

Budget 2003



- key figures for the Norwegian economy
- main figures of the Fiscal Budget
- rates of direct and indirect taxes



FINANSDEPARTEMENTET

Ministry of Finance

Main figures of the Fiscal Budget and the Government Petroleum Fund, excluding borrowing and lending transactions for 2002 and 2003

(NOK billion)

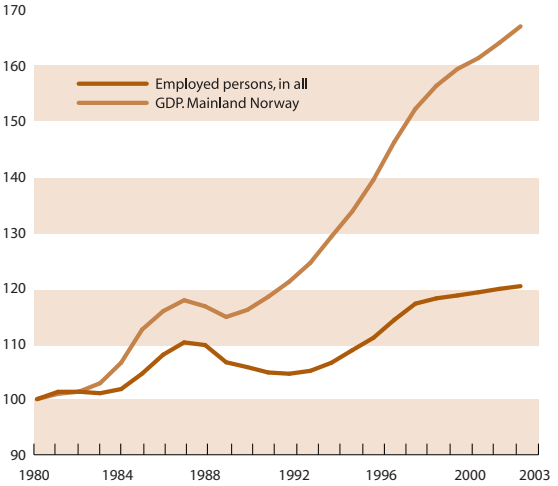
	Estimated accounts 2002	Adopted budget 2003
<i>Overall revenue of the Fiscal Budget</i>	697.2	717.0
Revenue from petroleum activities	187.3	189.0
Revenue excluding petroleum revenue	509.9	528.1
<i>Overall expenditure of the Fiscal Budget</i>	580.3	579.0
Expenditure on petroleum activities	17.0	16.1
Expenditure excluding petroleum activities	563.3	562.9
= Fiscal Budget surplus before transfers to the Government Petroleum Fund	116.9	138.0
- Net cash flow from petroleum activities	170.3	172.8
= Petroleum adjusted surplus	-53.4	-34.8
+ Transferred from the Government Petroleum Fund	53.4	34.8
= Fiscal Budget surplus	0.0	0.0
+ Net allocated to the Government Petroleum Fund	116.9	138.0
+ Fund revenue from interest and dividends	22.3	24.0
= Overall surplus of the Fiscal Budget and the Government Petroleum Fund	139.2	162.9

The borrowing and lending transactions, and financing requirements, of the Fiscal Budget for 2002 and 2003

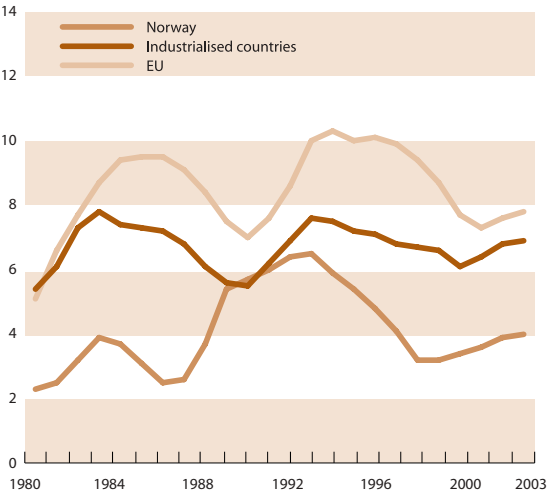
(NOK billion)

	Estimated accounts 2002	Adopted budget 2003
<i>Borrowing and lending transactions, excluding petroleum activities</i>		
Lending, subscription for shares, etc.	74.7	74.5
- Repayment	42.2	53.8
- Fiscal Budget surplus	0.0	0.0
= Net financing requirements	32.5	20.7
+ Debt instalments	47.2	5.0
= Gross financing requirements of the Fiscal Budget	79.7	25.7

