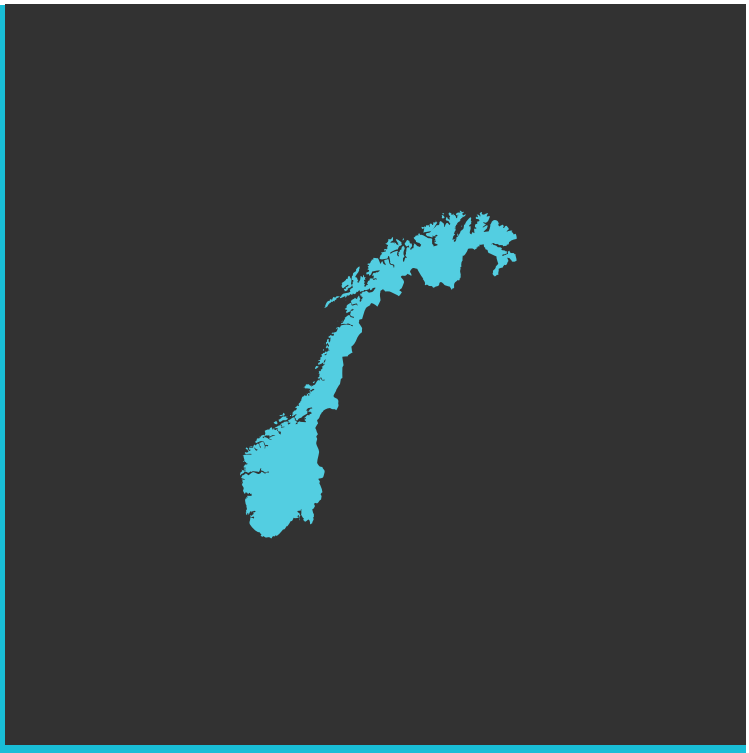
Country Guide
Norway



Prepared by

THOMMESSEN

LexMundi
Bringing the best together™

lexmundi.com




Doing Business in Norway 2024




THOMMESSEN

Table of Contents

About Thommessen

Thommessen is one of Norway's leading commercial law firms, with offices in Oslo, Bergen, Stavanger and London. Since our foundation in 1856, we have been closely involved in most of the defining developments in Norwegian industry and commerce. Our clients are Norwegian and international businesses, in both the private and public sector. We assist businesses with transactions, complex projects and dispute resolution in all commercial law disciplines. As one of the biggest law firms, both in terms of headcount and revenues, we can offer a deep bench within the key legal areas important for businesses in Norway, whether Norwegian or foreign. A significant portion of our day to day work is for international clients with projects in Norway.

At Thommessen, we enable our clients to achieve their objectives by understanding their challenges and opportunities. Our advice is clear, well-founded and practically oriented, and is based on an in-depth understanding of the factors affecting the interests of our clients, whether commercial, technological, societal, political or global.

We assemble teams of lawyers who complement each other and work closely with our clients. Many of our nearly 270 lawyers are leading experts in their field in Norway, and a number of them are admitted to the Supreme Court.

This brochure contains a concise overview of the Norwegian legal system and the most frequent questions which arise in relation to doing business in Norway.

Contributors/Contacts

- Oil and gas
- Renewable energy and infrastructure

June Snemyr

PARTNER

+47 51 20 80 06
+47 412 84 877
jsn@thommessen.no

- M&A

Thomas Abrahamsen

PARTNER

+47 51 20 80 00
+47 971 87 810
tab@thommessen.no

- Employment

Stein Kimsås-Otterbech

PARTNER

+47 23 11 11 74
+47 414 20 515
sto@thommessen.no

- Tax and duties

Marius Holm Rynning

PARTNER

+47 23 11 13 87
+47 414 55 657
mhr@thommessen.no

Norway at a glance

Population

5,488,984 (2023)

Currency

Norwegian krone: NOK 1 = USD 0.091 (November 2023)

Languages

The Norwegian language is spoken throughout the country. The level of spoken and written English is in general high and is used extensively in business relations. Most larger businesses and law firms have employees who speak German, French and Spanish.

Central government

Norway is a constitutional monarchy with a parliamentary democratic system of government. Public power is formally distributed among the Government (the executive), the Storting (the legislature) and the courts (the judiciary).

Following the election in 2021, Jonas Gahr Støre's Government was appointed by King Harald V on 14 October 2021. The current government represents the social-democratic Labour Party and the agrarian Centre Party. The next parliamentary election will be held in September 2025.

Business climate

Norway is a typical Scandinavian country with high work and business ethics and a transparent business climate. There are no cultural prohibitions on the way business is conducted.

Norway's position in Europe

Norway is, with some exceptions regarding fish and agricultural products, fully integrated in the EU's internal market and free travel through the European Economic Area (EEA) and Schengen agreements. Norway is not, however, a member of the EU and consequently not a member of the EU's economic and monetary union and its currency (the euro).

Legal system

The Norwegian legal system is based on a combination of statutes and case law. The relevant legal sources according to the local doctrine of law are statutes, preparatory works, case law, administrative practices, customary practice, international treaties and conventions, other countries' law and policy and fairness considerations.

Many significant conventions and treaties have been ratified by Norway, including the UN Convention on International Sale of Goods (**"CISG"**).

Foreign investment

Norway welcomes and encourages foreign investments. With certain exceptions, Norway's foreign investment regime is open and offers national treatment to foreign investors. In recent years, there has been a growing emphasis on national security considerations regarding investments and transactions involving companies deemed of significant importance to national security in Norway. It has resulted in a number of amendments to the Norwegian Act on National Security (**"Security Act"**), which governs foreign direct investments.

Transactions relating to a *"qualified ownership interest"* are notifiable if it involves a target company which has been brought within the scope of application of the Security Act by way of an administrative decision by a ministry pursuant to Section 1-3 of the Security Act.

Decisions under Section 1-3 of the Security Act shall be adopted for businesses that: (i) handle classified information; (ii) control information, information systems, objects or infrastructure of vital importance for fundamental national functions or are of vital importance to national security interests even if the business is not directly linked to a fundamental national function; or (iii) are engaged in activities of crucial importance for fundamental national functions. Additionally, such decisions can be taken for businesses that are of significant importance to fundamental national functions or national security interests (even if the business is not directly linked to a fundamental national function).

Examples of businesses that can be covered by the provisions on ownership control are companies active in the defence, telecommunications, transport, energy sectors, food and water supply, health services, research and development, in addition to certain advanced technologies.

A "qualified ownership interest" is defined as an ownership interest where the acquirer obtains (i) a third share of the company's stock capital, the interests or the votes, (ii) a right to become the owner of a third share of the stock capital or interests, or (iii) significant influence over the company through other means. However, the threshold will be lowered by the upcoming amendments to the Security Act as outlined below.

