

Norwegian Tax Authority focuses on modernizing VAT system

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The Norwegian Tax Authority is currently working on a project called "Modernization of the VAT system." The project is focused on digitalization, therefore likely to implement significant changes in the value-added tax (VAT) reporting process and requirements in the near future.

This Alert summarizes the expected developments under the new plan.

New Digital Portal: Registration in the Norwegian VAT register

- ▶ The new digital portal will be implemented as of 1 January 2021 and will be found at www.skatteetaten.no
- ▶ The new portal will provide an online digital process for businesses to apply for an ordinary VAT registration, VAT group registration, voluntary VAT registration for the letting of real property, pre-registration and registration via a fiscal representative
- ▶ The VAT registration will be completed the same day as the application is submitted via the portal
- ▶ It is important to note that prior to using the new portal, the entity applying for the VAT registration must have obtained a Norwegian business number (9 digits) via registration in the Register for Legal Entities

- ▶ The simplified registration scheme “VOEC” applicable for foreign entities supplying electronic services and/or small consignments (with a value less than NOK3000) to consumers in Norway will remain the same, and will not be a part of the new digital portal

Future VAT listings

- ▶ Norway is considering the implementation of so-called “VAT listings,” which is a formal requirement to periodically report transaction data to the tax authorities along with the VAT returns
- ▶ The level of detail and specific requirements is not yet clear, but it is expected that the data to be submitted on such a listing will include invoice number, invoice date, customer/supplier details, price and (any) VAT amount
- ▶ It is most likely that the listings will cover all sales and purchases made under the Norwegian VAT number
- ▶ It is anticipated that the listings would be mandatory not only for VAT registered entities but for all enterprises with bookkeeping obligations in Norway
- ▶ It is also anticipated that the reporting will be based on the standard SAF-T (Standard Audit File - Tax) data in xml format
- ▶ It is important to note that there is no ongoing public hearing or other official documentation as yet, but the Tax Authority is expected to provide more details early in 2021

Digital VAT reporting in 2023

- ▶ Digital VAT reporting (system-to-system) is expected to be implemented in Norway as of 1 January 2023, with a pilot to be run in 2021

- ▶ The digital VAT reporting is expected to be based on extracts from the ERP-systems, most likely in xml format, with the VAT reporting data file to be uploaded directly with the Norwegian tax authorities in the same reporting periods as current VAT returns
- ▶ It is also expected to be based on the standard SAF-T (Standard Audit File - Tax) VAT codes and data fields already required by the Norwegian tax authorities from 1 January 2020
- ▶ Again, there is no ongoing public hearing or other official documentation as yet, but the Tax Authority is expected to provide more details early in 2021

Though the specific details and timing of the “Modernization of the VAT system” by the Norwegian Tax Authority and the increased digitalization of VAT compliance and reporting processes are not yet clear and will require due process through public hearings and government approval, it is clear that the Norwegian Tax Authority is focused on and moving forward with its digital tax agenda.

As such, businesses should start considering and assessing now the quality and integrity of the tax data in their systems (e.g., through the use of Tax Analytics tools), and how their tax codes and processes are set up to enable correct tax decisions and data, ahead of the tax authorities requiring such information on an ongoing basis through the VAT reporting process.

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