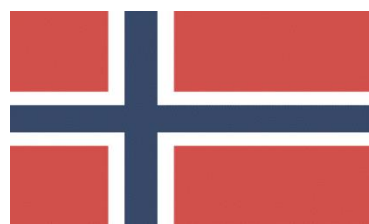


THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
Norway 2023



THE OECD TAX-BENEFIT DATABASE FOR NORWAY

Description of policy rules for 2023

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Preface

This report provides a detailed description of the tax and benefit rules in Norway as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)


Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format **[variable name]**.
- Text in **blue colour font identifies COVID-related measures** that are still in place during the reference date for the policy rules.

The OECD tax-benefit model for Norway: Policy rules in 2023

1. Reference wages

Average wage **[AW]**: The OECD tax-benefit model (TaxBEN) uses Secretariat estimates of the average full-time wage (available [here](#)).¹ If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth² to the latest available wage estimate.

Minimum wage **[MIN]**: There was no statutory minimum wage in Norway in 2023.

A crucial factor in calculating many benefits is the "basic amount" (G). The basic amount is updated yearly as of the 1st of May. The basic amount is NOK 111 477 from 1 May 2022. Even though the year's average G is not equal to G per 1 May, TaxBEN uses NOK 111 477 in all relevant calculations.

2. Unemployment benefits

Variable name: **[UB]**

The unemployment benefit system in Norway consists of two schemes. i) a contributory scheme (unemployment benefit under the National Insurance Scheme, *dagpenger under arbeidsløshet*) and ii) a non-contributory scheme for jobseekers who participate in labour market programmes and who are not entitled to other benefits (training allowance, *tiltakspenger*).

Unemployment benefit under the National Insurance Scheme is described in Section 2.1. Training allowance is not modelled in TaxBEN while further information can be found in the Annex.

2.1. Unemployment benefit under the National Insurance Scheme (dagpenger under arbeidsløshet)

Variable names: **[UI_p; UI_s]**

This is an unemployment insurance benefit. It is contributory, not means-tested but taxable.

¹ Average Wages are estimated by the [Centre for Tax Policy and Administration](#) at the OECD. For more information on methodology see the latest [Taxing Wages publication](#).

² Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).

All persons who are either resident or working as employees in Norway are compulsorily insured under the National Insurance Scheme. Daily cash benefits during unemployment partially compensate loss of income due to unemployment. ⁱ

2.1.1. Eligibility conditions ⁱ

Age: When attaining the age of 67, a person no longer has the right of unemployment benefit.

Contribution/employment history: Member of the National Insurance Scheme i.e. all persons who are either resident or working as employees in Norway. The Scheme is funded by taxes and the National Budget. Required is a prior total work income³ of 1,5 times the basic amount G (NOK 167,216) in the preceding last twelve completed calendar months prior to the application for unemployment benefits or 3G (NOK 334,431) in the 36 last completed calendar months prior to the application for unemployment benefits. Daily cash benefits are related to the reduction in working hours per week. Working hours must have been reduced by at least 50 per cent as compared to previous working hours.

OECD note: In the TaxBEN model, the previous reference earnings that enter the calculation of unemployment benefits are defined in *annual terms*, whereas the previous contributions record is measured in months. Annual previous earnings and the months of previous contributions are independent parameters in TaxBEN. This implies that for a jobseeker who has a contribution record of 6 months with a monthly previous wage equal to the Average Wage, the previous earnings that enter the UB calculations are equal to the monthly average wage multiplied by 12. In addition, previous earnings are assumed to be constant throughout the previous employment spell.

Hence, in order to calculate correctly the eligibility requirements for the unemployment benefit in Norway, TaxBEN computes *the share* of the previous annual earnings that the individual would have earned within the previous 12 or 36 months, using the monthly contribution record as a measure of the employment spell. TaxBEN then compares this amount with the eligibility thresholds for the unemployment benefit. Notice that, when considering the income of the previous 36 months, the previous earnings amount is multiplied by the share of months in employment divided by 12, to simulate the sum of earnings across the relevant period worked (with the limit of maximum 3 years' worth of previous earnings if contributions are above 36 months).


In practice, the individual is eligible for the unemployment benefit if:

$$\text{Previous annual earnings} * \left(\frac{\text{months of contributions up to 12}}{12} \right) \geq 1.5 * G$$

³ The definition of the “prior work income” employed to determine eligibility to the Unemployment benefit is not technically the same as the one employed in the calculation of the benefit amount (see section 2.1.2.). In fact, the calculations for the benefit amount should include unemployment benefits, sickness benefits, care benefits, and training benefits; which are not taken into account to determine eligibility. Nevertheless, in TaxBEN, the definition of prior work earnings to establish eligibility and the one of prior work earnings to compute the benefit amount are the same. This is due to the fact that when the model considers the passage to unemployment it is assumed a stable employment condition up until that moment, during which the individual was not receiving sickness benefits, care benefits, nor training benefits.

Or if:

$$\text{Previous annual earnings} * \left(\frac{\text{months of contributions up to 36}}{12} \right) \geq 3 * G$$

Behavioural requirements and related eligibility conditions:  TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits.⁴

- The insured person must be a “bona fide” applicant for work (genuine job-seeker), i.e. capable of working and registered as an applicant with the labour and welfare service. He or she must also, at short notice and in any part of Norway, be available for any type of part- or full-time work or labour market measure that he/she is physically and mentally capable of doing.
- The person concerned may be entitled to unemployment benefits even if he or she does not fully meet the availability requirement due to circumstances such as age, health or work of caring nature.
- If a person is considered to be unemployed by his or her own choice, i.e. if he or she has given notice voluntarily, refused to take a suitable job, refused to participate in labour market measures, a prolonged waiting period may be imposed, or benefits may temporarily be suspended.
- The unemployed needs to be “willing to take ... any employment ... anywhere in Norway”. “Suitable” employment is offered if possible, but what is considered suitable may change in the course of a long unemployment spell. Furthermore, high regional mobility is required of jobseekers. If warranted by age or other important social considerations related to health, responsibility for caring for small children or persons in the immediate family in need of nursing care, the member may be regarded as a “bona fide job seeker” (genuine job-seeker) even if he or she is applying for part-time work or is only seeking employment within a limited geographical area.

2.1.2. Benefit amount

Calculation base: The calculation of daily cash benefits is based on income from work and from daily cash benefits during unemployment, sickness, maternity and adoption. The calculation basis is the highest of either the income of the last preceding twelve completed calendar months prior to the application for unemployment benefits, or the annual average

⁴ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbucher \(2015\)](#) and [Venn \(2011\)](#).

over the last 36 preceding calendar months prior to the application for unemployment benefits.

Benefit amount: The benefit rate per day is 0.24 per cent of the calculation basis and the benefit is paid five days a week, and disbursed every 14th day. This will normally give an annual compensation of 62.4 per cent of the calculation basis. The maximal benefit basis is 6 times the basic amount (NOK 668,862 in 2023).

A supplement of NOK 35 per day (NOK 175 per week) is granted for each dependent child under the age of 18.

2.1.3. Benefit duration

Unemployment benefit is payable for five days a week and is granted if the person concerned has been unemployed three of the last fifteen working days while being registered at the employment office as a “bona fide” applicant for work.

The benefit period varies depending on earlier income from work. Income from work amounting to at least twice the basic amount (NOK 222,954) in the preceding last twelve completed calendar months prior to the application for unemployment benefits, alternatively on average the 36 last completed calendar months prior to the application for unemployment benefits, gives a benefit period of 104 weeks. Income amounting to less than twice the basic amount gives a period of 52 weeks.

When the initial period expires, a subsequent benefit period may only be granted provided that the requirement concerning previous income from work and reduction of working hours is met (see Section 2.1.1). If the person concerned lacks other income or benefits, he or she is entitled to social assistance.

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

Taxable as personal income, see Section 8. Subject to social security contribution (employee contribution only) as wage income, see Section 7.

