

# 1 Main features of the tax programme for 2014

## 1.1 Main features of the tax programme

The main tax policy objectives of the Government are raising public revenues in an efficient manner, helping to bring about a just distribution of wealth and a better environment, promoting employment throughout the country and improving the efficiency of the economy. The tax system brings in more than NOK 1,200 billion; more than 40 pct. of combined GDP, and forms the main basis for financing welfare goods and the social safety net.

The Government gives priority to maintaining the tax system, and assesses the need for adjustments and improvements on a regular basis. The tax bases, in particular, require maintenance and protection. Broad tax bases that cover actual income, wealth and consumption make it possible to keep tax rates lower than would otherwise have been necessary. Broad bases offer the best prospects for raising high tax revenues at the minimum possible cost to society, for ensuring the equal treatment of different taxpayers, as well as for achieving the desired redistribution of income via the tax system.

The Government has implemented several important tax changes:

- The 2006 tax reform involved the introduction of the dividend tax, the reduction of the highest marginal tax rates on labour and the abolition of the split-income model. The reform contributed to the curbing of extensive tax avoidance, as well as to more equal treatment of different types of legal entities. The principles of the 1992 reform regarding low tax rates, broad tax bases and equal tax treatment were affirmed. Evaluation of the reform shows that the tax system has become more redistributive as the result of, *inter alia*, the introduction of dividend tax, and that lower tax rates on labour income are likely to have contributed to increased labour supply.
- The Government has amended the taxation of pension income to make it more profitable to work and to combine work with pension income. This change also contributed to redistribution from those on large pensions to those on smaller pensions.
- A corresponding restructuring, as for pensions, has been adopted for the disabled from 2015 and is proposed for transitional benefit recipients for 2014. The tax limitation rule will be abolished and replaced by labour income taxation in combination with higher gross benefits.
- The Government has improved the value added tax system by, *inter alia*, expanding the tax base with regard to the purchase of electronic services from abroad, as well as in certain areas within culture and sports.
- The Government has reduced fees that exceed the public sector's cost of providing the services in question. Over the period 2007–2013, overpriced fees have been reduced by some NOK 1.2 billion. The proposals in this year's budget mean that the

Government will reduce overpriced fees by a total of about 1.6 NOK billion in real terms since 2007.

- The Government has increased and expanded environmental and energy-related taxes. In total, environmental- and energy-related taxes have increased by around NOK 1.8 billion from 2005 to 2013. The motor vehicle registration tax was restructured to a more environmentally-friendly profile in 2007. This has resulted in a steep decline in CO<sub>2</sub> emissions from new passenger cars. Motor vehicle taxes have been reduced by about NOK 600 mill in recent years, whilst the scrap vehicle deposit has been doubled.
- The fight against tax evasion has been stepped up both nationally and internationally. Those who avoid taxes are shifting the burden to loyal and law-abiding taxpayers. Hence, anti-tax evasion measures also form an important element of promoting a fair distribution. The Government has increased the budgets of the Norwegian Tax Administration and of Norwegian Customs and Excise, and participated actively in international cooperation to combat tax havens.
- The Government has made the net wealth tax more targeted. It now plays a more important role in redistribution policy. At the same time, the proportion of the population paying net wealth tax has been roughly halved since 2005.
- Compared to the 2006 budget proposal of the Bondevik II Government, the tax level has increased by about NOK 12 billion as per 2013 (measured in current prices). Cumulatively, this has generated increased tax revenues of about NOK 95 billion over the past eight years.

The Government keeps taxes at the 2004 level in line with the tax pledge, cf. Table 1.1. The tax programme for 2014 includes features that will strengthen work incentives, close tax loopholes, simplify systems and improve the environment. The Government is following up on the growth package for business announced in the Revised National Budget for 2013 by reducing tax rates for companies and the self-employed. These measures will improve competitiveness, promote profitability and strengthen investment in mainland businesses. In order to make the Norwegian tax base more robust, restrictions will be introduced on the deductibility of debt interest payable to intra-group companies.

#### *Income tax and net wealth tax for individuals*

The net wealth tax is decisive in ensuring that also high net wealth individuals pay tax according to their means. The Government will therefore keep the net wealth tax and continue improving it. It is proposed that the taxable values of second homes and commercial property be increased from 50 to 60 pct. of estimated market value from 2014, and that the taxable values of holiday homes be increased by 10 pct. This will reduce the wealth tax bias currently favouring real estate investments. The wealth taxation of primary residences will remain unchanged. At the same time, the Government proposes an increase in the basic allowance from NOK 870,000 to NOK 1 million. Hence, married couples will have a total basic allowance of NOK 2 million. All in all, the changes will

reduce the number of people paying wealth tax and further focus the wealth tax on actual high net wealth individuals.

In 2009, the inheritance tax was restructured significantly to make it fairer and more targeted. The Government is now proposing an increase in the threshold triggering inheritance tax from NOK 470,000 to NOK 1 million. The tax rate applicable to amounts in excess of the said threshold will be 10 pct. on inheritance and gifts for children and parents and 15 pct. for others. Moreover, it is proposed that the discount applicable to non-listed shares be reduced from 40 to 30 pct. This will make the treatment of different asset types more equal. All in all, the inheritance tax is simplified, and the number of people paying inheritance tax will be reduced by about 65 pct.

The current rule on exemption from capital gains tax upon the sale of a home in which one lives suffers from a number of weaknesses. The intention behind the rule is to exempt one's own home from capital gains tax. However, the current rules make it easy for owners of additional homes to avoid tax when selling these. The Government is therefore proposing new rules for determining tax liability upon the sale of homes, which will depend on the ratio between the period of residence and the period of ownership. For example, if the period of ownership is ten years and the period of residence is seven years, then 70 pct. of the capital gain will be tax-exempt. Any ownership beyond twenty years is not taken into consideration. Today owners of second homes can avoid tax by moving into such home and living there for the last year before the said home is sold. The new rules on the taxation of capital gains will, in combination with higher taxable values of secondary homes for wealth tax purposes, contribute to curbing overinvestment in homes and may thus somewhat relieve pressure in the housing market.

The rate structure of labour income taxation is maintained. The real progressivity of labour income taxation is maintained by increasing the surtax thresholds, the personal allowance and the upper limit of the basic allowances against wage income and pension income in line with expected wage growth for 2014, i.e. by 3.5 pct. At the same time, the Government is giving priority to tax relief for those on low wage incomes by increasing the rate of the basic allowance from 40 pct. to 42 pct. In addition, the thresholds applicable to the special allowance for sole providers will be adjusted in line with wages.

Work must be profitable. A number of changes to the tax and social security system in recent years have strengthened work incentives. As from 2012 recipients of the transitional benefit for sole providers have to meet more stringent criterias with regard to occupational activity. In 2013 the benefit duration for additional children was limited for sole providers already receiving the benefit. The Government is now proposing that the transitional benefit for sole providers be taxed as wage income for new benefit recipients. This will contribute to making the transitional benefit more work-oriented. At the same time, the transitional benefit for new recipients will be increased such as to keep the benefit level after tax no lower than the current level for all recipients who get the benefit all year and only have the standard allowances. The maximum marginal tax rate will be reduced and may, in isolation, make work more profitable. The marginal tax rate will, however, still be high, and the increase in the gross benefit may counteract the improved

work incentives. The new rules will contribute to harmonising the taxation of various benefits. Unemployment benefits, sick pay, the work assessment allowance and the new disability benefit from 2015 are also taxed as wage income.

