings)	10 pct.	10 pct.	-

¹ The rate is 18.5 pct. for taxpayers in the Action Zone of the county of Troms and Finnmark.

² Tax on ordinary income for undertakings subject to Financial Activity Tax is 25 pct. in both 2019 and 2020.

³ The rate is 11.2 pct. in bracket 3 in both 2019 and 2020 for taxpayers in the Action Zone of the county of Troms and Finnmark.

⁴ Income from self-employment within fishing and hunting, as well as childminding in own home (children below the age of 12 years or with special care and nursing needs) is subject to an 8.2 pct. social insurance contribution. A lower social insurance rate for hunting and fishing has to do with the fact that these industries pay a product tax intended to, inter alia, make up the difference between the 8.2 pct. and the 11.4 pct. social insurance contribution rates.

⁵ Employer's social security contribution shall be paid in Zone 1a at a rate of 10.6 pct. until the difference between the employer's social security contribution paid at this rate by the enterprise and what employer's social security contribution such enterprise would have paid at a rate of 14.1 pct. equals the de minimis amount. The rate of 14.1 pct. shall be applied to any contribution base in excess thereof. In 2020, the threshold amount is NOK 500,000 per enterprise. The threshold amount is NOK 250,000 for cargo transport by road in Zone 1a.

⁶ For individuals who fall within the scope of the special tax credit for pensioners, the maximum effective marginal tax rate may be up to 46.6 pct. in 2019 and 48.0 pct. in 2020.

⁷ Includes corporate tax and upwards adjustment factor for dividends, etc. In 2020, the corporate tax under the Government's proposal is 22 pct. and the upwards adjustment factor for dividends, etc., is 1.44.

⁸ The personal allowance will be adjusted in line with wage growth as usual, cf. Section 4.1.4, and thereafter reduced to fund the Norwegian Broadcasting Corporation, cf. Section 3.1.2.

⁹ The sum of the basic allowance for wage income and the basic allowance for pension income shall not exceed the maximum basic allowance for wage income, i.e. NOK 104,450 for 2020.

¹⁰ A taxpayer earning wage income only qualifies for the higher of the basic allowance for wage income and the special wage income allowance.

¹¹ A new tax-favoured individual pension savings scheme was introduced in connection with the Revised National Budget for 2017. The maximum deduction under this scheme is NOK 40,000. The old IPS scheme is continued with a maximum deduction of NOK 15,000 (coordinated with contributions under the new scheme, such as to cap the overall deduction at NOK 40,000) for those already saving under that scheme.

¹² The maximum value of tax-exempted employee discounts increased from NOK 7,000 kroner to NOK 8,000, cf. Prop. 51 S (2018–2019).

¹³ The thresholds apply to single taxpayers. For married couples whose taxes are assessed jointly for joint assets, the threshold is twice the level specified in the table.

¹⁴ The valuation discounts apply to assets owned directly by persons liable to pay net wealth tax.

¹⁵ The ordinary depreciation rate for asset group c is 24 pct., with a higher rate of 30 pct. for vans that are exclusively running on electricity.

¹⁶ Agricultural buildings for livestock can be depreciated at a higher rate of 6 pct. Buildings with a design so simple that their economic life must be assumed not to exceed 20 years can be depreciated at a rate of 10 pct. The 10-pct. rate also applies to installations whose economic life must be assumed not to exceed 20 years. It is proposed to allow costs for the establishment of fruit and berry fields, which it has not been possible to depreciate over their economic life, to be depreciated on a declining-balance basis as installations at a rate of 10 and 20 pct., respectively, per year from 2020 onwards.

Source: Ministry of Finance.

Table 1.5 shows current rates of value added tax and excise duties, as well as rate proposals for 2020. Basically, all excise duties have been adjusted upwards by 1.9 percent to account for anticipated inflation. Minor deviations may be due to rounding of the rates. Reference is also made to the decision on indirect taxes in this proposition.