2.1.6. Interactions with other components of the tax-benefit system

A person who is entitled to unemployment benefit at the same time as being eligible for other benefits designed to cover loss of income according to the National Insurance Act may choose which benefit to receive. Receiving full daily cash benefits in the case of sickness, full disability pension, maternity- or parental benefits, precludes the right of unemployment benefits.

2.1.7. Combining benefit receipt and employment/starting a new job

Combining income from work with unemployment benefits leads to proportional reduction of the unemployment benefits. When working hours over a period of 14 days exceed 50 % of "normal working hours", i.e. the estimated amount of working hours prior to the unemployment, a person will lose the right of unemployment benefits for the concerning 14-day period.

A person entitled to unemployment benefits who is establishing a business, might after application to the Labour and welfare service receive unemployment benefits for a period of up to 12 months.

An individual who finds employment before their Unemployment Insurance entitlement has expired can “save” their unused entitlement for future unemployment spells. However, if they work for 12 coherent months or more, the unemployment entitlement will be reset to the standard duration.

2.1.8. *Benefit indexation*

Many benefits from the National Insurance Scheme, including unemployment benefit, are determined in relation to a basic amount. This amount is annually adjusted by the King with effect from 1 May, in accordance with the increase in wages. The basic amount with effect from 1 May 2022 is NOK 111,477.

2.2. *Unemployment assistance*

OECD note: In many OCED countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1.), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3.). These UA and SA benefits have different purposes (and reach different target groups). For instance, while the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements exist only for those who are capable of work.

Based on this definition, Norway does not currently provide a national Unemployment Assistance programme. Nevertheless, Norway does provide a Social Assistance programme (described in Section 3.1.).

3. Social assistance and housing benefits

In Norway, there exists one guaranteed minimum income scheme (Social Economic Assistance, *økonomisk stønad*), including a subsistence allowance and a housing supplement (both described in Section 3.1) and one separate housing allowance (*bostøtte*, described in Section 3.2).

3.1. *Social assistance (økonomisk stønad)*

Variable names: [SA; HB_SA]⁵

This is a non-contributory benefit which is means-tested, needs-based and not taxable.

⁵ The housing supplement to social assistance is modelled in variable **HB_SA**, which is finally integrated into variable **HB**, i.e. the housing supplement is classified as a housing benefit in TaxBEN (see Section 3.2).

Social Economic Assistance (SEA) is complementary to all other subsistence allowances and is provided as a last resort assistance (safety net). Municipalities are responsible for providing SEA.

There is no age condition. In practice, however, allowance is seldom granted individually to children under 18 years of age due to the parents' responsibility for supporting their children according to the Children Act. Benefit amount varies due to the type of household/family and the age of dependent children.

Shortly after the outbreak of the covid-19 pandemic in 2020, a new provision was made in the Social Services Act, cf. section 51 a. The provision gives the ministry the right to issue regulations on temporary exemptions from certain provisions in the Social Services Act due to infectious disease dangerous to the public (currently not in place). TaxBEN does not cover such exemptions.

3.1.1. Eligibility conditions

SEA is a means-tested benefit. Only residents in Norway are entitled to SEA. The assistance may be conditional⁶. As a basic guideline, the conditions cannot be an unreasonable burden to the claimant. The terms have to be linked to the claimant's need for help and have the purpose of making him or her self-reliant. The conditions can not unreasonably restrict the freedom of action or choice of the recipient of the support. Nor must the conditions be contrary to other provisions in the act or in other acts. Conditions can only be set after a specific, individual assessment of each case. The case worker of the municipality is responsible for the assessment. The assessment is done in connection with the assessment of the application for SEA.

Examples of conditions: if unemployed, the claimant must register as a job-seeker at the local welfare administration (NAV office) and actively search for a job, participate in labour market training courses, participate in a qualification programme etc. Another requirement may be that the claimant has to work for the municipality.

If the beneficiary does not comply with the conditions, the benefit can be reduced, on certain conditions and after an individual assessment. Other consequences may also be relevant.

Municipalities are required by law to set an activation condition for recipients of SEA who are under 30 years old, after an individual assessment of the recipient's capabilities. There are specific regulations regarding conditions for recipients who have a lack of language skills. Activity conditions cannot be set if weighty arguments are against it.

As for unemployment benefits, TaxBEN assumes that these activity requirements are always met where relevant.

The SEA is a "top-up" benefit. The SEA may be granted in addition to all forms of income and income support: salary from work, benefits from the National Insurance Scheme (unemployment benefit, disability benefits, old age pension etc.), the Family Allowance Scheme and the Scheme for Cash Benefit for Families with Small Children, housing allowances provided by the Housing Support Scheme etc.

⁶ Government guidance is provided on how to interpret the Social Services Act, section 20 and 20a. [Rundskriv til Lov om sosiale tjenester i NAV - Lovdata](#)

3.1.2. Calculation of gross benefit

The benefit unit is always the individual, but the resource unit is the dependent family. SEA is granted according to the local social workers' discretion. The Ministry of Labour and Social Inclusion sets governmental guidelines on reasonable amounts for subsistence allowance. The rates in the guidelines are adjusted in accordance with the estimate for growth in consumer price index (cpi).

The guidelines for subsistence allowance include the most ordinary expenses in daily life: food and drink, clothing and shoes, hygienic articles, daily newspaper, phoning expenses, expenses related to participation in leisure activities and transportation costs. Housing costs, heating/electricity, housing insurance, furniture etc., are not included but are to be considered on a concrete and individual basis. Some municipalities, among others the municipality of Trondheim⁷, have guidelines for housing benefit.

More extraordinary expenses, such as expenses related to medical assistance, dental treatment, prescription drugs, day care for children, celebrations etc., are furthermore not included in the uniform standards. Such expenses must be evaluated dependent on the specific needs of the claimant, and vary from person to person. It is not possible to indicate amounts or timing of such expenses, since these expenses vary in each individual case. They're thus not modelled in TaxBEN.

TaxBEN assumes that subsistence allowance is based on the governmental guidelines, while the housing allowance is based on the guidelines of the municipality of Trondheim as outlined in the three tables below.

Guidelines (governmental) for subsistence allowance amounts

Household type; NOK/month	2023
Single person	6,850
Couples (married or cohabitating)	11,450
Cohabiting, single person benefit (not considered in TaxBEN)	5,750
Children 0-5 yrs.	3,350
Children 6-10 yrs.	3,450
Children 11-17 yrs.	4,500

⁷ Note that there are no published guidelines for Oslo, the reference municipality used in other sections of this report.

Guidelines (municipality of Trondheim⁸) for housing supplement amounts (excl. heating/electricity)⁹

Household type; NOK/month	2023
Youth under 25 yrs., no children (single rooms, shared flats)	4,920
Single person over 25 yrs., no children (single-room flat)	6,300
Couple under 25 yrs., no children (single-room flat)	6,300
Couple over 25 yrs. (married or cohabitating), no children (two-room flat)	8,330
Any household, one child (two-room flat)	8,330
Any household with two small children or one older child (three-room flat)	9,835
Any household with three or four children (four-room flat)	12,815

Heating/electricity supplements based on estimated heating/electricity expenses per household (NOK/year)

Estimated heating/electricity expenses as a function of household income (NOK/year)	2012 ¹⁰
Less than 210 000	11 943
210 000 - 330 000	14 568

Source: Survey of Consumer Expenditure 2012, Statistics Norway (2012-figures). Values shown are from 2012 (latest available). TaxBEN uses these values uprated with CPI.

3.1.3. Benefit amount

See Section 3.1.2. The payment frequency is not regulated and might vary, however the most common frequency is monthly.

3.1.4. Benefit duration

It is intended for temporary relief only, but currently not subject to any binding time limitation. Benefit duration varies due to differences in individual needs. Recipients can re-apply for benefits once the benefit period has expired.