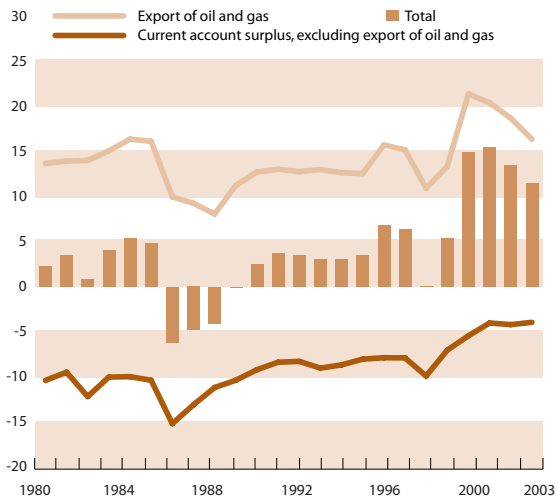
Production and employment Index 1980 = 100



Unemployment Percent of labour force

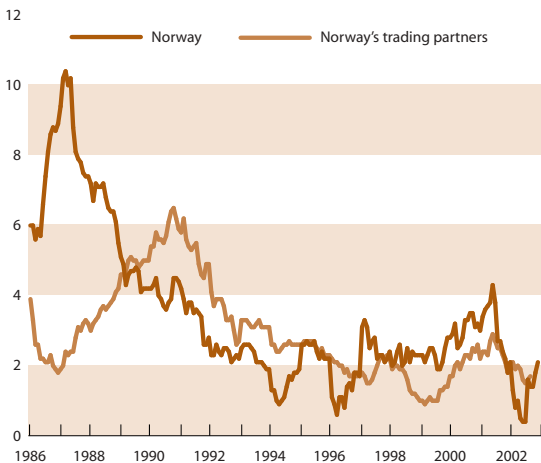


Current account surplus Percent of GNP



Consumer price inflation

Percentage change from same month of previous year



Fiscal Budget revenue and expenditure 2003

(NOK billion)

Fiscal Budget revenue (excl. petroleum)		528.1
Sum direct and indirect taxes from Mainland Norway		480.3
Taxes on wealth and income	129.9	
Employer's and employee's social security contributions	146.6	
Value added tax and investment tax	132.9	
Excise duties on tobacco and alcohol	15.9	
Excise duties on cars, petrol, etc.	33.3	
Excise duties on electricity	6.9	
Customs revenue	1.5	
Other indirect taxes	13.3	
Revenue from government business operations		1.7
Interest and dividends		25.7
Other revenue		20.4
Fiscal Budget expenditure (excl. petroleum)		562.9
Operational expenditure		83.9
Defence	20.2	
Police and public prosecution	7.1	
Transportation (including operation and maintenance of classified roads)	8.6	
Judicial system and probation service	3.2	
Social security service and Social Security Appeal Tribunal	4.8	
Administration of direct and indirect taxes, incl. customs duties	4.5	
Ministries and Office of the Prime Minister	2.9	
Allocation to reserves	7.1	
Other operational expenditure	25.5	
Investments		19.0
Defence 9.6		
Classified road facilities	4.9	
National Rail Administration	1.3	
Universities and colleges	1.5	
Other investments	1.7	
Transfers		460.0
Retirement pension	74.7	
Disability and medical rehabilitation	45.2	
Sickness allowance	29.3	
Other social security payouts (social causes) 14.4		
Health expenditure of the National Insurance system	20.7	
Maternity and adoption pay	9.2	
Child benefits 14.7		
Cash benefit for parents who stay at home with young children	2.8	
Unemployment benefit and payments relating to occupational rehabilitation	16.8	
Labour market measures	4.0	
Block grants for municipalities and county administrations	53.3	
Grants for day nurseries 7.8		
Settlement of refugees and measures for immigrants	3.1	
Grants for sheltered accommodation and nursing home places	3.2	
Regional health enterprises	52.5	
Agricultural Agreement	11.1	
Foreign aid (ODA approved)	12.5	
Higher education (incl. student financing)	24.7	
Interest on government debt	17.7	
Other transfers	43.1	
Petroleum adjusted surplus		-34.8
Government net cash flow from petroleum sector		172.8

