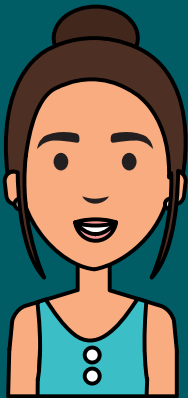


TAX DEDCUTIONS 2024 FOR SELF-EMPLOYED

BY MARIA MARKES

Comprehensive list of deductions for self employed and tips for your sole proprietorship



As a self-employed you might be entitled to deductions for the expenses you have for your business in Norway. You rapport those in your tax return together with your personal taxes.

In this list you can find deductions, that works in 2024.

I broke it down in a few groups, so it's easier to understand and find the ones you need. It is difficult to make a complete list over every deduction you can have, because basically all costs that are related to your business can be deducted. Below I mention the most actual.

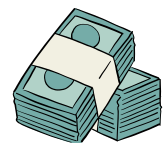
Office, car
and
equipment

Start-up costs

Pension,
insurance and
sick benefit

Grants and
gifts

Other deductions



Deadline to edit and deliver back for self-employed traditionally 31 of May.

Remember, in order to be entitled to a tax deduction, you must document and book your expenses. You must be able to present documentation of the receipts and invoices. You must do this in order to prove

to the Tax Administration that you have actually had these expenses for which you are claiming a deduction.

Important deadlines related to tax declaration for you, who has sole proprietorship in 2024:

- 31 May is deadline to edit and send back your declaration also is a deadline for applying for a postponed deadline that is 30 of June.
- 31 May is a deadline for paying your taxes back if you have some without interest.
- 26 June is a last day when most of employees getting their final tax return rapport back from Tax office. With that you get paid back your taxes, if you entitled to any.
- 21 August and until end of November final tax return will be sent to all who did not receive it in June and for those who has sole proprietorship and their spouses. If you entitled to any taxes back, you would get paid then.

Deductions related to office, car, equipment

1. Deductions for office.

In a nutshell you have 3 types:

- Office in rented premises
- Home office in your own house
- Home office in rented flat/house

Important to remember about home office: Home office means a separate room(s) in the house that is used exclusively for income generation. Combined use of a room at home for work and, for example, a living room or bedroom, is not considered to be a home office.

1. If your office is separated from your home, and you pay rent for it, then the entire sum is deductible. Simply multiply the rent amount by the number of months you were renting it during the tax year. Remember to keep invoices in case of the check from Tax Administration office.

2. If you run your business from a home office in your own house, you can also claim this deduction. It is assumed that the office is used exclusively for business purposes. You have two options: either a standard amount of 2,050 NOK per year or a proportional share of actual property expenses (such as insurance, municipal taxes, external maintenance, etc.).

- Let's say housing insurance, municipal taxes, external maintenance, and electricity amount to 30,000 NOK.
- The owner uses 15% of the net area for the home office.

- The deduction for the home office would be 4,500 NOK (15% of 30,000 NOK), which is entered in section 7700 of the business specification.

If your office is in a building owned by you or your spouse, you cannot claim a deduction for agreed-upon rent. In such cases, the deduction is based on actual expenses related to the office portion, similar to a home office (2,050 NOK).

Tip: If you plan to sell a home with a home office, you should be done with this arrangement of having an office there at least one year before finalising the sale. Instead, use the space as private residential to avoid capital gains tax on the portion used as a home office.

3. When you have a home office in a property you are renting, you need to calculate the cost of your office room. Here's how:

- Take your rental price and divide it by the total square meters to find the cost of 1 square meter.
- Multiply this price per square meter by the area (in square meters) of your office room.
- Finally, multiply this result by 12, as there are 12 months in a year.

For example if the room you use for office is 7 sq meters and you pay rent of 18 000 NOK for 60 sq meters flat, then cost of your office will be: $18\,000 / 60 = 300$ * $7 = 2100$ NOK * 12 = 25 200 NOK. That is a deduction you can add in your tax declaration for your company.

2.Deduction for use of car and related to the transport for your business.

Here we need to systematise car usage by 2 different attributes: how much you've been driving and ownership of the car.

Situation 1.

You have been driving **less than 6000km** in a year **for your business** and car is owned by you as a private person or another private person, for example your spouse, friend or neighbour. Also car is used for private driving.