3.1.5. Means test

Income test:

SEA is withdrawn at 100 per cent against all income and income support: salary from work, benefits from the National Insurance Scheme (unemployment benefit, disability benefits, old age pension etc.), the Family Allowance Scheme and the Scheme for Cash Benefit for Families with Small Children, Housing allowances provided by the Housing Support Scheme etc. When assessing an application for benefits for families, children's income from

⁸ sosialhjelpssatser-fra-01.01.2023-og-justert-g-fra-1-mai-2022.pdf (trondheim.kommune.no)

⁹ For beneficiaries of SEA, the housing benefit is generally set and provided by the municipality. In the event that a beneficiary of SEA is also eligible for the governmental housing benefit (as described in Section 3.2), the governmental benefit is included in the above (municipal) amounts. This follows from the fact that SEA is a subsidiary benefit.

¹⁰ TaxBEN uprates these values to the current year using the consumer price index, https://stats.oecd.org/Index.aspx?DataSetCode=PRICES_CPI#

work in leisure time, school holidays and Child Benefit shall however not be taken into account.

Asset test:

SEA is means tested. All property and other assets (bank deposits, savings, etc.) shall generally be taken into account in determining entitlement to financial assistance. In principle, no thresholds.

The NAV office/municipality must consider individually in each case, if assets shall be taken into account. Government guidance is provided on how to interpret the Social Services Act, section 18¹¹. The following are examples of relevant elements in the assessment: type of asset, value, consequences of using the asset and also the recipient's situation. If the need for financial help is on short or long-term basis, may also be relevant.

Allocation of financial assistance may be made contingent upon selling real estate (e.g. holiday cottage), that is not necessary for the person's subsistence. The same can apply to other assets of some value that are not considered necessary for the person's subsistence. Examples may be cars and boats. If housing expenses are disproportionately high and higher than the person may afford on a long-term basis, the condition of reducing housing expenses by changing to a more moderate flat/house can be imposed. Personal belongings, such as clothes and furniture of regular type, for personal use, cannot be required sold. Assets which belong to minors are not included, but can lead to a reduction of the benefit given to the parents (the part of the benefit meant to cover the minor's living costs).

3.1.6. Tax treatment

The benefit is not taxable.

3.1.7. Interaction with other components of the tax-benefit system

See Section 3.1.5.

3.1.8. Combining benefit receipt and employment/starting a new job

See Section 3.1.5.

3.1.9. Benefit indexation

SEA is based on an individual, discretionary assessment regarding the applicant's actual, necessary subsistence costs. The benefit must be set at a level which covers a secure subsistence in each case.

The Ministry of Labour and Social Inclusion gives not binding guidelines on reasonable amounts for subsistence allowance (all costs are not included, see above). The amounts are usually adjusted yearly (from 1st of January) in accordance with the estimate for growth in consumer price index (cpi). In 2022 the guidelines were also adjusted extraordinary, from 1st of July, due to increased subsistence costs.

¹¹ [Rundskriv til Lov om sosiale tjenester i NAV - Lovdata](#)

3.2. *Housing benefit (bostøtte)*

Variable names: [\[HB\]](#)

This is a non-contributory benefit which is means-tested, needs-based and not taxable. Unlike the discretionary housing benefit included in SEA (above), governmental housing benefit is an entitlement.

The governmental housing benefit aims to give those with high housing costs and low incomes better chances of securing a reasonable accommodation. The allowance is offered to people living in social or private rented or owner occupied accommodation. The benefit is calculated on the basis of the applicant household's total economic resources and housing costs.

As of February 1st 2023 the budget for the state housing allowance was NOK 4,065.25 million. In January 2023, a total of 101,600 households received NOK 283.1 million in housing allowance. Each household received on average NOK 2,785 and had monthly housing expenses of NOK 9,351. The average income of recipient households was NOK 201 700 a year.

3.2.1. *Eligibility conditions*

The following groups were eligible for housing allowances in 2023:

- The applicant must be 18 years or older, inscribed in the Norwegian National Registry and legally living in Norway. Students and people serving the military are exempt, as there are designated schemes for housing support for these groups.
- Students are, however, eligible if there are children under the age of 18 in the household.
- Applicants under 18 years of age are eligible provided they live with their own children.
- The habitation must be a permanent, year-round residence, with its own entrance and bathroom/toilet, and with facilities for cooking and sleeping. Exceptions can be made under certain circumstances.

Maximum yearly income is implicitly determined by the cap on housing expenses and the other rules for calculating the benefit. Maximum income per year for eligible households:

- Oslo:
 - For households with one person: NOK 324,852
 - For households with two persons: NOK 399,792
 - For households with three persons: NOK 464,676
 - For households with four persons: NOK 533,448
 - For households with five persons: NOK 604,440
- Most of the rest of the country:
 - For households with one person: NOK 282,588
 - For households with two persons: NOK 356,760
 - For households with three persons: NOK 419,052

- For households with four persons: NOK 485,640
- For households with five persons: NOK 554,496

14 larger cities and municipalities surrounding Oslo and Stavanger have income limits in the range between Oslo and the rest of the country. For single old age pensioners with minimum pension, for disability pensioners deemed to have been disabled before the age of 26, and for disabled people living in specially adapted housing, the maximum income is slightly higher. Note that TaxBEN assumes the maximum income levels for Oslo and does not take into account any of the further variations.

In January, February, March, April and May 2023, all housing benefit recipients from the previous month were granted extraordinary benefits. These were intended to help cover high electricity bills, as power prices have remained high from October 2021, throughout 2022 and through early months of 2023. The extraordinary benefit amount was NOK 1,500 per month per household, plus NOK 150 per extra household member per month in multimember households.

Costs eligible for housing benefits¹²:

- In rented housing: rent¹³;
- In cooperative and co-owned housing: rent, shared expenses, interest and down payments on housing mortgage;
- In other housing: interest and down payments on housing mortgage, public taxes, land rent, maintenance costs stipulated at NOK 13,251 per year.

TaxBEN assumes rented housing.

3.2.2. Calculation of gross benefit

The housing allowance is calculated as 73.7 per cent of the difference between the housing expenses and a “household's own expense”, i.e.

$$\text{Housing allowance} = 0.737 * (\text{max. housing expenses} - \text{household's own expense}).$$

The household's own expense is calculated on the basis of taxed income and wealth. 65 per cent of net taxable wealth exceeding a free amount is added to the income. For renters the free amount is NOK 291,275. For homeowners the free amount equals the tax value of the home capped at NOK 611,677 (note, however, that TaxBEN does not assume any wealth income).

Prior to calculation, the household's total income is divided by a sum of weights assigned to the household members. The first member is assigned the weight 1.0, and other members are assigned a weight of 0.13 each.

¹² In addition, old age, disability and survivor pensioners paying for heating outside of the rent, are allowed a stipulated heating cost of NOK 6,625 per year. This is regardless of tenure. These cases are not simulated in TaxBEN.

¹³ The considered expense is rent according to contract or other documentation. However, in many cases water and sewage are covered within the settled rent (this is the default according to legislation.) Electricity and heating may also be covered. In such cases, no deduction is made.

There is a minimum household's own expense of NOK 22,487 a year. For calculated incomes up to NOK 110,866¹⁴ a year the household's own expense equals the minimum expense. For incomes over NOK 110,866, 16.44 per cent of the income exceeding NOK 110,866 is added to the minimum expense. For incomes over NOK 195,220¹⁵ an extra fraction of the total income is added. The fraction starts at 0.12 per cent for an income of NOK 195,221, and is increased by 0.12 per cent for each additional NOK 1,205 exceeded¹⁶.

The maximum housing expenses, accepted for the purpose of calculating the housing allowance, are given in the table below. Between "Oslo" and "the rest of the country" there are 14 cities and municipalities where the limits of maximum housing expenses are in the range between Oslo and the rest of the country. TaxBEN applies the caps for Oslo.

Number of persons in the household	Yearly housing expenses cap 2023 (NOK)	
	Oslo	Rest of the country
One	100,622	76,329
Two	119,321	95,028
Three	129,915	105,622
Four	140,512	116,219
Five or more	151,106	126,813

Example: Assume a family of four persons living in a private, rented dwelling in Oslo. The combined taxable income of all the members of the household is NOK 30,000 a month, corresponding to NOK 360,000 a year, the taxed net wealth is NOK 220,000 and the housing expenses are NOK 150,000 a year.

