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FINANSDEPARTEMENT

Royal Ministry of Finance

Yale University
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New Haven, CT 06520-8301
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Your ref

Our ref
09/3613 SL HET/Tiz

Date
21.07.2009

Re.:Request for information about inheritance tax

Dear Sir,

We refer to your letter of June 18 2009.

The following information is concentrated on who shall pay inheritance tax, exemptions and tax rates.

Inheritance tax was introduced in Denmark-Norway by decree of September 12 1792.

1792:

1. Spouse, parents and heirs of the body (i.e. relatives in direct line of descent including children): No inheritance tax.
2. Others: 4 per cent.

By decree of February 1810 there was introduced a temporary additional tax in addition to the tax of 1792 so that the total inheritance tax was:

1810:

1. Spouse, parents and heirs of the body: 0,5 percent.
2. All other inheritance: 4,5 per cent

In 1816 there was levied inheritance tax of 2 per cent also on inheritance to parents and spouses and heirs of the body. The tax was such:

1816:

Postal address
P.O Box 8008 Dep
NO-0030 Oslo, Norway

Office address
Akersg. 40
postmottak@fin.dep.no

Telephone
+47 22 24 90 90
Org. no
972 417 807

Tax Law Department
Telephone +47 22 24 42 73
Telefax +47 22 24 95 11

1. Parents, spouse and heirs of the body have 100 speciedaler (silver coin worth about 180 Norwegian kroner of 2006 value) exemption and tax rate of 1 per cent for amounts below 500 speciedaler, and 2 per cent for amounts over.
2. Others (who were dutiable after the decree of 1792): 6 per cent.

From July 1836 inheritance to parents, heirs of the body and spouses again was exempted from tax. Inheritance to siblings was in certain cases also exempted from inheritance tax. On all other inheritance there was levied a four per cent tax. By and large one was back at the decree of 1792:

1836:

1. Spouse, parents and heirs of the body: Nothing.
2. All other inheritance: 4 per cent.

The decree of 1792 was repealed by act of tax on inheritance of May 20 1899 which again was replaced by act of April 8 1905, which was valid to the present inheritance tax act which took effect from January first 1965.

By the inheritance tax decision of 1902/1903 there was levied tax on inheritance to children and other relatives in direct line of descent, with from 1 per cent to 4 per cent, increasing in relation to the size of the portion of inheritance. The yearly inheritance tax decision of the parliament, Stortinget, mainly fixes who has a duty to pay tax, exemptions and rates. Other rules and conditions are codified permanently in the inheritance tax act.

1902/03:

1. Children and other heirs of the body, exemption 1 000 kroner and progression from 1 per cent to 4 per cent.
2. Parents pay 4 per cent.
3. Siblings et al. 6 per cent.
4. Others 8 per cent to 10 per cent.

1925/26 (until 1933): Six groups.

1. Children and other heirs of the body, plus stepchildren and foster children: exemption 5 000 kroner, 1 per cent to 30 per cent progression, 30 per cent (reached) at 485 000 kroner.
2. Parents: Exemption 3 000 kroner, progression 3 per cent to 40 per cent, 40 per cent at 503 000 kroner.
3. Siblings and other relatives in first sideline and other equal kin: exemption 1000 kroner progression 6 per cent to 50 per cent, 50 per cent at 400 000 kroner.
4. Certain legacies and institutions: No exemption, flat rate 10 per cent.
5. Certain legatees which is not included in 1-4: Exemption 1000 kroner, progression 10 per cent to 50 per cent, 50 per cent at 400 000 kroner.
6. Distant relatives which are not considered in testament: Exemption 1 000 kroner, progression 20 per cent to 60 per cent, 60 per cent at 300 000 kroner.

1933/34: Six groups

1. Children: Exemption 3 000 kroner, progression 1 to 30 per cent, 30 per cent at 300 000 kroner.
2. Parents: Exemption 3 000 kroner, progression 3 to 40 per cent, 40 per cent at 503 000 kroner.
3. Siblings et al.: Exemption: 1 000 kroner progression 6 to 50 per cent, 50 per cent at 400 000 kroner.
4. Contribution to charitable ends: No exemption, flat tax rate 10 per cent.
5. Other testamentary inheritance: exemption: 1 000 kroner progression 10 to 50 per cent, 50 per cent at 300 000 kroner.
6. Other heirs: Exemption 1 000 kroner, progression 20 to 60 per cent, 60 per cent at 300 000 kroner.

1940:

Exemption for group 1 (see above) is reduced to 2 000 kroner and the rates increased to 2 per cent to 35 per cent, 35 per cent at 350 000 kroner. Inheritance from parents was transferred to group 1. Grandchildren and others in further in straight line of decent was new group 2 with rates from 4 to 45 per cent.

For the period July 1 1947 to January 1967 there was levied an additional tax on inheritance to wealthy heirs. The per cent rate was dependent on the wealth the heir had from before.

1965:

Three groups:

1. Inheritance/gift to children, foster children and parents: Exemption 10 000 kroner, progression 6 per cent to 35 per cent, 35 per cent at 400 000 kroner.
2. Inheritance/gift to grandchildren, and relatives in further descending line, siblings, siblings' children plus children in law: Exemption 10 000 kroner, progression 8 per cent to 45 per cent, 45 per cent at 400 000 kroner.
3. Other heirs: Exemption 5 000 kroner, progression from 10 per cent to 50 per cent, 50 per cent at 400 000 kroner.