Tax class 2 was abolished for sole providers in 2013. The Government proposes that tax class 2 also be abolished for married couples from 2014. The proposal will strengthen work incentives and promote equal opportunities and integration. It will also imply equal tax treatment of married couples and cohabitants in this regard.

There is a need for simplifying the provisions on the taxation of employer-funded electronic communication services. Many employers perceive the current rules as representing an unreasonable administrative burden, and these rules are not well adapted to the technological developments in recent years. The Government therefore proposes the abolition of the most complex elements of the current rules, whilst making the income adjustment independent of the number of services.

### *Business taxation*

In the Revised National Budget for 2013, the Government presented a growth package that will improve competitiveness, promote profitability and strengthen mainland business investments. The corporation tax rate will be reduced from 28 to 27 pct. The special tax on oil companies and the economic rent tax on hydropower plants are increased by one percentage point, such as to keep the marginal tax rate unchanged. At the same time, the scope for deducting debt interest payable to close associates is curtailed. This will prevent multinational companies from shifting profits abroad and thus reducing the taxes payable in Norway. The tax committee appointed in March (the Scheel Committee) will examine the corporation tax in view of international developments and the tax system in general. The present measures will, pending the committee's report, represent a first important step towards protecting the Norwegian corporation tax base. The Government proposes a matching tax reduction for the self-employed, by reducing employee's social security contributions on income from self-employment by 0.72 percentage point. The effective tax rate for individuals who are partners in entities taxed as partnerships will be reduced by one percentage point.

The Government is also following up the proposal in the growth package for the introduction of 10 pct. initial depreciation for machinery and other operating equipment in asset group d. This will stimulate new investment in mainland industries. The Government proposes strengthening of the Skattefunn R&D tax incentive scheme in order to stimulate more research and development in the business sector. This is achieved by increasing the overall cap on internal and outsourced R&D from NOK 11 million to NOK 22 million. It is proposed that the maximum hourly rate for own employees be increased from NOK 530 to NOK 600 per hour.

The tax relief in the growth package is largely funded through restricting the deductibility of debt interest payable to close associates. In view of the public consultation on this proposal, the Government is proposing some concessions with regard to such restrictions. It is proposed that the deductibility of interest costs payable to lenders that are close

associates be capped at 30 pct. of the calculation base, as compared to 25 pct. in the proposal circulated for consultation. Moreover, the minimum interest cost threshold above which the interest deductibility restriction applies is increased from NOK 1 million to NOK 3 million.

### *Indirect taxes and fees*

The Government is strengthening the environmental profile of indirect taxes by increasing taxes on greenhouse gases. It is proposed, *inter alia*, that the general CO<sub>2</sub> tax rate on mineral oil and gas and the tax on the greenhouse gases HFC and PFC be increased by NOK 100 to about NOK 330 per tonne of CO<sub>2</sub> equivalents. Auto diesel subjected to road usage tax on fuel is exempted from the tax increase, whilst the rates for domestic aviation are increased by about NOK 50 per tonne of CO<sub>2</sub>. The effective tax on fishing and catching in inshore waters is further increased by about 50 NOK to NOK 98 per tonne of CO<sub>2</sub>. At the same time, the fishermen's allowance will be increased.

The rates under the re-registration tax for cars will be reduced by an average of 12.5 pct. in real terms. Furthermore, it is proposed that more weight be attached to CO<sub>2</sub> and NO<sub>x</sub> emissions in the motor vehicle registration tax and that less weight be attached to engine power. The environmental profile will also be strengthened for heavy vehicles. It is proposed that the environmentally differentiated annual weight-based tax be increased, and that the re-registration tax be abolished, for motor vehicles with a total weight in excess of 7.5 tonnes.

It is proposed to increase the electricity tax by NOK 0.0112 per kWh above inflation adjustment. This implies that the tax level per unit of energy for electricity will correspond to the base tax on mineral oil.

The Government is continuing its clean-up of sectoral taxes and overpriced fees. It is proposed, *inter alia*, that judicial registration fees on real estate, mortgage bonds, etc. be further reduced in 2014, in order that these are cost-based.

### *Other tax changes*

- The maximum allowance for trade union subscriptions will be increased from NOK 3,850 to NOK 4,100.
- The right to deduct travel expenses will be capped, thus limiting deductibility in respect of the very longest commutes.
- The mark-up in the benchmark rate for the taxation of subsidised employee loans will be increased from 0.5 to 1 percentage point, in order for the benchmark rate to be more in conformity with regular interest rates on housing loans.
- The lower threshold triggering a duty to report wages in charities and a duty to report wages relating to work in homes, including holiday homes, will be increased from NOK 4,000 to 6,000.
- Certain limits, etc., will remain nominally unchanged from 2013 to 2014. This applies, for example, to the special wage income allowance, the parental allowance for documented childminding and childcare expenses, the lower threshold for the payment of employee's social security contribution, the special allowance for taxpayers in

North Troms and Finnmark, the special allowance for slate miners in Finnmark and North Troms, the seamen's allowance, the lower threshold and kilometre rates applicable to the allowance for travel between home and work, and the maximum savings under the home investment savings scheme for people below the age of 34 years (BSU).

- The allowance per kilometre of work-related travel using a private vehicle will remain unchanged in nominal terms, at NOK 4.05, for travel up to 10,000 km and be increased from NOK 3.40 to 3.45 for travel in excess of 10,000 km.
- The Government changes the tax rules on zero coupon bonds. The current rules imply distribution of imputed interest over the term of the bond. According to the new rules, the imputed interest will be taxed when the bond is realised. Correspondingly, the imputed interest will be deductible for the issuer at the time of maturity. The provisions concerning limitations on the issuing of zero coupon bonds will be repealed.
- The conditional tax exemption upon the compulsory acquisition of agricultural property will be expanded to include the acquisition or upgrading of land, buildings or facilities used in the taxpayer's business activities or other income-generating activities.
- The special allowance against income from self-employment in agriculture, etc., will be adjusted in line with wage increases.
- The product tax in the fishing industry will be increased from 3.0 pct. to 3.6 pct.
- Municipal waste-handling activities that are exposed to competition will be subjected to taxation.
- The VAT collection method is modified so that the responsibility for calculating and paying VAT on domestic sales of gold is transferred from the seller to the buyer (reverse charging).
- Fees for the Civil Aviation Authority and the Railway Authority will be reduced, while the annual fee for foundations will be increased.

## 1.2 Revenue and distribution effects

### *Revenue effects of the tax programme*

The tax pledge was fulfilled in the National Budget for 2007. The tax proposal for 2014 implies a more or less unchanged tax level compared to the National Budget for 2007, cf. Table 1.1.

