

The Petroleum Taxation Act

Act of 13 June 1975 No.35
relating to the Taxation of
Subsea Petroleum Deposits, etc.

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FINANSDEPARTEMENTET

Ministry of Finance

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Section 1. Scope of the Act

This Act governs the taxation of exploration for and extraction of subsea petroleum deposits, and activities and work relating thereto, hereunder pipeline transportation of extracted petroleum

- a) in internal Norwegian waters, in Norwegian territorial seas and on the continental shelf;
- b) in adjacent seas, insofar as concerns petroleum deposits that reach beyond the median line in relation to another state, to the extent that the right to extraction thereof has been conferred upon Norway by agreement with such other state;
- c) outside the realm or the seas mentioned in a), insofar as concerns the landing of petroleum, and activities or work relating thereto, to the extent that the right of Norway to impose taxes on activities and work as mentioned is laid down by general public international law or by special agreement with a foreign state; and
- d) within the realm insofar as concerns the transportation of petroleum by pipeline from areas as mentioned in a), b) or c), as well as other activities at loading and unloading facilities as part of the extraction and pipeline transportation of such petroleum.

The Act also governs the processing of petroleum in facilities used for extraction or pipeline transportation in areas as mentioned in Sub-section 1, irrespective of whether the petroleum is extracted in such an area.

The Ministry may provide that certain types of activity or work shall fall outside the scope of the Act, and may pass resolutions as to the more detailed demarcation of the tax liability pursuant to Sub-section 1, *litra d*).

By petroleum deposit shall in this Act be meant an accumulation of petroleum in a geological unit, limited by rock characteristics by structural or stratigraphic boundaries, contact surface between petroleum and water in the formation, or a combination of these, so that all the petroleum comprised everywhere is in pressure communication through liquid or gas.

By the continental shelf shall in this Act be meant the seabed and subsoil of the submarine areas that extend beyond the Norwegian territorial sea, throughout the natural prolongation of the Norwegian land territory to the outer edge of the continental margin, but no less than 200 nautical miles from the base lines from which the breadth of the territorial sea is measured, however not beyond the median line in relation to another state.

Section 2. More detailed provisions relating to the tax liability

Wealth relating to, and income earned from, the activities and work mentioned in Section 1 shall, with the exceptions stipulated by this Act and the resolutions of the Storting pertaining to taxes accruing to the State, be liable for tax pursuant to the provisions laid down by other legislation relating to the taxation of wealth and income. Persons whose only tax liability to the realm concerns labour income pursuant to this Act shall benefit from the allowances stipulated in Section 6-70 of the Tax Act, irrespective of the duration of this tax liability.

Wealth relating to, and income earned from, extraction and pipeline transportation, or otherwise liable for tax pursuant to this Act exclusively, shall only be liable for tax to the State. However, this shall not apply to labour income if the employee is being taxed for income inside the realm during the same tax year. Municipal tax shall in such case be payable to the municipal administration which is entitled to the tax on the income inside the realm pursuant to the provisions of the Tax Act concerning the tax district.

Section 3. Special rules on the determination of wealth and income

The following special rules shall apply to the determination of wealth and income from extraction, processing and pipeline transportation as mentioned in Section 1:

- a) Gross income and the value of petroleum inventories shall be determined on the basis of the norm price when such a price has been set, cf. Section 4.

The value of operating assets that are depreciated pursuant to the provisions of *litra b* shall, for purposes of calculating taxable wealth, be set equal to their value net of tax depreciation.