In addition to the screening mechanism in Chapter 10, in the Security Act, the Security Act incorporates a "general intervention clause" that establishes a legal foundation for the King in Council (i.e., the Government) to issue decisions prohibiting activities, including acquisitions, that could impose a "not insignificant threat" to the national security. The general intervention clause operates in parallel with the regulations on ownership control and does not necessitate a preceding administrative decision to subject the company by the scope of the Security Act.

As mentioned above, the Security Act has been subject to amendments in response to the current political landscape, entailing a broadening of the scope of the Security Act to encompass a wider array of businesses. Furthermore, the

following are enacted amendments that are likely to come into effect during 2024:

- a reduction of the threshold mandating notification from a third of the shares, interests or votes to 10%, with subsequent filing obligation for transactions entailing acquisition of 20%, 1/3, 50%, 2/3, and 90% of the shares, the interests or the votes,
- an extension of the filing obligation to transactions involving companies holding a supplier clearance under the Security Act if the abovementioned thresholds are met,
- an extension of the filing obligation to both the seller and the target, in addition to the acquirer (for certain transactions),
- the introduction of a standstill obligation and a prohibition on sharing information that could be exploited for security-threatening activities, and
- the introduction of provisions for administrative fines and criminal liability for specific violations.

In addition to the mentioned amendments to the Security Act, new legislative amendments relevant for foreign direct investment screening were proposed in an Official Norwegian Report dated 4 December 2023. A Government appointed Commission was tasked with assessing how to better prevent potentially harmful economic activities targeted at businesses outside the scope of the Security Act. The Report proposes the adoption of a new act that will work in parallel with the Security Act and apply to companies in "security sensitive sectors", i.e. defined as suppliers to important societal functions, critical technology and critical raw materials. The Report also proposes the introduction of a voluntary notification system for all sectors, as well as different notification obligations for foreign investors from EEA countries and foreign investors from third parties countries. The Commission estimates that approximately four-hundred transactions will be subject to the screening mechanism if the regime is implemented. The Report will now be subject to a public hearing.

Norway also maintains restrictions on foreign investment in certain activities related to audio-visual services, air transport, retail sale of alcoholics, fisheries and maritime transport. Pursuant to the EEA Agreement, these restrictions should not apply to citizens or companies established in another EEA State (the EU Member States and Iceland and Liechtenstein), with certain exceptions regarding the fisheries sector.

Moreover, there are specific regulations that apply in the following sectors:

- The acquisition of waterfalls, power supply rights and mining rights are subject to concessions (*Industrial Licensing Act, Energy Act, Water resources Act, Mining Act*).
- The acquisition of long-term lease (more than ten years) of land and real estate is subject to concession (*Concession Act*).
- Direct investments in petroleum exploration and exploitation require special government license (*Petroleum Act*).
- The acquisition of Norwegian financial institutions exceeding certain thresholds of ownership is subject to concession (*Securities Trading Act*).

Incentives, guarantees and funds to foreign investors

Various export incentives and guarantees are available in Norway. Export Finance Norway offers government loans and guarantees to ensure the financial competitiveness of Norwegian export industries as well as to promote investments in Norway that contribute to exports and other transactions that have positive effects in Norway in terms of value generation or employment.

Export Finance Norway offers various products and services, including loans, guarantees, letter of credit guarantee, buyer financing, and credit insurance. Export Finance Norway conduct thorough risk assessments for each individual case to ensure that each guarantee scheme remains balanced in the long term. Conditions for obtaining loans and guarantees, as well as the terms of such financial assistance, as applicable, are regulated, among other things, by an international framework set out by, inter alia, the OECD (the organization for Economic co-operation and Development), the EEA and the WTO. Export Finance Norway offer loans at market rates or fixed-rate Commercial Interest Reference Rate (CIRR) rates as determined by the OECD.

Business entities

Introduction

Business activities conducted by foreign companies or individuals in Norway may be carried out through a Norwegian subsidiary or a Norwegian branch of the foreign entity. Generally speaking, there are no restrictions on the nationality of the owners. Operating licenses to conduct business are required for certain specific areas, e.g. insurance, banking and financial services as well as E&P activities on the Norwegian Continental Shelf. Applicable passporting rules within the EU and EEA may simplify the process of obtaining such licenses.

Limited liability companies

The most common form of conducting business activities in Norway is through a limited liability company. In such limited companies, the liability of each shareholder is limited to its respective part of the share capital, i.e. the shareholders are not personally liable for the obligations of the company. There are two forms of limited liability companies: Private limited companies (Nw: *Aksjeselskap*, or *AS*) and public limited companies (Nw: *Allmennaksjeselskap* or *ASA*). Only public limited companies (or a foreign equivalent) may be listed on the Oslo Stock Exchange, Euronext Expand or Euronext Growth, and there is little reason to establish a public limited company unless it is envisaged to list the company's shares on one of those three marketplaces.

The formation of a limited liability company is done by one or more founders – which can be foreign companies or individuals – drawing up and signing a deed of formation. Within three months of the formation, the required share capital must then be deposited by the shareholder(s), after which the deed of formation must be submitted for registration with the Register of Business Enterprises. The company acquires the status of a legal entity upon registration. Private limited companies must have a share capital of at least NOK 30,000, whereas a public limited company must have a share capital of minimum NOK 1 million. Despite a fairly easy incorporation process, foreign companies often start up business in Norway by acquiring an already established "off-the-shelf company" from a law firm.

Shareholders

There are no restrictions on the number of shareholders, i.e. a Norwegian limited liability company can have only one shareholder. All shares carry equal rights and one vote each, unless otherwise provided for in the articles of association. The articles of association may prescribe different classes of shares, i.e. different rights to participate in the assets or profits of the company or different voting rights.

Parent companies and shareholders are in general not liable for their subsidiaries' debts or liabilities. However, both Supreme Court practice and preparatory work for the Limited Liability Companies Acts indicate that the corporate veil can be pierced in extraordinary circumstances.

Shareholders exercise their rights through general meetings. The annual general meeting is generally required to be held each year on or prior to 30 June to deal with and decide upon the annual accounts and the annual report. Apart from the annual general meeting, extraordinary general meetings may be held if the board of directors considers it necessary, or it must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5% with respect to public limited companies or 10% with respect to private limited companies of the share capital demands this in writing.

Financial reporting and auditing requirements

All limited companies regardless of the size of the entity are obligated to keep accounts and also have a statutory bookkeeping obligation. However, small businesses are subject to simplified requirements. The companies must prepare and file annual accounts with the

Norwegian Accounting Register by 31 July each year. Penalties apply for late filing. The information must be reported in a way that complies with statutory accounting rules, and reflect a true and fair view of the company's assets, liabilities, results and financial position in accordance with generally accepted accounting practices.

Private limited companies which have (i) operating revenues that do not exceed NOK 6 million (ii) a balance sheet amount not exceeding NOK 23 million and (iii) an average number of employees which do not exceed ten full-time equivalents, are not required to have an auditor.