Table 1.1 Relationship between the tax pledge and the tax programme for 2014. Negative figures represent tax reductions. NOK million

	Accrued
<i>Status of the tax pledge prior to the 2014 budget .....</i>	
Change in the level in the National Budget for 2013 compared to the National Budget for 2007 .....	-20

Changes in the Revised National Budget for 2013 .....	86
<b>Deviation prior to the 2014 budget</b> .....	66
<i>New tax changes in the 2014 budget</i> .....	
Revenue effect in 2014, cf. Table 1.2 .....	-887
Adjustment for net changes in the economic rent tax on hydropower plants and the tax on ordinary income in the energy sector <sup>1</sup> .....	50
Adjustment for long-term budget effects of amended depreciation rules <sup>2</sup> .....	560
Revenue effects in other years than the fiscal year <sup>3</sup> .....	210
<b>Total new tax increases in the 2014 budget</b> .....	-67
<b>Deviation after the tax programme for 2014</b> .....	-1

<sup>1</sup> The economic rent tax on hydropower plants (NOK 150 million) and the tax on ordinary income in the energy sector (NOK -200 million) are excluded from the tax pledge.

<sup>2</sup> Changes in the tax level from introducing 10 pct. initial depreciation for operating equipment in asset group d are calculated as long-term budget effects. These are estimated at NOK -400 million.

<sup>3</sup> This pertains to taxation of the transitional benefit for sole providers as wage income (NOK 160 million), making the taxation of capital gains from the sale of a home dependent on the time the owner has lived in such home (NOK 45 million) and increasing the benchmark rate for the taxation of subsidised employee loans (NOK 5 million).

Source: Ministry of Finance.

Table 1.2 shows the calculated revenue effects of the Government's tax proposals for 2014. The revenue effects have been calculated relative to a benchmark system for 2014. The benchmark system is based on the 2013 tax rules. Allowances and limits, etc., in the general rate structure for personal taxation have largely been adjusted to the 2014 level using estimated wage growth from 2013 to 2014 of 3.5 pct. This means that a taxpayer who gets only standard allowances and whose ordinary income and personal income both increase by 3.5 per cent will have approximately the same average income tax level in the benchmark system for 2014 as in 2013. Special allowances and other limits on personal taxation have been adjusted using an estimated inflation rate from 2013 to 2014 of 1.6 pct. In the benchmark system for indirect taxes, all unit taxes have been adjusted by the estimated rate of inflation from 2013 to 2014. In real terms, the benchmark system thus entails no change in tax levels from 2013 to 2014.

Table 1.2 Estimated revenue effects of the tax programme for 2014. Negative figures represent tax reductions. The estimates have been calculated relative to a benchmark system for 2014. NOK million

	2014	
	Accrued	Booked
<b>Income tax base for individuals</b> .....	<b>849</b>	<b>658</b>
Abolish tax class 2 for married couples .....	1,045	836
Tax the transitional benefit for sole providers as wage income <sup>1</sup> .....	40	20
Simplify the taxation of electronic communications .....	0	0
Increase the maximum allowance for trade union subscriptions, etc. ....	-50	-40
Tighten tax rules for long commutes .....	15	12

Increase the threshold triggering a duty to report wages .....	-18	-14
Make the taxation of capital gains from the sale of a home dependent on the time the owner has lived in such home .....	5	0
Increase the mark-up in the benchmark rate for the taxation of subsidised employee loans by 0.5 percentage point .....	20	10
Adjust the personal allowance in line with wage increases <sup>2</sup> .....	-62	-50
Adjust the upper limit of the basic allowance against pension income in line with wage increases <sup>2</sup> .....	-56	-45
Adjust the special allowance for sole providers in line with wage increases <sup>2</sup> .....	-21	-17
Increase the rate of the basic allowance against wage income to 42 pct.....	-254	-203
Maintain other rates, limits and allowances unchanged in nominal terms, etc.....	185	149

<b>Net wealth tax.....</b>	<b>-230</b>	<b>-180</b>
Increase the taxable values of secondary homes and commercial property to 60 pct. of the estimated market value. Increase the taxable values of holiday homes by 10 pct. Increase the basic allowance to NOK 1 million .....	-230	-180
<b>Inheritance tax .....</b>	<b>-725</b>	<b>-220</b>
Increase the basic allowance to NOK 1 million and reduce the discount for non-listed shares to 30 pct. ....	-725	-220
<b>Business taxation.....</b>	<b>-1,623</b>	<b>-972</b>
Reduce the corporation tax rate for mainland businesses.....	-2,600	0
Reduce tax for the self-employed .....	-660	-660
Increase the special tax on oil companies <sup>3</sup> .....	-	-
Increase the economic rent tax on hydropower plants .....	150	0
Restrict the deductibility of debt interest payable to close associates .....	2,550	0
Introduce initial depreciation for operating equipment in asset group d.....	-960	-300
Expand the Skattefunn R&D tax incentive scheme .....	-90	0
Expand the conditional tax exemption for compulsory acquisition of agricultural property upon reinvestment .....	-1	0
Adjust the agricultural allowance in line with wage increases <sup>2</sup> .....	-12	-12
<b>Environmental, energy and vehicle taxes .....</b>	<b>1,175</b>	<b>940</b>
Increase taxes on greenhouse gases to NOK 330 per tonne per CO <sub>2</sub> equivalent <sup>3</sup> .....	700	640
Increase CO <sub>2</sub> tax on fishing and catching <sup>5</sup> .....	0	0
Adjust motor vehicle registration tax .....	0	0
Reduce motor vehicle re-registration tax .....	-250	-250
Abolish re-registration tax and expand the environmental component of the annual weight-based tax for large motor vehicles.....	0	0
Increase electricity tax by 1.12 øre per kWh .....	725	550
<b>Sectoral taxes and overpriced fees .....</b>	<b>-333</b>	<b>-318</b>
Reduce judicial registration fees to a cost-based level.....	-325	-310
Sectoral taxes and other fees <sup>6</sup> .....	-8	-8
<b>Aggregate new tax changes in 2014 .....</b>	<b>-887</b>	<b>-92</b>

<sup>1</sup>The revenue estimate takes into account the increased gross benefit for new recipients.

<sup>2</sup> The increase in line with wage increase is an overcompensation relative to the benchmark system.

<sup>3</sup> The income from the petroleum sector is not included in the table because it is included in the Government Pension Fund Global. The net loss of revenues from oil companies as the result of increased special tax and reduced corporation tax is estimated at NOK 350 million accrued and NOK 175 million booked in 2014. Transfers to the Government Pension Fund Global are reduced correspondingly.

<sup>4</sup> The revenue estimate also includes abolition of the tax exemptions for protected vessels, museum railways, technical facilities and cultural relics within the museum sector. The revenue estimate takes into account compensations on the expense side in the total amount of about NOK 70 million.

<sup>5</sup> The revenue estimate takes into account the increased fishermen's allowance.

<sup>6</sup> This includes reduced fees for the Civil Aviation Authority Norway and the Norwegian Railway Authority and increased annual fee for foundations.

Source: Ministry of Finance.

Table 1.3 presents estimated booked tax revenues for 2014 and figures for the two preceding years, specified by chapter and item.