In this case easiest thing to do is to get deduction for each km you drove for needs of your company. Driving in business means when you use your car from a fixed office location to e.g. a customer, supplier, business lunch or drive to Clas Ohlson to buy a few small things for your company. You get a deduction for all this at **3.50 NOK per km**. Driving for business purposes is *not* driving from your home to your office. You can also add 1 NOK extra per km for trailer (henger) that you drove with your car and 1 NOK for passengers.

What you can deduct:

- Tolls, parking, ferry or "Piggdekkavgift" fees that arise on a drive in business (for which you charge NOK 3.50 per km). As a general rule, you will not be entitled to a VAT deduction on these expenses (even if VAT is specified on the receipt).
- If you buy extra equipment for the car to use in the company, this can be entered as a normal purchase if you use the extra equipment more than 50% for your company.

What you cannot deduct:

- Costs related to the car, such as fuel, repairs, annual fee or insurance.
- Costs for repairs and deductibles/bonus losses on insurance can be claimed if it is due to something that happened in an accident on a drive that is for business.
- Deductions for travel to and from your home/usual place of work.

Remember to have the documentation that shows the routes you have travelled for business. You must be able to document the number of kilometres driven by, for example, a triplog, an Excel sheet or a driving app. The documentation must contain: Date of driving, where you drove from and to, number of kilometres driven (based on e.g. GPS or Google maps), names of passengers if you require a passenger surcharge. Many accounting programs, for example Fiken have a driving lists that you can use and program will integrate this information straight into your accountancy for deduction s later.

Situation 2.

You have been driving **more than 6000km** in a year or car is used for your business more than 50% of total use. In this case you cannot claim 3.50 NOK as in Situation 1. Instead you must register the car as an asset and claim all actual expenses on the company. If you use this car privately, you as a private individual must pay tax for this. If you find yourself in this situation, I strongly suggest to get yourself an accounting program that will help you to sort this all out automatically.

What you can deduct:

- All expenses related to fuel, insurance, maintenance and depreciation costs of the car as purchases in the company, both those that occur on a private trip and on a trip related to business.
- Expenses related to ferries, parking, tolls and "piggdekkavgift" can only be entered for deduction if they take place on a journey related to the business.

As a general rule, you are not entitled to a VAT deduction for expenses related to a car. (But there are exceptions for cars with green plates).

Situation 3.

Car is leased or rented from rental company.

- If the car is leased by you privately, you can't ask deduction for expenses related to this car, just a car allowance as I described in Situation 1.
- If the car is leased by your company, all actual expenses can be entered for deduction – diesel, insurance, parking, ferry, service, workshop expenses, etc. But then you as a private individual must pay tax on the private use if you did.
- If a company does not own or lease a car and does not use the employee's car, then the company can rent a car from a rental company. This you can write for deduction as travel cost. This also applies to fuel, tolls and ferry expenses related to the rental car (you can enter all of it for deduction in "Rent means of transport" in your tax declaration).

3.Deduction related to a drivers license.

If this is a new type of driving licence you are going to get, you unfortunately can't get a deduction for this. However, if this is a renewal of an existing driver's license, you can get a deduction if that is necessary for your business (Fill it in "Other expenses, deductible").

4. Deduction for fast charger and electricity for electric car.

In the same way as with a car that runs on diesel or petrol, you can claim a deduction for the electricity required to drive the electric car for your business. Note that car should be registered as an asset in the company.

On a fast charger, you will always receive a receipt by e-mail or in an app.

In order to be able to deduct the cost of electricity at home, you must have a smart charger that can calculate the amount of electricity that has been used to charge the car. Then you can, for example, calculate the cost of charging every month with the following calculation: *Number of KWt * average KWt price.*

If, on the other hand, you do not have an electric car charger with this functionality, you can create a settlement in Excel, for example, where you manually calculate the sum based on how much you have actually driven for business.

5. Deduction for phone, internet and such.

You can get a deduction for expenses of electronic communication (mobile phone, internet, etc.).

If you use internet and mobile subscriptions privately as well, you must deduct the private share of 366 NOK per month (4,392 NOK year) when you add this for deduction in your tax declaration.

If you are registered for VAT, you must also divide the VAT on the purchase so that you distinguish between private and business.

Deduction for the phone itself: If the company has its own subscription or telephone that is exclusively used in the company, this can be deducted in full. This is usually only relevant when the holder has two mobile subscriptions. It is also difficult to prove that the Internet has not been used privately in addition

to in the company. If this is the case in your company, these expenses can be registered as ordinary purchases.

