

OMEGA

SOLUTIONS FOR ENTREPRENEURS
IN NORWAY



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MARTELENA MADEJ
Polish public aid
for foreign companies

Dear Readers,

The sun climbs higher and higher every day and everything starts to bloom. The same goes with various economic activities. If you are thinking of starting your business abroad, we highly recommend an article about solutions created by Poland to make doing business in this country as easy as pie. You have a lot to choose from. If you, on the other hand, want to establish yourself in Norway, you may be interested in our Partner's article about a 7-step pyramid of legal values every company should follow to succeed as well as information about setting up a new bank account in Norway and possible help you can use in case of trouble. Unfortunately, as there are some rains and storms in spring, there is also a darker side of setting up one's own business, you can also read about some examples of dangerous situations in this issue. If you already are an established company and employer, you should be up to date with all changes in laws. Here we come to assist you with our articles about the new minimum wages and changes in Norwegian labor law and taxes. We wish you pleasant reading and good luck in your business!



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

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POLISH PUBLIC AID FOR FOREIGN COMPANIES

Business opportunities in Poland: Investment incentives

From business perspective, Poland is one of the leaders in the European Union in terms of attracting foreign companies which locate their offices, production facilities and core European operations in the country. Being a 38-million market with three decades of undisturbed positive growth and infrastructural boom, Poland seems to be a perfect place to find world-class office space, talented and well-educated workforce as well as reliable business partners across industries.

According to Innovasjon Norge*, there are about 300 Norwegian companies currently operating in Poland. The majority of them are small and medium-sized enterprises in the following areas: IT/ICT and media, engineering services and maritime industry. Poland is also the largest export market for Norwegian seafood and salmon. It should also be highlighted that part of Norwegian seafood is processed in Poland. Having been ranked in top 10 Norwegian trading partners, and being recognized as a solid partner, Poland offers opportunities in

other areas as well, especially in: energy, environment, electromobility and many more.

For companies interested in expanding their business into Polish market Polish Investment and Trade Agency (PAIH) should be considered as the first source of information regarding trade and investment opportunities in Poland. As an institution established by the Polish government we will provide you with information regarding a comprehensive public aid support system our country offers to every kind of business entity. The list of a broad range of instruments Poland has introduced includes: governmental grants, tax holidays and other incentives within the Special Economic Zone programme, technology parks, and last but not least: tailored-made advisory services on central and local (regional) level. Let's take a look at the most attractive assets Poland has for international business.

Government grants

When planning to start investments in one of Polish strategic sectors, you can apply for government grant. The grant

can be received in two different categories: for new jobs creation (employment grant) and for new investment (investment grant). There is a number of factors taken into consideration while assessing projects' eligibility for the grant application, some of them are: location of the investment, investment expenditures, percentage of employees with higher education or complexity of the processes. The list of strategic sectors includes: automotive, aviation, biotech, food processing, R&D, business services sector with advanced operations, electronic and household appliances. However, getting a grant in other sector (related to manufacturing) is also feasible but additional criteria related to minimum cost (750 m PLN) and minimum number of jobs created (200) must be met. The legal basis for the programme is Programme for supporting investments of major importance to the Polish economy for years 2011-2023 adopted by the Council of Ministers on July 5, 2011. Polish Investment and Trade Agency has a dedicated team responsible for government grants support and public

aid advisory located in our headquarters in Warsaw.

For more information visit: www.paih.gov.pl/why_poland/investment_incentives

Foreign Trade Offices of Polish Investment and Trade Agency

To offer direct assistance for global investors and other business players, the Polish Trade Agency has established a global network of PAIH Foreign Trade Offices. This system of international support has been designed to assist foreign companies on their way to set business in Poland. The offices also help Polish exporters and investors to look for new opportunities in markets as Norway that represent the greatest potential. If you are a Norwegian company interested in exploring Poland as a business destination, considering registering a legal entity in Poland as well as finding a new, reliable partner or supplier – PAIH Oslo office is here to help. We will also guide you through administrative and legal procedures related to specific projects, help to develop legal solutions or arrange a study visit to Poland.