Macroeconomic developments. Percentage change from previous year¹

	NOK billion,			Annual average
	2001	2002	2003	2004-2006
<i>Fixed prices</i>				
Private consumption	651.5	3.1	3.5	3.4
Public consumption	306.1	1.7	0.5	1.4
Gross fixed capital formation	280.0	-0.2	3.2	-0.4
Oil activities	56.2	5.1	12.2	-8.0
Shipping	12.5	-6.2	19.1	0.7
Mainland business sector	115.5	-3.8	-1.0	2.2
- Of which: Manufacturing industry and mining	23.1	3.6	-10.3	-2.9
Housing	55.7	-1.5	2.2	1.7
Public sector	40.1	6.0	0.3	-0.1
Total domestic demand ²	1 253.9	2.0	2.7	2.1
Exports	698.9	1.3	0.8	2.0
- Of which: Crude oil and natural gas	301.6	2.8	-2.1	-1.3
Traditional goods	215.9	1.5	2.7	4.1
Imports	441.9	0.9	2.9	2.4
- Of which: Traditional goods	285.4	2.1	3.2	2.4
Gross Domestic Product	1 510.9	2.0	1.9	2.0
- Of which: Mainland Norway	1 152.0	1.7	1.8	2.2
<i>Memo:</i>				
Employment, persons (pct. change)	0.5	0.5	0.4	½
Consumer price inflation (pct. change)	3.0	1.2	2¼	2 – 2½
Wage growth (pct. change)	4.8	5.5	5	4½
Current account surplus (NOK billion)	233.4	206.2	178.9	155.8
Household savings rate, percent of disposable income	4.5	6.5	6.6	6¾
Unemployment rate (LFS)	3.6	3.9	4	3¾
Gross national income (NOK billion)	1 502.4	1 516.3	1 555.9	..

¹ Calculated in fixed 1999 prices.

² Including stock building.

Source: Statistics Norway and the Ministry of Finance.

Direct tax rates and thresholds etc. for 2002 and 2003

Change relative to
2002-rules 2003-rules 2002 in pct.

Income tax rates for individual taxpayers

Central Government income surtax

Tax base: Personal income, i.e. gross labour and pension income

Tax bracket 1

Threshold, Class ¹	1 NOK 320 000	NOK 340 700	6.5
Threshold, Class 2	NOK 342 200	NOK 364 000	6.4
Rate ²	13.5 pct.	13.5 pct.	

<i>Tax bracket 2</i>			
Threshold, class 1 and 2	NOK 830 000	NOK 872 000	5.1
Rate	19.5 pct.	19.5 pct.	

Statutory tax rates on ordinary income

Tax base: Ordinary income, i.e. labour, pension and capital income, less income tax reliefs

Standard tax rate	28.0 pct.	28.0 pct.	
Individuals in Finnmark and Northern Troms	24.5 pct.	24.5 pct.	

Compulsory social security contributions to the National Insurance Scheme

Employees, self-employed and pensioner's social security contribution

Wage income and income from self-employment			
in agriculture, forestry and fisheries	7.8 pct.	7.8 pct.	
Other income from self-employment ³	10.7 pct.	10.7 pct.	
Pension income etc.	3.0 pct.	3.0 pct.	
Lower threshold	NOK 23 000	NOK 23 000	0.0
Contribution rate for low incomes	25.0 pct.	25.0 pct.	

Employer's social security contribution ⁴

Zone 1	14.1 pct.	14.1 pct.	
Zone 2	10.6 pct.	10.6 pct.	
Zone 3	6.4 pct.	6.4 pct.	
Zone 4	5.1 pct.	5.1 pct.	
Zone 5	0.0 pct.	0.0 pct.	

Extra employer's social security contribution on wages in excess of 16 times the basic amount of the National Insurance system

Tax rate	12.5 pct.	12.5 pct.	
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Maximum effective marginal tax rates

Ordinary income			
(individual taxpayers and corporations)	28.0 pct.	28.0 pct.	
Dividends received by individual taxpayers			
(as pct. of distributed dividends)	28.0 pct.	28.0 pct.	
Wages, excl. employer's social security contribution			
	55.3 pct.	55.3 pct.	
Wages, incl. employer's social security contribution			
	64.7 pct.	64.7 pct.	
Income from self-employment	55.3 pct.	55.3 pct.	

