Consumer Profile
The Norwegian population is ageing. The median age is 39.8 years and the population growth rate is 0.79% in 2020. According to the latest data by the World Bank, 17.4% of the population is under 14 years old and 17.2% is over 65 years old. On average, a household consists of 2.15 people with 39.4% of households are people living alone, and 24% are couples with children (2020 figures from Statistics Norway). The size of the household decreases from year to year. Women are 49.6% of the total population. About 83.4% of the population lives in urban areas while the south has a denser population due to the better climate and connectivity with Europe. Areas of concentration exist along the North Sea and at Skaggerak. The main cities are Oslo, Bergen and Trondheim. The level of education is very high in Norway with 82% of adults aged 25 to 64 have a secondary education, higher than the OECD average of 78%. Norwegians can expect to go through 18.3 years of education between the ages of 5 and 39, more than the OECD average of 17.2 years. Some 68% of the working population works in the private sector and public enterprises, 18.7% work in municipal government, 11.3% in central government and 1.7% in municipal county government. The sectors that employ the most are health, social, sales, construction, industry and education.

Purchasing Power
The GDP per capita PPP is approximately USD 66 813. Norwegians earn USD 51 212 per year on average, more than the OECD average of USD 43 241. The purchasing power of Norwegians, which is among the highest in Europe, is slightly down, as the rise in wages has not offset inflation. In 2019, purchasing power parity for Norway was 9.9 LCU per international dollars. In Norway, the average household net adjusted disposable income per capita is USD 35 725 a year, higher than the OECD average of USD 33 604. Norway is ranked second in terms of actual individual consumption per capita in Europe. Norway consumption level is 27% above the EU average. Norway managed to escape the worst economic impacts of the COVID-19 pandemic during 2020 as the country’s response to the pandemic was more moderate than what was seen in most European countries. For this reason consumption levels, although lower, are not expected to fall sharply. The Gini index is relatively low but income inequality is increasing. The gender pay gap among full-time employees in Norway remains at 20%. After adjusting for age, education, sector and several other factors, there is still a 13% gender difference. Nonetheless Norway is the second most gender-equal country in the world (84.2%), according to the Global Gender Gap Report 2020. The trades that have the highest wages are managers while the intermediary professions, salesmen and farmers have the lowest wages.
Consumer Behaviour

Norway is a consumer society especially drawn to new products (new technologies). Consumers generally are willing to pay more for quality goods. Value for money matters more than low prices. Many consumers research products before buying them in stores or online. eCommerce in Norway is currently worth nearly €3 billion a year. The country currently has an internet penetration rate of 96 percent which equates to 5.3 million people. Of those, 3.2 million are online shoppers, spending an average of €2,522 a year. In Norway, the most popular product category is formed by clothing and shoes (36 percent). This is followed by consumer electronics and media (both 25 percent), sports & leisure (14 percent), beauty & health, furniture, and groceries (all at 10 percent) and baby & toys (6 percent). Consumers find both domestic and foreign products appealing. About 39% of internet purchases are products from another country (mainly China, the United States, Sweden and Germany).

Consumers are generally loyal to national brands. Online, however, more than half say they are not loyal to the seller. Social networks are used as a source of information and Facebook is becoming increasingly saturated. In Norway, Sweden and Finland, about two thirds of the population shows concern about the use of personal data by companies.

Norwegians are gradually adopting a more environmentally friendly mode of consumption. In particular, expenditure on food has decreased. Fruit and vegetable consumption is up, while meat and fish consumption is decreasing. Organic food consumption increased by 8% in 2019. Infant and child products are the most eco-labelled followed by dairy products. The second-hand market is booming, especially on the internet, for economic and ecological reasons. As of 2018 (latest data available), second-hand online retail sites were used by 64 percent of Norwegian internet users. The products traded are furniture, followed by electronic and electrical appliances, recreational and leisure products. Norwegians generally have a positive opinion on the collaborative economy and believe that this benefits the consumer.