Table 1.5 Rates of indirect tax in 2019 and proposed rates for 2020

Tax category	2019 rules	Proposal 2020	Change in percent
<i>Value added tax, pct. of sales value</i>			
Standard rate.....	25	25	-
Reduced rate.....	15	15	-
Low rate.....	12	12	-
<i>Tax on alcoholic beverages</i>			
Spirits-based beverages in excess of 0.7 pct. alcohol by volume, NOK/pct. alcohol and litre	7.69	7.84	2.0
Other alcoholic beverages, from 4.7 to 22 pct. alcohol by volume, NOK/pct. alcohol and litre	5.01	5.11	2.0
Other alcoholic beverages, up to 4.7 pct. alcohol by volume, NOK/litre			
a) 0.0 – 0.7 pct. alcohol by volume	-	-	-
b) 0.7 – 2.7 pct. alcohol by volume	3.44	3.51	2.0
c) 2.7 – 3.7 pct. alcohol by volume	12.93	13.18	1.9
d) 3.7 – 4.7 pct. alcohol by volume	22.40	22.83	1.9
Fermented alcoholic beverages in excess of 3.7, up to 4.7, alcohol by volume, produced in small breweries.	variable	variable	-
<i>Tax on tobacco products</i>			
Cigars, NOK/100 grams	263	268	1.9
Cigarettes, NOK/100 units.	263	268	1.9
Smoking tobacco, NOK/100 grams.....	263	268	1.9
Snuff, NOK/100 grams.....	107	109	1.9
Chewing tobacco, NOK/100 grams	107	109	1.9
Cigarette paper, NOK/100 units	4.02	4.10	2.0
<i>Motor vehicle registration tax</i>			
Passenger cars, etc. Tax group a ¹			

Weight, NOK/kg			
first 500 kg	0	0	-
next 700 kg	25.42	25.90	1.9
next 200 kg	63.35	64.55	1.9
next 100 kg	197.96	201.72	1.9
remainder	230.23	234.60	1.9
NO _X emissions, NOK per mg/km	73.14	74.53	1.9
CO ₂ emissions, NOK per g/km ²			
first 87 g/km	-	0	-
next 31 g/km	-	773.91	-
next 37 g/km	-	867.25	-
next 70 g/km	-	2,272.56	-
remainder	-	3,625.17	-
allowance for emissions below 87 g/km, applies down to 50 g/km and only to vehicles emitting less than 87 g/km	-	792.95	-
allowance for emissions below 50 g/km, only applicable to vehicles emitting less than 50 g/km	-	932.92	-
Vans class 2. Tax group b, ³			
weight, pct. of passenger car tax	20	20	-
NO _X emissions, pct. of passenger car tax	75	75	-
CO ₂ emissions, pct. of passenger car tax	variable	variable	-
Campervans. Tax group c, ⁴			
pct. of passenger car tax	22	22	-
Weasels. Tax group e,			
pct. of value tax base	36	36	-
Motorbikes. Tax group f, ⁵			
Piston displacement tax, NOK/cm ³			
first 225 cm ³	0	0	-
next 675 cm ³	30.27	30.85	1.9
remainder	70.75	72.09	1.9
CO ₂ emissions, NOK per g/km			
first 75 g/km	0	0	-

next 60 g/km.....	673.59	686.39	1.9
remainder	910.79	928.10	1.9
Snowmobiles. Tax group g			
Weight, NOK/kg			
first 100 kg	14.22	14.49	1.9
next 100 kg.....	28.44	28.98	1.9
remainder.....	56.86	57.94	1.9
Engine power, NOK/kW			
first 20 kW.....	22.84	23.27	1.9
next 20 kW	45.69	46.56	1.9
remainder.....	91.35	93.09	1.9
Piston displacement, NOK/cm ³			
first 200 cm ³	2.51	2.56	2.0
next 200 cm ³	5.01	5.11	2.0
remainder.....	10.00	10.19	1.9
Minibuses. Tax group j, ⁶			
pct. of passenger car tax	40	40	-
<i>Traffic insurance tax, NOK/day⁷</i>			
Petrol vehicles and diesel vehicles with a factory-fitted particle filter	7.97	8.12	1.9
Diesel vehicles without a factory-fitted particle filter	9.29	9.47	1.9
Motorbikes	5.54	5.65	2.0
Tractors, mopeds, etc.....	1.29	1.31	1.6
<i>Annual weight-based tax, NOK/year.....</i>	variable	variable	-
<i>Re-registration tax.....</i>	variable	variable	-
<i>Road usage tax on engine fuel</i>			
Petrol, NOK/litre ⁸	5.25	4.91	-6.5
Auto diesel, NOK/litre ⁹	3.81	3.62	-5.0
Bioethanol, NOK/litre ¹⁰	5.25	2.37	-54.9