See where you can find us: www.paih.gov.pl/foreign_trade_office_oslo

Special Economic Zones (SEZ)

In May 2018, the Polish government has introduced the New Investment Support Act. The new law modernises the Special Economic Zones and significantly expands the access

to the public aid offered within SEZ's programme. Now, CIT (Corporate Income Tax) or PIT (Personal Income Tax) tax relief for companies are available across the entire Polish territory. This incentive is addressed to both new projects and existing enterprises and should encourage investors' activity and stimulate innovation. In terms of existing companies, it is mandatory to showcase one of the following scenarios: increase of the current production capacity, introduction of new products, or fundamental change in the production process. Permission for SEZ operations is granted based on thorough application scheme and project evaluation. There are currently 14 Special Economic Zones with experts and advisors ready to support investors, answer additional questions and guide them through application procedures.

For more information visit: www.paih.gov.pl/20181203/paih_ey_colliers_report_poland_as_one_single_investment_zone

Investor Assistance Centres – regional support

The support of foreign investors provided by Polish Investment and Trade Agency is also linked with regional Investor Assistance Centres (IAC). The idea behind IAC-s is to ensure close cooperation with the representatives of the Polish local administration. IAC-s have in-depth knowledge of local industries and business opportunities of a particular region. Experts of

IAC-s have developed good network with business support partners (HR, legal, real estate providers) and educational institutions. They can be an excellent complementary partner for your business in Poland.

Technology Parks

There are about 80 technology parks in Poland. Their universal goal is to stimulate the transfer of knowledge and technology among business and science parties and creating a technological community in a particular city or region. Technology parks in Poland can be financed centrally by government, EU grants, private equity and university subsidies. However, most of them are co-financed from several sources. Although, their mission is similar, each and every is different and has its own unique qualities related to the region where it is located, human capital, available facilities and industry focus. Investors and entrepreneurs operating in technology parks can get consultancy services regarding: registering and running a company and technology transfer. Those institutions can also provide a business entity with information on how to transfer from research phase into innovation implementation smoothly. Examples of largest parks include: Pomeranian Science and Technology Park (in the Tricity area), Wrocław Technology Park, Kraków Technology Park, Poznań Science and Technology Park, Toruń Technology Park.

Let's Talk Investments



Polish Investment
& Trade Agency
PFR Group

Ready to do business in Poland?

Polish Investment and Trade Agency will guide you through every stage of your investment project.

We offer:

-  Market insight
-  Strategic location advisory
-  Support in establishing business relations with local suppliers and contractors

invest@paih.gov.pl | www.paih.gov.pl

To get more information and direct support contact Polish Investment and Trade Office in Norway:

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Sources:

[*www.innovasjon Norge.no/no/](http://www.innovasjon Norge.no/no/)

[verktoy/eksport-og-internasjonal-satsing/regionkart/?map=no_73241&map_overlay=no_288807](https://www.innovasjon Norge.no/no/verktoy/eksport-og-internasjonal-satsing/regionkart/?map=no_73241&map_overlay=no_288807)

Steven William Tilley *



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at Advokatfirmaet Frøysaa & Bjørkgård AS.

OUR VIEW ON HOW TO CREATE, PRESERVE AND DEVELOP VALUE IN YOUR BUSINESS

The law firm Frøysaa & Bjørkgård is centrally located at Lysaker. We are committed to being professional and easily accessible to both existing and new clients. This gives us a good understanding of the client's situation and forms the basis for tailor-made legal solutions. Our three main legal areas are Real Estate law, Business law and family and inheritance law.

Our law firm assists many small and mid-sized businesses and see that our clients meet a variation of legal problems during their daily work. Based on our experience from

assisting our clients, we have composed a 7-step pyramid of legal values that we encourage small and mid-sized businesses to follow.

Background for the 7-step pyramid of legal values

Regulatory and legal rules affect all aspects of a business, and the law therefore directly af-

fects the value of the business. For many small and mid-sized companies, it is demanding to have an overview of relevant legal rules and regulations. We have learned which legal issues are particularly relevant for companies in the SMB segment. Together with our legal expertise, our situational understanding, practical experience and commercial focus are our tools to contribute to good solutions.