The calculated income will be NOK 258,993, given by:

$$\frac{(NOK\ 360,000[income] + ((NOK\ 220,000[wealth] - 291,275[free\ amount] = 0) * 0,65))}{(1 + 0.13 + 0.13 + 0.13)[personal\ weights]}$$

The household's own expense will be NOK 63,311, given by:

$$22,487[minimum\ expense] + ((NOK\ 258,993[Calculated\ income] - 110,866) * 0,1644) + (258,993[Calculated\ income] * (53 * 0,0012))$$

The multiplier 53 in the final part of the expression is determined at follows: $258,993 - 195,220 = 63,773$. $63,773 / 1,205 = 52,92$. The multiplier is increased for every interval of NOK 1,205 entered, hence the result is 53.

The accepted housing expenses will be NOK 140,512, which is the cap on expenses in Oslo for a family of four.

¹⁴ For single old age pensioners with minimum pension, this limit is NOK 115,165.

¹⁵ For disability pensioners deemed to have been disabled before the age of 26, this limit is NOK 243,423. For single old age pensioners with minimum pension, this limit is NOK 201,243.

¹⁶ This calculation of the household's own expense applies temporarily until July 1st. Standard rules will then apply, changing the initial fraction and subsequent upsteppings from 0.12 pct. to 0.27 pct. This will cause both income limits and level of benefit to drop. TaxBEN considers the rule as in place on 1st of January 2023.

And finally the housing allowance will be:

$$(NOK 140,512 [housing\ expenses] - NOK 63,311 [own\ expense]) * 0,737 = NOK 56,897$$

The benefit is calculated and paid monthly, so in this example we have a monthly payment at NOK 4,741.

OECD note: This second example follows the assumption employed in the TaxBEN model. Assume a household with two adults and two children, with a taxable income of NOK 347,700. Wealth income is assumed to be 0 in the model, and housing expenditure are 20% of the Average Wage (following the default setting of the model), hence equal to NOK 139,080.

The calculated income is:

$$\frac{NOK\ 347,700[income]}{(1 + 0.13 + 0.13 + 0.13)[personal\ weights]} = NOK\ 250,143.89$$

The household's own expenses are:

$$\begin{aligned} &22,487 [minimum\ expense] \\ &+ ((NOK\ 250,143.89[Calculated\ income] - 110,866) * 0,1644) \\ &+ (250,143.89[Calculated\ income] * 0.0012 * 46) \\ &= NOK\ 59,192.23 \end{aligned}$$

Where the multiplier 46 is the result of:

$$\frac{250,143.89 - 195,220}{1,205} = 45.58$$

Finally, the annual housing allowance is:

$$\begin{aligned} &(NOK\ 139,080[housing\ expenses] - NOK\ 59,192.23 [own\ expense]) * 0,737 \\ &= NOK\ 58,877.29 \end{aligned}$$

To this amount we add the NOK 12,000 of extra payment plus the 150 monthly rate per extra household member received in the eight months in which there is an extra payment.

Hence, the final annual housing allowance **including the extra payments** is:

$$NOK\ 58,877.29 + NOK\ 7,500 + NOK\ 150 * 3 * 5 = NOK\ 68,628.29$$

3.2.3. Benefit amount

Benefit is recalculated and paid monthly according to formulas given in Section 3.2.2. . In the calculations, yearly income is assumed to be 12 times the actual monthly income plus any other taxable income stipulated per year.

3.2.4. Benefit duration

The benefit can be paid as long as the eligibility conditions are fulfilled.

3.2.5. Means test

See Sections 3.2.1. and 3.2.2. Unemployment benefits and the transitional benefit for lone parents are taxable and hence included in the income for the means-test while social assistance and all other non-taxable family allowances are not.¹⁷

Housing allowance for a given month is means-tested against actual income in the course of that month, and is calculated when data are available after the month is over and transferred on the 20th of the following month. This means that recipients may not receive allowance during the first month of unemployment. Rather, recipients will receive allowance for the first month in the last part of the second month. As the current version TaxBEN does not incorporate administrative waiting times, this delay of payment is not included in TaxBEN.¹⁸

3.2.6. Tax treatment

The benefit is not taxable.

3.2.7. Interaction with other components of the tax-benefit system

See Section 3.2.5.

3.2.8. Combining benefit receipt and employment/starting a new job

See Section 3.2.5.

3.2.1. Benefit indexation

All monetary values essential to the calculation of Housing benefit, are given in the Housing benefit bylaw, and are automatically indexed on June 1st every year. The basis for indexation is the Consumer Price Index. An average of the CPI changes over 12 months as observed in each of the twelve preceding months, is calculated. Values pertaining to income and means testing refer to the CPI as is, whereas values pertaining to housing expenses, refer to the two sub-indices concerning housing cost in rented and owner-occupied housing. The two sub-indices are weighted together so that the index for rented housing counts 88 pct. and the index for owner-occupied housing counts 12 pct.

4. Family benefits

Variable name: **[FB]**

The Norwegian family support system provides a universal child benefit (*barnetrygd*) and two different supplements for lone parents, all of which are described in Section 4.1.

¹⁷ In practice, wages and taxable benefits for all household members are extracted from a national register, updated by employers and authorities on a monthly basis. From 2017 on, this is the main source of income data for the calculation of the housing allowance. Applicants are required to assess wealth and any taxable income not reported to the register. Awarded housing allowance is reassessed when income is finally determined by tax authorities, and discrepancies, whether in favour or disfavour of the applicant, will be corrected.

¹⁸ Currently, TaxBEN does not include administratively driven delays and assumes that governments have complete knowledge of worker incomes.

Furthermore, specific benefits for lone parents exist. First, lone parents are entitled to National Insurance Scheme benefits: Transitional allowance, education benefits, mobility allowance, and, when required due to professional or educational qualification activities, a supplementary childcare benefit. Second, but not as part of the National Insurance Scheme, children living with one parent or not living with either parent, may be eligible for advance payments of child maintenance. As part of family benefits, TaxBEN models the transitional benefit for lone parents (*overgangsstønad*), described in Section 4.2, and advance payments of child maintenance for lone parents (*bidragsforskott*), described in Section 4.3. There is also a general Cash benefit for families with small children (*kontantstøtte*) which is described in Section 4.4. Childcare benefits to cover expenses for centre-based care (i.e. the supplementary childcare benefit for lone parents) are covered in Section 5. TaxBEN does not model education benefits and mobility allowance for lone parents.

4.1. Child benefit incl. lone-parent supplements (*barnetrygd*)

Variable names: [**FAMBEN**; **LP_yng**]¹⁹

This is a non-contributory, non-taxable and not means-tested benefit.

4.1.1. Eligibility conditions

Child benefit is paid only to families with dependent children. Each child under the age of 18 qualifies.

4.1.2. Benefit amount

Child benefit is received as a monthly lump-sum payment.

The benefit is a flat-rate of NOK 20,112 per dependent child aged 0-5 per year.

The benefit is a flat-rate of NOK 12,648 per dependent child aged 6-17 per year.

Lone parents are entitled to child benefit for one child more than they actually have. This constitutes an annual supplement of NOK 12,648 (which is age-invariant). The entitlement to additional child benefit expires if the lone parent gets married, has a child with a cohabitant or has lived in a marriage-like relationship in a joint household for at least 12 of the last 18 months.

Furthermore, an annual supplement of NOK 7,920 is granted for lone parents entitled to the full transitional benefit (see Section 4.2), independent of the actual number of children, as long as at least one child is younger than three years old.

4.1.3. Benefit duration

The benefit can be received as long as the eligibility conditions hold.

4.1.4. Means test

The benefit is not means-tested.

¹⁹ The lone-parent supplement to the child benefit is modelled in variable **LP_yng**, which is finally integrated into variable **LPB** in TaxBEN which summarizes all lone-parent benefits for Norway (see also Sections 4.2 and 4.3).

4.1.5. Tax treatment

The benefit is not taxable.

4.1.6. Interaction with other components of the tax-benefit system

No information.

4.1.7. Combining benefit receipt and employment/starting a new job

Employment doesn't affect benefit receipt.