The board of directors and the managing director

A public limited company must have a board of directors comprising minimum three directors, including the chairperson of the board, while the board of directors in a private limited company may comprise of only one director (who may also be the sole shareholder of the company). Both public and private limited companies are subject to rules regarding employee representation in the board of directors. If the number of employees in the company exceeds thirty, the employees will have the right to appoint one director, and if the number exceeds fifty, the employees will have the right to appoint one-third of the directors (but in any event at least two). Public limited companies are required to have a managing director who is responsible for day to day management, while this is optional for private limited companies. At least half of the board of directors and the managing director must reside in a EEA country, the United Kingdom or Switzerland. For public limited companies there are also certain requirements that both sexes are represented on the board of directors. Listed companies shall also comply with the Norwegian Corporate Governance Code, which i.e. sets forth certain requirements for the composition of the board of directors.

Directors' duties and liability

The board of directors is responsible for the management of the company and shall ensure a proper organization of the business. Under Norwegian law, the board of directors of a private limited company shall maintain a share register of all of the company's shares and shareholders, whereas the shares in a public limited company must be registered in a central securities depositary (Nw.: VPS). Both share registers shall be available for the public.

Members of the board of directors have a fiduciary duty to the company and its shareholders. Such duty requires that the board members act in the best interests of the company when exercising their functions and exercise a general duty of loyalty and care towards the company. Their principal task is to safeguard the interests of the company. Members of the board of directors may each be held personally liable for any damage they negligently or wilfully cause the company.

Voting

There is no quorum requirement for a general meeting under Norwegian law, although the articles of association may stipulate that a certain number of shareholders, shares or share capital be present at the general meeting.

In general, decisions that shareholders of a limited company shall decide upon under Norwegian law or the articles of association may be made by a simple majority of the casted votes. However, certain decisions such as issuance of new shares, amendments to the articles of association, resolving a merger or de-merger, will require a majority of two-thirds of the votes cast and the share capital present at the general meeting.

With regards to the board of directors more than half of the directors need to be present or

participate in the proceedings for a quorum to be constituted. Unless otherwise stated in the articles of association the board of directors may adopt a resolution with the supporting vote of the majority of the participating directors.

Registered offices

A limited company must have a physical Norwegian business address (a postbox address is not sufficient) registered in the Register of Business Enterprises. Unless otherwise agreed upon by the parties the ordinary venue for the company in legal proceedings will be the place where the head office is located through such registration.

Branches

A foreign company may conduct its business activities in Norway through a Norwegian branch (Nw. *filial*). Branches should operate under a separate trading name which should include the words *"norsk avdeling utenlandsk selskap"* or "NUF" and the nation of origin, registered with the Norwegian Register of Business Enterprises. In general, branches are treated as corporations and provided equal rights and are subject to the same requirements as limited companies (for example in regard to taxation). However, the branch itself is not a legal entity and therefore cannot be a party in legal proceedings (certain exemptions apply to insurance companies), any legal action must therefore be directed at the foreign main company which is responsible for the obligations and liable for the liabilities of the Norwegian branch. Signatory rights for the branch can be awarded to named persons, the managing director of the branch or board members of the Norwegian branch, however it is not possible to register signatory rights that only apply to the Norwegian branch. The persons who is signing for the Norwegian branch must therefore also be able to sign for the foreign main company.

Partnerships

Two or more parties, including foreign companies and individuals, may jointly conduct business through a partnership (Nw. *ansvarlig selskap* or *ANS*) where all partners are jointly and severally liable for the partnership's obligations. A limited partnership (Nw. *kommandittselskap* or *KS*) is a partnership where at least one of the partners has unlimited liability for the debts and liabilities of the partnership (must own at least 10% "general partnership shares"). The liability for at least one of the other partners also needs to be limited to a fixed amount (normally unpaid registered contributions). Partnerships and limited partnerships become legal entities upon registration. There are no requirements to the equity upon formation of a partnership, however each limited partner in a limited partnership must invest at least NOK 20,000 upon formation of a limited partnership.

Accounting

In general the financial year must follow the calendar year. However, a deviating financial year can be used if (i) this increases the informational value of the annual accounts due to seasonal activities, or (ii) the accounting obligated entity is a branch or a subsidiary of a foreign company and the deviation is necessary to have the same financial year as the main foreign enterprise. As a general rule, account documents must be retained for five years.

Aquisitions

There are no specific rules governing acquisitions of unlisted companies. As a starting point, the entire acquisition process is subject to freedom of contract. However, specific provisions containing e.g. restrictions on transfer of shares or first refusal may be prescribed in the Private Limited

Liability Companies Act, in the articles of association or in shareholders' agreements.

Sources of information

Excluding information published by the target company, the bidder has access to a wide range of corporate information, e.g. financial statements and articles of associations, that can be accessed through the Register of Business Enterprises free of charge or for a small fee.

Competition law

A merger, acquisition or other transaction (business concentration) involving transfer of lasting control must be notified to the Norwegian Competition Authority if the aggregated turnover of the companies involved exceeds NOK 1 billion in Norway annually and at least two of the involved companies each have more than NOK 100 million in annual turnover in Norway. Certain concentrations which are less likely to affect competition (combined market share below 20%) may be submitted to the authorities by a simplified notification. The authorities may also impose an obligation to notify concentrations below the thresholds if they find reasonable grounds to assume that competition will be affected. It is prohibited to implement a concentration subject to notification before the authorities have closed the case.

Formalities private companies

As a starting point, transfer of shares in private companies are subject to the right of first refusal for the other shareholders and approval by the board of directors, unless otherwise stated in the articles of association.

Private limited companies must maintain a share register and upon share transfers the register must be updated by the company, which must also notify the shareholder that he or she has been entered into the share register. The concept of stock certificates does not exist in Norway.

Acquisition of qualifying holdings in a financial institution is subject to prior approval by the Norwegian Ministry of Finance or the Norwegian Financial Supervisory Authority. A qualifying holding is, as a main rule, a holding that represents 10% or more of the capital or voting rights in a financial institution or allows for the exercise of significant influence on the management of the institution and its business.

A shareholder who owns at least 90% of the shares and votes can effectuate a squeeze-out and acquire the remaining shares from the minority shareholder(s). Correspondingly, the minority shareholder(s) may request that the majority shareholder acquire their shares.

Formalities public companies

As a general rule, shares in public companies are freely transferable, unless otherwise prescribed by law, the articles of association or a shareholders agreement.

Acquisitions of listed companies are subject to takeover regulations set out in the Securities Trading Act, and a bidder who acquires more than one-third of the votes in a listed company has to make a mandatory offer for the remaining shares. This obligation is repeated at the thresholds of 40% and 50% of the votes. Furthermore, a shareholder who holds more than 90% of the shares and votes can effectuate a squeeze-out and acquire the remaining shares from the minority shareholder(s), which in turn may request the majority shareholder to acquire their shares.