- b) Deductions are not granted pursuant to the provisions of Sections 14–30 to 14–48 of the Tax Act. Expenses incurred in acquiring pipeline and production facilities, including the installations which form part of, or are related to, such facilities, may be depreciated at a maximum rate of 16 2/3 percent per annum, with the first year of the depreciation period being the year in which such expense was incurred. Expenses incurred in acquiring operating assets as mentioned in the preceding sentence may be depreciated at a maximum rate of 33 1/3 percent per annum, with the first year of the depreciation period being the year in which such expense was incurred, provided that the purpose, according to an approved plan for development and operation as well as a special permission for facility and operation pursuant to the Petroleum Act, is production, transportation by pipeline and processing of gas to be liquefied by cooling in a new large-scale cooling facility located in the county of Finnmark or in the municipalities of Kåfjord, Skjervøy, Nordreisa or Kvænangen in the county of Troms. The Ministry may issue more detailed regulations for purposes of implementing and supplementing the provision set out in the previous sentence.

Deductions are not granted in respect of the depreciation of goodwill, cf. Section 6–10, Sub-section 2, of the Tax Act.

- c) Losses may be deducted from income in subsequent years without time-limit.

Losses incurred in the tax year 2002 or subsequent years may be carried forward with the addition of interest to be added to the balance as per the end of the tax year. The interest shall be calculated separately for losses in ordinary income and in the special tax base. The Ministry shall specify the interest rate in regulations.

Upon the joint realisation of the business having incurred the loss, or upon the amalgamation of the company with another company, the total uncovered loss as mentioned in Sub-section 2 may be transferred from the acquired to the acquiring company.

If there remains an uncovered loss upon the discontinuation of activities that are liable for special tax, the taxpayer may claim payment from the State of the tax value of such loss. The tax value shall be determined by multiplying the uncovered loss in ordinary income in the shelf district and in the special tax base by the rates applicable on the discontinuation date. The amount shall be determined by the tax authorities when performing the tax assessment relating to the year in which the activities liable for special tax are discontinued.

The taxpayer may claim payment from the State of the tax value of direct and indirect expenses (with the exception of financial expenses) incurred in the exploration for petroleum deposits, to the extent that the amount does not exceed the annual loss in ordinary income in the shelf district and in the special tax base, respectively. The tax value of the exploration expenses shall be determined by multiplying the deductible expenses in ordinary income and in the special tax base by the applicable tax rates for the year in which the exploration expenses are incurred. The amount shall be determined by the tax authorities when performing the tax assessment relating to the relevant tax year. If payment of the tax value of exploration expenses is claimed pursuant to this Sub-section, the expenses shall not be included in the loss governed by other provisions of Section 3 c.

Deductions shall not exceed one half of the loss resulting in any given year from other activities than the abovementioned. Deductions are not granted for any loss resulting from activities outside the areas mentioned in Section 1 or outside the realm.

- d) The areas mentioned in Section 1 shall, subject to the exceptions laid down by this Act, be considered one district (the shelf district).

Net financial items shall be allocated between the shelf district and the general tax district (the onshore district) based on the proportional value net of tax depreciation, as per 31 December of the tax year, of assets attributed to each district pursuant to the provisions of Sub-sections 3 to 7. Net financial items shall reflect, as expenses, debt interest, losses resulting from exchange rate fluctuations and expenses which cannot be attributed to any particular income source, and, as income, interest income, gains resulting from exchange rate fluctuations and other financial income.

The following assets, and expenses capitalised for tax purposes, shall be included in the basis for allocation to the shelf district upon the allocation of net financial items pursuant to Sub-section 2, when these have been acquired, or incurred, as part of, or have subsequently been made use of in, activities as mentioned in Section 5, cf. Section 3, and have not been realised or withdrawn from such activities as per 31 December of the tax year:

- a) Operating asset as mentioned in Section 3 b;
- b) Operating asset as mentioned in Section 14–40, Sub-section 1, a, of the Tax Act, and expenses that are incurred in the acquisition of such operating asset as per 31 December of the tax year;
- c) Inventories;
- d) Chartered movable production facility which the charterer, being liable for tax, requests be dealt with in accordance with the special rules laid down pursuant to Section 3 i;
- e) Expenses incurred in own research and development relating to specific projects which may become, or have become, operating assets, cf. Section 14–4, Sub-section 6, first sentence, of the Tax Act;
- f) Other acquired intellectual property than acquired goodwill;
- g) Accounts receivable;
- h) Claim against another licensee, when the claim and the obligation of the other party are based on participation in different production licenses. Deductions are made for corresponding obligations towards another licensee;
- i) Entitlement to grant from the State for incurred removal expenses, cf. the Act of 25 April 1986 No. 11 relating to Grants for the Removal of Facilities on the Continental Shelf; and
- j) Pre-paid consideration relating to the acquisition of operating assets, goods and services, after deduction of received pre-payments upon the realisation of operating assets and goods.