The most common issues are related to the company's cash flow, employment and contracts with both customers and collaborators. Some issues may be a single occurring event, but sometimes the legal issues the company faces are a consequence of an underlying risk elsewhere in the company structure.

In the following I will give you a sneak peek in our 7-steps pyramid of legal values.

Step 1 – Ownership

Many companies in the SMB segment have few owners, who are often also directly involved in operations and have their workplace there. This means that the contractual relationship between the owners is the foundation for a value-developing collaboration. The use of shareholder agreements is widespread and should be adapted to the specific company and thorough consideration of the owners' different interests.

When a company is started, the shareholders often have a

common interest and does not concern about, or even imagine future disagreements. A shareholder agreement should be tailor-made for the specific company so it can be used as a guideline for how to resolve internal disagreements in the future.

We therefore recommend a tailor-made shareholder agreement when you create a company or incorporate new shareholders.

Step 2 – The board

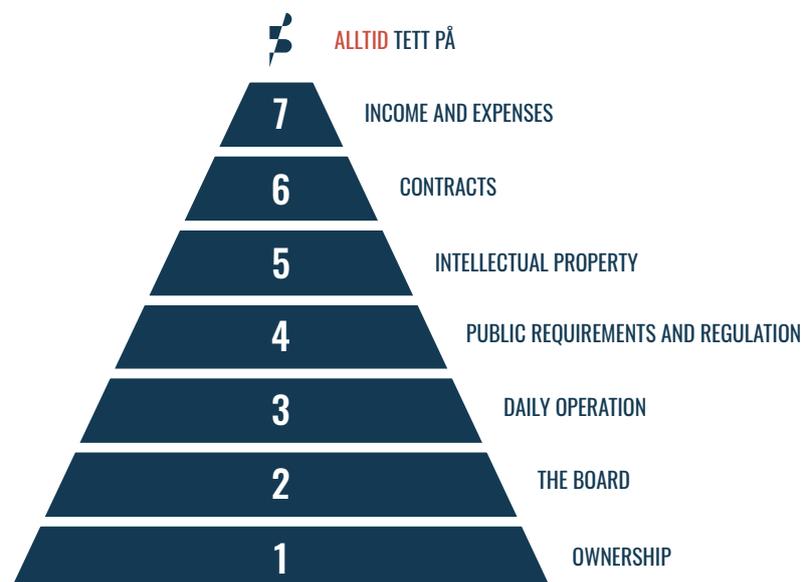
In very many companies in the SMB segment, there is little formal board and management work. Practical application of the Norwegian Companies Act's provisions on management, supervision and control can for many companies give a boost. Especially because through formal board work one also ensures focus on the company's value drivers and their management.

It is important to know the difference between decisions which are supposed to be made by the shareholders or the board. In many small and mid-sized businesses, it might be many of the same individuals who are shareholders as well as board members. Even if it is only the same individuals, you should be aware of which company organ that are able to make the different decisions. This is important for companies in growth, so that the guidelines for decision-making is in place from the beginning.

Step 3 – Daily operation

During the daily operation of the business we have learned that small and mid-sized companies typically have issues regarding employment, contact with customers and collaborators.

The employees' expertise is the most important but also the most expensive operating factor in many businesses. Practical experience related to



the employer's governance law, and knowledge of the protection of employees, what legal obstacles that exist concerning business hiring employees and terminate work contracts, is among the labor law issues that businesses and employees meet on a daily basis.

We recommend that small and midsized business owners and board members acquire good knowledge to The Working Environment Act before hiring employees and terminate work contracts.

Step 4 – Public requirements and regulation

There is a lot of public regulation and requirements related to companies. Lately there has been great focus in media on the new General Data Protection Regulation (GDPR) which

regulates data privacy. This is just an example of many regulations your company can be a subject of.

A crucial part of the value and legality of your company is to be compliant with the public requirements and regulations for the type of industry you are in.