If a person, company or consolidated group's proportion of shares and/or right to shares in a listed company through acquisition or sale exceeds or falls below the thresholds of 5 %, 10 %, 15 %, 20 %, 25 %, 1/3, 50 %, 2/3 or 90 %, immediate notice has to be given to the Oslo Stock Exchange which will publish the information.

Real estate

Ownership and transfer of real property

The main acts in Norway regulating real property are the Planning and Building Act, the Alienation Act, the Construction of Buildings Act, the Tenancy Act, and the Concession Act.

Purchase of property is regulated by the Alienation Act. An agreement regarding transfer of real property may be entered into orally or in writing. However, an oral agreement shall be put in writing if one of the parties so requires.

Professional real estate transactions normally take place through transfer of shares in a limited liability company holding legal title to the property (a single purpose vehicle, SPV). Such transactions are regulated by the Sale of Goods Act.

Both when transferring property directly and when transferring shares in a company owning a property, it is common to enter into adapted standard agreements that deviate from the background law. It should be noted that if one party is a consumer, there are restrictions on what can be deviated from.

Acquisitions of property is subject to applicable concession (approval) from public authorities. Concession is regulated mainly by the Concession Act. The Concession Act basically covers all types of property. However, a number of exceptions mean that most properties in Norway do not require a concession.

If the acquisition does not require a concession, the main rule is that the acquirer must submit a form for a self-declaration of freedom from the obligation to acquire a concession (Nw: *egenerklæring om konsesjonsfrihet*). There are several transactions where a concession is not required and only a self-declaration is needed, for example when acquiring a built property smaller than 100,000 square meters. However, a concession or a self-declaration is not necessary for the acquisition of built-up property where the area does not exceed two acres, when acquiring most types of apartments, or when acquiring an SPV that has already obtained a concession. However, in the situations where the SPV already has obtain a concession from the municipality, we note that the Public Real Estate Register (the land register) often require a statement from the current municipality confirming that a new concession is not required.

If the acquisition is not free from the obligation to acquire a concession, the new owner must obtain a permission to take it over (a concession). An application for a concession is submitted on a separate form, which is sent to the municipality where the property is located. If the acquisition concerns an agricultural property, the municipality shall, among other things, emphasize whether the acquisition entails a good operational solution, whether the acquirer is considered fit to run the property, and whether the acquisition takes into account the overall management of resources and the cultural landscape. If a concession is not granted, the municipality shall set a deadline for resale of the property. The acquirer must then sell the property to someone who can obtain a concession or who can acquire it without a concession.

The purpose of the Concession Act is to have control over the sale of real estate, in order to protect agricultural production areas and ensure ownership and use conditions that benefit society and future generations.

It is not required by law to register a transfer of property in the Public Real Estate Register (the land register). However, a third party may in good faith extinguish ownership rights that are not registered in the land register prior to the establishment of the colliding right of the third party. Thus, registration of a transfer of title in the land register is necessary to obtain legal protection for the ownership against third parties.

Transfer of shares is not subject to registration in the land register, as the direct ownership of the property does not formally change. Transfer of shares is, however, registered in the shareholder register of the company. In addition, a notice of share acquisition is issued in order to establish legal protection for the ownership.

If the ownership of the building and the ownership of the plot are split, the establishment constitutes a ground lease, regulated by the Ground Lease Act.

Construction

There are several statutory and complex regulations regarding construction of property, particularly in the Planning and Building Act. It is mandatory to have prior consent from the Planning and Building Authority in order to initiate a construction project.

Lease of business premises

The Norwegian lease standards regarding commercial leases are widespread in the market. The standard agreements regarding "as is"-premises, "as built/as new"-premises and the barehouse-standard are the most commonly used. In later years new standard agreements have been introduced as well, including, inter alia, standard agreements regarding lease of commercial premises for shopping centres and outside shopping centres and an "all inclusive" lease agreement for new premises.

Typically, a commercial lease term will be fixed for a period of between five to ten years, is non-terminable, and often contain an extension right for the tenant. The rent is normally a fixed sum per square meter per year, and is usually regulated annually according to changes in the Consumer Price Index. For lease of commercial premises or restaurant premises it is, however, not unusual that the agreed annual rent is the highest of a fixed minimum rent and an agreed percent of the gross annual turnover from the leased premises. In addition to this, the tenant often pays a proportionate share of the joint costs of the property and applicable VAT. A guarantee or deposit is usually required.

Taxation of Norwegian limited liability companies

General structure

Limited liability companies in Norway are subject to general corporate tax on their worldwide income (unless an applicable double tax treaty provides otherwise) at a uniform nominal rate of 22%. The tax computation is in practice based on the audited annual accounts adjusted pursuant to provisions in the tax legislation. Tax calculated on a preliminary basis is charged regularly throughout the year. An annual tax return must be filed within 31 May each year. If the preliminary payments have resulted in an overpayment, this will result in a refund.

In addition to the general income tax, limited liability companies in the petroleum sector, the hydroelectric power production sector, the aquaculture sector and the land-based wind power sector may be subject to resource rent tax. Further, limited liability companies that are engaged in shipping may opt to be taxed under the Norwegian tonnage tax regime instead of the general corporate income tax. The Norwegian financial sector is also subject to additional taxation, cf. below.

Interests

Interest on loans is generally deductible for Norwegian tax purposes. However, deduction of interests may be denied if the Norwegian interest limitation rules apply or if the loan arrangement is not in accordance with the arm's length principle.

The Norwegian interest limitation rules apply if the annual net interest expenses of one year exceed a threshold of NOK 25 million in aggregate for the Norwegian part of the group or NOK 5 million for companies which are not part of a group. If the threshold amount is exceeded, deductions are limited to 25% of taxable EBITDA (i.e. net taxable income plus net interest expenses and taxable depreciations) per company in the group. However, for group companies the

limitation does not apply if the equity ratio (the ratio between the equity and total assets) in the Norwegian company or the Norwegian part of the group, is equal to or not more than two percentage points lower than the equity ratio of the group as a whole.

For companies which are part of a group, both interests on debt to unrelated and related parties may be denied. For companies which are not part of a group, only interest on loans to related parties may be denied. Interest expenses that are denied can be carried forward for ten years.

Norway introduced rules regarding withholding tax on the gross payment of royalty, interest and certain lease payments to affiliated companies in low tax jurisdictions with an effective date of 1 July 2021 (1 October 2021 for lease payments).

Capital gains and dividends

Receipt of dividends and capitals gains on shares are in principle exempt from Norwegian taxation for Norwegian limited liability companies under the participation exemption provided that the distributing company is:

(i) genuinely established in an EU/EEA state or,

(ii) if outside EU/EEA; minimum 10% of the shares must be owned by the Norwegian company for at least two years and the company owned must not be a resident in a low tax jurisdiction, and,

(iii) the distributing company is not receiving a tax deduction for the distribution.

