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Factsheet for case NO-2020-13/716

Temporary reversal of corporate deficit

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Country	Norway, applies nationwide
Time period	Temporary, 27 March 2020 - 31 December 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Deferral of payments
Case created	17 April 2020 (updated 29 April 2020)

Background information

The government introduced a temporary opportunity to write-back deficit in 2020 against taxed profits the two previous years. The measure treats all industries equally, but will especially benefit the most vulnerable companies. The measure covers only limited liability companies, etc. which has gone from surplus in 2018 or 2019, to a deficit in 2020. The delimitation ensures that the companies that benefit from the measure are also suitable to make a profit. Thus, it is avoided that companies that are not fit to make a profit, or who do not initially do business, benefit from the measure.

Content of measure

Companies will have a temporary opportunity to return up to NOK 30 million of corporate deficits in 2020 against taxed profits the previous two years. The tax value of losses in 2020 will be paid to the companies at the tax settlement in 2021. One advantage of the measure is that the extent of payments to the companies depends directly on the severity of the situation. In this way, the measure reinforces the tax system's stabilizing role and ability to curb the decline. The Government proposes that an amount limit of NOK 30 million will be set for the amount of deficit in 2020 that can be reversed against previous profits. The relatively high amount of money means that most profitable small and medium-sized companies with a deficit in 2020 can take full advantage of the scheme. The amount limit is necessary to have some control over how large a loss of proceeds the scheme may entail. With a limit of NOK 30 million for deficit, the measure is estimated to reduce accrued tax revenue from corporate tax in 2020 by the order of NOK 3.5 billion.

Use of measure

No information to date.

Actors, target groups and funding

Actors	Target groups	Funding
National government	All companies	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

Social partners have been consulted regularly during design and implementation of the measure.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 13 March 2020: Temporary reversal of corporate deficit (www.regjeringen.no)