The following assets shall not form part of the allocation basis:

- a) Bank deposit and cash;
- b) Claim against another licensee, when the claim and the obligation of the other party are based on participation in the same production license; and
- c) Funds in a pension scheme.

Assets falling outside the scope of Sub-sections 3 and 4 shall form basis for allocation to the onshore district. Hereunder shall also be included expenses of the type mentioned in Sub-section 3, b and e, when such expenses have been incurred in other activities than mentioned in Section 5, cf. Section 3.

Income and expenses under Sub-section 2 shall in their entirety be allocated to the onshore district if there is no allocation basis, whether to the shelf district or to the onshore district, pursuant to the above provisions.

A company that has net financial expenses for allocation and that, pursuant to the provisions of Section 3 h, has an equity ratio in excess of 20 percent of the sum of debt and equity, may allocate a larger share of the net expenses to the shelf district than the share implied by the above provisions of this *litra* (the normal share). In such case, the total share of net financial expenses allocated to the shelf district shall be equal to the normal share multiplied by a fraction. The numerator of the fraction is the sum of the interest-bearing debt of the company and its equity pursuant to Section 3 h in excess of 20 percent of the sum of debt and equity, and the denominator is the interest-bearing debt of the company. By "interest-bearing debt" shall for purposes of this provision be meant debt that has given rise to debt interest which is included in the calculation of net financial items.

- e) Deductions are not granted in respect of sales commission, discounts or costs upon the transfer of petroleum between businesses which are in a permanent relationship with each other.

Businesses are deemed to be in a permanent relationship with each other when:

- a. A business participates directly or indirectly in the management, control or capital of another business, or
 - b. the same person participates directly or indirectly in the management, control or capital of both businesses.
- f) Gains and losses upon the realisation of operating assets acquired for use in activities relating to extraction and pipeline transportation of petroleum, shall be deemed to constitute income from such activities.

Gains upon the realisation of operating assets as mentioned in Section 3b shall be recorded as income at a minimum rate of $16 \frac{2}{3}$ percent per annum. Corresponding losses are deductible at a maximum rate of $16 \frac{2}{3}$ percent per annum. Upon the realisation of operating assets as mentioned in Section 3, *litra* b, Sub-section 1, third sentence, any gain shall be recorded as income at a minimum rate of $33 \frac{1}{3}$ percent per annum, and any loss shall be deductible correspondingly. The provision of Section 14-70 of the Tax Act shall apply correspondingly.

The provision of Sub-section 2 shall apply correspondingly for a share in a license to explore for or extract petroleum in the area specified in Section 1, Sub-section 1, a.

Withdrawal of an operating asset from activities that are liable for special tax shall be deemed equivalent to realisation for purposes of Sub-section 2. The same shall apply when the operating asset does no longer, for other reasons, qualify for depreciation pursuant to Section 3b. The gain or loss shall be the amount that would have been included in taxable income if the transaction had been carried out at market value.

The remaining cost price of an operating asset that loses its utility value upon the discontinuation of production from a petroleum deposit, may be deducted in the year of discontinuation.

- g) Under no circumstance shall any deduction be granted in respect of provisions for the payment of future expenses for the removal of facilities used in extraction, processing or pipeline transportation.
- h) A company as mentioned in Section 5 shall for purposes of determining its income have an equity ratio that is not below 20 percent of the sum of the debt and equity of the company according to its balance sheet as per its annual return for accounting purposes. If the company, according to its balance sheet as per the end of the tax year, has debts which amount to more than 80 percent of the sum of its debt and equity, the deduction granted when performing the tax assessment shall only extend to a proportional share of the net financial expenses allocated to the shelf district pursuant to Section 3d, which share shall correspond to the ratio between 80 percent of the sum of debt and equity and the total debt according to the balance sheet. Under no circumstance shall the debt for purposes of the provision set out in the previous sentence be deemed to constitute more than 100 percent of the sum of debt and equity.

