



Magazine for entrepreneurs in Norway

Omega Norwegian Solutions

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Dear Readers,

We are stepping into 2017 ready for all new challenges it might bring. This year's first edition of Omega Magazine will be all about the most important topic of the season – taxes. We will be detailing the changes in the rates and tax deductions, as well as explaining what sorts of jobs performed from or at home are not taxed according to the Norwegian law. We will also describe how to change your bank account number in Altinn system, and how to prepare documents necessary for your tax return submission. We will also delve into the details of eight years of legal struggle between the state of Norway and employers concerning the obligation to pay for the travel, board and lodging of employees posted to Norway. All in all, the employers are in the right,

but with the governments ferocious opposition, it seems that the dispute is nowhere near resolution. Will it influence the shape of collective agreements signed in Norway? If yes, then how? Read on to find out about it!



I would like to take this opportunity to wish you that this new coming year will bring you prosperity and ample possibility for growth and development!

Aleksandra F. Eriksen
Chairman of the Board
Omega Accounting AS & Polish Connection

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Tax refund in Norway – bank account matters

Tax refund is usually paid into your bank account or delivered to your address in a form of bank cheque. That is pretty much clear for everyone who has worked in Norway. However, matters become more complicated, when it comes to getting the tax refund transferred to an offshore account or paid to a plenipotentiary. Read on to find out how to proceed in such cases.

The information in the article below has been based on information available from *Skatterdirektoratet (Tax revenue department)*, which sets all procedures connected with tax returns in Norway.

Norwegian account

The easiest way to change the account into which the tax rebate should be sent to is to select the appropriate account number details from the database on Altinn service (altinn.no) and then send an online request for an account change to the relevant revenue office.

However, this option is only available for accounts in Norwegian banks, which have been entered into the database as registered accounts of taxpayers. If the taxpayer has a Norwegian bank account, but it has just been opened, the account won't appear in the system.

If the account is not yet available in the online database, or when the tax payer is not using the Altinn service at all, the written request for the change of the bank account should be sent to the relevant revenue office (*skatteoppkrever* or *kremmer*) by post. The request should be signed and you should attach a copy of your identification document. We also advise you to list your contact details, so that the revenue office could get in touch with you in order to verify the data.



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Joint bank account with a spouse

If the Norwegian account is, in fact, a joint bank account with a spouse, the account will be available in the Altinn database only for the person who is registered as the owner of the account. The spouse, who has the right to access the account, in order to get their tax refund transferred into this account would have to send a written request to the revenue office. The request should contain all relevant account information. You should also attach the copy of your identification document and a copy of a document issued by the bank which confirms that you have the right to access the account in question. We also advise you to provide your contact details, so that the revenue office could get in touch with you to verify the data.

Offshore account

If you would like to receive your tax refund on your offshore account, you should send the appropriate form to the address of the revenue office (it is available to download). Remember that you should sign the form and attach a copy of your identification document, as well as the document confirming that you are the owner of the account, or are allowed to access the account.

Please note that even though in the form attached to the tax return for the foreign workers there is a section to list an offshore bank account for the tax refund (you should provide IBAN and SWIFT code), if it has not been reported to the appropriate revenue office in writing, filling in the given section will not be enough to receive tax refund into the account offshore.

Payment to a plenipotentiary

Tax refund does not have to be paid into the account of the taxpayer. The taxpayer can request for the payment to be made into the account of a third party – either a legal entity or a natural person.

In order for the tax return to be paid into a plenipotentiary's account, you have to send a written letter of authority to the revenue office. The signed and dated letter of authority should:

- clearly state who is the plenipotentiary and who grants the authority,
- contain personal ID number or a D number, telephone number and the address of the person granting the authority,
- contain personal ID number, D number, or an organizational number (in case of a legal entity), address and a telephone number of the plenipotentiary,
- contain the bank account number the tax refund should be paid into, or post address (in case of a bank cheque). In case of an offshore account, you should provide both IBAN and SWIFT code,
- clearly state what the letter of authority applies to – in this case, it will be a tax refund payment.

You should also attach the following documents to the letter of authority:

- a copy of your photo, identification document such as passport, ID card, Norwegian driving license,
- in case of payment into an offshore account, a document from the bank to confirm that the

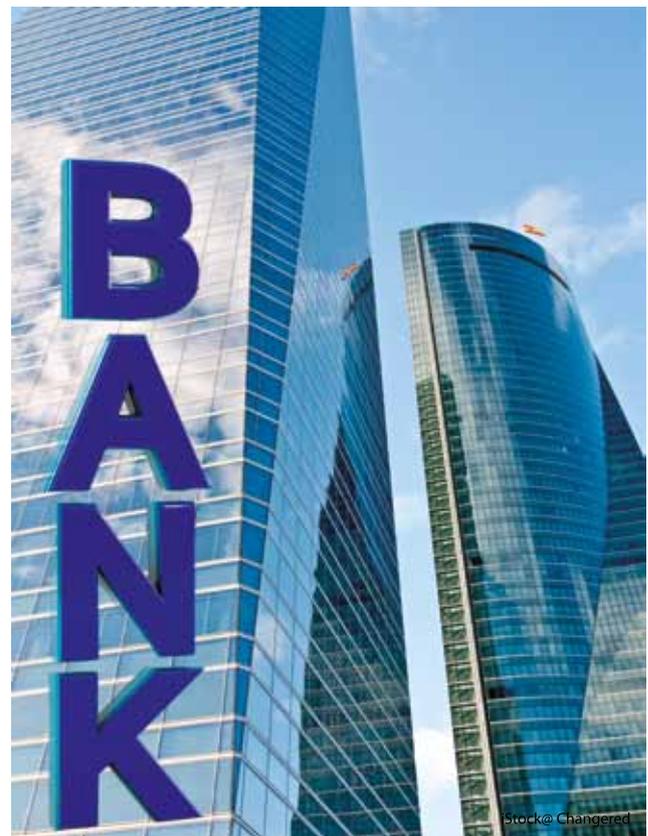
plenipotentiary is the owner of the account or has the right to access it.