If the receiving company is tax resident in Norway and holds 90% or less of the shares in the distributing company, 3% of the dividend shall nonetheless be regarded as taxable income. As this income is taxed at the general rate of 22%, the effective tax rate of such dividends is 0.66%. This tax does not apply to capital gains.

Tax losses

Tax losses may be set off against taxable income for later years and may be carried forward indefinitely.

Transfer pricing

The arm's length principle is part of Norwegian tax law implying that taxable income of a Norwegian taxpayer may be increased by the Tax Authorities if the taxpayer's taxable income has been reduced due to a community of interest with a related party, i.e. the pricing is not in accordance with the arm's length principle. The OECD Transfer Pricing Guidelines shall be taken into consideration when determining whether the taxable income is in accordance with the arm's length principle and when performing the discretionary assessment of the taxable income.

Norwegian limited liability companies that meet certain thresholds are obliged to maintain transfer pricing documentation for transactions with affiliated parties.

Other forms of taxation

Taxation of non-resident corporations

Non-resident corporations and branches of foreign companies are subject to taxation at a rate of 22% on their Norwegian-sourced income.

Dividends distributed from limited liability companies resident in Norway for tax purposes to shareholders resident outside Norway for tax purposes, are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. Dividends distributed to non-resident shareholders who are limited liability companies resident within the EU/EEA for tax purposes are exempt from Norwegian withholding tax pursuant to the participation exemption, provided that the company is the beneficial owner of the shares and can be proved to be genuinely established in an EU/EEA state.

There is no income tax or withholding tax on capital gains upon the realization of shares in limited liability companies resident in Norway.

Value added tax

Value added tax (VAT) is charged on the supply of goods and services effectuated in Norway in the course of business. Goods imported into Norway are also subject to VAT. The rate of VAT is normally 25%. Some goods and services are exempt from VAT or are taxed at a lower rate (e.g. books and food). The sale of real estate, insurance and financial services, health services and some educational services are tax exempt.

Financial activity tax

A financial activity tax may apply to companies with activities considered as financial and insurance activities. The financial tax applies only to companies with employees. The financial tax consists of two components:

(i) 5% extra tax on wage cost on employees who perform financial activities.

(ii) 25% tax rate on income (three percentage points higher than the general tax rate).

Stamp duty

There is no stamp duty in Norway upon the transfer of shares.

There is a 2.5% registration tax upon the transfer of real estate (stamp duty), calculated on the basis of the market price of the property. The stamp duty only becomes effective if the transfer is recorded in the Public Real Estate Register. No stamp duty will apply if the transfer of the property is made through purchase of shares in a company holding the legal title to the property, as the direct ownership of the property does not formally change and no transfer is subject to registration in the land register. If the transfer is the result of a merger, demerger or conversion, no stamp duty is payable.

Real estate tax

A tax on real estate may be levied by local municipalities at the maximum rate of 0.7% (0.5% for housing and holiday homes) of the taxable value of the property.

Employment

General

The Norwegian labor market is regulated by legislation. The main acts in Norway regulating employment are the:

- Working Environment Act
- Holiday Act
- National Insurance Act
- Occupational Pension Act, and
- The General Application of Wage Agreements Act

Unions play an important role in the Norwegian labor market and a significant part of Norwegian undertakings are bound by collective bargaining agreements. As a main rule, collective bargaining agreements are not compulsory. To be bound by a collective bargaining agreement, the employer must usually be part of an employers' organization, and at least 10% of its employees must be part of a trade union. The employer will not automatically be bound by a collective bargaining agreement by being member of a trade union and having organized employees. However, the relevant trade union may in such case demand that the employer shall be bound by a collective bargaining agreement.

The Working Environment Act and other labor legislation set out the basic framework applicable to the labor market in Norway. Unions and employers may however agree on various derogations from this. As a consequence, employees covered by collective bargaining agreements in most cases have different, and often better, terms and conditions than those set out in the Working Environment Act and/or other labor legislation, e.g. in relation to working hours, supplements, holiday etc.

Local requirements before hiring employees

A branch must be set up and registered with the Register of Business Enterprises before the employees can commence their work to pay salary and report taxes etc. to the Norwegian authorities. Further, employers are required to obtain occupational injury insurance and pension schemes from day one of employment.

Employment contracts and types of employment

Requirements to the written employment contract

All employee relationships shall be subject to a written contract of employment. The employment contract shall be presented to and entered into with the employee as early as possible and no later than one month following commencement of the employment.

The Working Environment Act sets out minimum requirements regarding the content of the employment contract. The employment contract shall state factors of major significance for the employment relationship and must include the identities of the parties, the work place, a description of the position/title, commencement date, any probationary period, holidays and holiday pay, notice period, salary and other remuneration, duration and placement of working hours, length of breaks, agreements for special working hour arrangements and information about any collective bargaining agreements.

The Norwegian government has proposed changes to the Working Environment Act to implement the EU Directive on Transparent and Predictable Working Conditions (2019/1152). The changes are expected to be approved shortly and to take effect from late Q1 or early Q2 2024. The proposed changes include additional requirements to the content of employment contracts, including, amongst other, information about any right to absence paid by the employer, the procedure for termination of the employment relationship, the various components that make up the salary, and any right to competence development that the employer may offer.

Permanent and temporary employment

The main rule according to the Working Environment Act is that all employees shall be appointed permanently. Temporary appointment must have a legal basis and is only permitted in certain occasions provided in the Working Environment Act. Temporary employment can be agreed upon when warranted by the nature of the work and if the work differs from that which is ordinarily performed in the undertaking (typically in connection with special projects, seasonal employment etc.), for work as a temporary replacement for another person or persons, and in a few other situations provided in the Working Environment Act.

The regulation on temporary employment is particularly strict in Norway and the overall rule is that employees must be appointed permanently.

If an employee is unlawfully employed on a temporary basis, or if they have been continuously employed as a temporary worker for three or four years, they may be entitled to permanent employment. In such cases, the employment relationship can only be terminated in accordance with the general rules for terminating employment relationships outlined in the Working Environment Act. Undertakings that make use of temporary appointments have a duty to at least once a year discuss the use of temporary appointments with the employees' elected representatives.

The proposed changes in the Working Environment Act according to the EU Directive on Transparent and Predictable Working Conditions (2019/1152) also include new proposals relating to part-time and temporary employees. The proposal includes a presumption of permanent employment where the employment contract does not specify that the employment is temporary and the basis for temporary employment. Further, a right to request more predictable and secure working conditions for temporary employees or part-time employees who have been working for more than six months is proposed. It is expected that the proposal will be accepted and that the new rules will take effect from late Q1 or early Q2 2024.

Zero-hour contracts

Zero-hour contracts (i.e. contracts where the employee is not guaranteed a certain level of work/FTE percentage) are only permitted if the legal requirements for temporary employment are fulfilled in each instance.