Step 5 – Intellectual properties

The substance of many modern businesses is related to company names, trademarks, domains and other intangible assets, and the importance of this is probably underestimated by many small businesses. Very much can be achieved through knowledge of such values and how they can be secured through registration at the Norwegian Industrial Property Office.

In example, the cost for securing rights for your company name and logo is relatively small compared for the commercial loss you may suffer if someone else exploits your trademark.

Step 6 – Contracts

Most activities in a business are or should be contract-based, whether it is buying and selling, rent, employment contracts or various forms of business cooperation. More than a few contracts are often based on an oral agreement based on trust between two parties. It is easy to forget about contractual responsibility and the inherent risk this entails. If the agreement is oral, it can be hard to determine the rights and duties as well.



The larger the contract, the more the risk increases. How the company's various contracts regulate rights and obligations is therefore crucial. To secure company value, you should always have written and balanced agreements.

Step 7 – Income and expenses

Most businesses live out of sales or delivering a service. In reality you live out of the payment for such product or service. The vast majority deliver on credit, meaning that you deliver the product or service before get-

ting paid. Many will be served with a greater focus on such credit entails being a bank for the customer. This can be solved by demanding payment in advance, or reducing the credit risk.

The credit risk can and should be reduced through the right identification of the customer, simple credit rating and by using collateral as a mortgage and guarantees. It is also important to know the legal limitations of debt collection, and that recovery measures take place efficiently and correctly.

The abovementioned seven steps are as said our way to communicate and assist our clients in how to create, preserve and develop value in small and mid-sized companies. We have gathered this knowledge through our legal expertise, practical experience and commercial focus and communication.

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Your **challenge** is our everyday

We customise legal solutions, based on our understanding of the clients situation and challenges. Our three main legal areas are real estate law, business law and family and inheritance law.

Frøysaa & Bjørkgård assists many small and mid-sized businesses, and help them meet the variation of legal problems during their daily work.

fbadvokat.no

ALLTID TETT PÅ



WHAT'S NEW IN LABOUR LAW AND TAXES?

There has been many a change introduced into the Norwegian law and tax regulations since January 2019. Some of them were widely discussed last year, while other changes have majorly flown under the radar. We would like to present you with a concise guideline and answer all questions about new labour and tax regulations in Norway.

Source tax from salaries of foreign workers:

In 2019 a new system of taxation of foreigners working in Norway was introduced. Known as kildeskatt – it is a source tax from salary. It is meant to apply to foreigners working in Norway, who do not have tax residence in the country and board members of Norwegian companies, who reside overseas and who receive salary for their board duties.

Basic rules applying to this regulation:

- Permanent tax rate amounts to 25% (8.2% is social security contribution, unless an employee can prove – by using the A1 form – that they are exempt from paying this tax in Norway)
- No need to submit your tax return and wait for its result
- No possibility of applying for tax relief and tax deduction
- If an employee fulfills these requirements, they will be the subject of source tax (unless they refuse and state that they want to fill their tax reports ac-

ording to the standard tax card) automatically. If you have already received your source tax (it happens when your tax card is requested by your employer), you can ask for it to be changed using an appropriate form. Please bear in mind, that once you have changed your tax card to a standard one you cannot revert your decision until next year.

Exempt from the source tax are:

- People whose annual income exceeds NOK 617 500;
- People who receive their salary from the state of Norway;
- People who receive taxed income from their property or movable property in Norway;
- People who receive taxed income from their business activity in Norway;
- People who work on Norwegian ships abroad;
- People who work on Norwegian continental shelf;
- People who receive income and pay only social security contribution in Norway;

- People who receive income which is exempt from taxation in Norway on the basis of tax contract;

The employer is obliged to deduct the tax from the following:

- Salary and other benefits from Norwegian sources, which are received for work performed in Norway (including holiday pay);
- Salaries for managers and board members of Norwegian companies;
- Any extra pay, royalties, and similar benefits paid by Norwegian companies;
- Salary for a hired foreign employee (including their holiday pay);
- Financial benefits, refunds, and services in kind which are taxable benefits (including covering the costs of working as a pendler)

Have you paid too much? Now what?