The letter of authority cannot be assigned to a certain year, or be valid for more than 3 years since the date of its issue. Please bear in mind that the revenue office will verify the authenticity of the letter of authority and, once it has been verified, it will get in touch with the person granting the authority, who, in turn will be able to confirm or deny the information provided.

How early does one need to register the change of account?

In case of selecting the account listed in the Altinn database, you have until 15th of May to do so. After that date, and in all other cases mentioned above, you should get in touch with the revenue office and submit a written request. In order for the tax refund to be sent to the chosen bank account, the details of the bank account in question should be provided to the revenue office not later than a week before the publication of tax return (there is a selection of dates, when the tax returns are published, but the majority of the taxpayers' returns are calculated at the end June).

Please account for the time necessary for the documents sent by post to reach the revenue office!



Medical leave of absence – frequently asked questions

The question of medical leave is one of the most complex matters in Norwegian labour legislation. It is often the case that the employee, seeking relevant information about medical leave, can receive inconsistent or even contradictory instructions. We would like to answer some of the most frequent and pressing questions you might have about medical leave in Norway.

1. How long do I have to wait to get a medical leave after I have used all my sick days?

First of all, we need to differentiate between two types of medical leave. First one is a leave, when you are paid in full by the employer, and the other is the leave, when you are paid by NAV. The employer is obliged to pay the employee's wages for the first 16 days of their medical leave. In order to receive payment for the next 16 days, the employee has to be able to work for full 16 calendar days and perform his or her duties in full capacity – according to contract of his or her employment (if employee returns to work half-time, he or she is not eligible for another 16 days of leave paid by the employer).

In case of NAV, different rules apply. If the employee returns to work after 52 weeks of medical leave of absence, he or she should work for minimum of 26 weeks in order to be eligible for another medical leave. This rule does not apply to leaves which are a result of accidents in the workplace. If the employee is not able to work as a result of an accident in the workplace, he or she is eligible for medical leave of absence regardless of the fact that he or she has or has not worked for the full 26 weeks. What is more, a short medical leave, which is paid for by the employer does not disrupt the required 26 weeks of work.

2. Can the employer challenge a medical leave of absence issued outside Norway?

If the employer has a reason to doubt the validity of

the medical leave of absence, he can challenge any medical leave of absence, regardless of the fact of where it has been issued. The employer is obliged to state their concerns in a special report submitted to NAV (the employee can also present their point of view in such a document). If NAV decides that there are genuine medical grounds for the leave of absence, the employee should receive *skypenger* for the period assigned to the employer and NAV. Based on the regulations governing the coordination of insurance, the employer cannot challenge the medical leave of absence solely based on the fact that it has not been issued in Norway. However, the employer can demand for the leave of absence to be translated into Norwegian or English.

3. Can I travel to Poland for my treatment?

This is a controversial matter. The easiest situation is when you fall ill while in Poland – during your holiday, and consequently receive a medical leave issued by a Polish doctor with recommendation to continue treatment in Poland. However, if you fall ill while in Norway, matters become more complicated. The laws governing the coordination of insurance allow the patient to seek treatment outside Norway, but it is often the case that NAV requires an official request to leave the country in order to get treatment. The situation is better for the people who have a temporary personal ID numbers and temporary place of residence in Norway, for example, in barracks or employees

lodge, because NAV might not require such a request from them. People, who have obtained permanent ID numbers and have registered under a permanent Norwegian place of residence, do not have to request for the permission to seek treatment abroad, if they do not wish to receive the benefits while they are in Poland.

4. Can my employer or NAV summon me to Norway to discuss my medical leave of absence if I am in Poland?

Contrary to popular belief, you can be summoned back to Norway to discuss your medical leave. A medical leave cannot serve as an excuse, and you would have to appear in Norway. If you fail to do so, your benefits might be withheld. If your condition prevents you from travelling, you can present a separate medical certificate to explain why you can't arrive to discuss your medical leave in person, so that employee or NAV can arrange for a phone conversation instead.

5. Can my employer fire me while I am on medical leave?

Yes and no. A sick employee cannot be fired, but this protection does not extend to group redundancy. What's more, such protection applies for one year from the date of your first medical leave of absence. If the employee is still ill, and continues to receive benefits, the employer might elect to fire him or her if there is no perspective for the employee returning

to work. Nevertheless, both in case of a group redundancies and medical leave exceeding one year period, the employee is still eligible for *sykepengen* and *arbeidssavklaringspengen* benefit. What is more, in case of *sykepengen*, NAV can check if there is not an easier job available that the employee can be doing instead.