Biodiesel, NOK/litre ¹¹	3.81	3.62	-5.0
Natural gas, NOK/Sm ³	0	1.02	-
LPG, NOK/kg.....	2.98	3.48	16.8
<i>Electricity tax, øre/kWh</i>			
Standard rate.....	15.83	16.13	1.9
Reduced rate.....	0.5	0.505	1.0
<i>Base tax on mineral oils, etc.</i>			
Mineral oils, NOK/litre	1.65	1.68	1.8
Mineral oil in the pulp and paper industry, production of dyes and pigments, NOK/litre	0.21	0.212	1.0
<i>Tax on lubricating oils, NOK/litre</i>	2.23	2.27	1.8
<i>CO₂ tax</i>			
Petrol, NOK/litre	1.18	1.26	6.8
Mineral oils			
standard rate, NOK/litre	1.35	1.45	7.4
domestic EU ETS aviation, NOK/litre	1.30	1.39	6.9
domestic aviation, NOK/litre.....	1.30	1.39	6.9
fishing and catching in inshore waters, NOK/litre ¹²	0.29	1.45	400.0
Domestic use of gas			
natural gas, NOK/Sm ³	1.02	1.08	5.9
LPG, NOK/kg.....	1.52	1.63	7.2
reduced rate natural gas, NOK/Sm ³	0.060	0.061	1.7
Continental shelf			
mineral oils, NOK/litre.....	1.08	1.15	6.5
natural gas, NOK/Sm ³	1.08	1.15	6.5
natural gas emitted to air, NOK/Sm ³	7.41	7.93	7.0
<i>Sulphur tax, NOK/litre</i>	0.133	0.135	1.9

<i>Tax on trichloroethene (TRI) and tetrachloroethene (PER), NOK/kg</i>	73.37	74.76	1.9
<i>Tax on HFC and PFC, NOK/tonne of CO₂ equivalents</i>	508	544	7.1
<i>Tax on NO_x emissions, NOK/kg</i>	22.27	22.69	1.9
<i>Tax on chocolate and sugar products, etc., NOK/kg</i>	20.82	21.22	1.9
<i>Tax on non-alcoholic beverages</i>			
Finished products, NOK/litre	4.82	4.91	1.9
Concentrate (syrup), NOK/litre	29.34	29.90	1.9
Squash and syrup based on fruits, berries or vegetables, without added sugar, NOK/litre.....	1.73	1.76	1.7
Concentrate (syrup) based on fruits, berries or vegetables, without added sugar, NOK/litre	10.47	10.67	1.9
<i>Sugar tax, NOK/kg</i>	8.05	8.20	1.9
<i>Tax on beverage packaging, NOK/units</i>			
Base tax, disposable packaging	1.21	1.23	1.7
Environmental tax			
a) Glass and metals.....	5.88	5.99	1.9
b) Plastics	3.55	3.62	2.0
c) Cartons and cardboard.....	1.45	1.48	2.1
<i>Air passenger tax, NOK/passenger</i>			
Low rate.....	75	76.5	2.0
High rate.....	200	204	2.0
<i>Parimutuel betting tax, pct. of gross turnover</i>	3.7	3.33	-10.0
<i>Stamp duty, pct. of sales value</i>	2.5	2.5	-

