

VAT IN NORWAY

A Guide for eCommerce B2C Sellers



Donal Kavanagh

VAT Compliance Director, Taxmatic

OVERVIEW

While Norway is not a member of the European Union, it represents a significant market for eCommerce sellers with an internal market size of €8.5 billion annually.

This guide is designed to help international eCommerce businesses gain a clear understanding the specific VAT framework applicable in Norway for B2C sales, from registration processes to tax rates and compliance obligations.

From 1 January 2024, Norwegian VAT and customs duty is payable on all B2C imports into Norway. The low-value consignment relief that was available on B2C imports was withdrawn, effectively removing the €22 VAT exemption on imports dated from July 2021.

VAT ON ECOMMERCE SCHEME (VOEC)

The VAT on eCommerce (VOEC) reporting scheme was introduced to simplify VAT compliance requirements for non-Norwegian online sellers and intermediary online marketplaces. Foreign sellers and digital marketplaces that are not based in Norway are obligated to undergo registration with the Norwegian Tax Authority once their sales subject to VAT reach the threshold of 50,000 NOK (approximately 5,000 EUR) within a 12-month timeframe. Additionally, these entities must collect VAT at the point of sale for low-value goods (valued at less than 3,000 NOK) and subsequently remit the collected VAT to the Norwegian Tax Authority on a quarterly basis through the VOEC scheme.

The VOEC scheme cannot be used for the following type of goods.

- Foodstuffs for human consumption.
- Goods subject to excise duty.
- Restricted imports or illegal goods.

If this threshold is reached, you will need to register your business for the VOEC scheme and submit quarterly VAT returns. When dispatching goods to Norwegian consumers, you must ensure that the carrier importing your goods have included your business VOEC number digitally on the customs declaration. This helps prevent potential delays or additional charges as well as ensuring your customers are not subjected to paying VAT again at the point of entry.

Only goods with value below NOK 3,000 can be charged with VAT at point of sale and sent as VOEC goods. You have the option to consolidate multiple items, each with an individual value below NOK 3,000, into a single shipment, even if the cumulative value surpasses NOK 3,000. It is vital that clear instructions are given to the transport carrier to ensure that the correct information is declared on the import declarations and the VOEC scheme is utilized where applicable.

NORWAY VAT RETURNS & RATES

The VOEC registration requires quarterly VAT submissions, whereas local VAT registration in Norway requires bi-monthly filings.

An eCommerce business might require a Norwegian VAT registration if it holds inventory in Norway, or deals with goods beyond the VOEC scheme's scope, or if the products it has imported exceed the 3,000 NOK threshold for the scheme.

A breakdown of the VAT rates include:

- 25% Standard Rate for all goods and services that don't fall under one of the reduced VAT rates.
- 15% Reduced Rate for food and beverages, excluding alcoholic beverages.
- 12% Second Reduced Rate for passenger transport, accommodation, public broadcasting and entry to cinemas, sporting events, amusement parks and activity centres.
- 0% -Zero Rate - Certain goods and services such as export, newspapers, and books.

ONLINE MARKETPLACE RULES IN NORWAY

Like the EU and UK, Norway also has “Deemed Supplier” VAT rules for online marketplaces facilitating B2C imported sales.

This implies online marketplaces facilitating the remote sales of imported goods through an electronic interface (such as a marketplace, platform, app, or portal) will, in accordance with VAT legislation, be regarded as having directly supplied those goods.

The mandatory nature of the "deemed supplier" provision means that those who engage in the sale of low-value goods through an intermediary are not required to register for VAT themselves. The market assumes this obligation and reports and pays the VAT.

PRACTICAL TIPS AND GUIDANCE

Here are some actions you can take to ensure your business is well prepared to expand operations in Norway.

- Confirm if a Norwegian VAT registration is required and determine what type - Local or VOEC.
- Research the VAT rates applicable to the products or services your supply to customers in Norway.
- If supplying goods through the VOEC scheme, engage with a trusted transport carrier familiar with the scheme.
- Research the VAT solution that suits your needs and can connect directly to your online store to automate the VAT return preparation process.
- Keep up to date with changes in VAT legislation.

Taxmatic Guide – VAT in Norway, A Guide for eCommerce Sellers

© 2024 Taxmatic

Visit www.taxmatic.com or email info@taxmatic.com

This guide is not intended to provide specific tax advice tailored to your situation. For personalized advice regarding your VAT obligations or any other tax matters, it is recommended that you consult with a qualified tax professional or contact the relevant tax authorities.