1967-74: three groups:

1. Inheritance/gift to children, foster children, stepchildren and parents: Exemption 10 000 kroner, progression from 6 per cent to 35 per cent, 35 per cent at 200 000 kroner.
2. Relatives in directly descending line from children, foster children and stepchildren, siblings and siblings' children, children in law and stepchildren which are not included under 1: Exemption 10 000 kroner, progression from 8 per cent to 50 per cent, 50 per cent at 100 000 kroner.
3. All other inheritance/gift: Exemption 5 000 kroner and progression 15 per cent to 60 per cent, 60 per cent at 100 000 kroner.

1975-77: Same groups as for the years 1967-74:

1. Exemption: 25 000 kroner, progression from 6 per cent to 35 per cent, 35 per cent at 200 000 kroner.
2. Exemption: 25 000 kroner, progression from 8 per cent to 50 per cent, 50 per cent at 100 000 kroner.
3. Exemption: 10 000 kroner, progression from 15 per cent to 60 per cent, 60 per cent at 100 000 kroner.

1978-81: Same groups as for 1967-74:

1. Exemption: 50 000 kroner, progression from 8 per cent to 35 percent, 35 per cent at 200 000 kroner.
2. Exemption: 50 000 kroner, progression from 10 per cent to 50 per cent, 50 per cent at 100 000 kroner.
- 3 Exemption: 50 000 kroner, progression from 20 per cent to 60 per cent, 60 per cent at 100 000 kroner.

1982: Same groups as for the years 1967-74:

- 1 Exemption: 75 000 kroner, progression from 8 per cent to 30 per cent, 30 per cent reached at 200 000 kroner.
2. Exemption: 75 000 kroner, progression from 10 per cent to 40 per cent, 40 per cent at 200 000 kroner.
3. Exemption: 75 000 kroner, progression from 20 per cent to 50 per cent, 50 per cent at 200 000 kroner.

1983-84: reduction to two groups (cf. 1982 and before), group 2 and 3 are merged.

1. Exemption: 100 000 kroner, progression from 8 per cent to 25 per cent, 25 per cent at 200 000 kroner.
2. Exemption: 100 000 kroner, progression form 10 per cent to 35 per cent, 35 per cent at 200 000 kroner.

1985-98: Same two groups as before:

1. Exemption: 100 000 kroner, 8 per cent of the next 300 000 kroner and 20 per cent of the surplus.
2. Exemption: 100 000 kroner, 10 per cent of the next 300 000, 30 per cent of the surplus.

1999: Exemptions for both groups increased to 200 000 kroner, no further changes.

2000-2002: Same exemptions and rates as for 1999.

2003: Exemptions for both groups were increased to 250 000 kroner, no other changes.

2004-2008: Same exemptions and rates as for 2003.

2009: Same groups as before:

1. Exemption: 470 000 kroner, 6 per cent for the next 330 000 kroner and 10 per cent of the surplus.
2. Exemption: 470 000 kroner, 8 per cent for the next 330 000 kroner and 15 per cent for the surplus.

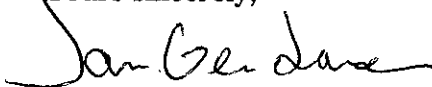
The development of inheritance tax roughly can be summed up thus: In the eighteen-hundreds, gifts were not comprised by the inheritance tax duty, and inheritance to heirs of the body (including children) fell by and large outside the tax duty. The tax rates were low at the beginning of the nineteen-hundreds but heirs of the body were drawn in under the duty to pay inheritance tax, and advance of inheritance was made taxable. Shortly after, gifts which did not have character of advance, were made taxable. Between WW1 and WW2 the rates increased considerably, and there were to some extent considerable difference between groups. For the period from 1940 until the now valid law came into force in 1965, the tax rates were at their highest. The highest rate for children was 35 per cent, for grandchildren 45 per cent, for legatees 50 per cent and for family inheritance to distant relatives 60 per cent. The rates in essence continued under the new law, but at later changes the rates were gradually lowered and the difference between the groups reduced. Today there are two groups, and from 2009 the exemption is almost doubled and the highest rates are halved for both groups.

The information above is by and large fetched from NOU Norway's public reports 2000:8. The report can be found on the Ministry's web site:

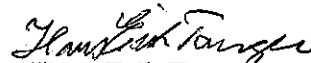
<http://www.regjeringen.no/nb/dep/fin/dok/nouer/2000/nou-2000-8.html?id=116801>

Revenues from inheritance tax (on inheritance and gifts) for 2006 were 1 900 000 000 kroner. For 1996 the revenues were 908 000 000 kroner. We do not have available any list of revenues for the period you mention. Figure 5.1 on page 78 in the above mentioned NOU shows however inheritance tax on inheritance and gifts for 1985-2000 as per cent of the gross national product.

Yours sincerely,



On behalf of
Hallvard Rue
senior adviser



Hans Erik Tangen
adviser