An employee can use an appropriate form to demand a refund.

You should use contact form kontaktsjemaet (containing refund sum, your bank account details and all necessary documentation). You can apply for a refund 3 years following the fiscal year you have been overcharged.

New labour law regulation:

Lower tax deduction for food expenses

Starting from 2018, the government has been putting limits on the tax deductions for food expenses. The right to this tax deduction is only granted to people who live in accommodation without access to kitchen facilities (accommodation such as barracks, hotels, boarding houses). Persons who live in rented homes or apartments with access to kitchens would not get a taste of this tax deduction, unless they have been deployed to work somewhere else, and based on an annex to their contract (for a period not exceeding half a year) from their usual place of work (for example in Poland) to a different location in Norway.

Rates for tax-deduction for 2019 are:

- Boarding house / room / barrack without access to kitchen facilities – NOK 161 per diem
- Hotel – NOK 578 per diem
- Drivers spending nights in lorry cabs – NOK 300 per diem
- Persons deployed to a different location for period no longer than 6 months– NOK 89 per diem

Important Dates:

* **31.01** is the deadline for a company to send an annual summary of income and tax deductions.

* **31.05** is the deadline for filing tax return for people running their own business (self-employed) and the final deadline for private individuals, who have applied for an extension, to file their tax returns.

New rules concerning permitting:

Period allocated to the employer (lonnsplikt) is extended to 15 days (it used to be 10 days). An additional period of 5 business days, which used to be allocated to the employer whose employee had been receiving benefits for 30 weeks, has been removed. Period for which the employer does not have to pay salary to the employee and the matching permitting period is now 26 weeks, rather than 49 weeks. The new rules concern fresh cases – permitting cases which began after January 1st.

New rules concerning taxation of material benefits:

- The employer is responsible for filing reports to the tax office, deducting advance for taxes and deducting employer's tax (AGA) from:
- Work bonuses achieved at work and used privately;
- Discounts for employees from business partners;
- Personal discounts for employees;
- Gifts given to employees by third parties

New rules concerning gifts for quality of work and work experience:

rience:

- Gifts for long-term job experience can be given after 20 years of work and then after each 10 years. A limit of NOK 12 000 for a golden watch (a very popular gift) has been abolished;
- Maximum worth of an anniversary and special occasion gifts has been increased to NOK 4 000;
- Employer has the right to deduct holiday gifts;
- Employers will not be able to award employees for improving work environment with tax-exempt gifts.

Press & publications available to employees:

Employer can provide employees with relevant brand publications, provided that their position requires them to pursue them. This purchases can be made tax-free.

Meals provided to employees during their overtime:

Employer can provide meals after 10 hours of work (it was 12 hours away from home under previous regulations). The financial limit amounts to NOK 200 – both when it comes to the refunds and material benefit. Benefits received for overtime are all subject to tax.

Employer will have to report tips given to employees:

Employer is obliged to report and to deduct tax and pay AGA tax for tips received by employees from their customers. It applies both to cash tips and to tips made by card.

MINIMUM WAGE IN NORWAY, LAST CHANGES

Regardless of the fact that Norwegian law does not specify a minimum wage, there are some branches of business, where minimum rates have been introduced in order to protect the right of foreign workers. We have listed all branches of business, where the earnings cannot be lower than the minimum wage set by the government.

Construction industry

Minimum hourly rates of pay:

- Skilled workers
– NOK 203.80
- Employees without qualifications and without any experiences – NOK 183.10
- Skilled workers with a least one year experience
– NOK 191
- Employees under 18 years of age – NOK 122.90

Rates of pay have been introduced December 1, 2018.

Overtime pay:

Blanket agreement concerning overtime pay has not been introduced officially, so an additional pay, which equals 40% of hourly pay rate is in force when it comes to overtime.