4.1.8. Benefit indexation

No automatic indexation. The benefit amount is determined by Parliament on a yearly basis in the annual National Budget.

4.2. Transitional benefit for lone parents (*overgangsstønnad*)

Variable name: [\[LPB; TRANS_BEN\]](#)

This is a contributory (as part of the National Insurance Scheme) and means-tested benefit. It is taxable.

4.2.1. Eligibility conditions

Lone parents are entitled to benefits if unmarried, divorced or separated and not living together with a person who is the child's/children's other parent. A benefit is not granted if the single parent lives with a spousal equivalent.

As a main rule, it is required that the lone parent has been insured for five years immediately prior to claiming benefits.

After the child is one year old it is normally required that the beneficiary participates in vocational activity; e.g. employment or education which constitutes at least half of the full-time, establish their own business, or register as job-seeker.

As a general rule, transitional benefit may be granted until the youngest child attains the age of 8, but not for more than a total of 3 years. While undergoing education the benefit period may be prolonged by two years. If the beneficiary has sole care for more than two children, or becomes a single parent before attaining the age of 18, the benefit period can be prolonged by three years. A beneficiary who has already received one full three-year period of benefit is given benefit until the child reaches the age for the legal right to childcare when becoming a lone parent for the second time.

4.2.2. Benefit amount

The full transitional benefit per year is equivalent to 2.25 times the basic amount (see Section 1 above), that is, NOK 250,823 in 2023, and paid out on a monthly basis. The benefit is reduced by 45 per cent of wage exceeding one half of the basic amount, that is, NOK 55,739 in 2023.

Working single parents can receive childcare benefit (see Section 5.3).

4.2.3. *Benefit duration*

The transitional benefit is limited to a period of three years, but may be extended for another two years when the lone parent engages in professional qualification (in which case a contribution towards the extra cost will be added). If the beneficiary has sole care for more than two children, or becomes a single parent before attaining the age of 18, the benefit period can be prolonged by three years. If taking care of a child with physical or mental disorders prevents the single parent from working, the benefit duration might be extended until the child has attained the age of 18. A beneficiary who has already received one full three-year period of benefit is entitled to benefit until the child reaches the age for the legal right to child-care when becoming a lone parent for the second time.

4.2.4. *Means test*

See Section 4.2.2.

4.2.5. *Tax treatment*

The transitional benefit is taxable as wage income, see Section 8. Subject to social security contribution (employee contribution only) as wage income, see Section 7.

4.2.6. *Interaction with other components of the tax-benefit system*

The transitional benefit is not granted if a person receives retirement pension, disability benefit or benefits for surviving spouse according to the National Insurance Act, or contractual early retirement pension.

4.2.7. *Combining benefit receipt and employment/starting a new job*

See Section 4.2.2.

4.2.8. *Benefit indexation*

Many benefits from the National Insurance Scheme, including transitional benefit, are determined in relation to a basic amount. This amount is annually adjusted by the King with effect from 1 May, in accordance with the increase in wages. The basic amount with effect from 1 May 2022 is NOK 111,477.

4.3. *Advance payments of child maintenance for lone parents (bidragsforskott)*

Variable name: **[LPB; ADV_PMENT]**

This is a non-contributory and means-tested benefit. It is not subject to taxation.

The actual caretaker receives the advance payments of child maintenance on behalf of the child.

4.3.1. *Eligibility conditions*

The conditions for receiving advance payments of child maintenance are that the child

- is under the age of 18
- stays and resides in Norway

- does not live together with both parents.

It is a requirement that the maintenance from the absent parent is to be collected through the Collection Agency of the Labour and Welfare Administration (NAVI). Advance payment of child maintenance is auxiliary to the absent parent's obligation to provide support for her/his child. Advance payment of child maintenance is therefore made only in respect of months during which maintenance from the non-custodial parent is not paid, or is paid too late. However, if the amount stipulated as support from the non-custodial parent is lower than the advance payment, the difference is always paid.

Even if child maintenance has not been stipulated, advance payments are made when

- this is due to the non-custodial parent's lacking financial ability to pay support
- paternity has not been established
- the child has been adopted by a single adoptive parent
- one of the parents is deceased and the child is not entitled to a children's pension from the National Insurance Scheme or an equivalent benefit from another state.

4.3.2. *Benefit amount*

Advance payments of child maintenance is received as a monthly payment. The advance payment is income-tested with reference to the recipient's income. In this context, income means income from employment, child benefit supplements for single supporters, i.e. lone parents, and cash benefit paid in cases where other care solutions than a kindergarten have been chosen (home care benefit).

The income-testing means that advance payments can be paid with three different rates: a standard or ordinary amount, with an enhanced amount if the recipient's income is low, or a reduced amount if the recipient's income is high, or are not made at all. The maximum income for being entitled to receive advance payments, and the limit for receiving full advance payments, are both fixed amounts which apply regardless of whether the recipient is a single supporter or has a spouse/partner and regardless of the number of own children in her/his own household. Income thresholds are adjusted annually, from 1 July.

Applicable annual income limits (pre-tax):

Reference date	Limit for receiving the maximum rate	Limit for being entitled to advance payments
From 01.07.2022	NOK 312 701	NOK 563 200

As to the ordinary advance payment rate, separate limits apply for single supporters and persons living with a spouse/partner (the latter is not considered in TaxBEN, i.e. lone parents are not assumed to live with a partner different from the other parent). If these income limits are exceeded, advance payments will be made with the reduced rate or, if the income exceeds the limit for being entitled to advance payments, will not be paid at all.

The income limits for receiving the ordinary advance payment rate are determined as the rates for persons receiving advance payments for one child. The limits are increased by a fixed amount for each additional child.

The applicable annual income limits (pre-tax) for receiving advance payments with ordinary advance payment rate, and the increase per additional child:

Reference date	Limit for a person with spouse/partner ¹	Limit for single supporters	Increased limit per additional child
From 01.07.2022	NOK 375 700	NOK 488 300	NOK 68 900

1. Not assumed in TaxBEN.

Payable monthly rates of advance payments per child according to the child's age:

Reference date	Reduced rate	Ordinary rate	Increased rate	
	All ages	All ages	Age < 11	Age > 11
From 01.07.2022	NOK 880	NOK 1 320	NOK 1 760	NOK 2 200

4.3.3. *Benefit duration*

The benefit is granted as long as the eligibility conditions are fulfilled.

4.3.4. *Means test*

See table under Section 4.3.2 above.

4.3.5. *Tax treatment*

The advance payments of child maintenance are not subject to taxation.

4.3.6. *Interaction with other components of the tax-benefit system*

If the child is eligible for children's pension from the National Insurance Scheme to secure an income in the event that one or both of their parents dies (not modelled in TaxBEN), the child is no longer eligible for advance payments. If one parent dies, eligibility to advance payments is only possible if the child doesn't live together with the other parent.

The child is not eligible for advance payments if the child is granted other benefits from the National Insurance Scheme which secure income of the child (see the National Insurance Act chapters 11, 12, 13, 15 and 17).

See also Section 3.1.5 about means testing for Social assistance (*økonomisk stønad*).

4.3.7. *Combining benefit receipt and employment/starting a new job*

See Section 4.3.2.

4.3.8. *Benefit indexation*

There is an automatic indexation of the benefit: The monthly rates increase by the rate of the increase in the yearly Consumer Price Index the year before, as provided by Statistics Norway (the national statistical institute of Norway). New rates apply from the 1st of July.

4.4. Cash benefit for families with small children (*kontantstøtte*)

Variable name: [\[Home_Care\]](#)²⁰

This is a non-contributory and not means-tested benefit. It is not taxable.

4.4.1. Eligibility conditions

The benefit is paid for children between the ages of 13 and 23 months who are not in a kindergarten that receives a public grant, or only have a part-time use of a kindergarten.