Working hours

Normal working hours

The statutory maximum ordinary working hours are nine hours per day and forty hours per week. Different regulations on working hours may follow from collective bargaining agreements, where normal working hours are usually 7.5 hours per day and 37.5 hours per week. Further, many companies without collective bargaining agreements practice a 37.5 hours work week, normally from Monday to Friday.

The employer and employee may enter into a written agreement on average calculation of working time. In that case, the thresholds for overtime work will be ten hours per day, fifty hours per single week, forty-eight hours on average over a period of eight weeks and forty hours on average over a period of one year.

The normal working hours must be between 06:00 and 21:00 hrs. Working days are weekdays, including Saturdays. Sundays and public holidays are not regarded as working days. Generally, work on Sundays and public holidays is not permitted unless it is necessitated by the nature of the work.

Employees are entitled to daily and weekly off-duty time. The main rule is that an employee is entitled to have at least eleven hours continuous off-duty time per 24 hours and 35 continuous off-duty time per seven days. The off-duty period shall be placed between two main work periods, and it shall as a main rule fall on a Sunday.

Maximum working hours

As a general rule, work exceeding the normal working hours may only take place in cases when there is an exceptional and time-limited need for it.

The total working hours (including overtime hours) must not exceed 13 hours during 24 consecutive hours and 48 hours during seven consecutive days, provided that the employer and employee have not entered into an agreement on average calculation of working time.

Overtime work must not exceed ten hours per seven days, 25 hours in four consecutive weeks and two hundred hours during a 52 week period.

Employees in leading and/or particularly independent positions may be exempted from the working time regulations in the Working Environment Act subject to an individual assessment in each case.

The Norwegian Labor Inspectorate may grant exemptions from the rules mentioned above.

Predictable working hours

The proposed changes in the Working Environment Act according to the EU Directive on Transparent and Predictable Working Conditions (2019/1152) also include requirements to ensure more predictable working hours for employees. The proposal entails that the employment contract must specify whether the daily and weekly working hours will vary, and contain information regarding arrangements and payment for work beyond agreed working hours. Additionally, if the employment contract does not include a description of the working hours, the employee's description of the working time arrangement shall be presumed to be correct unless there is compelling evidence to the contract.

It is expected that the proposal will be accepted and that the new rules will take effect from late Q1 or early Q2 2024.

Holiday entitlement

Pursuant to the Holiday Act, employees have a statutory right to a minimum of four weeks and one day (twenty-five working days) of annual holiday. It is quite common for companies to offer an additional holiday week, meaning that the employees are entitled to five weeks' holiday. The right to holiday applies regardless of whether the employee will be entitled to holiday pay.

The holiday pay, which is paid in lieu of salary during the taking of holidays, shall be at least 10.2% of the basis for calculating holiday pay. If the company operates with five weeks' holiday, the holiday pay percentage is 12%. The basis for calculating holiday pay is the remuneration the employee received during the previous year, including overtime compensation, commission, other supplements, bonus payments etc.

Although the Holiday Act provides that holiday pay shall be disbursed on the last ordinary pay day before holiday is taken out, it is common practice in Norway to include a section in the employment agreement stating that holiday pay is disbursed in lieu of salary in June, regardless of when holidays are taken out. For the rest of the year, an ordinary monthly salary is paid.

Sick leave and sick pay

Employees are entitled to short-term paid sick leave without a doctor's certificate for up to three days, four times per year. Employees are required to give written notice (Nw.: *egenmelding*) to the employer in order to be eligible for paid short-term sick leave. Extended sick leave requires a doctor's certificate.

In case of sick leave, the employer is obligated to pay full salary during sickness in the initial 16 day period. After the 16 days, the Norwegian state pays the sick pay, unless the employee's employment contract states that the employer is obligated to pay full salary during sickness. In the latter situation, the employer may claim refunds from the Norwegian state with regards to the sick pay. The state-funded sickness benefit is capped at six times the National Basic Insurance Amount. At the time of this article the National Basic Insurance Amount is NOK 118,620.

The employer may not ask for medical records or other doctor reports, as this is patient/doctor confidential information. The employer is however obligated to follow up and facilitate for an employee during the sick leave.

Norwegian employees are protected from dismissal based on sick leave for a period of twelve months after the employee first went on sick leave, meaning that it is not possible to terminate the employee for reasons relating to the sick leave during the first twelve months of sick leave. Please note that any termination after this period still requires that there is a valid cause for termination, and that the normal employment protection will apply.

Parental leave

Parents are entitled to parental leave for a total of twelve months. These twelve months include

the mothers' right to up to twelve weeks' leave of absence during the pregnancy and the right to maternity leave for the first six weeks after giving birth. In addition, each of the parents are entitled to an additional leave of absence for up to twelve months for each birth. Such additional leave will however be without salary or parental benefits from the state and must be taken immediately after the parental leave.

Parental benefits are usually equal to either 100% or 80% (depending on the length of the parental leave) of salary for the duration of the parental benefit period. Please note that the basis for calculation of parental benefits is capped at six times the National Insurance Basic Amount, meaning that annual salary above six times the National Insurance Basic Amount will not be included in the basis for calculation of parental benefits. The parental benefit period is made up of the fifteen weeks reserved for each parent, another three weeks for the mother prior to birth, as well as sixteen weeks which can be split between the parents as they wish (in total 49 weeks if the parents choose 100% parental benefit rate).

Note that some employers offer full salary during parental leave as a benefit, however this is not mandatory.

Termination of employment

Probationary period

According to the Working Environment Act, probationary periods may be agreed upon in writing, and as a main rule have a duration of up to six months. Probationary periods can be agreed upon for both permanent and temporary positions. During the probationary period, the threshold for termination of employment based on the employee's adaptation to the work, professional competence or reliability is somewhat lower than outside of the probationary period.

The proposed changes in the Working Environment Act according to the EU Directive on Transparent and Predictable Working Conditions (2019/1152), also include a proposal that probationary periods in temporary employment relationships cannot exceed half of the duration of the employment. It is expected that the proposal will be accepted and that the new rules will take effect from late Q1 or early Q2 2024.

Justified by circumstances relating to the undertaking

According to mandatory law, any termination initiated by the employer must be objectively justified on the basis of circumstances relating to the undertaking, the employer or the employee. A reduction in workforce due to insufficient workload, downscaling of operations or restructuring will normally be accepted as sufficient and valid causes. If more than ten employees are to be terminated in the same process or within a 30 day period, mandatory consultations must be conducted with employees' representatives and a notification must be sent to the Public Welfare Administration (Nw. *NAV*).

The selection of redundant employees must be based on fair and reasonable criteria, which must be determined before the process is initiated. Such criteria are for example length of service/seniority, qualifications and social considerations. In undertakings bound by a collective bargaining agreement, seniority will be the main selection criterion, but other criteria such as qualifications and business needs may also to some extent be taken into consideration. The redundancy process and the selection criteria should be discussed with the employees' elected representatives prior to the selection process. Minutes should be made in writing from the meeting(s) with the employees' representatives.