¹ The tax system operates with two Classes. Most taxpayers are taxed in Class 1. Single parents and married couples may be taxed in Class 2 on income. Married couples will always be taxed in Class 2 on wealth.

² The tax rate in Tax Bracket 1 is 9.5 pct. for taxpayers in Finnmark and Northern Troms.

³ The tax rate is 7.8 pct. on income from self-employment in excess of 12 times the basic amount of the National Insurance system. The average basic amount of the National Insurance system is NOK 53 233 in 2002 and approximately NOK 55 895 in 2003.

⁴ For employees who are 62 years or older, the employer's social security contribution has been reduced by 4 pct. effective 1 July 2002, subject to it not becoming negative.

	2002-rules	2003-rules	Change relative to 2002 in pct.
Income tax allowances and tax credits			
Income tax allowances are deducted in the calculation of ordinary income only.			
Tax credits are deducted from assessed tax.			
Standard reliefs:			
Standard allowance			
Class 1	NOK 30 100	NOK 31 600	5.0
Class 2	NOK 60 200	NOK 63 200	5.0
Basic allowance			
Rate	23.0 pct.	24.0 pct.	
Upper threshold	NOK 43 000	NOK 45 700	6.3
Minimum pension income allowance	NOK 4 000	NOK 4 000	0.0
Minimum wage income allowance ⁵	NOK 31 800	NOK 31 800	0.0
Non-standard reliefs:			
Parent allowance for documented expenditure on childcare			
<i>Upper threshold</i>			
One child	NOK 25 000	NOK 25 000	0.0
Two children or more	NOK 30 000	NOK 30 000	0.0
Allowance for work-related travel expenses			
Rate per km	NOK 1.4	NOK 1.4	0.0
Allowance threshold	NOK 9 200	NOK 9 200	0.0
Maximum allowance for gifts to voluntary organisations ⁶			
	NOK 900	NOK 6 000	566.7
Maximum allowance for labour union dues etc. paid			
	NOK 900	NOK 1 100	22.2
Special allowance in Finnmark and Northern Troms			
Class 1	NOK 15 000	NOK 15 000	0.0
Class 2	NOK 30 000	NOK 30 000	0.0
Fisherman's and seaman's allowance			
Rate	30 pct.	30 pct.	
Upper threshold	NOK 70 000	NOK 80 000	14.3
Special self-employed farmer's allowance			
Income-independent allowance	NOK 36 000	NOK 36 000	0.0
Allowance rate above income-independent allowance	9.0 pct.	19.0 pct.	
Maximum allowance	NOK 47 500	NOK 61 500	29.5
Allowance for premiums to occupational pension schemes in the private and public sector			
	unlimited	unlimited	

⁵ Employees will benefit from the higher of the basic allowance and the special labour income allowance.

⁶ This allowance is coordinated with the union dues allowance in 2002. Will be operated as a separate allowance in 2003.