4.4.2. Benefit amount

Cash-for-care benefit is received as a monthly payment. In 2023, the benefit is NOK 7,500²¹ per child per month for children aged 13-23 months when the child is not in a kindergarten that receives a public grant. For the part-time use of kindergartens, the amount depends on the number of weekly hours spent in a day care centre. If the child is in kindergarten up to 8 hours per week the benefit is NOK 6,000, if the child is in kindergarten 9 to 16 hours per week the benefit is NOK 4,500, if the child is in kindergarten 17 to 24 hours per week the benefit is NOK 3,000 and if the child is in kindergarten 25 to 32 hours per week the benefit is NOK 1,500. The benefit is currently modelled in TaxBEN also for the part-time use of childcare.

OECD note: until 2022, TaxBEN computations assumed that childcare is used only when neither of the parent is free from work to care for the children. From 2023, the model allows to determine independently the working hours of the parents and the use of formal childcare services.

Hence, the highest fee is received when the total number of hours of childcare used per week (considering both the principal and the spouse) is equal to or below 40, for both single parents and couples.

The following table provides an example of how the annualized Home Care allowance changes for different hours of childcare use by the principal.

Household type	Hours of formal childcare services used per week	Home Care monthly benefit amount in NOK	Home Care <i>annualized</i> benefit amount in NOK
	0	7500	90000
Single or	4	6000	72000
Couple with	8	6000	72000
1 eligible	12	4500	54000
child	16	4500	54000
	20	3000	36000

²⁰ [Home_Care](#) is finally integrated into variable [FAMBEN](#) in TaxBEN which summarizes all family benefits for Norway that are not lone-parent benefits (those are summarized in variable [LPB](#)). See also Section 4.1.

²¹ <https://www.nav.no/no/person/familie/barnetrygd-og-kontantstotte/kontantstotte2>

24	3000	36000
28	1500	18000
32	1500	18000
36	0	0
40	0	0

It is important to note that TaxBEN computes the *annualized* benefit amount, which consists in the monthly benefit amount multiplied by 12. As a result, certain benefits' total amounts may exceed the maximum amount that can actually be received over a 12-month period. This is the case for the Cash Benefit for families with small children. In fact, the benefit could only be received while the child is aged between 13 and 23 months, hence for a maximum of 11 months, while in TaxBEN the amount is annualized.

This modelling approach enables examining how benefit entitlements and net incomes change month by month over a period of time, and it avoids the need for additional assumptions about the temporal pattern of employment and incomes during an entire fiscal year²².

4.4.3. Benefit duration

The cash benefit ceases the month in which the child turns two years old. The cash benefit as of August 2022 is no longer paid the same month the child starts in a kindergarten.

4.4.4. Means test

None.

4.4.5. Tax treatment

The benefit is not taxable.

4.4.6. Interaction with other components of the tax-benefit system

No information.

4.4.7. Combining benefit receipt and employment/starting a new job

Starting employment does not affect benefit receipt.

4.4.8. Benefit indexation

No automatic indexation. The benefit amount is determined by Parliament on a yearly basis in the annual National Budget.

5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **January 1, 2023**

²² For more details regarding the annualization of incomes, transfers, and benefits, please refer to TaxBEN [methodology](#).

93,4 per cent of children aged 1-5 years had a place in ordinary kindergarten or family kindergarten in 2022. Of these, 99,9 per cent had a place in ordinary kindergarten and about 0.1 per cent in a family kindergarten. About 50 per cent of children in kindergarten had a place in a privately owned facility. For children aged 1-2 years the kindergarten coverage in 2022 was 87,7 per cent, while for children aged 3-5 years the kindergarten coverage was 97,1 per cent. Parents can choose part time childcare. 2,4 percent of children in kindergarten have a part time place of less than 41 hours per week. Compulsory schooling starts at age 6. Full time kindergarten hours are considered 45 hours per week.

5.1. Gross childcare fees

Variable names: `[NWcc_cost]`

The upper limit on childcare fees for a place in kindergarten was NOK 3,000 per month as of January 1st 2023. In 2022 the average fee paid by parents, including an *optional* fee for meals (NOK 334 on average), was NOK 3,106 per month.²³ In Oslo, this optional fee for meals is NOK 200 in public kindergartens, the type of childcare modelled in TaxBEN.

In August to December of 2022, there was an upper monthly limit of NOK 3,050 and from January to June 2023, there is an upper limit of NOK 3,000. Therefore, parents should not pay more than NOK 33,250 in total for a child in the kindergarten year 2022/23. In addition, there are discounts for siblings. These amount to a minimum of 30 per cent for the second child and 50 per cent for the third and fourth child and so forth (a maximum of 4 children is considered in TaxBEN).

Parents also receive discounts depending on their income level. No parents should pay more than 6 per cent of the gross family income for a place in kindergarten. Also, in order to have more children from low-income families attending kindergarten, 2, 3, 4 and 5 year old children in families earning less than NOK 598,825 per year have access to 20 hours of free core time in kindergartens (this also applies if families use more than 20 hours of childcare in total).

Example:

A household with a gross income of 500, 000 and two children that are 1 and 3 years old, will pay:

$$\left(\frac{6\% \text{ gross yearly income}}{\# \text{ months in kindergarten year}} \right) \text{share of hours in kindergarten week that are not free}$$

For the 3 year old child:

$$= \left(\frac{500000 \cdot 0.06}{11} \right) \left(\frac{45 - 20}{45} \right) = 1\,515 \text{ NOK a month}$$

For the 1 year old child (as a result of the 30% discount):

$$= \left(\frac{500000 \cdot 0.06}{11} \right) (0.7) = 1\,909 \text{ NOK a month}$$

Total yearly payments are:

$$= (1515 + 1909)(11) = 37664 \text{ NOK}$$

²³ <https://www.ssb.no/en/utdanning/statistikker/barnegenniv>

Approximately 33,400 families paid less than the maximum fee due to their income level in 2022. This equals less pay for about 39,400 children. 32,100 children were subject to the regulation on free core time in kindergartens. In addition, 1,600 children were exempted from payments based on municipal rules. The local rules for granting exemptions are usually related to household income.

The municipalities, who are responsible for compensating parents, granted NOK 814 million to this goal in 2020. This figure also include money for free core-time.

5.1.1. Discounts for part-time usage

The upper limit on childcare fees and sibling discounts applies for children with a full-time place. The regulations on part-time usage only state that parents should pay less for part-time usage than the corresponding full time upper limits.

OECD note: in TaxBEN, the net childcare costs are considered to be 0 for low-income families benefitting from the 20 weekly hours of free core time in childcare and using 20 or less weekly hours of childcare per week. In fact, for these households the free provision of 20 hours per week completely covers their childcare usage/needs.

5.1.2. Fees indexation

No automatic indexation. The fees and discounts are determined by Parliament on a yearly basis in the annual National Budget.

5.2. Fee discounts and free provision

Variable name: [\[cc_subsidy\]](#)

No free provision but fee discounts are provided, see Section 5.1.

5.3. Childcare benefits for formal centre-based care (*stønad til barnetilsyn*)

Variable name: [\[cc_benefit\]](#)

This is a contributory (as part of the National Insurance Scheme) and means-tested benefit. It is not taxable.

5.3.1. Eligibility conditions

Childcare benefit for formal centre-based care (kindergarten) is solely paid to lone parents. As a main rule, it is required that the lone parent has been insured for five years immediately prior to claiming benefits.

5.3.2. Benefit amount

The childcare benefit amounts to 64 per cent of documented expenses up to a fixed maximum benefit level. If the single parent has income above 6 times the basic amount (see Section 1), there is no benefit granted at all. Childcare benefit may be granted up to and including the fourth school year, but can in certain cases be granted for a longer period.

The childcare benefit is paid once a month. Maximum childcare benefit per year for lone parents in 2023:

- One child NOK 52,428 per year (4,369 per month).

- Two children NOK 68,400 year (5,700 per month).
- At least three children NOK 77,520 per year (6,460 per month).

5.3.3. Means-test

See section 5.3.2. .

5.3.4. Benefit indexation

The benefit is adjusted annually according to the expected CPI, which is published in the National Budget.