A termination due to redundancies is only valid if the employer does not have another position in the business to offer the employee. This only applies to vacant positions which the employee is qualified for within the business. Employees that are terminated due to redundancy have a right to priority for reemployment with the employer for a period of twelve months. As of 1 January 2024, the requirement to offer vacant positions shall apply to all companies within the employer's group of companies. Additionally, the parent company of the group will be required to establish frameworks for cooperation and consultation between the group companies and employees in the group. Further, employees being terminated due to redundancy will also have a right of priority for reemployment with the employer's group companies.

Justified by circumstances relating to the employee

There is great variation in the nature and seriousness of the circumstances relating to the employee that can form grounds for termination or, in cases of gross breach of duty, summary dismissal. However, a circumstance relevant for termination does not necessarily sufficiently warrant termination in the individual case and this will depend on, *inter alia*, the severity and duration of the circumstance, whether warnings have been given, to what extent the employer has communicated its reasonable expectations and contributed to enabling the employee to succeed etc. Generally, the threshold for termination of employment for reasons relating to the employee is quite high.

Notice of dismissal

A notice of dismissal must be in writing and must include certain mandatory information. The period of notice normally varies from one month (minimum notice period pursuant to the Working Environment Act) to six months. It is quite common to operate with a contractual notice period of three months in Norway. However, according to the Working Environment Act, the mandatory notice period may be longer than the contractual notice period depending on the employee's age and length of service.

Restrictive covenants

Non-compete and non-solicitation of customers clauses agreed between the employer and the employee are subject to mandatory regulations in the Working Environment Act. Restrictive covenants may not be invoked for more than twelve months following termination of the employment. Further, restrictive covenants may not be invoked if the employee is terminated due to circumstances relating to the employer, or if the employer owing to a breach of obligations in the employment relationship has given the employee reasonable grounds to terminate the employment. Employers are required to provide a written statement regarding whether and to what extent a non-compete or non-solicitation of customers clause will be invoked. The written statement must be provided upon the employee's request or upon termination of employment, subject to short mandatory deadlines. If employers fail to meet these criteria, the restrictive covenant in question may not be invoked.

Posted workers

When an employer in another state than Norway posts workers to Norway, the administrative regulations regarding posted workers (implementing EU Directive 96/71/EC into Norwegian legislation) applies. According to the regulations the employer shall have employment agreements, overview of working hours and pay slips easily available at the posted workers' work location in Norway. For a foreign worker to be granted a residence permit for work purposes in Norway, the pay and working conditions cannot be poorer than what is normal in Norway. The majority of provisions in the Working Environment Act apply to posted workers who have been posted to Norway for a period of at least twelve months.

Costs of employment

The following costs apply on employment in Norway:

- Annual salary
- Holiday pay (minimum 10.2%)
- Employer's National Insurance contribution (14.1%) + an additional 5% for salary exceeding NOK 750,000 annually)
- Pension costs (OTP, defined contribution scheme, minimum 2% of salary up to twelve times the National Insurance Amount)
- Employer's National Insurance contributions on the pension costs (14.1%)
- Occupational injury insurance (price can vary considerably with the injury risk applicable in the sector concerned).

Marketing arrangements

Agency

The Norwegian Agency Act is based on the Commercial Agents Directive (Directive 86/653/EEC) and regulates agency agreements concerning the purchase of goods. An agent collects orders or enters into agreements in the principal's name and for the principal's account. The Agency Acts contains certain provisions that the parties cannot deviate from to the detriment of the Agent.

If the agent and the principal have not specifically agreed the level of compensation, the agent is entitled to such level of remuneration as is customary in the area where the agent is executing the work. An agent is entitled to commission on commercial transactions concluded during the contracted period where (i) the agent has arranged for the transaction, (ii) a transaction not negotiated by the agent is entered into with a third party whom the agent has previously acquired as customer for transactions of the same kind, or (iii) the agent has been entrusted with a specific geographical area or group of customers, and a transaction not negotiated by the agent has been concluded with a party belonging to that area or group.

An agency agreement without a fixed term may be terminated with one months' notice during the first year of the contract period. The notice period is extended by one month each year for a maximum of six months. The parties may nevertheless agree that the agent may terminate the agreement upon on a notice period of three months despite the duration of the contract is three years or longer.

A true agency agreement will not be subject to the Norwegian Competition Act, which entails that the principal may freely impose restrictions and demands upon the agent. A true agency agreement requires that the agent bears no financial or commercial risk whatsoever for the goods or services, and the agent is therefore solely a representative of the principal. The labelling of an agency agreement is not sufficient for the non-application of the Competition Act.

It should be noted that the principal is at larger risk for corporate criminal liability for unlawful acts committed by an agent under the Norwegian Penal Code in comparison with other forms of marketing arrangements where the intermediary is considered to act more independently from the principal.

Commission

The Norwegian Act on Commission Agreements regulates commission contracts. This is a different regime than agency agreements. In a commission agreement, the commission agent enters into the sales agreement in his own name but for the principal's account. Under certain circumstances, the principal retains the right to reject an agreement that the commission agent has made with a third party. Additionally, the commission agent is responsible for any financial losses incurred by the principal as a result of the commission agent's failure to comply with the terms of the commission agreement. The Act on Commission Agreements contains certain provisions that the parties cannot deviate from to the detriment of the commission agent.

Distribution

The distributor enters into the sales agreement in his own name and for his own account. There are no specific regulations for distribution agreements as such, although they would normally be encompassed by the Norwegian Sale of Goods Act as well as the Norwegian Contracts Act. In addition, uncodified principles deduced from the case law of the Supreme Court of Norway may apply to resolve questions that are not explicitly or implicitly provided for in the agreement.

Distribution agreements may be subject to certain limitations under the Competition Act.

Franchising

There is no separate regulation that governs the relationship between the franchisee and the franchisor as such. The Sale of Goods Act and the Contracts Act as well as uncodified principles deduced from the case law provide non-mandatory rules for franchise agreements. Franchise arrangements may also be caught by the Competition Act and the limitations to agreements set out therein.

Intellectual property

Intellectual property rights are protected by a set of specific statutes.

Generally, Norwegian law provides for strong protection of intellectual property rights and the Norwegian court system offers effective and relatively quick case handling in intellectual property litigations. Norwegian law on intellectual property rights is harmonized with the EU legislation through the EEA Agreement and Norway is a party to all major multinational agreements relating to intellectual property rights.

Patents

Patents are governed by the Patents Act. Patent applications are submitted to the Norwegian Industrial Property Office (Nw. *Patentstyret*).

Within five to seven months the Industrial Property Office issues a letter stating whether or not the application can be granted. The application will be published eighteen months after filing of the application. It normally takes one to two years from receipt of the first assessment of patentability until the application may be approved.