**Table 1.3 Booked tax revenues specified by chapter and item. NOK million**

Chapter	Item	Description	Budget estimate 2013			
			Accounts 2012	Balanced budget	Estimate NB 2013	Proposal 2014
5501		Taxes on wealth and income				
	70	Surtax, etc.	32,288	35,400	34,500	35,900
	72	Central government tax	199,786	213,900	209,100	221,500
	73	Tax on the accumulated liabilities of shipowners	1,270	1,335	1,270	0
5506	70	Tax on inheritance and gifts	1,887	1,850	2,200	2,200
5507		Taxes on petroleum extraction				
	71	Ordinary tax on wealth and income	85,803	86,200	75,000	67,800
	72	Special tax on oil income	142,868	138,300	126,000	111,900
	74	Area fee, etc.	1,781	2,000	1,900	1,900
5508	70	Tax on the emission of CO <sub>2</sub> in petroleum activities on the continental shelf	2,251	3,400	3,600	4,900
5509	70	Tax on the emission of NO <sub>x</sub> in petroleum activities on the continental shelf	4	0	10	10
5511		Customs revenues				
	70	Customs duties	2,877	2,570	2,800	2,900
	71	Auction revenue from customs quotas	193	190	195	195
5521	70	Value added tax	220,713	236,000	238,000	251,000
5526	70	Tax on alcoholic beverages	12,140	12,450	12,300	12,500
5531	70	Tax on tobacco products, etc.	7,315	7,650	7,000	7,000
5536		Tax on motor vehicles, etc.				
	71	Motor vehicle registration tax	21,175	21,460	21,000	21,100
	72	Annual motor vehicle tax	9,364	9,700	9,700	10,060
	73	Annual weight-based tax	326	340	325	372
	75	Re-registration tax	2,349	2,130	2,067	1,850
5537	71	Marine engine tax	169	165	158	166
5538		Road usage tax on engine fuel				
	70	Road usage tax on petrol	6,551	6,450	6,226	6,080
	71	Road usage tax on auto diesel	9,702	10,700	10,124	11,100
5541	70	Electricity tax	7,140	7,050	7,400	8,200

5542	Tax on mineral oils, etc.				
70	Base tax on mineral oils, etc.	1,317	1,250	1,364	1,400
71	Tax on lubricating oils, etc.	102	99	117	123
5543	Environmental tax on mineral products, etc.				
70	CO <sub>2</sub> tax	4,497	4,730	4,572	5,400
71	Sulphur tax	44	47	32	34
5546	70 Tax on final waste disposal	17	48	45	47
5547	Tax on chemicals that are harmful to health and the environment				
70	Trichloroethene (TRI)	1	1	1	1
71	Tetrachloroethene (PER)	1	3	1	1
5548	70 Tax on hydrofluorocarbons (HFC) and perfluorocarbons (PFC)	277	263	285	415
5549	70 Tax on the emission of NO <sub>x</sub>	114	130	100	105
5550	70 Environmental tax on pesticides	70	50	50	50

5551		Tax relating to the minerals industry				
	70	Tax relating to subsea natural resources other than petroleum	2	2	1	1
	71	Tax relating to prospection and excavation rights for minerals pursuant to the Minerals Act	20	10	20	10
5555	70	Tax on chocolate and sugar products, etc.	1,221	1,260	1,215	1,250
5556	70	Tax on non-alcoholic beverages, etc.	1,835	1,905	2,000	2,050
5557	70	Tax on sugar, etc.	193	206	187	197
5559		Tax on beverage packaging				
	70	Base tax on disposable packaging	936	927	1,284	1,350
	71	Environmental tax on cartons	86	87	67	71
	72	Environmental tax on plastics	49	57	10	25
	73	Environmental tax on metals	140	138	25	55
	74	Environmental tax on glass	64	66	77	81
5565	70	Stamp duty	7,163	8,000	7,400	7,800
		Sectoral taxes <sup>1</sup>	2,017	1,835	1,836	2,139
5583	70	Taxes on frequencies, etc.	188	253	237	297
5700		National Insurance Scheme revenues				
	71	Employee's social security contribution	104,279	110,700	111,900	116,400
	72	Employers' social security contribution	147,538	154,500	158,000	165,500
Total taxes and National Insurance Scheme revenues; fiscal budget			1,040,122	1,085,806	1,061,700	1,083,436

<sup>1</sup> This is a composite item for sectoral taxes under various ministries.

Source: Ministry of Finance.

Table 1.4 presents booked revenue effects of new proposals for rule changes in 2014, specified by chapter and item.

**Table 1.4 Estimated booked revenue effects of the tax programme for 2014, specified by chapter and item. Calculated by reference to the benchmark system for 2014. NOK million**

Chapter	Item	Description	Change
5501		Taxes on wealth and income <sup>1</sup>	22
5506	70	Tax on inheritance and gifts	-220
5507		Taxes on petroleum extraction	
	71	Ordinary tax on wealth and income	0
	72	Special tax on oil income	0
	74	Area fee, etc.	0
5508	70	Tax on the emission of CO <sub>2</sub> in petroleum activities on the continental shelf	0
5509	70	Tax on the emission of NO <sub>x</sub> in petroleum activities on the continental shelf	0
5511		Customs revenues	
	70	Customs duties	0
	71	Auction revenue from customs quotas	0
5521	70	Value added tax	0
5526	70	Tax on alcoholic beverages	0
5531	70	Tax on tobacco products, etc.	0
5536		Tax on motor vehicles, etc.	
	71	Registration tax	0

	72	Annual motor vehicle tax	0
	73	Annual weight-based tax	35
	75	Re-registration tax	-285
5537	71	Marine engine tax	0
5538		Road usage tax on engine fuel	
	70	Road usage tax on petrol	0
	71	Road usage tax on auto diesel	0
5541	70	Electricity tax	550
5542		Tax on mineral oils, etc.	
	70	Base tax on mineral oils, etc.	4
	71	Tax on lubricating oils, etc.	0
5543		Environmental tax on mineral products, etc.	
	70	CO <sub>2</sub> tax	615
	71	Sulphur tax	0
5546	70	Tax on final waste disposal	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)	115
5549	70	Tax on the emission of NO <sub>x</sub>	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 prospection and excavation rights for minerals pursuant to the Minerals Act	0
5555	70	Tax on chocolate and sugar products, etc.	0
5556	70	Tax on non-alcoholic beverages, etc.	0
5557	70	Tax on sugar, etc.	0
5559		Tax on beverage packaging	0
	70	Base tax on disposable packaging	0
	71	Environmental tax on cartons	0
	72	Environmental tax on plastics	0
	73	Environmental tax on metals	0
	74	Environmental tax on glass	0
5565	70	Stamp duty	0
		Fees <sup>2</sup>	-321
		Sectoral taxes	3
5583	70	Tax on frequencies, etc.	0
5700		National Insurance Scheme revenues	
	71	Employee's social security contribution	-495
	72	Employers' social security contribution	7
Total changes in taxes and National Insurance Scheme revenues; fiscal budget			30

<sup>1</sup>The effect applies to central government and local government.

<sup>2</sup>Reference is made to Table 1.2 for a specification of which sectoral taxes and fees are being changed.

Source: Ministry of Finance.

### *Distribution effects of the tax programme for 2014*

The tax programme for 2014 includes a number of proposals that may entail good distribution effects. These include, in particular, the proposed increase in the basic allowance, improvements to the wealth tax, expanded taxation of gains upon the sale of secondary homes and the abolition of tax class 2. In addition, these proposals contribute to improving the tax system.