6. Deduction for equipment, services and clothing.

Equipment and tools: Everything from staplers and excavators, to recorders, computer equipment and hair dryers. Main rule is that equipment is used the most in the company (more than 50%). If it does, you will receive a deduction for the entire purchase. The same rules apply to leasing (as to purchases). Popular deduction here is for equipment for working from home (home office): Desk, office chair and such.

Services: For example, purchases from subcontractors: A construction company that hires a painting company or other craftsmen to work on a project; a software vendor gets help with development; Web developer or designer buys images/photo services from a photographer.

Clothing: You are entitled to a deduction for workwear that is mainly used at work and that is not suitable for private use, such as safety shoes and overalls; clothing with company name on it; costumes for dancers/actors etc. It's nice to look good at work and in meetings, but you don't get a deduction for regular shirts, trousers or dresses. You can also make a deductions for dry cleaning bill of working cloths. Deductions can also be provided to bloggers who sell clothing, especially if their activity involves showcasing and discussing clothing for advertising revenue.

Deductions related to start up cost

7. As a new self-employed person, you can claim a deduction for all expenses you have had in order to start the business.

In a nutshell, you can claim deduction for the expenses 5 years back in time, if you had such. So from the first year you created a company in registry and income from your business became taxable, you can claim deduction for 5 year prior to that. Start-up costs that you have purchased in order to be able to start the business can be, for example: Machinery, tools, goods, equipment of any sort. For most of this you can get deduction same year you purchased your equipment.

Remember, In order to be entitled to a tax deduction, you must document and book your expenses: You must be able to present documentation of the receipts and invoices.

Most purchases and expenses you can get deduction right away. But, larger purchases must be written off – these purchases are then classified as assets.

What is an asset?

Assets include everything that your company owns. This applies to both physical things, such as a car, an expensive printer or a house, as well as financial and non-material assets, such as money owed by others to the company, as well as licences, patents and research.

If your asset cost more than 30 000 NOK (limit for 2024) then you need to make deduction over a few years. It means to depreciate asset or distribute a cost over several years in your accountancy. (See paragraph 16)

The reason why this is done is to take into account that expensive purchases (such as car or a PC for example) lose value over time instead of being "used up" right away.

Deductions related to pension, insurances and sickness benefit

8. Deductions for membership fees in employers' organizations and trade associations.

The maximum deduction amount is 5,800 NOK or 2,000 NOK, based on the total salary paid in the year preceding the income year. Organization has to be nationwide and aim to protect economic and professional interests.

Membership expenses for organizations related to car are not eligible for deduction. However, if the membership fee includes road assistance/car recovery, an additional cost paid for this purpose is deductible.

9. Insurance

Occupational injury insurance ("Yrkesskadeforsikring"), pension savings and other insurances are important for everyone. As a self-employed person, you will also be able to claim a deduction for similar insurances. Voluntary pension savings, insurance of the company's assets and additional insurance from NAV fall under this.

Voluntary occupational injury insurance ("Yrkesskadeforsikring") with NAV is deductible of up to 700 NOK in the tax return.

10. Voluntary pension savings

You can deduct pension contributions up to 7% of total personal income between 1 and 12 G each year.

Deductions are also available for risk-based disability pension payments under the Law on Labor Pensions, as well as payments to dependents and exemptions from contributions in case of loss of work capacity under the Law on Corporate Pensions. The right to deduct such contributions goes on top of maximum contribution limit.

11. Deposit fund (*Innskuddsfond*)

You can deduct contributions to a deposit fund, up to 50% of the average value of contributions from the current year and the two previous years. This deduction continues until the deposit fund exceeds this average amount by six times.

Example:

- Contributions in 2022: 18,000 NOK
- Contributions in 2021: 14,000 NOK
- Contributions in 2020: 16,000 NOK The deduction for deposit fund contributions would be 8,000 NOK (half of 16,000), as long as the fund doesn't exceed 96,000 NOK.

Deductions related to grants and gifts

12. Donations to NGOs

You can claim a deduction from your taxable income for monetary donations to certain pre-approved voluntary organisations and religious and belief-based communities.

The following conditions must be met in order to claim the deduction:

- The organisation must satisfy the requirements of the Tax Act for activity, purpose and national scope.
- The gift must be at least 500 NOK to each organization. There is also a maximum amount for deductions for gifts. (Check Tax Administration office page)
- The gift must be pre-filled in the tax return. (Donations to a foreign organisation or religious or belief-based community will not be reported and pre-completed. You must enter the gift amount in your tax return.)