Consumer Recourse to Credit

In Norway, the use of debit and credit cards is common and both methods of payment are accepted at most stores, hotels and restaurants. The level of household debt is among the highest in the European Union, and rising. It reaches 101.58% of GDP in 2017. Consumer credit has increased twice as fast as other types of loans. Total household debt outstanding at the beginning of 2018 is NOK 3464 billion. Due to the strong expansion of consumer credit and related financial risks, the central bank has put in place regulations. Thus, in the coming years, the expansion should slow down.

Growing Sectors

Recreational and cultural services, accommodation services, telephony, education, soft drinks, transportation services, food services, home and garden equipment, home textiles, tobacco, clothing and vehicles.

Consumers Associations

Forbrukerradet, National Consumer Advice
Forbrukertilsynet, Consumer Authority
IMPORTING & DISTRIBUTING

**Import Procedures**

Norway is a member of the European Economic Area (EEA) and an EFTA (European Free Trade Association) state. Through the EEA Agreement, Norway is an equal partner in the internal market, on the same terms as the EU member states. This includes having access to the internal market's four freedoms, the free movement of goods, persons, services and capital.

The Norwegian Customs Authority collects import duties and taxes on foreign goods. A commercial invoice plus a bill of lading or an airway bill are the required general import documentation. A certificate of origin is not required unless specified. For long-term contracts or expensive shipments, an official ruling is needed.

The official model for written declarations to customs is the Single Administrative Document (SAD). The SAD serves as the EU/EEA importer's declaration. It encompasses both customs duties and VAT and is valid in all EU/EEA countries.

Non-agricultural goods entering into the territory must adhere to customs formalities (summary declaration). This declaration must be carried out by the person bringing the goods to the territory. In the case of non-EU goods this procedure could take:

- 45 days in the case of goods carried by sea;
- 20 days in the case of goods carried other than by sea.

For more information, please contact the [Norwegian Excise and Customs Authority](#). Check the [EU's Customs Union](#) website periodically for updates.

**Specific Import Procedures**

Importation of certain textile items, alcoholic beverages, pharmaceuticals, fish nets and raw materials for the manufacture of nets, tobacco, arms, ammunition, live animals, animal products, fruits, vegetables and other plant parts requires additional documentation.

**Distribution channels**

Even though Norway’s consumer market is small by European standards it is attractive to foreign suppliers. Retail sales in real terms grew by 2% in 2019, to a total of $70 billion. In 2019, food retail sales amounted to $33.2 billion. According to Statistics Norway, there has been an increase by 1.2% in retail sales (seasonally-adjusted volume index) from September to October 2020. This decline is clearly a consequence of the COVID19 pandemic.

The retail market for groceries is also characterised by a high degree of vertical integration, with wholesaling and retailing operations typically owned by the same company. When combined with the homogeneity of Norway’s grocery retail sector, and the preference for known products, this has made it extremely hard for foreign companies to enter the market without local representation.

Norwegian retail trade is focused around main commercial centres, such as Oslo, Bergen, Trondheim and Stavanger. Mergers or close collaborations between two or more companies have driven the structural change over the past few years, mostly in the grocery sector. Retailers aim to enlarge their operations in order to gain more negotiating power at the expense of producers and wholesalers. Because of the small domestic market, Norwegian retailers are small compared even with other Scandinavian countries, and are not very active internationally.
Price levels in Norway are infamously high: groceries cost 50% more than the EU average. Prices of alcohol and tobacco are even higher.

**Distribution market players**
The Norwegian distribution system is quite organised and consolidated. It is characterised by a small number of intermediaries, sensible margins, a diversity of trends and dynamic professional syndicates. Distribution chains dominate the market, and some chains have strengthened their positions by taking on the role of wholesaler as well, such as NorgesGruppen.

The principal Norwegian stores are:

- In 2018 (latest data available), Norgesgruppen was the leading grocery retailer in Norway, reaching a market share of roughly 43.2 percent, based on sales.
- Coop with 29.3% market share,
- Rema with 23.7% market share,
- Bunnpris with 3.8% market share.