Equity contributed to the business during the course of the tax year shall only be included as equity for purposes of the provision in Sub-section 1 if it has been retained by such business until the end of the subsequent tax year. Equity that is not included as equity pursuant to the previous sentence shall instead be included as debt. A tax-payer as mentioned in Section 5 shall notify the Petroleum Tax Office if it takes steps to withdraw equity from a business that is liable for special tax, in excess of what follows from the annual return.

The balance sheet as per the annual return for accounting purposes shall, when applying the provision of Sub-section 1, be amended in accordance with the corrections made to the debt and equity for accounting purposes when performing the tax assessment for tax purposes.

Interest expenses associated with loans obtained to finance operating assets that are depreciated pursuant to Section 3b cannot be capitalised as part of the cost price of such operating asset to a larger extent than the interest expenses could have been charged as expenses pursuant to Sub-section 1 of this *litra*.

- i) A charterer that is liable for tax pursuant to Section 5 may, in respect of an agreement for the chartering of a movable production facility, claim a deduction for tax assessment purposes in accordance with special rules. The Ministry may provide more detailed rules to supplement and implement this *litra*, hereunder rules on deduction of depreciation for tax purposes, non-taxable income and interest costs.
- j) There shall, upon the capitalisation of interest expenses as part of the cost price of an operating asset as mentioned in Section 3 b, first be performed an allocation of net financial items pursuant to Section 3 d. The capitalised amount shall not exceed the net financial expenses allocated to the shelf district pursuant to this provision.

Section 4. Norm price

For tax assessment purposes, hereunder the assessment of special tax (cf. Section 5), the Ministry may determine – on a general basis or for each individual case – a norm price for petroleum that is extracted in the areas mentioned in Section 1, *litrae* a and b.

The norm price shall correspond to the price at which petroleum could have been traded between independent parties in a free market. By “independent parties” are meant purchasers and sellers who do not, between themselves, have such common interests that this

could have influenced an agreed price. The valuation shall take into consideration, *inter alia*, achieved and quoted prices for petroleum of the same or a corresponding type, with necessary adjustment for differences in quality, transportation costs, etc., to the North Sea area or other relevant markets, delivery date, payment date and other terms and conditions, achieved and quoted prices for petroleum products, with necessary adjustment for refining, etc., and other comparable prices or valuations which may be available. It shall be taken into consideration whether these are agreements between associated companies or other agreements where special factors or other conditions must have influenced price determination. The norm price may be determined as a joint price for petroleum that is extracted during a specific period of time. The Ministry may lay down more detailed guidelines to be observed in determining the price, and may in each individual case decide that the established norm price shall not apply.

The affected parties shall be notified prior to the determination of the norm price, and shall, pursuant to more detailed rules to be determined by the Ministry, be given the opportunity to present their views. If determination of the price is delegated to a subordinate body by the Ministry, each of the parties shall have the right to require that the norm price determined by such body be reviewed by the relevant Ministry. The parties shall have the right to require, in connection with such review, that the determination of the price be presented to a panel of experts for it to deliver its opinion as to whether the determined norm prices are obviously unreasonable, before the Ministry makes its decision.

The Public Administration Act shall also govern the handling of cases pursuant to this Section. The Ministry prescribes more detailed provisions concerning the handling of such cases and the appointment of the expert panel, and may hereunder make any necessary exemptions from the general provisions of the Public Administration Act. It may provide for provisional determination of norm prices, with subsequent settlement and interest calculation when final determination has taken place.