	2002-rules	2003-rules	Change relative to 2002 in pct.
Maximum allowance for premium to individual pension savings schemes (IPA)			
	NOK 40 000	NOK 40 000	0.0
Allowance for interest expenses			
	unlimited	unlimited	
Special allowance for high expenses relating to sickness			
	unlimited	unlimited	
<i>Tax credit for home savings scheme for youths under the age of 34 (BSU)</i>			
Rate of tax credit	20.0 pct.	20.0 pct.	
Maximum amount of annual savings	NOK 15 000	NOK 15 000	0.0
Maximum overall amount of savings under the scheme	NOK 100 000	NOK 100 000	0.0
<i>Special tax rules for pensioners, disabled and single parents⁷</i>			
Old age and disability allowance			
	NOK 18 360	NOK 18 360	0.0
<i>Special tax shelter for low ordinary income</i>			
Applicable until normal tax rules for ordinary income are more favourable			
De-escalation rate	55.0 pct.	55.0 pct.	
Tax-free net income ⁸			
Singles	NOK 81 100	NOK 85 200	5.1
Married couples	NOK 131 700	NOK 138 300	5.0
<i>Wealth surcharge</i>			
Rate	2.0 pct.	2.0 pct.	
Limit	NOK 200 000	NOK 200 000	0.0
<i>Universal cash transfers</i>			
Transfer for dependent children	NOK 11 664	NOK 11 664	0.0
Additional transfer for children between the age of 1 and 3 years ⁹	NOK 7 884	NOK 0	-100.0
<i>Non-universal cash transfers</i>			
Extra young children supplement for single providers ¹⁰	NOK 7 884	NOK 7 884	0.0
Extra child benefit in Finnmark and Northern Troms	NOK 3 792	NOK 3 792	0.0
Full annual rate of cash benefit for parents who stay at home with young children ¹¹	NOK 36 000	NOK 43 884	21.9
<i>The split model</i>			
Imputed rate of return on capital under the split model			
	10.0 pct.	10.0 pct.	
Tax rules for imputed personal income for non-professional occupations under the split model			
Taxed as personal income	0-16G 75-134G	0-16G 75-134G	
Taxed as ordinary income	16-75G above 134G	16-75G above 134G	

⁷ These rules only apply to single parents who receive transitional benefits.

⁸ Net income calculated as gross labour, pension and capital income, less the basic allowance (and any fisherman or seaman allowance and allowance for income from self-employment in agriculture). Cost of capital and interest expenses are also included.

Personal allowance and special age and disability allowance are not included in the calculation

⁹ The ordinary supplement for young children will be abolished as of 1 August 2003. The monthly rate from January to July is NOK 657 (which corresponds to the monthly payments in 2002).

¹⁰ Applies only to single parents who receive maximum transitional benefits.

¹¹ Maximum rate of cash benefit for parents who stay at home with young children will be increased by NOK 657 effective 1 August 2003. In total, the overall cash benefit paid will be NOK 39 285 per child in 2003.

	2002-rules	2003-rules	Change relative to 2002 in pct.
<i>Other rules on the calculation of imputed income</i>			
Imputed income from owner-occupied residences and holiday homes			
Threshold ¹² for assessed value of housing, tax bracket 1			
	NOK 80 000	NOK 80 000	0.0
Rate, tax bracket 1			
	2.5 pct.	2.5 pct.	
Threshold for assessed value, tax bracket 2			
	NOK 451 000	NOK 451 000	0.0
Rate, tax bracket			
	2 5.0 pct.	5.0 pct.	
Normal rate of interest for calculating the benefit of subsidized loans from employers			
	6.0 pct.	6.5 pct.	
<i>Tax on net wealth</i>			
	2002-rules		2003-rules
	Thresholds. NOK	Tax rates	Thresholds. NOK Tax rates
<i>Local government</i>			
	0–120 000	0.0 pct.	0–120 000 0.0 pct.
	120 000 and over	0.7 pct.	120 000 and over 0.7 pct.
<i>Central government</i>			
Class 1	0–120 000	0.0 pct.	0–120 000 0.0 pct.
	120 000–540 000	0.2 pct.	120 000–540 000 0.2 pct.
	540 000 and over	0.4 pct.	540 000 and over 0.4 pct.
Class 2	0–150 000	0.0 pct.	0–150 000 0.0 pct.
	150 000–580 000	0.2 pct.	150 000–580 000 0.2 pct.
	580 000 and over	0.4 pct.	580 000 and over 0.4 pct.
2002-rules 2003-rules			
<i>Corporate taxation</i>			
Statutory corporate tax rate (ordinary income)		28.0 pct.	28.0 pct.
Depreciation rates			
Group a (office equipment etc.)		30 pct.	30 pct.
Group b (acquired goodwill)		20 pct.	20 pct.
Group c (lorries, trucks, buses, vans etc.)		20 pct.	20 pct.
Group d (passenger cars, machinery, furniture and fixtures etc.)		15 pct.	20 pct.
Group e (ships, vessels, rigs etc.)		14 pct.	14 pct.
Group f (airplanes, helicopters)		12 pct.	12 pct.
Group g (facilities for the transmission and distribution of electric power and electro-technical equipment in power companies)		5 pct.	5 pct.
Group h (constructions and buildings, hotels etc.) ¹³		4 (8) pct.	4 (8) pct.
Group i (commercial buildings)		2 pct.	2 pct.
Taxes on inheritance and gifts			
Threshold for tax rate 1		200 000	250 000
Threshold for tax rate 2		500 000	550 000
<i>Tax rates:</i>			
Children, foster children, parents:			
Tax rate 1		8 pct.	8 pct.
Tax rate 2		20 pct.	20 pct.
Other relatives:			
Tax rate 1		10 pct.	10 pct.
Tax rate 2		30 pct.	30 pct.