Cleaning industry

Minimum hourly rates of pay:

- Employees working for pri-

vate enterprises providing cleaning services
– NOK 180.43

- Employees under the age of 18 years old, who work for private enterprises providing cleaning services
– NOK 133.39

Overtime pay:

For work between the hours of 9:00 pm and 6:00 am the additional pay depends on individual agreement between the employee and employer. The additional pay must be at least NOK 26 per hour.

Rates of pay have been introduced December 1, 2018.

Hotel and catering industries

Minimum hourly rates of pay:

- Employees who are over 18 years old and who completed at least 4 months of internship training

– NOK 161.87

- Young employees who are 16 years old – NOK 195.83
- Young employees who are 17 years old – NOK 115.33
- Young employees who are 18 years old – NOK 129.59

Monthly deductions from wages of employees lodging on the company premises:

- Single room accommodation
– NOK 541.12 gross
- Double room accommodation – NOK 351.95 gross

Shipbuilding industry

Minimum hourly rates of pay (production, assembly, and installation work):

- Skilled employees
– NOK 176.21
- Unskilled employees, who have at least one year experience – NOK 168.03
- Auxiliary workers
– NOK 32.02

The above mentioned pay rates does not apply to workers employed on site.

Shift work / additional labour :

Workers employed in places where they have to work in shifts, should receive the following additional pay.

Shift labour (36.6 hours a week):

- First shift: from Saturday 2:00 pm – nothing. Second shift – NOK 18.91;
- For shift work after 2:00 pm on days preceding Sundays and holidays – NOK 40.42;
- From 2:00 pm on Christmas Eve, New Year's Eve, Good Saturday and a day before Whit Sunday – NOK 57. 93;

Each hour after midnight requires the same payment as a third shift.

For triple shift labour (35.5 hours a week):

- First shift: from Saturday 2:00 pm – nothing. Second shift – NOK 19.49. Third shift – NOK 29.01;
- For shift work after 2:00 pm on days preceding Sundays and holidays – NOK 41.58;
- From 2:00 pm on Christmas Eve, New Year's Eve, Good Saturday and a day before Whit Sunday – NOK 57. 57.

For 24-hour triple shift labour (33.6 hours a week):

- First shift: from Saturday 2:00 pm – nothing. Second shift – NOK 20.66. Third shift: NOK 30.64;
- For shift work after 2:00 pm on days preceding Sundays and holidays – NOK 43.90;

- From 2:00 pm on Christmas Eve, New Year's Eve, Good Saturday and a day before Whit Sunday – NOK 62.94.

How to calculate extra payment based on regular working hour rates:

When calculating shift work rates based on regular working hours (37.5 hours a week), you should use the following table as a reference:

- From 37.5 hours to 36.5 hours: 2.74 %
- From 37.5 hours to 35.5 hours: 5.63%
- From 37.5 hours to 33.6 hours: 11.61%

Overtime pay:

The employee receives a 50% of hourly rate additional pay for overtime. For overtime done between the hours of 9:00 pm and 6:00 am, on Sundays and on holidays; the employee should receive 100% of hourly rate additional pay.

Rates of pay have been introduced December 1, 2018.

Farming and horticulture industries

Minimum hourly rate:

Summer help at harvest :

- Employees under the age of 18 years old – NOK 98.65;
- Employees under the age of 18 years old, who have been employed for a period of 12 weeks – NOK 118.65
- Employees over 18 years old, who have been employed for

a period of 12-14 weeks (3-6 months) – NOK 124.15

- Employees who are over 18 years old, and who have been employed for a period longer than 6 months should receive the same wages as unskilled permanent workers.

Permanent workers:

- Employees without qualifications – NOK 138.55
- Employees under 18 years old – NOK 105.15
- Additional pay for skilled employees – NOK 11.75

Holiday/weekend additional pay for animal carers and substitute workers working in permanent rotation shifts:

- 25% of hourly rate should be paid for each hour of work done:
- Between 1 pm and midnight on Sunday
- Between 1 pm and midnight on Christmas and New Year's Eve
- Between 1 pm and midnight on moveable feast and on 1 and 17 May

Trainees:

Trainees should be paid 70% of wage of permanent workers without qualifications.