6. Does medical leave of absence affect my holiday time?

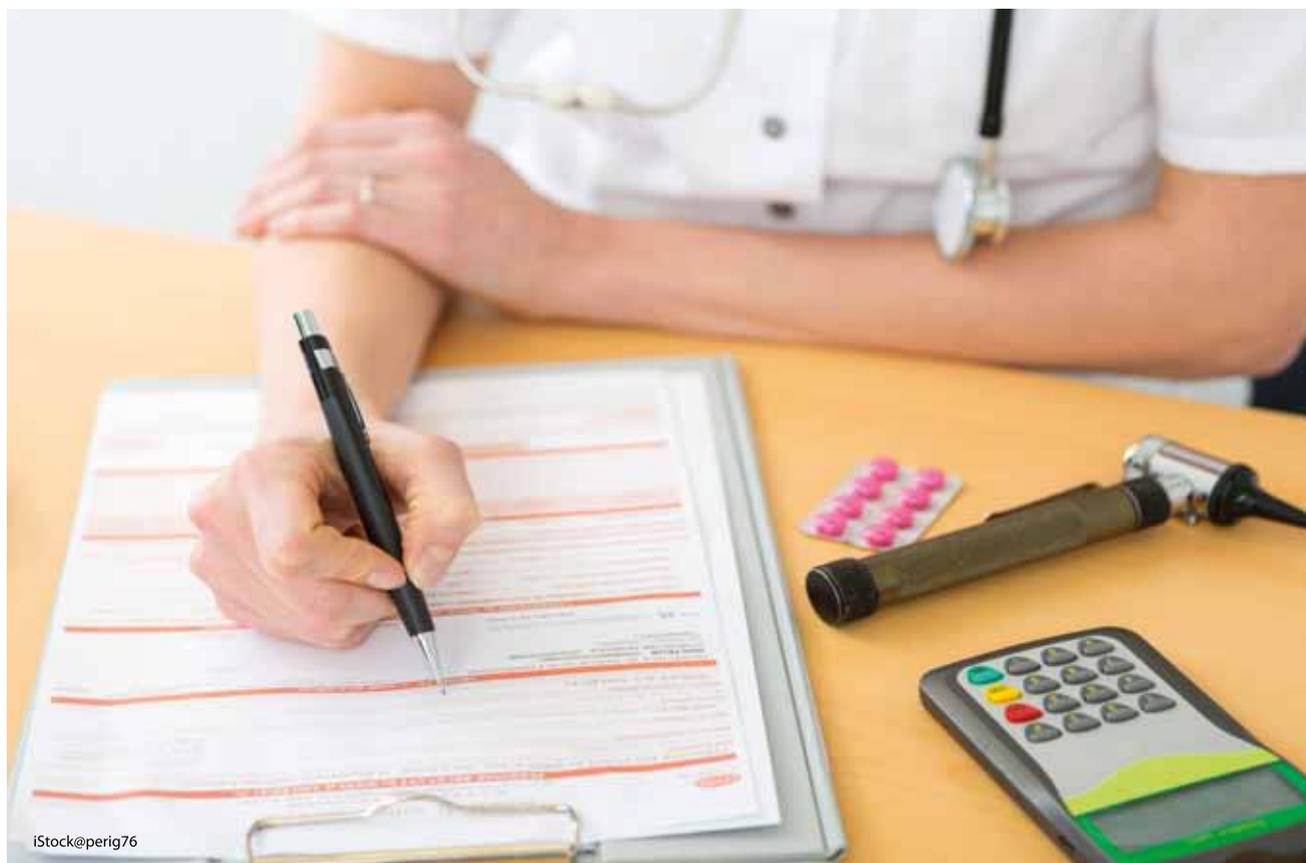
If you are on 100% leave of absence, then yes. If you have a part-time leave of absence (40% for example) you are treated as a healthy employee.

7. Can I resort to medical leave of absence in case of life difficulties?

According to Norwegian labour legislation, a difficult life situation or personal problems are not grounds to receive a medical leave of absence. You can only receive medical leave of absence due to an illness or an injury. However, if such personal difficulties lead to depression, which would incapacitate you, it can be seen as a valid reason to be granted a medical leave of absence.

8. Can I get a medical leave of absence for a part of a work day to account for a doctor's visit, for example?

No. However, if doctor sees, it fit to issue a medical leave of absence for one day, he or she can do so.



iStock@perig76

Tax return for 2016

On April the 4th is the latest that the Skatteetaten can provide the preliminary tax settlements for 2016 on the Altinn.no service. From this year, the document known as *selvangivelse* will be also available as *skattemelding*.

If you don't deduce anything from your tax, you can choose not to file a tax return, and the revenue office will calculate your tax based on their preliminary tax return. Nevertheless, it is worth checking the figures and verifying all the data. Pay especial attention to the minimum standard tax deduction concerning the amount of time spent in Norway – the *minstefradrag*. For instance, in tax returns for 2015 the *minstefradrag* has been minimized by the revenue office, which resulted in many cases of tax underpayment, which, in turn, required corrections. In 2016 *minstefradrag* is 91 450 NOK, while in 2015 it was 98 050 NOK.

The majority of taxpayers are able to claim tax deduction, and that's why we present most popular options for tax deductions for 2016.

10% tax deduction

If you have just begun your career in Norway, or if you work offshore, or do seasonal work, so that your residency in Norway does not exceed 183 days during 12 month period, or up to 270 days during a 36-month period, you can claim 10% standard deduction. The maximum amount of tax deduction can amount to 40 000 NOK. This standard deduction is proportional to your stay in Norway, which means that if you have been a resident of Norway for a whole income year, you will be eligible to claim full minimum deduction and personal allowance (12/12). On the other hand, if you stayed in Norway for a shorter period of income year, the deduction will be smaller. If, for example, you lived in Norway for between three and four months in the income year, the allowance and deduction will be 4/12 of the full amounts. This standard 10% deduction can be combined with tax class 2 and with seafarers' deduction.