The tax programme for 2014 does not entail any changes to the overall income distribution as measured by developments in the Gini coefficient. The calculation was performed on the Statistics Norway tax model, LOTTE-Skatt. However, only a limited part of the tax proposals for 2014 can be captured by LOTTE-Skatt, and thus be reflected in the calculated Gini coefficient.

A number of tax changes of distributional relevance are not included in the calculations because it is difficult to quantify their effects. This pertains to, for example, the closing of tax loopholes, changes to corporation taxation and improvements to work incentives. However, the effect of tax policies with a good distributional profile will show up in the statistics over time. The dividend tax and changes to the wealth tax, in particular, have contributed to expanded redistribution over this period.

Tables 1.5 and 1.6 show estimated average changes in tax for various gross income intervals. The expansion of the net wealth tax base will increase the average tax payable by the groups with the highest incomes; see Table 1.5. Reduced social security contribution for self-employed will on average result in a small tax relief for high income levels. The tax relief for wage earners at the lowest income levels is primarily a result of the increase in the rate of the basic allowance against wage income and pension income; see Table 1.6. Other income groups will pay slightly higher taxes, partly because some rates and thresholds are kept unchanged in nominal terms.

The tax change calculations cover proposed changes to taxes payable by personal taxpayers on net wealth and income. These include, *inter alia*, the increased rate for the basic allowance against wage income and pension income, reduced social security contribution for self-employed, the abolition of tax class 2, the increase in the allowance for trade union subscriptions and the changes to the net wealth tax. The redistribution tables do not capture the effects from the inheritance tax reductions, the expanded taxation of transitional benefits, the higher taxes on greenhouse gases, the higher electricity consumption tax, the reduced re-registration tax and the reduction of overpriced fees.

Table 1.5 Average tax changes<sup>1</sup> all individuals aged 17 years or more. The 2014 tax programme compared to the 2013 rules adjusted for wage increases (the benchmark system). Negative figures represent tax reductions. NOK

Gross income, incl. tax-exempted benefits. NOK thousands	Number of individuals	Average tax in the benchmark system for 2013	Average tax change under the proposal	Of which, change in the net wealth tax
0 – 150 .....	571,000	4,000	-300	0
150 – 200.....	305,300	11,900	-400	-100
200 – 250.....	377,200	22,300	-200	-100
250 – 300.....	365,500	39,800	0	-100
300 – 350.....	354,600	59,500	0	-100
350 – 400.....	360,300	78,700	0	-100
400 – 450.....	346,400	96,100	100	-100
450 – 500.....	313,900	112,700	0	-100
500 – 600.....	460,300	138,600	0	-100
600 – 750.....	337,700	188,250	-100	-100
750 – 1,000.....	216,500	268,900	-100	0
1,000 – 2,000.....	154,000	461,300	-300	100
2,000 – 3,000.....	15,300	923,500	-500	400
3,000 and over .....	10,500	2,202,900	600	1 500
Total.....	4,188,500	105,200	-100	-100

<sup>1</sup> Does not include changes in indirect taxes. Rounded to the nearest NOK 100.

Sources: Statistics Norway and the Ministry of Finance.

Table 1.6 Average tax changes<sup>1</sup> for wage increases. The 2014 tax programme compared to the 2013 rules adjusted (the benchmark system). Negative figures represent tax reductions. NOK

Gross income, incl. tax-exempted benefits. NOK thousands	Number of individuals	Average tax in the benchmark system for 2013	Average tax change under the proposal	Of which, change in the net wealth tax
0 – 200 .....	37,900	28,900	-900	0
200 – 250.....	118,400	35,400	-300	0
250 – 300.....	145,800	49,200	100	0
300 – 350.....	119,000	65,200	200	0
350 – 400.....	248,400	81,300	200	0
400 – 450.....	276,200	97,000	200	0

450–500.....	266,7900	112,700	200	0
500–600.....	404,800	138,100	100	0
600–750.....	296,900	187,3 00	200	0
750–1,000.....	190,300	267,9 00	300	0
1,000–2,000.....	128,800	455,2 00	500	0
2,000–3,000.....	15,800	914,8 00	1,400	300
3,000 and over.....	7,300	2,127,900	2 800	1,000
Total.....	2,323,300	150,4 00	200	0

<sup>1</sup> Does not include changes in indirect taxes. Rounded to the nearest NOK 100.

Sources: Statistics Norway and the Ministry of Finance.

### 1.3 Tax rates, allowances and thresholds

Table 1.7 shows the proposed tax rates, allowances and thresholds for 2014. The table also shows the rules for 2013 and the changes from 2013 to 2014. The general allowances and thresholds are rounded after adjustment for estimated growth in wages, pensions or prices from 2013 to 2014. The increases may therefore deviate somewhat from the level of the various growth estimates. Wage growth is estimated at 3.5 pct., price growth at 1.6 pct., growth in the minimum pension level at 3.0 pct. and growth in the ordinary retirement pension at 2.7 pct.

Table 1.7 Tax rates, allowances and thresholds in 2013 and as proposed for 2014

	2013 rules	Proposal 2014	Change 2013–2014
<i>Tax on ordinary income</i> .....			
Individuals <sup>1</sup> .....	28 pct.	28 pct.	-
Enterprises <sup>2</sup> .....	28 pct.	27 pct.	-1 percentage point
<i>Surtax</i>			
Bracket 1			
Threshold.....	NOK 509,600	NOK 527,400	3.5 pct.
Rate <sup>3</sup> .....	9.0 pct.	9.0 pct.	-
Bracket 2			
Threshold.....	NOK 828,300	NOK 857,300	3.5 pct.
Rate.....	12.0 pct.	12.0 pct.	-

<i>Employee's social security contribution</i>			
Lower threshold for the payment of employee's social security contribution .....	NOK 39,600	NOK 39,600	-
Levelling rate .....	25.0 pct.	25.0 pct.	-
<i>Rate</i>			
Wage income .....	7.8 pct.	7.8 pct.	-
– Fishing, hunting and childminding <sup>4</sup> .....	7.8 pct.	7.08 pct.	-0.72 percentage point
Income from other self-employment.....	11.0 pct.	10.28 pct.	-0.72 percentage point
Pension income, etc. ....	4.7 pct.	4.7 pct.	-
<i>Employers' social security contribution<sup>5</sup></i>			
Zone I.....	14.1 pct.	14.1 pct.	-
Zone Ia <sup>6</sup> .....	14.1 pct.	14.1 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 .....	0.0 pct.	0.0 pct.	-
<i>Maximum effective marginal tax rates</i>			
Wage income, excl. employers' social security contribution.....	47.8 pct.	47.8 pct.	-
Wage income, incl. employers' social security contribution.....	54.3 pct.	54.3 pct.	-
Pension income <sup>7</sup> .....	44.7 pct.	44.7 pct.	-
Income from self-employment in primary industries <sup>4</sup> .....	51.0 pct.	50.28 pct.	-0.72 percentage point
Income from other self-employment.....	51.0 pct.	50.28 pct.	-0.72 percentage point
Dividends and distributions <sup>8</sup> .....	48.16 pct.	47.44 pct.	-0.72 percentage point
<i>Personal allowance</i>			
Class 1.....	NOK 47,150	NOK 48,800	3.5 pct.
Class 2 <sup>9</sup> .....	NOK 94,300	Abolished	Abolished
<i>Basic allowance against wage income and benefits</i>			
Rate .....	40.0 pct.	42.0 pct.	2 percentage points
Lower limit.....	NOK 4,000	NOK 4,000	-
Upper limit <sup>10</sup> .....	NOK 81,300	NOK 84,150	3.5 pct.