¹² For holiday homes there is no lower threshold of NOK 80 000 for tax bracket 1.

¹³ Buildings of a simple construction that are assumed to have a commercial service life of less than 20 years may be depreciated at a rate of 8 pct.

Indirect tax rates 2003

Excise tax rates 2002 and 2003

Excise tax category	2002	2003	Change in pct.
Spirits and wines			
Basic excise tax, NOK/pct. by volume (litre)			
Spirits	5.98	5.44	-9.0
Wine (15-22 per cent)	3.47	3.55	2.2
Wine (below 15 per cent)	3.47	3.55	2.2
Beer			
Alcohol content, NOK/litre			
a) 0.00-0.70 pct. by volume	1.52	1.55	2.2
b) 0.70-2.75 pct. by volume	2.38	2.43	2.2
c) 2.75-3.75 pct. by volume	8.98	9.18	2.2
d) 3.75-4.75 pct. by volume	15.55	15.89	2.2
Alcohol content, NOK/pct. by volume (litre)			
Beer over 4.75 pct. by volume	3.47	3.55	2.2
Tobacco			
Cigars, NOK/100 gram	170	174	2.2
Cigarettes, NOK/100 units	170	174.2	.2
Smoking tobacco, NOK/100 gram	117	120	2.2
Snuff, NOK/100 gram	55	56	2.2
Chewing tobacco, NOK/100 gram	55	56	2.2
Cigarette paper, NOK/100 units	2.60	2.60	-
Purchase tax on vehicles			
Vehicle category a (passenger cars)			
Weight tax, NOK/kilogram (kg)			
initial 1150 kg	32.68	33.40	2.2
next 250 kg	65.36	66.80	2.2
next 100 kg	130.73	133.61	2.2
remainder	152.04	155.38	2.2
Piston displacement tax NOK/cm ³			
initial 1200 cm ³	9.65	9.86	2.2
next 600 cm ³	25.26	25.82	2.2
next 400 cm ³	59.42	60.73	2.2
remainder	74.23	75.86	2.2
Engine effect tax NOK/kW			
initial 65 kW	126.23	129.01	2.2
next 25 kW	460.40	470.53	2.2
next 40 kW	921.10	941.36	2.2
remainder	1558.72	1593.01	2.2
Vehicle category b, pct. of passenger car excise tax	20	20	-
Vehicle category c, pct. of passenger car excise tax	13	13	-
Vehicle category d, pct. of passenger car excise tax	55	55	-
Vehicle category e, pct. of passenger car excise tax	36	36	-
Vehicle category f, unit tax	8678	8869	2.2
Piston displacement tax NOK/cm ³			
initial 125 cm ³	0	0	-
next 775 cm ³	29.81	30.47	2.2
remainder	65.36	66.80	2.2