How to get the deduction: Your gift must be pre-entered in your tax return. If pre-filling is missing, you should not enter the amount yourself, but contact the relevant organisation and ask them to report the gift amount on your national identity number.

Other deductions

13. Client Entertainment expenses

Generally, expenses related to entertainment (client servicing) are not deductible. This includes gifts, dinners, sports events, and trips.

However, there is a deduction allowed for simple gifts and promotional items for business partners, as long as the amount doesn't exceed 289 NOK.

You can deduct meal expenses if the amount doesn't exceed 526 NOK.

The meal must be consumed during working hours or in connection with negotiations or product demonstrations.

You can buy reasonable amounts of beer and wine with a meal, and still get a deduction for the entire purchase. However, please note that you are not entitled to a tax deduction for either food, wine or beer if spirits are served in connection with the meal.

14. Meal Expenses

A lunch for yourself during a normal working day cannot be entered as an expense in your accounts. This is because the main rule is that meals for yourself are private expenses.

Important to remember: There is never a VAT deduction for food and beverages - even if you are registered for VAT. For example, if you receive a receipt for 100 NOK plus 15 NOK VAT, a total of 115 NOK, you must enter it with 115 NOK and 0% VAT.

15. Travel expenses and accommodation

In a sole proprietorship, you can claim a deduction for expenses you have on travel, as long as the trip is linked to the company and is not a private trip. Note the purpose of the trip, and the name of the person(s) who have been traveling on the receipt or in the comment field when you enter the cost in the accounts.

Food: When you travel, you can generally enter all reasonable costs for food and drink in the accounts, such as meals at a café or restaurant. You are entitled to a deduction for all food and drink while travelling because it is assumed that food you have to buy while travelling is significantly more expensive than food you can buy at home.

Drinks: When it comes to non-alcoholic beverages, you enter this in the accounts in the same way as the food. The same goes for beer and wine, as long as it's a natural part of the meal. Spirits/spirits are

never deductible, and if it is found on the receipt, you enter it in an account called "not deductible". You will then not be entitled to a tax deduction in your tax return, but there will be a cost in the accounts.

Accommodation: Accommodation at a hotel or other accommodation are deductible. If breakfast is included, there is usually 25 % VAT on the breakfast part, while it is 12 % on the accommodation. The breakfast part is registered with "No" VAT even if it says 25 % on the receipt (because you do not get a deduction for VAT on food in the company).

Passenger transport: Also entitles you to deductions, such as travel by plane, train, taxi and boat. These are also purchases that typically have 12% VAT on the receipt, which means that VAT-registered companies can register the purchases with low-rate VAT.

16. Software and marketing

Software such as accountancy programs, Adobe, antivirus, Office 365, Windows/operating system, and other specific software used in your industry also are deductible. Important: The subscriptions must be purchased/ordered in the company's name.

Expenses for all advertising, promotion and marketing also give you tax deductions: Google, Facebook, Instagram, Snapchat, LinkedIn, local newspaper, radio, podcast and TV.

17. Expenses related to employees

It is not very common for sole proprietorships to have employees, but it does happen.

- You can deduct **salary** for employees – including holiday pay and employer's national insurance contributions. Same with **insurance and pensions**, such as liability insurance, insurance of property, insurance of goods etc. Important: All employers must have **occupational injury insurance** for their employees (*yrkesskadeforsikring*) and this naturally also entitles them to deductions. Insurance policies other than occupational injury insurance must be partially paid by employee (included in salary).
- You can also deduct **contributions to pension savings**.
- Courses and continuing education/further education for your employee are deductible, but note that a completely new education is not subject for a deduction. The requirement is that the **course/continuing education** is relevant to the position in the company. If this is the case, company can also claim a deduction for any travel and housing expenses in connection with the education.
- **Gifts to employees of up to 5,000 NOK** per employee entitle you to a deduction (over the course of one year, for example a Christmas gift), and there are specific rules for anniversary gifts.
- **Expenses related to welfare in the workplace**, as well as expenses in connection with employment, also entitle the holder to a deduction. For example: Christmas parties and cabin trips, company sports and coffee in the office.
- **Private expenses and benefits for employees covered by the company**, such as phone and internet, and for example health services and insurance, also entitle the company to a deduction, but must be taxed on the employee's benefits, i.e. included in the salary.