Section 5. Special tax to the State

Taxpayers who are involved in extraction, processing and pipeline transportation within the areas mentioned in Section 1, shall pay a special tax to the State on income from such activities. The same shall apply to income that is attributed, pursuant to the provisions of Section 3, *litra d*, to an area mentioned in Section 1. The special tax shall be calculated at such rate as is resolved by the Storting for each year.

The special tax shall be assessed on such income from the activities as forms the basis for the assessment of the ordinary income tax. Deductions are not granted for any loss resulting from other activities than extraction and pipeline transportation as mentioned in Section 1. Grants pursuant to Section 6-42 of the Tax Act are not deductible.

Special tax is payable on net income as calculated pursuant to Sub-section 2, corrected for uplift.

The uplift shall be 7.5 percent of the cost price of operating assets as mentioned in Section 3 b. The cost price of the operating asset shall be included when calculating the taxable income pursuant to Sub-section 2 for 4 years, beginning with the first year of depreciation thereof. The uplift shall be deducted when calculating the special tax.

The taxpayer shall, upon the realisation of operating assets as mentioned in Section 3 b, calculate the uplift which is to be recorded as income or to be deducted upon the calculation of special tax. The base for the calculation of uplift upon realisation shall be equal to the realisation consideration less the historical cost price, multiplied by an adjustment factor. The adjustment factor shall be equal to the ratio between the remaining uplift period and the total uplift period, cf. Sub-section 4. The uplift shall be 7.5 percent of the calculation base, and shall be included in the calculations for 4 years as from the realisation year. If the calculation base is negative, uplift shall be deducted upon the calculation of special tax. The withdrawal of operating assets as mentioned from activities that are liable for special tax, cf. Section 3 f, shall be deemed to be equivalent with the realisation thereof for purposes of the provisions of the previous sentence. The same shall apply when the operating asset no longer qualifies for depreciation pursuant to Section 3 b. The realisation consideration as per the withdrawal date shall for purposes of the provision set out in the sixth and seventh sentence of this Sub-section be deemed to be equal to the market value. Uplift shall not be

calculated on any remaining cost price to be deducted pursuant to Section 3 f, Sub-section 5.

If uplift exceeds net income, any excess shall be deducted in subsequent years upon the assessment of special tax. The provisions of Section 3 c, Sub-section 2, first and third sentence, as well as Sub-section 3, shall apply correspondingly to any excess uplift pursuant to the previous sentence.

If there is any excess uplift upon the discontinuation of activities that are liable for special tax, the taxpayer may claim payment from the State of the tax value of such uplift. The tax value shall be determined by multiplying the excess uplift by the rate of special tax applicable as per the discontinuation date. The amount shall be determined by the tax authorities when performing the tax assessment relating to the year in which the activities liable for special tax are discontinued.

Special tax pursuant to this provision shall not be deducted upon the assessment of other income tax.

The Ministry may issue regulations for purposes of implementing and supplementing the provisions of this Section.

Section 5a. Branch, etc., of company domiciled abroad

For a company domiciled abroad that operates a business that is liable for tax in Norway pursuant to Section 5 of the Petroleum Tax Act, Section 8–1 of the Private Limited Companies and Section 8–1 of the Public Limited Companies Act shall apply correspondingly as far as concerns the business that is liable for tax in Norway.

A company as mentioned shall not transfer any profit from the business in Norway until such time as a Norwegian private limited company or public limited company may distribute dividends.

The taxable income of a company as mentioned shall be deemed to be equal to what it would have been if the business in Norway was operated by a Norwegian private limited company or public limited company. This shall not apply if the company has complied with the provisions of Sub-section 1 and 2.

The Ministry may issue regulations for purposes of supplementing and implementing the provisions of this Section.