Tax class 2

If your spouse does not work, or does not earn a lot (it does not matter if the spouse is in Poland or Norway), you can apply for joint assessment. The spouse's income cannot exceed 45 870 NOK (approximately gross amount of 21 535 PLN) for 2016, which is half the G rate of a given year. What is more, in order to be assigned tax class 2, you have got to be married the latest in October of the year preceding income year you are being assessed for. You also have to be living at the same address in Poland, which has got to be verified by a documented confirmation of residence. You can lower your tax by maximum of 6000 NOK.

Pendler (commuter) deduction – family in Poland; Pendler (commuter) deduction – single person

If you have a family in Poland, and you travel back home at least 3 times a year, and providing that you cover the travel expenses, accommodation or food in Norway yourself, you can deduct the aforementioned expenses from your tax. You can also combine your tax class 2 status and *pendler* (commuter) deductions.

In order to be assigned commuter status you have got to provide documents confirming that you share residence with your family. If your spouse officially resides under a different address, you can try to prove that you run your household together (you can provide the revenue office with notarial declaration that you run your household together). Persons who are in an informal relationship, but have children together, with whom they share residence, can claim commuter tax deduction – in this case you apply for a commuter status based on visiting your children.

Singletons and people in non-formal relationships can apply for pendler (commuter) status, but they have got to meet additional requirements. Depending on their age (under or over 22 years old) and being registered in residence with their parents or living separately, the taxpayer must travel to Poland at least once in 6 weeks or once in 3 weeks. What is more, they should have a standalone apartment in Poland. The living area of this apartment should be at least 30 square meters per person. We would like to encourage you to familiarize yourself with all information on this deduction, which is available on our website.

Expense allowance and changes in travel deduction – higher personal contribution

There were no changes to the expense allowance in 2016. If the employee has access to kitchen and can prepare his or her own food, the expense allowance amounts to 200 NOK a day, while, if the employee has no access to kitchen, and consequently cannot prepare his or her own food (for example, professional drivers) the expense allowance amounts to 307 NOK per day.

There are some bad news for taxpayers claiming their commuter's deduction. This year the sum of personal contribution into travel expenses has been raised considerably: from 16000 NOK in 2015, the *bunnfradrag* has been raised to 22 000 NOK. Even though the mileage rate (1,50 NOK/km for travel up to 50 000km and 0,70 NOK/km for travel over 50 000 km) has not been changed, it means that in order to claim any substantial commuter's deduction, you would have to travel to Poland more frequently than 3 times a year.

Foreldrefradrag (parental allowance)

You can claim parental allowance if you have children under the age of 12 to deduct the costs of private kindergarten care or sports classes. This allowance can be combined with commuter's deduction and with tax class 2 status. Maximum amount you could deduct in 2016 has not been changed – it is 25 000 NOK for the first child, and additional 15 000 NOK for each additional child.

Keep in mind that you cannot deduct the costs of supporting your children, if you are already claiming the 10% standard deduction.

Seafarers' allowance

If your main employment is on board of a ship (as a fisherman or a sailor) and you work a total of 130 days of income year aboard of a ship, you can claim a seafarers' allowance. This allowance amounts to 30% of the taxable income. The maximal deduction in 2016 is 80 000 NOK for sailors and 150 000 NOK for fishermen.

If fishing and sailing is not your main employment, and you don't spend at least 130 days aboard ship, you cannot claim this allowance.

Seafarers' allowance can be combined with allowances and deductions mentioned above, namely, with 10% standard deduction and tax class 2 status.

Other allowances and deductions

- *fagforeningsfradrag* – deduction for trade union fees – maximum amount of 3 850 NOK,
- maximum deduction for charitable donations has been increased to 25 000 NOK,
- maximum yearly deduction for pension system payments has not been changed – 15 000 NOK,
- *rentefradrag* – deduction for interest rates.

You must file your tax return by 30th of April 2017, or having obtained an extension on Altinn.no service, by 31st of May 2017.

For detailed information on documents necessary to claim any of the deductions and allowances mentioned above, please visit our website at www.podatek.no. You are also welcome to get in touch with our consultants via phone:

+ 48 587 270 555

+ 48 221 021 999

or via e-mail at

gdynia@podatek.no

or office@polishconnection.no.

Get in touch with us to claim the most beneficial tax return for 2016!

Source: <https://www.skatteetaten.no>

Work or services performed at home – tax exempt income under 6000 krone

Work performed at the client's own or rented home, apartment, or holiday cottage can be exempt from the taxation, provided that the income of the employee does not exceed the amount of 6000 krone in a given income year.

The fact that this job is not taxed, does not mean that it is done illegally.

The threshold sum of 6000 krone has been established in 2014.

Tax exemption applies to all kinds of work performed at home or cottage, unless the work is being done as a part of business activity or venture.

Types of work according to tax ABC:

- home care (medical and health),
- shopping,
- cleaning,
- gardening,
- shoveling snow,
- maintenance and repairs done at home (cars, furniture). If the objects need to be sent out to be repaired, such service does not fall within tax-free income bracket.

Tip!

If the contractor's house or apartment is better suited to hold repairs in, the object can be transported there. The contractor's income will be exempt from the tax provided that his or her residence is not used as his or her place of business.

Social security contributions & advance tax payment

As long as the job fits the descriptions listed above, and the contractor's income does not exceed 50 000 krone, the employer (customer) does not have

to pay social security contribution. This means that the contractor can take up a number of jobs to do at home without the need to pay social security contribution or tax advance. However, if the same person receives payment exceeding the sum of 6000 krone in a given income year, the total amount of income will be taxed and should be reported as the contractor's income.

The customer (employer) is obliged to provide the contractor with accounting slip for each job the contractor has undertaken. They can, however, decide if they want to provide the revenue office with these accounting slips, if the contractor's income does not exceed 6000 krone.

