



GES NewsFlash

Norway – Reporting of Foreign Employees

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Summary

The Central office for foreign tax affairs no longer accepts reporting of employees through RF-1198 without enclosed documentation. This means that in order to fulfill the reporting requirements according Norwegian law, a copy of ID documentation for each foreign employee must be sent together with the forms RF-1198. If identification is not enclosed, the obligation to report has not been fulfilled.

Background

Since the 1970s, Norway has had rules regarding reporting of foreign employees and contractors. In the last few years, there has been an increase in the use of foreign contractors and employees in Norway. Foreign taxpayers create challenges for the Norwegian tax authorities, because the tax authorities need to have an overview of who is currently staying in Norway (and for how long) in order to assess the tax liability. The reporting obligation found in the Norwegian tax assessment act article 6-10, enables the Norwegian tax authorities to have an improved control of who is performing tax liable activity in Norway.

Reporting obligation

The reporting of employees at form RF-1198 is closely connected to the obligation for a principal to report contracts given to a foreign business. The obligation to report both the contractor and the employees used by the contractor to carry out the assignment, applies when the contract is to be performed on a site for building and assembly work in Norway, on a site that is under the client's control in Norway or on the Norwegian continental shelf.

The obligation to provide information does not apply when the agreed remuneration for the assignment is less than NOK 10 000.

The reporting should be done at the form RF-1198 as soon as the contract has been entered into, and at least 14 days after the employees first workday on the contract.

The obligation to report is only applicable for employees who actually participate on the specific contract, hence, one does not have to report all employees employed with a foreign business.

The Central Office for Foreign Tax Affaires has also prepared for reporting by lists for employees who are on rotation to Norway. This reporting by list may be used as a starting point for companies which have many offshore employees who are on rotation. First, the employee is registered by RF-1198, and then one may report every second month whether each employee was present in Norway or not. In the form the following information is relevant: Date of birth, D-number, name, first and final date of employment and place of work. In addition, it must be evident who the employer and principal are. To be able to report by lists, a special application must be submitted to The Central Office Foreign Tax Affaires.

Information about the last working day on the contract must also be provided, and this must be provided no later than 14 days after the last working day.

Both the principal and the contractor is obligated, by their own initiative, to inform the Central office for foreign affairs about employees used by a contractor tax resident abroad or domiciled abroad.

The principal and contractor can conclude an agreement on which of them is to provide the tax authorities with the information. Such an agreement will not exclude any of the contracting parts from penalties according to the Norwegian tax assessment act articles 10-6, 10-7 and 10-8.

What information must be provided on the forms?

When reporting employees, the following information should be provided about the employee; name of the employee, date of birth, Norwegian identification number or D number, foreign identification number, and address in Norway and abroad.

Furthermore, information must be provided about the employee's first and last workday on the contract, the site where the work is performed and contract-number if applicable.

Information about the principal and contractors name, address in Norway and abroad, Norwegian and foreign identification number and contact person must also be provided.

When the registration is done for an employee who does not have a Norwegian national identification number or D-number, information must also be provided about the employee's sex, nationality and marital status. Furthermore a copy of an ID document must be enclosed. The ID document must have a photo of the person and

must contain information about the person's name, date of birth, sex and nationality.

Previously the forms (RF-1198) have been accepted by the Central office for foreign tax affairs without the enclosed documentation. However, there are now new rules stating that documentation must be sent together with the forms RF-1198. The consequence is that a copy of ID documentation must be enclosed when reporting the employees at the form RF-1198, otherwise the forms will not be approved and the principal and contractor will not have fulfilled their obligations to report employees.

The documentation must be sent regardless of where the employee works (onshore/offshore) and regardless of how many days the employee works in Norway or on the Norwegian continental shelf.

We have spoken to the Central office for foreign tax affairs and the message from them is that they will enforce the obligations strictly, and that there will be no exemptions made from the obligation to send ID documentation.

Deloitte's View

We recommend that all principals that are obliged to report employees through the form RF-1198 include in their routines to collect ID documentation from the workers who are to perform the work on the contract as early as possible. This will be necessary in order to fulfill the reporting obligations in the Norwegian tax assessment act article 6-10.

People to Contact

If you have any questions concerning the issues in this GES NewsFlash, please contact one of the tax professionals as follows:

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