Section 6. The place of tax assessment and binding advance tax ruling. Appeal. Legal action

1. Taxpayers that are involved in the extraction and pipeline transportation of petroleum:

- a) Taxpayers that are involved in activities as mentioned in Section 5, Sub-section 1 of the Act, shall have their tax assessment performed by an Oil Assessment Board as far as concerns wealth within, and income from, such activities. The Ministry may resolve that the Oil Assessment Board shall also perform the assessment of state tax on other wealth and income of such taxpayers. The Ministry issues more detailed regulations on the implementation of this provision.
- b) The Oil Assessment Board shall have 5 members and 5 alternates. There shall amongst the members be appointed 1 chairman and 1 vice-chairman, who shall both meet the requirements under Section 54 of the Courts of Justice Act for being a municipal court judge.

The members of the Oil Assessment Board shall be appointed by the King.

- c) Appeals over tax assessments concerning wealth within, and income from, extraction and pipeline transportation as mentioned in Section 5, Sub-section 1, shall be heard by a special Appeal Board. The time-limit for submitting an appeal shall be 3 weeks from the date on which the tax assessment is published. The Board shall decide on the appeal in the form of an order.

To the extent that an appeal concerns an issue that the Appeal Board finds to be of limited importance to the assessed tax, the Appeal Board may, without deliberating the issue on its merits, resolve to amend the tax assessment for the relevant year in favour of the taxpayer. Decisions pursuant to the previous sentence shall have no legal effect on the same or corresponding issues in other tax years.

Decisions of the Board shall be made in the form of orders, which are not subject to further administrative appeal.

- d) The Appeal Board for Petroleum Tax shall have up to 7 members, of which 1 chairman and 1 vice-chairman, who shall both meet the requirements under the Section 54, Sub-section 1, of the Courts of Justice Act. The members of the Board shall be appointed by the King.

The Appeal Board may decide to organise itself into 2 divisions, each with 3 members. The chairman and vice-chairman of the Board shall be in charge of one division each under such a decision. Decisions made by a division shall be unanimous.

The Appeal Board shall decide which cases are to be resolved by the divisions. A decision in an appeal case shall not be challenged on the grounds that the appeal was not decided on by the full Board.

No less than 5 members shall participate in the decision when a case is decided on by the full Appeal Board. One of these shall be the chairman or vice-chairman of the Board.

The Ministry may issue regulations on the organisation and procedures of Appeal Board, hereunder on the implementation of the organisation of the Board into two divisions. This is conditional upon the Board having been given the opportunity to render its comments.

- e) When an appeal pursuant to *litra c*) has been resolved, it shall be decided how to allocate the wealth and income between districts within the realm, hereunder any expenses or losses which have not been included in the tax assessment pursuant to *litra a*), cf. *litra c*), under the provisions of the Act of 13 June 1980 No. 24 relating to Tax Assessment Administration (the Tax Assessment Act).
- f) Cases to be resolved by the Petroleum Tax Board or the Appeal Board shall be presented by the Oil Taxation Office. The Oil Taxation Office shall have the same rights and obligations as are attributed to the Tax Assessment Offices and the Municipal Tax Assessors pursuant to the tax legislation. The remuneration of the members of the Oil Assessment Board and the Appeal Board shall be determined by the relevant Ministry.
- g) The provisions of Chapter 9 of the Tax Assessment Act shall apply, with exceptions stipulated by the below provisions, to the amendment without appeal of a tax assessment concerning wealth within, and income from, extraction and pipeline transportation as mentioned in Section 5, Sub-section 1.

The Oil Taxation Office shall raise cases involving the amendment of tax assessments pursuant to Section 9–5, Nos. 1 and 2, of the Tax Assessment Act.

The Oil Assessment Board shall be the ruling body of first instance in all cases relating to the amendment of tax assessments without appeal. The amendment of tax assessments following court rulings shall be handled pursuant to the provisions of Chapters 8 or 9 of the Tax Assessment Act.

The correction of arithmetic and clerical errors shall be performed by the chairman of the Oil Assessment Board. If the content of the amendment is clearly determined, the chairman of the Oil Assessment Board shall also perform amendments of tax assessments that are consequent upon decisions made by other bodies.

The Oil Taxation Office is entitled to require the Appeal Board for Petroleum Tax to review decisions made by the Petroleum Tax Board.