- ¹ Group a: Passenger cars, class 1 vans and buses shorter than 6 metres with up to 17 seats. Piston displacement is used as the tax component for vehicles whose CO₂ emissions are not specified.
- ² The budget for 2020 proposes a changeover to WLTP values as the basis for the CO₂ component. For 2019, NEDC values are used. The changeover implies that the current CO₂ rates for 2019 are not directly comparable to the proposal for 2020 and the rates for 2019 are therefore not included in the table.
- ³ Group b: Class 2 vans. For vans, changeover to WLTP is proposed for 2021. In 2020, vans will be taxed on the basis of NEDC values. The subsequent percentages of the passenger car rates refer to the rates applicable to imported second-hand passenger cars with emissions measured on the basis of NEDC. The highest level of the CO₂ component does not apply to group b, the second-highest level is 25 pct. of the tax on passenger cars and the other levels are 30 pct. of the tax on passenger cars.
- ⁴ Group c: Campervans. For campervans, changeover to WLTP is proposed for 2021. In 2020, campervans will be taxed on the basis of NEDC values. The stipulated 22 pct. of the passenger car rates refers to the rates applicable to imported second-hand passenger cars with emissions measured on the basis of NEDC. No NO_x component applicable.
- ⁵ Group f: Motorbikes. Vehicles whose CO₂ emissions are not registered are taxed per unit and by engine power, in addition to tax on piston displacement.
- ⁶ Group j: Buses shorter than 6 metres with up to 17 seats, of which at least 10 are forward-facing. The highest level of the CO₂ component does not apply to group j. No NO_x component applicable.
- ⁷ The tax triggered by each insurance policy is calculated on the basis of the tax rates applicable upon commencement of the insurance. For insurance established or annually renewed before 1 March 2019, the 2018 rates shall apply. For insurance established or annually renewed from 1 March 2019 to 29 February 2020, the 2019 rates shall apply. For insurance established or annually renewed after 1 March 2020, the 2020 rates shall apply.
- ⁸ Petrol with a sulphur content of 10 ppm or lower.
- ⁹ Diesel with a sulphur content of 10 ppm or lower.
- ¹⁰ Bioethanol exceeding the sales requirement is in 2019 not subject to road usage tax.
- ¹¹ Biodiesel exceeding the sales requirement is in 2019 not subject to road usage tax.
- ¹² Reduced rate of, and exemption from, the CO₂ tax for fishing and catching in inshore waters will be abolished from 2020. A compensation scheme will at the same time be introduced to facilitate and ease the adjustment of the industry.

Source: Ministry of Finance.

1.7 Allocation of public sector tax revenues

Table 1.6 provides a general overview of the main groups of taxes and shows which part of the public sector receives the revenues from the different groups. In total, tax revenues are estimated at NOK 1,437 billion in 2019, of which about 85 percent accrue to central government, just over 13 percent to local government and about 2 percent to regional government.

Most of local and regional government tax revenues are in the form of income tax and net wealth tax on personal taxpayers. About 35 percent of central government tax revenues are in the form of value added tax, excise duties and customs duties. About 27 percent of central government tax revenues come from personal taxpayers, whilst about 23 percent come from non-personal taxpayers and employer's social security contributions in mainland Norway. About 11 percent of the central government revenues in 2019 are in the form of taxes from the petroleum sector. Other taxes, including the Financial Activity Tax, account for about 4 percent.

Table 1.6 Accrued taxes specified by tax creditors. Estimates for 2019¹.

NOK billion

	Total	Central government	Local government	Regional government
<i>Personal taxpayers</i>	531.7	330.1	167.0	34.6

Tax on ordinary income	292.8	104.5	153.8	34.6
Bracket tax	72.7	72.7	-	-
Employee's social security contributions	150.1	150.1	-	-
Net wealth tax	16.1	2.8	13.3	-
<i>Corporations (whose taxes are payable in arrears)</i>	87.3	85.7	1.4	0.3
Income tax (including power plants)	87.0	85.3	1.4	0.3
Net wealth tax	0.3	0.3	-	-
<i>Financial Activity Tax</i>	4.5	4.5		
Tax on wages	2.0	2.0		
Tax on profits	2.5	2.5		
<i>Recurrent tax on immovable property (property tax)</i>	14.5	-	14.5	-
<i>Employer's social security contributions</i>	195.3	195.3	-	-
<i>Indirect taxes</i>	422.8	422.8	-	-
Value added tax	313.5	313.5	-	-
Excise duties and customs duties	109.3	109.3	-	-
<i>Petroleum</i>	136.8	136.8	-	-
Tax on income	129.5	129.5	-	-
Tax on extraction, etc.	7.3	7.3	-	-
<i>Other direct and indirect taxes</i>	44.4	43.8	0.7	-
Social security and pension premiums, other central government and social security accounts ²	29.4	29.4	-	-
Tax on dividends for foreign shareholders	4.4	4.4	-	-
Other direct and indirect taxes ³	10.7	10.0	0.7	-
Total direct and indirect taxes	1,437.4	1,218.8	183.7	34.9
Of which direct taxes	1,014.5	796.2	183.6	34.9

¹ The table does not reflect the revision of the public finance statistics of the Statistics Norway, which applies from publication on 20 September 2019.

² Including the Norwegian Public Service Pension Fund.

³ Including certain revenue items classified as tax revenues in the national accounts, but not classified as tax revenues in the fiscal budget.

Source: Ministry of Finance