Important!

The employer must always remember to provide the revenue office with the accounting slips, if the contractor's income exceeds 6000 krone. Then, all appropriately filled in accounting slips must be sent to the revenue office.

Benefits of legislating work at home

According to the revenue office, legislating work at home increases security of both parties. Legislating work from home can be beneficial for the contractor, because if their income is appropriately registered and taxed, it can influence the amount of health benefits and pension they receive in the future.

HSE and SHA-plan – what are these requirements?

What are the statutory requirements for HSE-work of an enterprise, and which special measures are required from SHA-plan for the building and construction industry?

All enterprises that operate in Norway are required to develop HSE-plan. HSE is short for health, safety and environment. The requirement for having HSE-plan is anchored in internkontrollforskriften: *“Forskrift om systematisk helse-, miljø og sikkerhetsarbeid i virksomheter”* (The regulations for internal control: Regulations for systematically working with health, environment and safety within enterprises).

HSE-plan is there to survey requirements to rules and regulations that apply to the enterprise, as well as to indicate the status of achievement to fulfil the requirements. HSE-system belongs to the individual enterprise, and applies specifically to the tasks and services that enterprise performs or offers.

The internal control should be adapted to the nature, activities, risks and size of the enterprise - to the extent necessary to comply with requirements in or pursuant to the health, safety and environment legislation.

The employer must establish systematic activities that ensures that the enterprise succeed to maintain a satisfactory level when it comes to health, safety and environment. Although it is the employer's responsibility to introduce and carry out internal control, it is the employee's duty to contribute to the fulfilment of HSE-plan. HSE-plan shall be anchored in the enterprise.

The regulation applies regardless of whether the enterprise receives payment or not. It applies not only to private operators, but also public providers such as municipalities etc. The requirement for HSE-plan will apply where you submit tenders for public services.

The internal control regulation does not apply for the contracting manager and the implementation of obligations imposed by *“Byggherreforskriften”* (The contracting manager's regulation). The building and construction industry will have its own procedures to ensure the safety of employees.

SHA (*“Sikkerhet, helse og arbeidsmiljø”*) stands for safety, health and work environment on building and construction sites. The requirement for SHA-plan is rooted in *“Byggherreforskriften”*, which were published in 1995. *“Byggherreforskriften”* describes how the contracting manager shall safeguard the employee's safety, health and working environment through projecting and execution of building and construction work, and apply only to this type of enterprise.

While HSE-work is required in all enterprises, SHA is only a requirement for the building and construction industry.

“Byggherreforskriften” art. 18 require that an enterprise which is on a building or construction site shall include the parts of the SHA-plan which are relevant to the enterprises operations in their HSE-system. For each workplace there will be a special part of the internal control that is adjusted to the security challenges. In this area, SHA and HSE are linked.

“Byggherreforskriften” art. 7 state that SHA-plan must be present before the initial start of any building and construction work. The plan must describe how the risk factors of the project should be handled. The content of the plan is stated by *„Byggherreforskriften”* art. 8.

Where there are several enterprises that work at the same worksite, SHA-plan must be coordinated amongst the enterprises. The decision of who is responsible for the coordination and the intern control of their joint activities/areas requires a written agreement. The contracting manager must appoint a coordinator for the whole project or one for the engineering phase and another for the execution phase. The appointment of a coordinator does not exempt the contracting manager from responsibility.

SHA-plan is a unique security, health and work environment plan for each specific building- or construction project. Every workplace has its own challenges when it comes to security, and they are therefore in need of a specific SHA-plan for each project. SHA-plan can't be copied from one project to another.

The work with SHA-plan must begin early in the planning process. Risk assessments must be conducted consecutively during the planning and engineering phase to reveal and eliminate most of the risk factors that may lead to accidents later on in the construction process. The construction manager will by describing the risk factors during the planning phase, and by taking this into account in the specifications of the tenders, allow the entrepreneur to calculate preventive measures in the tender.

SHA-coordinator, appointed by the construction manager, will thereafter make SHA-plan for the relevant building- construction project.

The plan should be built on concluded risk assessments and assessments on what is necessary to prevent damage to life and health.

SHA-plan must contain:

1. A description of the building- and construction sites organization, roles, responsibility allocation and the enterprises form.
2. A progress plan for the construction which shows when and where the different operations are to take place.
3. A description of the specific measures related to work that may involve danger to life and health.
4. Routines for handling nonconformities.

Somewhat simplified we can say that HSE-plan belongs to the enterprise, while SHA-plan is tied to the relevant building- or construction project. While HSE-plan is designed to meet the requirements that are set to the enterprise, SHA-plan will address the specific challenges related to the work on the building- and construction site in question.

Our attorneys can assist your enterprise with establishment and control of HSE and SHA routines.

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EEA and Norway Grants 2014-2021: Poland in map

As a Norwegian consulting company, we would like to share with you experience and to attract your attention to new coming period of EEA and Norway Grants 2014 – 2021 – that gives great opportunities to develop your business and add practical knowledge and common understanding of doing business together.

EEA and Norway Grants started with signed EEA Agreement in 1994. Since then, the funding passed several periods and increased essential both geographically and in provided amounts. The reduce of economic and social disparities and strengthening of bilateral relations with EU countries in Central and Southern Europe and Baltic Region is the main target of Financial Mechanism presented by Norway, Iceland and Liechtenstein. Another purpose is to provide equal opportunities and environmental sustainability between regions, and to bring together business and companies for building new bridges between countries based on economic interests, cultural understanding and equal approach to each other.