Reimbursement:

Money paid as an reimbursement of the costs of delegating an unskilled worker – for instance, costs of travel, lodging and food expense are not considered to be income.

Overtime pay:

Blanket agreement concerning

overtime pay has not been introduced officially, so an additional pay, which equals 40% of hourly pay is in force when it comes to overtime.

Rates of pay have been introduced December 1, 2018.

Fish processing industry

Minimum hourly rate (skilled workers, production workers, warehouse workers, shippers, security personnel, cleaners, catering employees, mechanics, managers, controllers, instructors, workers at refrigeration and freezer units):

- Skilled workers
– NOK 192. 20
- Production line workers
– NOK 180.70
- Workers under 18 years old should receive an hourly rate of at least 80% of regular hourly rate
- Workers over 17 years old, who have worked at the company for at least 12 weeks should receive wages according to their position in the company.

Shift labour:

In places where employees work in shifts, they should receive an additional payment:

- Double shift work – 20% of minimum rate
- Triple shift work – 25% of minimum rate
- Rates of pay have been introduced December 1, 2018.

Electric power industry

Minimum hourly rate (instal-

lation, assembly and upkeep of electric power installations used for automation, computerisation, and telecommunication):

- Skilled workers, performing specialised tasks
– NOK 211.70
- Other workers
– NOK 184. 36

Shift labour

In places where employees work in shifts, they should receive an additional payment:

- Double shift labour – 17% of minimal hourly rate
- Triple shift labour – 27.3 % of minimal hourly rate
- These regulations do not apply to deep sea mining industry.
- Rates of pay have been introduced December 1, 2018.

Trucking and haulage industry

Workers carrying out trucking and haulage using vehicles weighing 3.5 tonnes should receive a minimum hourly rate of NOK 171.45.

These rates apply to people employed in companies based outside Norway, if the service is performed by a posted worker. It does not apply to haulage of company's own goods.

Rates of pay have been introduced December 1, 2018.

Passenger transport (buses and tourist coaches) industry

Minimum hourly rate:

Employees of companies, which carry out passenger transport by means of buses or tourist coaches should receive a minimum hourly rate of NOK 155.87.

This regulation does not apply to situations when the contract to carry out the service was a subject of an open tender.

These rates apply to people employed by companies from outside Norway, provided that the transport service requires posting a worker as a part of a temporary service.

This does not apply to students and employees participating in unemployed activation programme.

Rates of pay have been introduced December 1, 2018.

Additional information

Based on the decree of EFTA Tribunal, and despite the vocal opposition from the trade unions, the matter concerning costs of travel, lodging and food for employees working away from their permanent residences, have not been enforced by Tariffnemnda. These regulations were meant to apply to workers employed in shipbuilding, construction, electric power, and clearing industries. According to the new regulations, the law only applies to travel within Norway.



EMPLOYERS FORCING THEIR EMPLOYEES TO SET UP ONE-PERSON BUSINESSES - WHAT DOES IT ENTAIL

Employers forcing their employees to set up one-person businesses – what does it entail? From 2013 to 2016, 5000 new one-person business were established in Norway. In 2017 there has been a rapid spike – 7 500 one-person companies were established. Data gathered for the first nine months of 2018 shows that one-person companies are still being registered.

Such a high rate at which these one-person businesses are established, is caused by the fact that a lot of people are forced by their prospective employers to do it. Lisbeth Kornelliussen, a lawyer and consultant for Altinn platform, works on answering questions and queries concerning starting and running one's own business. She states that no-one should be forced to register one-person business venture. It is important to note that the rise of such "fake" one-person business ventures is not limited to one branch of industry and is not related with any sort of "social dumping" process. The expert mentions that a while ago she has received a query

from a person, who was supposed to be employed as a shop cashier and was asked to establish a one-person business. According to Norwegian law, work as a cashier does not fall under the regulations requiring employees to establish a one-person business. On the contrary, it falls under the relation of employment. Employers attempt to assume the role of customers of services provided by the various one-person business owners, rather than entering into employment contract in order to transfer the obligation to pay taxes on their "vendors". Labour and Tax inspectorates work to curb employers "saving" money by forcing their employees to establish one-

-person businesses.