<i>Basic allowance against pension income</i>			
Rate .....	26.0 pct.	26.0 pct.	-
Lower limit.....	NOK 4,000	NOK 4,000	-
Upper limit.....	NOK 68,050	NOK 70,400	3.5 pct.
<i>Special wage income allowance<sup>11</sup> .....</i>			
	NOK 31,800	NOK 31,800	-
<i>Special disability allowance, etc. ....</i>			
	NOK 32,000	NOK 32,000	-
<i>Special allowance for sole providers .....</i>			
	NOK 47,160	NOK 48,804	3.5 pct.
<i>Special tax credit for pensioners</i>			
Maximum amount .....	NOK 30,300	NOK 31,200	3.0 pct.
Downscaling, level 1			
Threshold.....	NOK 170,750	NOK 175,900	3.0 pct.
Rate .....	15.3 pct.	15.3 pct.	-
Downscaling, level 2			
Threshold.....	NOK 259,800	NOK 266,900	2.7 pct.
Rate .....	6.0 pct.	6.0 pct.	-
<i>The tax limitation rule for disability pension recipients, etc.<sup>12</sup></i>			
Levelling rate .....	55.0 pct.	55.0 pct.	-
Tax-exempted net income			
– Single person .....	NOK 127,000	NOK 131,400	3.5 pct.
– Married person <sup>13</sup> .....	NOK 116,700	NOK 120,800	3.5 pct.
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 Finnmark and Nord-Troms</i>			
Class 1.....	NOK 15,000	NOK 15,000	-
Class 2.....	NOK 30,000	Abolished	Abolished
<i>Seamen's allowance</i>			
Rate .....	30.0 pct.	30.0 pct.	-
Upper limit.....	NOK 80,000	NOK 80,000	-

<i>Fishermen's allowance</i>			
Rate .....	30.0 pct.	34.0 pct.	4 percentage points
Upper limit.....	NOK 150,000	NOK 167,000	11.3 pct.
<i>Special allowance against income from self-employment in agriculture, etc.</i>			
Income-independent allowance .....	NOK 63,500	NOK 65,700	3.5 pct.
Rate applicable to amounts in excess of the income-independent allowance	38.0 pct.	38.0 pct.	-
Maximum overall allowance.....	NOK 166,400	NOK 172,200	3.5 pct.
<i>Special allowance for high expenses due to illness<sup>14</sup></i>			
Lower limit.....	NOK 9,180	NOK 9,180	-
<i>Maximum annual allowance for payments to individual pension schemes .....</i>			
	NOK 15,000	NOK 15,000	-
<i>Allowance for travel between home and work</i>			
Rate per km .....	NOK 1.50/0.70	NOK 1.50/0.70	-
Lower allowance limit .....	NOK 13,950	NOK 13,950	-
<i>Maximum allowance for donations to charities .....</i>			
	NOK 12,000	NOK 12,000	-
<i>Maximum allowance for paid trade union subscriptions, etc. ....</i>			
	NOK 3,850	NOK 4,100	6.5 pct.
<i>Home investment savings scheme for people below the age of 34 years (BSU)</i>			
Tax deduction rate .....	20.0 pct.	20.0 pct.	-
Maximum annual savings .....	NOK 20,000	NOK 20,000	-
Maximum total savings in the scheme .....	NOK 150,000	NOK 150,000	-
<i>Parental allowance for documented childminding and childcare expenses</i>			
Upper limit			
One child .....	NOK 25,000	NOK 25,000	-
Supplement per additional child .....	NOK 15,000	NOK 15,000	-

<i>Allowance per kilometre of work-related travel using a private vehicle</i>			
Allowance per kilometre up to 10,000 km	NOK 4.05	NOK 4.05	-
Allowance per kilometre in excess of 10,000 km	NOK 3.40	NOK 3.45	1.5 pct.
<i>Net wealth tax<sup>15</sup></i>			
Local government			
Threshold.....	NOK 870,000	NOK 1,000,000	15 pct.
Rate .....	0.7 pct.	0.7 pct.	-
Central government			
Threshold.....	NOK 870,000	NOK 1,000,000	15 pct.
Rate .....	0.4 pct.	0.4 pct.	-
<i>Inheritance tax</i>			
Threshold			
Level 1 .....	NOK 470,000	NOK 1,000,000	113 pct.
Level 2 .....	NOK 800,000	Abolished	Abolished
Rates			
Children and parents			
Level 1 .....	6 pct.	10 pct.	4 percentage points
Level 2 .....	10 pct.	Abolished	Abolished
Other beneficiaries			
Level 1 .....	8 pct.	15 pct.	7 percentage points
Level 2 .....	15 pct.	Abolished	Abolished
Discount applicable to shares <sup>16</sup> .....	40 pct.	30 pct.	-10 percentage points
<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, buses, vans, etc.) .....	20 pct.	20 pct.	-
Asset group d (passenger cars, machinery and equipment, etc.) <sup>17</sup> .....	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.) <sup>18,19</sup> .....	4 (6/10) pct.	4 (6/10) pct.	
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.	-

- <sup>1</sup> The rate is 24.5 pct. for taxpayers in Nord-Troms and Finnmark.
- <sup>2</sup> It is proposed that the special tax on petroleum activities and the economic rent tax on hydropower plants be increased by one percentage point from 2014, to 51 and 31 pct., respectively.
- <sup>3</sup> The rate is 7 pct. in bracket 1 for taxpayers in Nord-Troms and Finnmark.
- <sup>4</sup> 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 a 7.8 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 7.8 pct. and the 11 pct. social insurance contribution rates. The lower social insurance rate is reduced to 7.08 pct. from 2014.
- <sup>5</sup> New EEA regulations on regional state aid will enter into effect on 1 July 2014. These may entail adjustments to the system of regionally differentiated employers' social security contributions, cf. proposed Storting decision on contributions, etc., to the National Insurance Scheme for 2014.
- <sup>6</sup> In zone Ia, employers' social security contribution shall be paid at a rate of 10.6 pct. until the difference between the employers' social security contribution actually paid by the enterprise and the employers' social security contribution the enterprise would have paid at a rate of 14.1 pct. equals the de minimis state aid threshold. For 2014, the threshold is NOK 450,000 per company. For road transport companies in zone Ia, the threshold is NOK 225,000.
- <sup>7</sup> For disability pension recipients, etc., who are subject to the tax limitation rule, the maximum effective marginal tax rate may be up to 55 pct.
- <sup>8</sup> Including 28 pct. corporation tax.
- <sup>9</sup> Tax class 2 is proposed to be abolished from 2014.
- <sup>10</sup> The sum of the basic allowance against wage income and the basic allowance against pension income shall not exceed the maximum basic allowance against wage income, i.e. NOK 84,150 under this proposal.
- <sup>11</sup> A taxpayer earning wage income only qualifies for the higher of the basic allowance against wage income and the special wage income allowance.
- <sup>12</sup> The tax limitation rule also applies to sole providers, but only if they receive transitional benefit. The tax limitation rule will be abolished for new transitional benefit recipients from 2014.
- <sup>13</sup> The tax-exempted net income of married disabled persons who receive a spouse supplement is twice the tax-exempted net income of other married persons, i.e. NOK 241,600 under the proposal for 2014.
- <sup>14</sup> The special allowance for high expenses due to illness is to be phased out and abolished with effect from 2015.
- <sup>15</sup> The thresholds apply to single taxpayers. For married couples who are assessed jointly for joint assets, the thresholds are twice the levels specified in the table.
- <sup>16</sup> The discount applies to non-listed shares and ownership interests in general partnerships and limited partnerships. The discount is limited to an inheritance tax base for such shares and ownership interests of NOK 10 million per recipient.
- <sup>17</sup> 10 pct. initial depreciation will be introduced for operating equipment in asset group d proposed from 2014.
- <sup>18</sup> 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.
- <sup>19</sup> Agricultural buildings for livestock can be depreciated at a higher rate of 6 pct.