How it works: Each beneficiary country identifies areas with clear funding needs and defend their interests in front of Donor. The common project with involvement of partners from both sides, strengthening of co-operation and knowledge exchange have priority.

Poland was introduced to EEA and Norway Grants Mechanism in 2004, simultaneously with joining of EU and European Economic Area (EEA) and became one of the main beneficiaries. Grants give financial support to Polish entities, public authorities and non-profitable organizations/professional associations to develop itself and through this development to increase the economic prosperity in society. For the first grant period 2004 – 2009, to Poland was allocated €558.6 M, for the second period 2009 – 2014, Poland was supported with €578.1 M. The new Grants period will fund Polish economy with €809.3 M during 2014 – 2021. The key areas of support include: increasing energy efficiency, promoting green innovation in cooperation with Norwegian enterprises, improving environmental

monitoring and protecting biodiversity, improving access to public health services, increasing research cooperation between Norway and Poland, contributing to a more efficient judicial system.

Currently, we wait when the Polish delegation will finish negotiations and sign the Memorandum of Understanding (MoU) with Donor - the main document that stipulates specifics of Poland needs in correlation with bilateral interests for the next grants period. The Grants Main Office always follows the aims and needs of beneficiary country and the result of negotiations really depends on local delegation, how they defend the interests and point priorities. For us, as a representative for private companies – the key elements include development of private business and prompt partner relations based on common interests and equal approach. We would like more support to private projects and more involvement of private entities and always hope that national delegations have the same opinion. That's why it is important for local associations, big players and representatives of real sectors of economy to give a clear message to authorities in their own countries – we are here, we need to develop real sector of economy, please, consider our needs and help us to co-operate with partners from donor countries for mutual and steady benefit.

Once the MoU document is signed, the programme operators will elaborate the programmes under nominated areas, based on the same principles as MoU – country's needs, aims and common interest, and, as a final and the most waited moment – launch the open calls where potential participants can submit project applications and get support.

The EEA and Norway Grants Mechanism is attractive for all partners – the application requirements are well structured and relatively easy to complete (in comparison with EU Programmes). The Polish applicants are encouraged to establish business relation with Norwegian companies and find the right way for co-operation. The other advantages of Grant scheme include: financial security, project transparency as one of the main pillars, the approval period is not long and you can adjust and plan your activities together with project practices.

We are looking for Polish actors that are willing to explore this Mechanism, being on the safety legal side, bringing the direct co-operation in real sector of economy, seeing the results of project implementation that increase the economical level of local society, or improve production capacities of your enterprise.

We also consider the Grant as a platform - a first stage for long co-operation – the main idea is to try your partner, to find the right business relation and to continue it after project life ends.

Besides big programme with actual calls, each area has the Bilateral Fund aimed to develop the following: find the partners, organize study trips to visit them, identify the project idea, discuss and justify project concept, terms, partnership and costs – in other words – to be prepared when the call is launched and to deliver the proper formulated application package. The bilateral fund always is opened before the programmes and serves during all grant period, making easier application period when the deadlines and preparation of documents takes most time.

Currently, is a right moment to follow this preliminary stage - to identify the project idea, to look for partners, initiate first dialogue – and you all are welcome to try. We wait for your requests – this is only one way to make a final decision – whether and how you will join Grants period and what kind of issues are relevant for both sides.

We consider some “speculations” that can assist to Polish entities to set up the project ideas and initiate preliminary dialogue with potential partners taking into account the key areas of Poland support:

- For increasing energy efficiency – energy safety, ICT – from security to databases, development of energy infrastructure, maintenance and renovation, alternative energy resources, EPC schemes;
- For promoting green innovation in co-operation with Norwegian enterprises – knowledge transfer and development of new operations based on greening of industries, environmental friendly performance – for example, waste-to-energy management, clean technologies;
- For improving of environmental monitoring and protecting biodiversity – ICT clouds, creating of different databases, diversity protection;

- For improving access to public health services – establishing and testing of alternative service platforms, children and old people in health system, health services with special needs;
- For increasing research cooperation between Norway and Poland – the most vast and comprehensive field – the common efforts in research and different scientific background gives fantastic results ready for practical use;
- For contributing to a more efficient judicial system – a lot of topics based on real needs of Polish society to serve and adjust regulations to modern practices.

All areas are attractive for different players – from public authorities to private entities, professional associations and non-governmental organizations – the project Consortium can include several partners with different legal status, and under different financial conditions and grant coverage. Usually, social oriented programmes with involvement of public authorities and NGO’s rise the maximum funding (%) and aim to lift the economic situation in vulnerable sectors. The projects with involvement of private companies always need the co-financing from beneficiary and legal proves of your creditability to cover the difference in grant funding.

Several words about us: InnoVius AS is a Norwegian project management and technical consultancy company. Our team brings together specialists from a different field of interest. Our connections reach even further as we bring together a network of over 100 partners and associates from Nordic and EU countries. Together we identify your firm’s unique opportunities and challenges, and then deliver local, cost-effective solutions that help your organization realize its full potential and making our clients’ ambitions possible. *We see our mission in creation of standards that can suite both sides and give the equal approach to donors and beneficiaries.* We have experience with preparation and joining of more than 10 projects through EEA and Norway Grants within green industry innovation, energy efficiency and adaptation to climate change. We work in co-operation and under different models with SME’s, public agencies and Universities.

We offer you preliminary consulting regarding project idea, project tailoring, application package and identifying of right partner for the project period. We are interesting to discuss your needs, formulate it in project concept, face the challenges and find the proper co-operation with Norway to implement it together. For more information, please, visit the official site of company www.innovius.no or contact us directly.