One of better known cases concerns Aleris Ungplan & Boi AS. company, which is the biggest commercial social care services provider in the country. Majority of their employees had the status of "consultants", running their own one-person business ventures. Consequently, Aleris had to pay Tax Office (Skatteetaten) a NOK 17 000 000 fine because the officials ruled that all "consultants" should have been employed. The case of Bog Bistand AS was met with a similar outcome, when Ofoten District Court ruled that "consultants" working at a nursing home in Narvik should have been granted full employee rights by the company.



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Kornelliussen claims that the root of the problem lies in the fact that people cannot tell the difference between being employed and running their own one-person business. She recalls a story of a construction worker from Eastern Europe, who received an order to pay a very high tax for his work in Norway. He, on the other hand, was certain that he was employed and that his employer was paying all required taxes. However, there was a provision in his contract, which required him to establish his one-person business. As a result he failed to pay his VAT and his income tax.

The lawyer notes that the provision in the contract, stating that the signee must establish their own one-person business is not enough for the signee to be considered self-employed. The law requires the company to be running for a certain amount

of time in order to be fall under the regulations concerning self-employment.

Other requirements are:

- the company has its own premises / venue / office
- the company employs staff
- the company cannot rely on one customer's orders to continue running (the law requires a company to accept work from different customers)
- the customer cannot cover costs other than the fee for the service
- the customer does not define how the service is supposed to be provided, but they have the right to complain, if they feel that the service has not been provided accordingly
- the payment is made for service, not for the time spent providing it.

Self-employed people enjoy much less rights than people who are employed. Independent contractors have no right to receive unemployed benefits and are not protected by labor laws, when it comes to sick leave and working time. While the illness benefits are much lower, the self-employed have to pay much higher contribution to NAV (trydageavgift), and, unless they sign an additional health insurance, they do not have the right to paid sick leave in the first 16 days of their illness. So, if you are obliged by your employee to establish a one-person business, it is worth considering it very carefully and drafting an appropriate employment contract. If you should have any doubts or questions, you should seek lawyer or tax official's advice.

Source:

www.frifagbevelgelse.no

Magdalena Ułas

HOW TO SET UP A BANK ACCOUNT IN NORWAY



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How to set up a bank account in Norway?

Many foreigners who work in Norway receive their salaries into their bank accounts in their countries. However, you need to consider setting up a bank accounts in their country in a Norwegian bank. It is not difficult to do, and here are some tips on how to do it!

Let us begin by saying that anyone living in Norway, regardless of their nationality or citizenship must be able to use the services of Norwegian banks such as: bank account, online banking, and debit card.

Bear in mind that a bank employee will ask to see your valid ID and ask you some questions concerning your address, why you need to set up a bank account, where the money will be transferred from and what you will spend money on. Some

questions might seem too personal, but banks are obliged by anti-money-laundering act to learn as much as possible about their customers. That is why, if you feel that your Norwegian or English knowledge is not sufficient, you should consider bringing along someone who will help and translate for you.

A valid ID is:

- valid Norwegian passport
- Valid foreign passport
- ID (not in all instances)

Online banking:

Online banking is a standard feature, but there are different forms of access. It's good to set up and activate Bank ID (operates with token or mobile phone) because this feature can be used to log into governmental sites such as Altinn and NAV. Thanks to its high security pro-

ocol, you can use it to access all features and communicate with governmental offices.

Vipps:

Vipps application is very popular in Norway. It allows you to tie your phone number with your bank account. You won't have to memorise bank account numbers because you can transfer money using phone numbers of other application users (www.vipps.no)

Hei Banking:

Hei Banking is an innovative application created by Sylwia Harewska. Its main objective is to help foreign employees through the process of setting up an online bank account (www.heibanking.com) and to help them deal with Norwegian bank system. Harewska's start-up application won main prize at Startup Weekend Oslo Fintech 2018.

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