Excise tax category	2002	2003	Change in pct.
Engine effect tax NOK/kW			
initial 11 kW	0	0	-
remainder	386.21	394.71	2.2
Vehicle category g			
Weight tax NOK per kg			
initial 100 kg	12.23	12.50	2.2
next 100 kg	24.46	25.00	2.2
remainder	48.91	49.99	2.2
Piston displacement, NOK per cm³			
initial 200 cm ³	2.55	2.61	2.2
next 200 cm ³	5.10	5.21	2.2
remainder	10.19	10.41	2.2
Engine effect, NOK per kW			
initial 20 kW	32.61	33.33	2.2
next 20 kW	65.22	66.65	2.2
remainder	130.43	133.30	2.2
Vehicle category h, pct. of passenger car excise tax	40	40	-
Vehicle category i, NOK	2857	2920	2.2
Vehicle category j, pct. of passenger car excise tax	35	35	-
Annual tax NOK/year			
Ordinary rate	2310	2360	2.2
Motorcycles	1820	1180	-35.2
Caravans	1180	905	-23.3
Vehicles with a total weight exceeding 3.5 tonnes	1340	1370	2.2
Annual weight-based tax NOK/year	varies	varies	2.2
Re-registration tax	varies	varies	2.2
Petrol, NOK/litre			
Leaded	4.62	4.72	2.2
Unleaded	3.81	3.89	2.2
Autodiesel, NOK/litre			
Low sulphur content	2.77	2.83	2.2
High sulphur content	3.10	3.17	2.2
Marine engines, NOK/HP	126.50	129.50	2.2
Electric power, NOK/kWh			
Consumption tax	0.093	0.095	2.2
Lubricating oil, NOK/litre	1.53	1.56	2.2
Excise duty on mineral products			
Base-tax on heating oil			
Mineral oil, NOK/litre	0.389	0.398	2.2
CO₂-tax, ordinary rate			
Petroleum activities, NOK/litre or Sm ³	0.73	0.75	2.2
Mineral oil, NOK/litre	0.49	0.50	2.2
Coal and coke etc., NOK per kilogram	0.49	-	-

Excise tax category	2002	2003	Change in pct.
Petrol, NOK/litre	0.73	0.75	2.2
CO ₂ -tax, reduced rate			
Mineral oil, NOK/litre	0.28	0.29	2.2
Petrol, NOK/litre	0.26	0.27	2.2
Sulphur tax, ordinary rate			
Mineral oil, NOK/litre	0.07	0.07	-
Sulphur tax, reduced rate			
Mineral oil, NOK/litre	0.028	0.028	-
Excise tax on the final processing of waste			
From 1 January 2003:			
Landfills for waste, NOK/tonne	320	327	2.2
Waste incineration plants, NOK/tonne			
Basic tax	80	82	2.2
Additional tax	240	245	2.2
From 1 July 2003:			
Landfills for waste, NOK/tonne			
Landfills with a high environmental standard	320	327	2.2
Landfills with a low environmental standard	320	427	33.4
Waste incineration plants, NOK/discharge unit	varies	varies	2.2
CO ₂ -tax on waste for incineration, NOK/tonne	-	39	-
Tax on chemicals that are detrimental to health and the environment			
Trichloreten, NOK per kilogram	52.40	53.55	2.2
Tetrachloreten, NOK per kilogram	52.40	53.55	2.2
Tax on the greenhouse gases HFC and PFC			
NOK/tonne CO ₂ -equivalents	-	180	-
Chocolate etc., NOK per kilogram	14.85	15.18	2.2
Non-alcoholic drinks			
Ready-to-use product, NOK/litre	1.52	1.55	2.2
Concentrate (syrup), NOK/litre	9.27	9.47	2.2
Carbonate, NOK per kilogram	61.52	62.87	2.2
Tax on beverage packaging, NOK /unit			
Environmental tax			
a) Glass and metals	4.19	4.28	2.2
b) Plastics	2.52	2.58	2.2
c) Cartons	1.05	1.07	2.2
Base-tax on disposable beverage packaging, NOK/unit	0.85	0.87	2.2
Sugar	5.75	5.88	2.2
Document tax, pct. of sales value	2.5	2.5	-



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