5.4. Childcare allowance for children not using childcare centres (*kontantstøtte*)

Variable names: [[Home_Care](#)]

Norway provides a general home care benefit (*kontantstøtte*). TaxBEN categorises this benefit as a “family benefit” (see Section 4.4. for details). A reduced benefit can be received in case of part-time use of kindergartens: For children using kindergarten up to 8 hours per week the monthly benefit is NOK 6,000. For children using kindergarten 9-16 hours per week, 17-24 hours, 25-32 hours and 33 hours or more, the rate is NOK 4,500, NOK 3,000, NOK 1,500 and NOK 0, respectively.

5.4.1. Benefit indexation

No automatic indexation. The benefit amount is determined by Parliament on a yearly basis in the annual National Budget.

5.5. Tax concessions for childcare expenditures

Norway provides a (limited) parent tax allowance for documented expenses for childcare, see Section 8.1.1.

6. Employment-conditional benefits

OECD note: This section provides information on employment-conditional (“in-work”) benefits for employees, i.e. benefits whose eligibility is conditional on the following key requirements: 1) being regularly employed (in either the private or public sector); 2) working a certain number of hours and/or earning more than a certain minimum. This definition notably excludes ‘workfare’ programmes and related ‘work-first’ policies that make out-of-work benefits conditional on participation in work activities.

This section provides information also on *one-off* and/or *temporary* payments for benefit recipients who are out of work and make a transition into employment. These types of benefits are referred to as *transitional “into-work” benefits* in order to differentiate them from the “regular” in-work benefits that do not have any predefined maximum duration after moving into work.

Based on this definition, Norway does not have an “in-work” benefit programme.

7. Social security contributions and payroll taxes

7.1. Social security contributions

7.1.1. Employee contributions

Variable names: `[SC; SS_CON_1; SS_CON_2]`

Employees' contributions to the National Insurance Scheme generally amount to 7.9 per cent of personal wage income. Employees do not make contributions if their wage income is less than NOK 69,650. Once wage income exceeds this floor, an alternative calculation is made where the contributions equal 25 per cent of the wage income in excess of the floor. The actual contributions made would represent the minimum between the alternative calculation and 7.9 per cent of the total wage income. Employees that are 16 years or younger and employees that are 70 years or older, pay a rate of 5.1 per cent of personal wage income instead of the ordinary rate of 7.9 per cent (only workers 18-64 are modelled in TaxBEN).

The rate on pension income is 5.1 per cent of the total pension income. Contributions from the self-employed are 11.1 per cent of personal income attributable to labour, with exceptions for a rate of 7.9 per cent of income from fisheries and catching, as well as from child care in private homes (note that self-employed are not covered in TaxBEN).

7.1.2. Employer contributions

Variable names: `[SSCR; SSCR_p; SSCR_s]`

Employer's social security contributions are due for all employees in both the private and the public sector. The contribution is geographically differentiated according to the municipality where the employer is located. The standard rates are 14.1, 10.6, 7.9, 6.4, 5.1 or 0 per cent of gross wages. The highest rate applies to central parts of southern Norway. Lower rates may apply under certain circumstances. The weighted average rate is approximately 13 per cent. TaxBEN assumes this average rate. In 2023, employers pay an additional 5 per cent on the share of a wage that exceeds NOK 750,000. This extra SSC applies to all parts of Norway.

Since January 2006, companies in Norway must have an occupational pension scheme for their employees (with exceptions). Employers can offer a defined contribution, a defined benefit pension scheme or a mixed scheme (combining elements of defined contribution and defined benefit schemes). Defined contribution schemes are offered by banks, life insurance companies, pension funds and companies that manage securities funds. Defined benefit schemes are offered by life insurance companies and pension funds. Employers pay contributions of at least 2% of the employee's earnings up to 12 G to the pension scheme. These payments are modelled as non-tax compulsory payments (NTCP) in TaxBEN and are included in employer's social security contributions.²⁴

²⁴ NTCPs refer to compulsory payments made by employers or employees in connection with the employees' labour activity that do not qualify as taxes and social security contributions. See [the "Associated paper: non-tax compulsory payments" to the latest OECD Taxing Wages report](#) for more details on NTCPs.

7.1.3. Rates indexation

No automatic indexation. The rates are determined by Parliament on a yearly basis in the annual National Budget.

7.2. Payroll taxes

None.

8. Taxes

8.1. Personal income tax

Variable name: **[IT]**

The tax unit is the individual.

8.1.1. Tax allowances

Variable name: **[ALLOW]**

Tax allowances concern local income taxes only, cp. Sections 8.1.2 and 8.1.3.

Standard allowances on ordinary income:

- **Personal allowance** (*personfradrag*): NOK 79,600 in 2023.
- **Basic relief** (*minstefradrag*) **for wage income**: each individual receives a minimum allowance equal to 46 per cent of wage income, with a maximum of NOK 104,450.
- **Basic relief for pension income**: each individual receives a minimum allowance equal to 40 per cent of pension income, with a maximum of NOK 86,250. This allowance is not modelled in TaxBEN given the disregard of pension income.
- Total basic relief for wage and pension income cannot exceed the maximum relief for wage income, i.e. NOK 104,450.

Non-standard allowances on ordinary income simulated in TaxBEN:

- **Parent allowance** (*foreldrefradrag*): Documented expenditure for childcare for children below the age of 12 up to a maximum of
 - NOK 25,000 for the first child
 - NOK 15,000 for each subsequent child.

TaxBEN implements this allowance for children under the age of 6²⁵ at the calculated childcare cost borne by parents, and attributes one half of the allowance

²⁵ TaxBEN only calculates childcare costs for children under the age of 6 for reasons of international comparability. Childcare costs, and hence tax allowances, for children between 6 and 12 are therefore considered to be zero.

to each parent in couple households.²⁶ Single parents are entitled to the entire allowance.

- **Allowance for single parents** (*særfradrag for enslige forsørgere*) of NOK 52,476. (The allowance is discontinued from March 2023 i.e. the maximum allowance in 2023 is equal to 2/12 of NOK 52,476: NOK 8 746. The child benefit has been increased corresponding to the tax-value of the allowance for single parents from March 2023.)²⁷

8.1.2. Tax base

Variable name: **[TAXINC]**

The personal income tax has two tax bases: personal income and ordinary income. Personal income is defined as income from labour and pensions. Personal income is a gross income base from which no deductions are made. Ordinary income includes all types of taxable income from labour, pensions, business and capital. Certain costs and expenses, including interest paid on debt, are deductible in the computation of ordinary income.

8.1.3. Income tax schedule

The Norwegian income tax schedule includes a central government income tax and a local government income tax.

Central government income tax:

Variable name: **[C_TAX]**

There are no tax allowances applicable to an AW under the central government step-wise gross tax on personal income (*trinnskatt*). The tax base is personal income from which no deductions are allowed. The tax schedule in 2023 is as follows:

Rate (%)	NOK
0	0 – 198 350

²⁶ Note that this is an itemized tax deduction (that is, childcare costs have to be proven) and therefore, this allowance is only implemented in TaxBen if childcare costs are explicitly considered in the TaxBen run.

²⁷ Further allowances which are not modelled in TaxBEN include (2023):

- Travel expenses related to work exceeding NOK 14,400;
- Labour union fees up to NOK 7,700;
- Donations to voluntary organisations up to NOK 25,000;
- Contributions to individual pension agreement schemes, maximum NOK 15,000, including a maximum of NOK 15,000 for contributions to a previous scheme (a new scheme was introduced from 1 November 2017);
- Premiums and contributions to occupational pension schemes in the private and public sector, unlimited;
- Unlimited deduction for interest payments.

Rate (%)	NOK
1.7	198 350 – 279 150
4.0	279 150 – 642 950
13.5	642 950 – 926 800
16.5	926 800 – 1 500 000
17.5	1 500 000 and over

In addition, as part of the overall tax rate of 22 per cent on ordinary income (including central and local government tax), 8.4 per cent is the central government income tax.

Local government income tax:

Variable name: [\[L_TAX\]](#)

The overall tax rate on ordinary income is 22 per cent. The local government (municipal and county) income tax is 13.6 per cent points of the overall rate. Tax on ordinary income is levied after taking into account a standard personal allowance of NOK 79,600 in 2023; single parents are eligible to an additional special tax allowance of NOK 52,476 (until March 2023 - see Section 8.1.1).