Source: Ministry of Finance.

Table 1.8 shows current rates of value added tax and excise duties, as well as rate proposals for 2014. Generally speaking, the rates of all excise duties have been increased by 1.6 pct. from 2013 to 2014 to account for anticipated inflation. Minor deviations from this are due to rounding.

Table 1.8 Rates of indirect tax in 2013 and proposed rates for 2014

Tax category	2013 rules	Proposal 2014	Changes in pct.
<i>Value added tax, pct. of sales value<sup>1</sup></i>			
General rate .....	25	25	-
Reduced rate .....	15	15	-
Low rate .....	8	8	-
<i>Tax on alcoholic beverages</i>			
Spirits-based beverages in excess of 0.7 pct. alcohol by volume, NOK per pct. alcohol and per litre.....	6.85	6.96	1.6
Other alcoholic beverages from 4.7 to 22 pct. alcohol by volume, NOK per pct. alcohol and per litre.....	4.46	4.53	1.6
Other alcoholic beverages up to 4.7 pct. alcohol by volume, NOK per litre			
a) 0.0 – 0.7 pct. alcohol by volume .....	-	-	-
b) 0.7 – 2.7 pct. alcohol by volume .....	3.06	3.11	1.6
c) 2.7 – 3.7 pct. alcohol by volume .....	11.52	11.70	1.6
d) 3.7 – 4.7 pct. alcohol by volume .....	19.96	20.28	1.6
<i>Tax on tobacco products</i>			
Cigars, NOK per 100 grams .....	235	239	1.7
Cigarettes, NOK per 100 units.....	235	239	1.7
Smoking tobacco, NOK per 100 grams .....	235	239	1.7
Snuff, NOK per 100 grams .....	95	97	2.1
Chewing tobacco, NOK per 100 grams .....	95	97	2.1
Cigarette paper, NOK per 100 units.....	3.58	3.64	1.7
<i>Motor vehicle registration tax</i>			
Passenger cars, etc. Tax group a <sup>2</sup>			
Weight, NOK per kg			
first 1,150 kg.....	37.59	38.19	1.6
next 250 kg .....	81.94	83.25	1.6
next 100 kg .....	163.90	166.52	1.6
remainder.....	190.61	193.66	1.6

Engine power, NOK per kW			
first 70 kW (65 kW in 2013).....	0.00	0.00	-
next 30 kW (25 kW in 2013) .....	275.00	235.00	-14.5
next 40 kW.....	790.00	665.00	-15.8
remainder.....	1,960.00	1,650.00	-15.8
NO <sub>x</sub> emissions, NOK per mg/km .....	35.00	46.00	31.4
CO <sub>2</sub> emissions, NOK per g/km			
first 105 g/km (110 g/km in 2013) .....	0.00	0.00	-
next 15 g/km .....	764.00	776.00	1.6
next 40 g/km .....	770.00	782.00	1.6
next 70 g/km .....	1,796.00	1,915.00	6.6
remainder.....	2,883.00	3,500.00	21.4
allowance for emissions below 105 g/km (110 g/km in 2013), applicable down to 50 g/km and only to vehicles emitting less than 105 g/km (110 g/km in 2013).....	814.00	827.00	1.6
allowance for emissions below 50 g/km, only applicable to vehicles emitting less than 50 g/km.....	966.00	981.00	1.6
Vans class 2. Tax group b. <sup>3</sup>			
weight, pct. of passenger car tax .....	22	22	-
engine power, pct. of passenger car tax .....	22	22	-
NO <sub>x</sub> emissions, pct. of passenger car tax .....	25	30	5
CO <sub>2</sub> emissions, pct. of passenger car tax .....	25	30	5
Camper vans. Tax group c. <sup>4</sup>			
pct. of passenger car tax .....	22	22	-
Weasels. Tax group e,			
pct. of value tax base.....	36	36	-
Motorbikes. Tax group f,			
tax per unit, NOK.....	10,837	11,010	1.6
Engine power tax, NOK per kW			
first 11 kW.....	0.00	0.00	-
remainder.....	482.28	490.00	1.6
Piston displacement tax, NOK per cm <sup>3</sup>			
first 125 cm <sup>3</sup> .....	0.00	0.00	-
next 775 cm <sup>3</sup> .....	37.22	37.82	1.6
remainder.....	81.62	82.93	1.6
Snowmobiles. Tax group g			
Weight, NOK per kg			
first 100 kg.....	15.27	15.51	1.6
next 100 kg .....	30.55	31.04	1.6
remainder.....	61.07	62.05	1.6

<b>Engine power, NOK per kW</b>			
first 20 kW .....	40.74	41.39	1.6
next 20 kW.....	81.44	82.74	1.6
remainder.....	162.87	165.48	1.6
<b>Piston displacement, NOK per cm<sup>3</sup></b>			
first 200 cm <sup>3</sup> .....	3.19	3.24	1.6
next 200 cm <sup>3</sup> .....	6.37	6.47	1.6
remainder.....	12.73	12.93	1.6
<b>Taxis. Tax group h.<sup>5</sup></b>			
weight, pct. of passenger car tax .....	40	40	-
engine power, pct. of passenger car tax .....	40	40	-
NO <sub>x</sub> emissions, pct. of passenger car tax .....	100	100	-
CO <sub>2</sub> emissions, pct. of passenger car tax .....	100	100	-
<b>Vintage cars. Tax group i,</b>			
tax per unit, NOK.....	3,569	3,626	1.6
<b>Minibuses. Tax group j.<sup>6</sup></b>			
pct. of passenger car tax .....	40	40	-
<b>Annual motor vehicle tax, NOK per year</b>			
Petrol vehicles and diesel vehicles with a factory-fitted particle filter .....	2,940	2,985	1.5
Diesel vehicles without a factory-fitted particle filter.....	3,425	3,480	1.6
Caravans.....	1,100	1,120	1.8
Motorbikes .....	1,800	1,830	1.7
Tractors, mopeds, etc. ....	415	420	1.2
<b>Annual weight-based tax, NOK per year.....</b>			
	variable	variable	12.2
<b>Re-registration tax.....</b>			
	variable	variable	-11.1
<b>Marine engine tax, NOK per hp .....</b>			
	158.50	161.00	1.6
<b>Road usage tax on engine fuel, NOK per litre</b>			
Petrol <sup>7</sup> .....	4.78	4.86	1.6
Auto diesel <sup>8</sup> .....	3.75	3.81	1.6
Biodiesel meeting the sustainability criteria.....	1.87	1.90	1.6
<b>Electricity tax, NOK per kWh</b>			
General rate .....	0.1161	0.1292	11.3
Reduced rate .....	0.0045	0.0045	-