For the last updates regarding EEA and Norway Grants, please, visit the official site www.eeagrants.org – an informational portal that will offer the full history and status of new Grants 2014 – 2021 period.

Dispute on workers posted to Norway

The dispute between employers and Norwegian state about the workers posted to Norway from abroad has been going on for a few years now.

The dispute concerns reimbursement of the costs of travel, food, and accommodation incurred by workers posted to work in Norway. Having been through all instances of Norwegian courts, this matter has been taken up by the EFTA Court, and it has been eventually taken up by the ESA, which is the Surveillance Authority. ESA has ruled in favour of Norwegian employers, but the state of Norway continues with a bizarre defense of their case...

The message sent by the Norwegian government to ESA can be summarized as follows: “in Norway it falls to the employers to decide on the wages, and that’s why they should be responsible for solving this problem”.

Eight years’ dispute

The dispute began in 2009, when nine companies working in the shipbuilding industry have decided to settle matter of paying benefits to workers from abroad in court. The benefits in question included payments such as: separation allowance (*bortetillegg*), expenses, food allowance and accommodation allowance, and travel reimbursement. These allowances and payments are all included in the standard provisions of collective agreements of employment specific for the shipbuilding industry. The companies mentioned above decided that the rulings of the Collective Bargaining Board of Norway (*Tariffnemnda*) stating that these provisions of the collective agreement should be, at least in part, be made standard in Norway go against UE and directives about posted workers and EEA directives about free movement of workers and services, and as such are not valid.

After a while, this case has been sent for review to EFTA tribunal, which, in turn, has partly ruled in favour of the entrepreneurs. EFTA has ruled that the state of Norway cannot expect companies posting their workers to Norway to pay for their travel expenses upfront and cover a ‘reasonable’ (this description appears in a few of the standard collective agreement forms in Norway) amount of journeys to the worker’s home country throughout the year. What is more, the state of Norway cannot expect the employers to cover the employees’ food and accommodation expenses as well.

EFTA ruling has put the ball on Norwegian side again, and it fell to the Supreme Court of Norway to provide the final ruling on the matter. In March 2013, the Supreme Court of Norway has issued a decision which was completely contrary to what EFTA tribunal stated previously. The Supreme Court has decided that the Collective Bargaining Board of Norway has been entirely right in stating that the provisions made in the collective agreements should be made standard and that it did not go against the EEA directives. The court explained that these provisions are the failsafe of Norwegian labour market and guarantee stability of wages.

Unsurprisingly, this decision of the Supreme Court has caused an uproar, especially among the EFTA judges, who openly criticized the resolution Norwegian court.

The employers, who have initiated the case, have not surrendered. Members of NHO – Confederation of Norwegian Enterprise – have quickly complained to

ESA, which is a supervisory body of EFTA. This action resulted in ESA criticizing not only the agreements of employment in shipbuilding industry. Other branches of business were inspected and found lacking, because after the Supreme Court ruling from 2013, the Collective Bargaining Board of Norway has introduced the provisions in question into agreements in building and cleaning companies. According to EFTA this was not supposed to take place.

It's not about the word of law, but respecting Norwegian labour market model.

ESA holds an opinion that Norway, by requesting employers to cover the travel, food, and accommodation expenses of foreign workers breaks EEA directives, and that's why ESA has issued an official rebuke addressed to the government of Norway. This rebuke is the first step in a process which might result in bringing Norway in front of the EFTA Tribunal.

The government's reply to this rebuke is surprising, to say the least. The usual response issued by a government in a similar position is to promise to change the controversial laws or defend their decisions and try to convince ESA (in case of member states of EFTA) or European Committee (in case of member states of EU) that they should be allowed to uphold the laws and regulations questioned by the authorities. However, the Norwegian government does not resort to legal arguments, instead, they cite the specific features of Norwegian labour market. The Norwegian officials suggest that ESA should be open to compromise. On one hand, the government claims that the laws in Norway comply with EEA directives, on the other, they express hope that Norwegian entrepreneurs and employers, who are responsible for regulating wages, will work together to come up with a solution which will satisfy ESA. The government also states the deadline for the resolution of this lengthy dispute – according to them, at the earliest it can happen in 2018.

What is more, the government officials state that they cannot guarantee a resolution of this dispute, or even suggest the form that the resolution might eventually take.

Question remains, if ESA will be willing to wait for so long.

Under pressure

One thing is certain: the ESA's rebuke puts Norwegian government in a very awkward situation. Firstly, it is a clear signal that the supervisory body has noted that

the ruling of the Supreme Court of Norway has been invalid. Secondly, in order to avoid being charged by the EFTA Tribunal (which has already ruled against Norway before), the officials have to take steps to ensure that the conflict is resolved.

The government attempts to base its argument on the ESA document, which suggests that the payments which are contested can be seen as a part of a minimal wage (according to the directive about posted workers), provided that the provisions about these payments are re-worded in Norwegian collective agreements. They cite an example from 2015. The Court of Justice of the European Union ruled in the case of Sähköalojen Ammattiliitto trade union against Elektrobudowa SA, stating that the standard daily expenses and travel reimbursement can be seen as a part of minimal wage, as long as the payments reflect real costs incurred by travel and accommodation.