2. Other taxpayers than those mentioned in No. 1:

The assessment of tax on wealth and income shall for individuals, companies, installations, etc., that are liable for tax, be performed by the special central tax assessment bodies when the tax liability is exclusively consequent upon this Act. Employees who for part of the tax year are also liable for tax on income within the realm, shall have tax assessed on their over-all income by the Tax Assessment Office responsible for the relevant municipality. The provisions of the tax legislation pertaining to taxpayers who are assessed centrally pursuant to Section 2-4, No. 1, a, of the Tax Assessment Act, shall apply correspondingly.

3. Legal action.

Legal action concerning tax determined pursuant to No. 1 shall be brought against the State. The rights and obligations of the State as a party to such action shall be attended to by the Oil Taxation Office. Section 48, No. 4, second and third sentence, of the Tax Payment Act shall apply correspondingly. Such legal action may only be brought against a decision in an appeal case pursuant to No. 1, *litra c*. The time-limit for bringing legal action shall be 6 months from the date on which the appeal is decided on. The Appeal Board may in special cases resolve that there may nevertheless be brought legal action against a decision of the Petroleum Tax Board pursuant to No. 1, *litra a*.

The provision of Sub-section 1 shall not prevent legal action from being brought if the appeal has not been decided on within one year after the expiry of the time-limit for submitting an appeal.

4. The Oil Assessment Board may, at the request of a taxpayer involved in activities as mentioned in Section 5, Sub-section 1, render an advance ruling on the tax effects of a specific, imminent arrangement within such activities prior to the implementation thereof. This shall only apply when it is of material importance to have the effects clarified prior to implementation. A decision by the Board not to render such ruling may not be appealed. Advance tax rulings may not be appealed or brought before the courts. Rendered advance tax rulings shall be deemed to be binding for tax assessment purposes if thus requested by the taxpayer, provided that the actual implementation of the arrangement is in accordance with the assumptions on which the ruling is based. Tax assessments that are based on advance tax rulings may be appealed pursuant to the generally applicable provisions. The provisions of the Tax Assessment Act relating to tax assessment decisions shall apply, to the extent that these are appropriate, to a ruling rendered pursuant to this provision, unless otherwise set out in this Act or regulations laid down pursuant to this Act. A fee of 25 times the standard court fee shall be paid to the public treasury for advance tax advice. The Ministry may issue more detailed regulations for purposes of supplementing and implementing this provision.

5. The Oil Taxation Office may, upon request, render an advance ruling on what shall be included as taxable income pursuant to Section 5, Sub-section 1, upon the realisation of natural gas. This only applies to transactions between parties with a commonality of interest, cf. Section 13-1 of the Tax Act. The first sentence applies correspondingly when the taxpayer pursuant to Section 5 withdraws natural gas from activities that are liable for special tax. Advance tax rulings rendered may not be appealed or brought before the courts. A decision by the Oil Taxation Office not to render an advance tax ruling may not be appealed.

Rendered advance tax rulings shall be deemed to be binding for tax assessment purposes if the actual implementation thereof is in accordance with the assumptions on which the ruling is based, provided that the taxpayer has not submitted incomplete or incorrect information. Tax assessments that are based on advance tax rulings may not be appealed or brought before the courts as far as issues resolved by way of binding advance tax rulings are concerned.

The Ministry may provide that Sub-section 1 shall not apply to certain types of natural gas.

Section 6a. Information that the tax assessment bodies obtain concerning companies or individuals who are liable for tax pursuant to this Act may, irrespective of their confidentiality obligation, be made available to other government bodies to the extent that this is necessary for purposes of estimating future direct and indirect taxes from the petroleum

activities on the Norwegian continental shelf in connection with the preparation of reports and propositions to the Storting.

A government body or individual receiving information pursuant to Sub-section 1 shall be subject to a confidentially obligation pursuant to the same rules as govern the tax assessment effort.

The Ministry may issue regulations for purposes of supplementing and implementing this provision.