Shopping centres have also had great success, with turnover steadily increasing and expected to continue in four principal zones: Oslo, Akershus, Østfold and Vestfold.

**Retail Sector Organisations**
The Enterprise Federation of Norway (formerly the Federation of Norwegian Commercial and Service Enterprises)

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**OPERATING A BUSINESS**

**Type of companies**

**Aksjeselskap, AS**
(Limited Company)

**Number of partners:** One or more with no maximum.
A minimum of two directors must be appointed, one of whom must be a Norwegian or European citizen.

**Capital (max/min):** NOK 30,000

**Shareholders and liability:** Liability is limited to the amount contributed.

**Allmenne aksjeselskap, ASA (Public Limited Company)**

**Number of partners:** One or more with no maximum.
At least 3 directors, at least 2 of whom must be residents in Norway.

**Capital (max/min):** NOK 1 million

**Shareholders and liability:** Liability is limited to the amount contributed.
**delt ansvar, DA**  
(General Partnership w. shared liability)  
**Number of partners:** Two or more with no maximum.  
**Capital (max/min):** No minimum capital.  
**Shareholders and liability:** Unlimited, but each owner is responsible for the share of debt corresponding to his/her share of the ownership.

**Ansvarlig selskap, ANS**  
(General partnership)  
**Number of partners:** Two or more with no maximum.  
**Capital (max/min):** No minimum capital.  
**Shareholders and liability:** Liability is unlimited.

**Enkeltmannsforetak**  
(Sole proprietorship)  
**Number of partners:** Only 1 person.  
**Capital (max/min):** No minimum capital.  
**Shareholders and liability:** Liability is unlimited.

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<tr>
<th>Setting Up a Company</th>
<th>Norway</th>
<th>OECD</th>
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<tbody>
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</tr>
<tr>
<td>Time (days)</td>
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*Source: Doing Business.*

**Cost of Labour**

**Minimum Wage**  
No minimum wage exists.

**Average Wage**  
According to the OECD data, Norwegians earn USD 51,212 per year on average.

**Social Contributions**  
Social Security Contributions Paid By Employers: Employer’s social security contributions are due for all employees in both the private and the public sector. The normal rate for the employer is 14.1 percent on gross earnings. The contribution is geographically differentiated according to the municipality where the work-place is.  
Social Security Contributions Paid By Employees: An individual working in Norway is subject to Norwegian social security contributions. The employee’s contribution is 8.2 percent based on gross wages. This contribution is not required when the salary is less than NOK 54,650 per year.

**Intellectual Property**
National Organisations
The Industrial Property Office

Regional Organisations

International Membership
Member of the WIPO (World Intellectual Property Organization)
Signatory to the Paris Convention For the Protection of Intellectual Property
Membership to the TRIPS agreement - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

TAX RATES

Consumption Taxes

Nature of the Tax
Value Added Tax (VAT) - MVA (Merverdiavgift)

Tax Rate
25%

Reduced Tax Rate
A 15% rate applies to food and beverages (excluding alcohol and tobacco, and supplies in restaurants).

A 12% rate applies to domestic passenger transport, hotel accommodation, museums, amusement parks and cinema tickets, sports events, television licenses. Please note that, due to the COVID-19 pandemic, the rate has been reduced to 6% for accommodation, leisure and transport until 30 June 2021.

Certain goods and services are zero-rated, including exports, supplies to foreign ships and aircraft and ships involved in foreign trade, books and newspapers, the transfer of a business as a going concern, and international transportation services.

Other Consumption Taxes

Customs duty is imposed on several items, particularly on agricultural products, meat and certain textiles and clothing. Excise duties are imposed on alcohol, tobacco, motor vehicles, mineral oil products, electricity, waste, dangerous chemicals, chocolate, sugar and related products, beverages, beverage packaging and food production. Certain services are also subject to excise taxes, including: registration and use of vehicles, Emissions of NOx, sale of electricity, flight passengers.