The judgment states that based on the article 3 of directive 96/71/WE issued by the European Parliament and Council from 16th December 1996 concerning posted workers:

1. Member States shall ensure that, whatever the law applicable to the employment relationship, the undertakings referred to in Article 1 (1) guarantee workers posted to their territory the terms and conditions of employment covering the following matters which, in the Member State where the work is carried out, are laid down:

- *by law, regulation or administrative provision, and/or*
- *by collective agreements or arbitration awards which have been declared universally applicable within the meaning of paragraph 8, insofar as they concern the activities referred to in the Annex:*
 - A) maximum work periods and minimum rest periods;*
 - B) minimum paid holidays;*
 - C) the minimum rates of pay, including overtime rates; this point does not apply to supplementary occupational retirement pension schemes;*

For the purposes of this Directive, the concept of minimum rates of pay referred to in paragraph 1 (c) is defined by the national law and/or practice of the Member State to whose territory the worker is posted.

Allowances specific to the posting shall be considered to be part of the minimum wage, unless they are

paid in reimbursement of expenditure actually incurred on account of the posting, such as expenditure on travel, board and lodging.

In the case of the Finnish Trade Union against the Polish company, the sentence reads as follows:

- *a daily allowance such as that at issue in the main proceedings must be regarded as part of the minimum wage on the same conditions as those governing the inclusion of the allowance in the minimum wage paid to local workers when they are posted within the Member State concerned;*
- *compensation for daily travelling time, which is paid to the workers on condition that their daily journey to and from their place of work is of more than one hour's duration, must be regarded as part of the minimum wage of posted workers, provided that that condition is fulfilled, a matter which it is for the national court to verify;*
- *coverage of the cost of those workers' accommodation is not to be regarded as an element of their minimum wage;*

- *an allowance taking the form of meal vouchers provided to the posted workers is not to be regarded as part of the latter's minimum salary.*

In my opinion, this means that Norway, while modifying the provisions of collective agreement, should make sure that there are laws ensuring that the daily allowances are paid to workers posted to work in a location different than the one stated in their contract. What is more, the Norwegian lawmakers are expected to make sure that the separation allowance (*bortetillegg*) is paid as well. However, the compensation for travel, board, and lodging would no longer be required. Nevertheless, I am not a lawyer or a politician, and that's why I am only presenting my educated opinion in this matter.

Only time will tell how Norwegian labour market will react to the verdict of European Court of Justice and how it will influence the shape of prospective collective agreements. Another key factor in this dispute is the question of when will ESA grow tired of waiting for the Norwegian government to resolve this matter...



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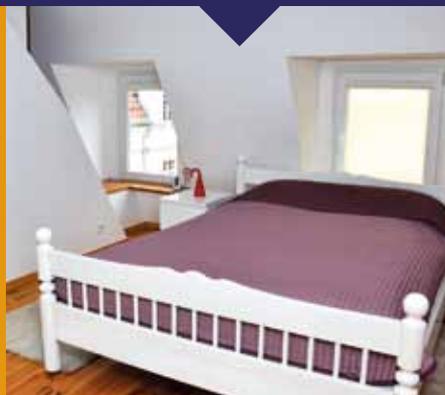
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**Come
and see for
yourself!**

We were here

27.10.2016

First open day at the Oslo office

We have hosted an open meeting in our Oslo office, where both Polish and Norwegian accountants and experts in company law answered all questions about establishing and running your own enterprise in Norway. They have also explained the changes made to the VAT reports.



08.11.2016

Piano concert at Gama Logen

The November piano concert in Gama Logen commemorated two important events in Polish history. The concert celebrated the National Independence Day and the 1050th Anniversary of the Baptism of Poland. The concert has been held at the initiative of Chargé d'affaires Minister Councillor Marian Siemakowicz and CEO of PGING Upstream International AS Marek Woszczyk. The Chair of the Board of Polish Connection, Aleksandra Fajfer Eriksen, was among the guests invited to enjoy music.



16.11.2016

Second open day at the Oslo office

We have hosted a meeting where our specialists were able to present updated information about NAV benefits and Norwegian pension system. They were also able to answer all questions from the audience.



02.12.2016

NPCC Seminar and Christmas Business Mixer

The NPCC (Norwegian-Polish Chamber of Commerce) organized seminar on economic collaboration between Poland and Norway in Embassy of Poland in Oslo. The seminar has been followed by a social mixer, which allowed Polish businessmen working in Norway to meet each-other and exchange experiences. The representatives of our company took part in both events.





19.12.2016 PNCC Conference

Polish Connection was delighted to have been invited to be one of the speakers at a conference organized by the Polish-Norwegian Chamber of Commerce on the latest changes in tax law and labour law in Norway. The conference was held in the main office of Association of Pomeranian Employers.



20.12.2016 Julebord at University of Gdańsk

The Polish-Norwegian Chamber of Commerce has held another Christmas Julebord meeting at the University of Gdańsk, Faculty of Languages. We have hosted both students of Scandinavian Studies and entrepreneurs, who had a chance not only have a taste of Norwegian holidays, but also discuss potential for cooperation and professional development.



01.02.2017 Polish Arctic Circle Expedition – dog sledge race between two teams: Bergebyløpet and Finnmarksløpet

Just like last year, Omega Accounting AS and Polish Connection have sponsored a Polish arctic circle expedition, which consisted of a race between two dog sledge teams - Bergebyløpet and Finnmarksløpet. We are delighted that we have been able to support such an exciting initiative!



02.02.2017 Meeting on „How to utilize your company’s full potential to succeed on Norwegian market?”

In cooperation with the Association of Pomeranian Employers and company Inovius AS, and with the support of Polish – Norwegian Chamber of Commerce, we have held a meeting which aimed to provide inspiration for Polish entrepreneurs, who would like to develop their businesses in Norway. The participants learned about cultural differences and how they can affect their business ventures. We have also discussed how to form a business relationship with large Norwegian building company, and how to apply for Norwegian and European grants, and more importantly, how to make use of the grant money to develop their enterprises.



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