Section 7. Instalment tax

1. Instalment tax shall be paid, pursuant to the provisions of Nos. 2–7 below, on wealth within, and income earned from, activities involving the extraction and pipeline transportation of petroleum.

2. Instalment tax pursuant to No. 1 shall be levied by such amount as the assessed tax is expected to constitute for the relevant tax year. The instalment tax shall be divided into two instalments when levied, cf. Sub-section 2. The taxpayer shall be given the opportunity to present its views before such levying takes place.

The instalment tax shall fall due for payment on 1 October of the tax year and on 1 April of the subsequent year.

Any residual tax shall fall due for payment 3 weeks after the publication of the tax assessment.

3. The instalment tax may be increased or reduced up to and until the due date of the last instalment.

The taxpayer shall be given the opportunity to present its views before any increase or reduction is made.

4. The taxpayer may on each due date make an additional payment over and above the levied instalment tax if the latter is deemed to be insufficient to cover the tax one expects to be assessed.

5. The Ministry decides on:

- a) Interest on instalment tax and on residual tax.
- b) The calculation date for interest on residual tax.
- c) Interest on excess tax paid.
- d) Interest upon the amendment of tax assessments. Section 9-10 of the Tax Assessment Act shall not apply.

6. The Ministry may pass decisions on responsibility for, and implementation of, the payment of tax pursuant to this Act, as well as issue more detailed regulations on the levying of instalment tax, cf. Nos. 2 and 3.

7. The provisions of the Act of 21 November 1952 relating to Payment and Collection of Tax shall apply to the extent that these are not contrary to this Act. Section 27, No. 10, Sub-section 3 of the Tax Payment Act shall not apply to instalment tax.

Section 8. Miscellaneous provisions

The provisions of the remainder of the tax legislations shall apply unless otherwise stipulated by this Act.

Taxpayers engaged in activities involving the extraction or pipeline transportation of petroleum shall use the calendar year as their financial year.

The Ministry may issue more detailed rules for purposes of implementing and supplementing this Act. The Ministry may hereunder:

- a) when justified of special grounds, decide that individuals or companies that form a consortium, or similar, with several, or otherwise limited, liability, shall be assessed for tax on an individual basis; and
- b) issue regulations on the allocation of wealth, income and deduction between different activities or work falling within the scope of the Act and between such activities or work and other activities or work.

Section 9.

The Ministry may in special cases consent to a taxpayer assigning its tax positions, in full or in part, to another taxpayer. Moreover, the Ministry may consent to the gain upon such an assignment being exempted, in full or in part, from income taxation. This is conditional upon the assignment forming part of a reorganisation of the activities of the taxpayer for purposes of transferring these to a Norwegian private limited company or public limited company or to a company domiciled abroad which is not involved in any activities other than through a branch in Norway. Consent may only be granted to taxpayers involved in activities pursuant to Section 5, Sub-section 1. The consent may be made conditional.

If the partners of a limited partnership that is involved in activities as mentioned in Sections 3 and 5 wish to reorganise such limited partnership as a private limited company or a public limited company, the Ministry may, on application from the partners, grant exemptions from provisions under the tax legislation, hereunder to exempt, in full or in part, gains upon such reorganisation from income taxation, and to consent to the assignment of tax positions. The consent may be made conditional.

Section 10.

Transfers or assignments as mentioned in Section 10–12 of the Petroleum Act shall not take place without the Ministry having consented to the tax effects. The Ministry may, when granting such consent, also reduce the tax that would otherwise follow from the tax legislation. The Ministry may make the consent conditional, and may hereunder grant exemptions from provisions under the tax legislation. The decision passed shall have a natural affiliation with the transfer or assignment.

The Ministry may grant exemptions from provisions under the tax legislation upon the coordination or reallocation of interests in petroleum deposits which are covered by several production licenses with appurtenant operating assets.

The Ministry may issue more detailed regulations for purposes of supplementing and implementing the provisions of this Section.