A NOK 0.013 per kWh natural resource tax applies to hydro power activities, based on one-seventh of the produced kWh for the income year in question and the six previous years.
Corporate Taxes

Company Tax
22%

Tax Rate For Foreign Companies
Foreign companies with their effective management and control in Norway are treated as resident for taxation purposes. To determine whether the effective management of a company is in Norway, conditions such as where the board of directors meets or where daily management decisions are taken can be considered.

For up-to-date information on the Norwegian government’s tax measures to ease the effect of the COVID-19 crisis, click here.

Capital Gains Taxation
Capital gains derived from the sale of depreciable and non-depreciable business assets, immovable property and securities are included in income for corporate tax purposes and taxed at a flat rate of 22%. Capital gains derived by a Norwegian limited company on the disposal of shares in another Norwegian (or EEA resident) limited company are exempt from taxation. If these gains derive from the sale of shares of a company resident in another EEA member state with lower tax rates, the exemption will only be applicable in the event of the completion of proven business in this country. Norwegian companies may benefit from a capital gains tax exemption deriving from the transfer of shares in a non-EEA resident company in the following cases: (a) the participation of the Norwegian company is at least 10% for a minimum of two years (b) the company owned is not a tax-resident in a country with lower tax rates.

Main Allowable Deductions and Tax Credits
Ordinary business expenses are generally deductible: research expenditure, depreciation (it is mandatory to capitalise an asset that has a value of NOK 15,000 or higher and has an economic life of at least three years), social security payments, losses as well as interest and royalty payments. In general, start-up expenses are deductible, provided that the costs are borne by the company. Donations to certain charitable institutions are tax-deductible (capped at NOK 50,000 per year). Royalties and service fees paid to related foreign companies are fully deductible if they meet the arm’s-length principle. Entertainment expenses and anticipated losses, as well as fines and penalties, are non-deductible. Real estate tax and foreign income and capital taxes paid are deductible from the corporate income. Bad debts are tax-deductible when they are clearly irrecoverable or realised and sufficiently connected to the business. Acquired goodwill may be amortised according to the declining-balance method at a maximum of 20% per annum.

Losses may be carried forward indefinitely. Carryback of losses is permitted for losses incurred in the year of ceasing business (up to two years). Production equipment and production installations will be exempt from property tax from 2019, with a seven-year transitional period.
**Other Corporate Taxes**

Other taxes include CO2 tax (calculated on petroleum that is flared and on natural gas emitted into the air and on installations used for production or transportation of petroleum), petroleum revenue tax, stamp duty on the deed of transfer of ownership (2.5%) and real estate tax (ranges from 0.2% to 0.7% of the estimated value of the property, generally lower than the market value, across municipalities). Social security contributions paid by the employer vary by region, from 0% to 14.1%.

Entities within the financial services sector are usually subject to a special payroll tax. The tax rate is 5% and shall be calculated on the wage base. The tax is payable by companies where the employees spend more than 30% of their time on VAT-exempt financial services. Some institutional holders - including mutual insurance companies, taxable pension funds, self-owned finance institutions, savings banks, co-operatives, mortgage credit associations - pay a 0.15% net wealth tax.

In certain cases, an exit tax calculated by reference to the accrued but unrealised gains at the time of migration is levied at a rate of 22% upon the migration of assets or liabilities.

A NOK 0.013 per kWh natural resource tax applies to hydro power activities, based on one-seventh of the produced kWh for the income year in question and the six previous years.

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**Other Domestic Resources**

Norwegian Tax Administration - Skatteetaten

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**Doing Business Website**, Consult the Doing Business website to obtain a summary of Norwegian taxes and mandatory contributions.

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**Double Taxation Treaties**

**Countries With Whom a Double Taxation Treaty Have Been Signed**

See the list of Tax conventions signed between Norway and other states.

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**Withholding Taxes**

Dividends: 0%/25% (for distributions to shareholders resident in low-tax jurisdictions and to non-resident individuals); Interest: 0%/15% (on payments made to certain related companies domiciled in low-tax jurisdictions, from 1 July 2021); Royalties: 0%/15% (on payments made to certain related companies domiciled in low-tax jurisdictions, from 1 July 2021)