<i>Base tax on mineral oil, etc.</i>			
Mineral oil, NOK per litre .....	1.018	1.034	1.6
Mineral oil in the wood-processing industry, production of dyes and pigments, NOK per litre.....	0.126	0.126	-
<i>Tax on lubricating oil, NOK per litre.....</i>	1.90	1.93	1.6
<i>CO<sub>2</sub> tax</i>			
Petroleum activities, NOK per litre or Sm <sup>3</sup> .....	0.96	0.98	2.1
Mineral oil, general rate, NOK per litre .....	0.61	0.88	44.3
Mineral oil subject to road usage tax, NOK per litre .....	0.61	0.62	1.6
Mineral oil for domestic aviation covered by the EU ETS, NOK per litre.....	0.43	0.56	30.2
Mineral oil for other domestic aviation, NOK per litre .....	0.71	0.84	18.3
Mineral oil for the wood-processing, herring meal and fish meal industries, NOK per litre.....	0.31	0.31	-
Mineral oil for fishing and catching in inshore waters, NOK per litre.....	0.13	0.26	100.0
Petrol, NOK per litre .....	0.91	0.92	1.1
Natural gas, NOK per Sm <sup>3</sup> .....	0.46	0.66	43.5
LPG, NOK per kg .....	0.68	0.99	45.6
Reduced rate for natural gas, NOK per Sm <sup>3</sup> .....	0.05	0.05	-
<i>Sulphur tax, NOK per litre .....</i>	0.078	0.079	1.3
<i>Tax on NO<sub>x</sub> emissions, NOK per kg .....</i>	17.01	17.28	1.6
<i>Tax on the final disposal of waste, NOK per tonne</i>			
Tax on biodegradable waste deposited pursuant to an exemption granted by the pollution control authorities.....	479	487	1.7
Tax on the depositing of other waste .....	289	294	1.7
<i>Tax on trichloroethene (TRI) and tetrachloroethene (PER), NOK per kg .....</i>	65.41	66.46	1.6
<i>Tax on hydrofluorocarbons (HFC) and perfluorocarbons (PFC), NOK per tonne of CO<sub>2</sub> equivalents .....</i>	229	330	44.1
<i>Tax on chocolate and sugar products, etc., NOK per kg .....</i>	18.56	18.86	1.6
<i>Tax on non-alcoholic beverages</i>			
Finished products, NOK per litre.....	3.06	3.11	1.6
Concentrate (syrup), NOK per litre.....	18.68	18.98	1.6

<i>Sugar tax, NOK per kg.....</i>	7.18	7.29	1.5
<i>Tax on beverage packaging, NOK per unit</i>			
Base tax, disposable packaging .....	1.08	1.10	1.9
Environmental tax			
a) Glass and metals .....	5.24	5.32	1.5
b) Plastics .....	3.16	3.21	1.6
c) Cartons and cardboard .....	1.30	1.32	1.5
<i>Stamp duty, pct. of sales price .....</i>	2.5	2.5	-

<sup>1</sup> Changes to value added tax rates are specified in percentage points.

<sup>2</sup> 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 CO<sub>2</sub> emissions are not specified.

<sup>3</sup> Group b: Class 2 vans. Change specified in percentage points. The highest level of the CO<sub>2</sub> component does not apply to group b, and the second-highest level will remain at 25 pct. of the tax on passenger cars in 2014 as well.

<sup>4</sup> Group c: Camper vans. Change specified in percentage points. No NO<sub>x</sub> component applicable.

<sup>5</sup> Group h: Taxis and vehicles for disabled persons. Change specified in percentage points. The two highest levels of the CO<sub>2</sub> component do not apply to group h in 2014.

<sup>6</sup> Group j: Buses shorter than 6 metres with up to 17 seats, of which at least 10 are forward-facing. Change specified in percentage points. The highest level of the CO<sub>2</sub> component does not apply to group j. No NO<sub>x</sub> component applicable.

<sup>7</sup> Petrol with a sulphur content of 10 ppm or lower.

<sup>8</sup> Diesel with a sulphur content of 10 ppm or lower. This rate also applies to biodiesel that does not meet the sustainability criteria.

Source: Ministry of Finance.

## 1.4 Allocation of public tax revenues

Table 1.9 provides a general overview of the main groups of taxes and shows which parts of the public sector receive the revenues from each main group. In total, tax revenues are estimated at NOK 1,245 billion in 2013, of which about 87 pct. accrue to central government, just below 11 pct. to local government and just over 2 pct. 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 32 pct. of central government tax revenues are in the form of value added tax, excise duties and customs duties. About 25 pct. come from personal taxpayers, whilst just over 22 pct. is accounted for by income tax and net wealth tax from non-personal taxpayers and employers' social security contributions in Mainland Norway. About 18 pct. of the central government revenues in 2013 are in the form of taxes from the petroleum sector. Other taxes account for about 3 pct.

Table 1.9 Accrued taxes specified by tax creditors. Estimates for 2013. NOK billion

	Total	Central government	Local government	Regional government
<i>Personal taxpayers</i> .....	425.8	274.5	124.8	26.4
Tax on ordinary income.....	278.4	136.3	115.7	26.4
Surtax .....	22.5	22.5	-	-
Employee's social security contribution.....	110.6	110.6	-	-
Tax on net wealth .....	14.3	5.2	9.1	-
<i>Enterprises (whose taxes are payable in arrears)</i> .....	81.2	79.6	1.3	0.2
Income tax (including power plants) .....	80.8	79.3	1.3	0.2
Tax on net wealth .....	0.3	0.3	-	-
<i>Property tax</i> .....	8.2	-	8.2	-
<i>Employers' social security contribution</i> .....	158.7	158.7	-	-
<i>Indirect taxes</i> .....	343.9	343.9	-	-
Value added tax .....	241.4	241.4	-	-
Excise duties and customs duties .....	102.4	102.4	-	-
<i>Petroleum</i> .....	194.5	194.5	-	-
Tax on income.....	187.7	187.7	-	-
Tax on extraction, etc.....	6.8	6.8	-	-
<i>Other direct and indirect taxes</i> .....	32.6	31.9	0.7	-
Social security and pension premiums, other central government and social security accounts <sup>1</sup> ....	24.6	24.6	-	-
Tax on dividends for foreign shareholders.....	2.9	2.9	-	-
Inheritance tax.....	2.2	2.2		
Other direct and indirect taxes <sup>2</sup> .....	2.8	2.2	0.7	-
Total direct and indirect taxes.....	1,244.8	1,083.1	135.0	26.7
Of which direct taxes .....	900.9	739.2	135.0	26.7

<sup>1</sup> Including, *inter alia*, the Norwegian Public Service Pension Fund.

<sup>2</sup> 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.