A patent can be maintained for up to twenty years from the day when you file an application, provided that annual fees are paid.

However, for certain medicinal products and plant protection products you may apply for an extension of the period of protection for up to five years for plant protection products and up to five and half years for certain medicinal products by applying for supplementary protection certificates, cf. Regulation (EC) No 469/2009 and (EC) No 1610/96.

Norway is inter alia a party to the Patent Cooperation Treaty (PCT), the Paris Convention, the TRIPS agreement and the European Patent Convention (EPC). The EU directive 98/44/EC on protection of biotechnological inventions is implemented in the Patents Act. Norway is on the other hand not part of the cooperation within the EU with respect to unitary patent protection and the Unified Patent Court (UPC) will therefore not have jurisdiction over European patents that are validated in Norway.

Trademarks

Trademarks are governed by the Trademarks Act. Trademark protection may be obtained either by registration with the Industrial Property Office or by extensive use.

The application process takes approximately one year. The trademark registration can be renewed every ten years provided that annual fees are paid.

Norway is party to the Madrid Agreement. Norway has also implemented the Trademark Directive and Norway applies the International Classification of Goods and Services (Nice Classification).

Designs

Designs are governed by the Designs Act. A design may be registered with the Industrial Property Office if the design is new and has individual character.

The application process normally takes two to three months from filing of the application. A

design registration is valid for five years, and can be renewed for further five-year periods up to a total registration period of twenty-five years.

Norway is a party to the Locarno Agreement and the Hague Agreement, including the Geneva Act to the Hague Agreement.

Copyright

Copyrights are governed by the Copyright Act. No registration is required in order to obtain copyright to a work. A person who creates a work will automatically obtain protection under the Copyright Act.

The term of copyright protection lasts for the lifetime of the author and seventy years thereafter.

Norway is party to the Bern Convention and the Rome Convention. Further, the EU directives within the field of copyright law are a part of the EEA agreement and implemented in Norwegian law.

Trade secrets and confidential information

Trade secrets are governed by the Act on Trade Secrets, which came into effect on 1 January 2021. The act implements the EU directive 2016/943 on trade secrets. The act prescribes both criminal and civil liability for unauthorised acquisition, use or disclosure of trade secrets.

Unfair marketing

Unfair marketing is governed by the Marketing Control Act.

The act protects not only the interests of consumers, but also the interests of traders. The act prohibits the use of copies of distinguishing marks, products, catalogues, advertising materials or other produced items. The act also stipulates that no act shall be performed in the course of trade which conflicts with good business practice among traders.

Use of the unfair marketing practices may result in a prohibitory injunction and the insulted party may be entitled to remuneration and/or compensation.

Right of information and securing of evidence

Evidence to prove infringement of intellectual property rights may to a certain extent be secured outside a lawsuit by judicial examination of parties and witnesses and by providing access to and inspecting real evidence, as outlined in the Disputes Act. Also the EU directive 2004/48/EC is implemented in Norwegian law, including the right of information set out in Article 8 of the directive. Thus, a proprietor or a licensee may, both in connection with a lawsuit and outside a lawsuit, obtain a court order imposing an infringer or a third party to provide information regarding the origin and distribution channels of infringing goods or services.

Product liability

The Product Liability Act is based on the Product Liability Directive (Directive 85/374/EEC). Under this act, a professional manufacturer based in Norway or internationally bear strict liability if a product causes injuries to human beings or damages goods intended for private use or used privately (i.e. contracts with consumers).

Furthermore, it is important to note that an entity involved in importing the product into Norway may be held accountable, without affecting the liability of the producer.

The Product Control Act serves as the legal framework for implementing the General

Product Safety Directive (Directive 2001/95/EC) in Norwegian legislation. The act establishes strict liability for manufacturers, importers, distributers and sellers of goods when a product causes damage or personal injury. The act provides the legal basis for sending public warnings and for recalling and annihilating dangerous products.

Liability for the manufacturer may also be established under Norwegian tort law.

Dispute resolution

The Norwegian courts

The Norwegian judiciary is divided into three levels, with courts of first instance (district courts), courts of appeal and the Supreme Court. The courts are in general considered effective and the cases are dealt with by modern procedural rules. A large share of civil and criminal law proceedings is carried out within this system.

In civil proceedings, the district court where the defendant has its domicile has territorial jurisdiction. Undertakings registered in the Register of Business Enterprises have their ordinary venue at the place where the head office of the undertaking is located according to such registration. In criminal proceedings it is the district court of the place where the alleged crime has been committed that has territorial jurisdiction. The main proceeding takes place as an oral hearing, with prior written preparations. The procedural law for civil claims and actions is codified in the Dispute Act and the Criminal Procedure Act provide procedural rules for criminal law proceedings.

In specific sectors, specialized courts of first instance have jurisdiction instead of the district court. Disputes between parties to collective (wage) agreements are brought before the Labour Court of Norway (Nw. *Arbeidsretten*). The Land Consolidation Courts of Norway (Nw. *Jordskifteretten*) handles cases regarding the ownership and use of land.

Complaints and appeals of the decisions of the Norwegian Competition Authority under the Competition Act are brought before the Competition Complaints Board (Nw. *Konkurranseklagenemnda*).

Norway is a party to the Lugano convention and the convention is made part of Norwegian law.

Arbitration

As an alternative to the ordinary courts, disputes between business relations are often resolved through mediation and/or arbitration. The Arbitration Act is based on the UNCITRAL Model Law on International Commercial Arbitration. Norway has ratified the 1958 New York convention on the recognition and enforcement of foreign arbitral awards.

The parties and the arbitral tribunal may engage the ordinary courts for assistance during certain stages of the arbitration procedure, e.g. to obtain assistance with the collection of evidence and to take statements of the parties and witnesses. Furthermore, the tribunal and the courts may ask the EFTA (European Free Trade Association) Court for a preliminary ruling regarding the interpretation of EEA law.

Arbitral awards are final and not subject to substantive review. Either of the parties may bring action before the ordinary courts to set aside an award within a deadline of three months, however, the grounds for setting aside an award as invalid are limited to errors in the procedure or the defies of Norwegian law as further set out in the Arbitration Act. Obvious errors in an award may be rectified on the request of one of the parties or by the initiative of the tribunal within a deadline of one month. Similarly, the parties may request the tribunal to make a supplementary award for issues that were mistakenly omitted from the award. ■

Advokatfirmaet Thommessen AS
www.thommessen.no

Oslo
Haakon VIIs gate 10
PO Box 1484 Vika
NO-0116 Oslo
T +47 23 11 11 11

Bergen
Vestre Strømkaien 7
PO Box 43 Nygårdstangen
NO-5838 Bergen
T +47 55 30 61 00

Stavanger
Kirkegata 2
NO-4006 Stavanger
T +47 51 20 80 00

London
Paternoster House, 2nd floor
65 St Paul's Churchyard
GB-London EC4M 8AB
T +44 207 920 3090