8.1.4. Tax credits

Standard tax credits:

Recipients of old-age pensions from the National Insurance System are entitled to a pension income tax credit of 32,825 NOK in 2023. The tax credit is reduced with 16.7 per cent of total pension income above 219,950 NOK and 6.0 per cent of total pension income above 331,750 NOK. This credit is not modelled in TaxBEN given the disregard of pension income.

Non-standard tax credits:

Home savings scheme (BSU): The BSU scheme aims to encourage young people (under 34 years old) to save for a future home purchase. A wastable tax credit of 10 per cent of annual savings up to NOK 27,500 in special accounts is granted to those who does not already own a home.²⁸ Total savings may not exceed NOK 300,000. This credit is not modelled in TaxBEN given the disregard of savings.

8.1.5. Rates indexation

No automatic indexation. The benefit amount is determined by Parliament on a yearly basis in the annual National Budget.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Norway in 2023 (see figure below). TaxBEN by default produces the following output: 1) net household incomes (**black line**) and 2) related income components (**coloured stacked areas**) for selected

²⁸ The delimitation of the tax deduction to those who does not already own a home was a new, stricter rule as of 1st of January 2021.

family and individual circumstances (users are free to select many of these circumstances). The model and the related web calculator is accessible from the [project website](#). The figure below shows output for a two-adult family with two children (adults are both 40 years old whereas children are 4 and 6 years old respectively) and four different scenarios:

- By percentage of the average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record (in months), for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas show the following household income components: **GROSS** = gross earnings; **UB** = unemployment benefits; **SA** = social assistance / guaranteed minimum income benefits; **HB** = housing benefits; **FB** = family benefits; **IW** = in-work benefits; **SSC** = social security contributions; **IT** = income tax. Note that these components may be the result of the aggregation of more than one benefit/tax into a composite category. Please refer to the sections above for the benefits/taxes included in each category.

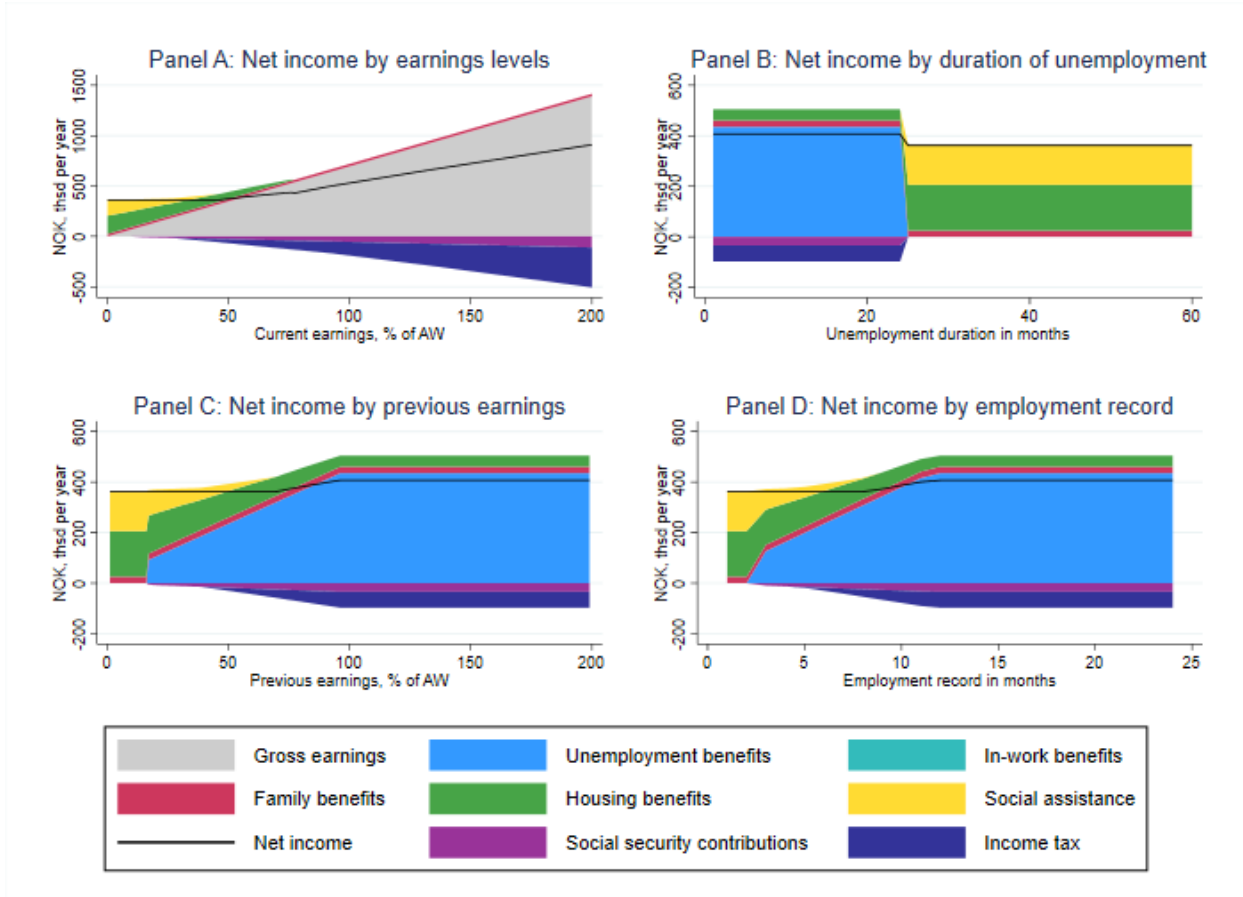
Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes that one adult family member (the so-called ‘second adult’ using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (the so-called ‘first adult’) is employed full-time throughout the entire year at different earnings levels ranging between 0 and 200% of the average wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits (again, e.g. because they have expired) but claiming social assistance or guaranteed minimum income benefits, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x-axis in Panel B measures the time of benefit receipt, starting from the first month. The x-axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt. In Panel B and D, previous earnings are assumed to be equal to the average wage.

Figure 9.1. Selected output from the OECD tax-benefit model, 2023

Couple with two children



Source: Calculations based on the OECD tax-benefit model.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Norway that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Training allowance (tiltakspenger)

Jobseekers who are over 18 years and who participate in labour market programmes are entitled to a special training allowance (*tiltakspenger*). The training allowance is not means tested and is granted for each day they participate in the program. It amounts to NOK 268 per day. Training allowance is not taxable.

Jobseekers with training allowance can for each day they participate in the program (max 5 days a week) also receive:

- Child supplement (*barnetillegg*) of NOK 52 per day for each dependent child under 16 years;
- Benefit to cover necessary expenses to travel;

A person who is eligible for other benefits according to the National Insurance Act are not entitled to training allowance. If he or she receives, or is entitled to receive, unemployment benefits, he or she can choose whether to receive unemployment benefits or training allowance during the attendance in the labour market program.

Income from work not related to the labour market program does not reduce the training allowance.

Financial activity tax (finansskatt)

Financial services are exempted from value added tax. As from 1 January 2017, a financial activity tax was introduced to partially offset the effect of this exemption. The financial activity tax is paid by employers in the financial services sector as a share of gross wages, i.e. the same tax base as for employer's social security contributions. The tax rate is 5 per cent of gross wages. (In addition, providers of financial services pay a tax of 25 per cent on profits, instead of the ordinary rate of 22 per cent applicable to other firms.)

Temporary electricity support scheme²⁹:

Norway put forward a support scheme for households in December 2021 due to extraordinary high electricity prices. When the monthly electricity price exceeds 0,7 NOK/kWh, a percentage of the price above this threshold is compensated by the Government. The level of compensation has changed over time. For April 2023 the level of compensation will be 80 percent. Households are eligible to receive support for monthly electricity consumption up to 5000 kWh.”

²⁹ Information provided by the Ministry of Petroleum and Energy.

Legal regulation is available in norwegian here: [Midlertidig lov om stønad til husholdninger som følge av ekstraordinære strømutfgifter \(strømstøndsloven\) - Lovdata.](#)