18. Deduction for depreciation of assets

Most purchases and expenses you enter into your accounts lead to a tax deduction right away. Other, larger purchases, on the other hand, must be written off – these purchases are then classified as assets.

An asset is something you own (either physical or intangible) that you primarily acquire for business use. Examples include cars, buildings, tools, equipment, and patents. The cost of significant and long-lasting physical assets, should be capitalized, and you can get a tax deductions for depreciation.

Depreciation means that a cost is distributed over several years in the accounts. In this way, the value of what you have bought is gradually reduced in the accounts. This is done for the purchase of physical things (assets) that are:

- Will be used in the company
- Costs over 30,000 NOK
- Have a life expectancy of at least 3 years

The reason why this is done is to take into account that expensive purchases (such as a car or a PC) lose value over time instead of being "used up" right away.

In the tax calculation, fixed percentages are used for different types of assets. A printer and other computer equipment, for example, is depreciated by 30% of the purchase price. For example:

- You purchase equipment for 100,000 NOK in 2024.
- Since you're registered for VAT (and receive a VAT deduction for the purchase), the asset is depreciated without VAT. In other words, the depreciable amount is 80,000 NOK (100,000 NOK - 20,000 NOK VAT).
- You only need to depreciate the asset if its value more than 30,000 NOK.
- The initial depreciation reduces your profit in 2024 by 24,000 NOK (30% of 80,000 NOK).
- In following years, you'll receive a percentage of the remaining value as a deduction.
- For example, after the first year, the remaining value is 56,000 NOK (80,000 NOK - 24,000 NOK).
- If the remaining value falls below 30,000 NOK, you can write off the entire remaining amount in the next year.

19. Deduction for loss on receivables

A receivable is money owed to your company. If the business is not paid, you can claim a deduction from income for the loss. A claim can be, for example:

- A sale of goods, services, or amounts of money
- prepayment, you have paid for a goods or service that you have not received
- a loan relationship related to the business

To get a deduction, the receivable must be established as lost.

A receivable is considered lost if one of the conditions under is met:

- **The person who owes you money has not paid within six months of the due date, and you have sent at least three reminders without the claim being paid.**
- **The claim has been sent to debt collection or compulsory collection without it having been paid.**
- **The person who owes you money has gone bankrupt without there being funds in the bankruptcy estate to cover the claim. This also applies to the deletion of companies.**
- **Other circumstances that mean that the claim will not be covered, and it must be considered lost.**

Exception: A receivable is not considered lost if it is sufficiently secured by a mortgage, surety or similar.

20. Deduction for fee for opening sole proprietorship

Since January 2024, there's a fee for registering new sole proprietorship. It is made so there will be fewer new companies of this structure and more AS (limited liability companies)

This fee is 2499 NOK for electronic registration and 3146 NOK if you submit the registration using a paper form. This fee covers registration in the Register of Legal Entities ("Enhetsregisteret").

This fee is deductible. (Fill it in "Other expenses, deductible" in accounting).

21. Expenses for accountant and help with tax declaration

Deductions are available for legal assistance related to preparing financial statements and tax documents, such as tax returns. Additionally, deductions apply for assistance in clarifying questions during routine tax audits.

22. Professional meetings, courses, educational trips, and other training

Expenses for educational trips, participation in conferences, annual meetings, seminars, courses, fairs and professional development are deductible if they relate to maintaining knowledge in your field. However, costs for obtaining specific degrees or competencies are generally not deductible.

23. Glasses

You can deduct cost of specially adapted eyeglasses with frames for working with computer screens if the need for such glasses is confirmed by a doctor.

24. Journals and special literature

You can claim deductions for relevant journals and specialized literature.

25. Deduction for fines and fees

There is a right to deduct fines and fees that are not primarily of a punitive nature, such as fines for late payment, daily fines, and additional charges for exceeding parking time. Other fines and fees are not deductible.

Good to know:

- A payment receipt is not a receipt for expenses. Always attach receipt with specification about what you paid for to be able to get a deduction. Receipt from Vipps or other transaction receipt without specification is not good enough.
 - If you and your spouse work together in one sole proprietorship, You can save on taxes by dividing profit between yourselves based on your labor contribution.
 - If your business incurs losses, you can claim deductions from your private income in the same year. If there is also a loss in the private income, it can be transferred to the next year. The deficit that you cannot use yourself must be transferred to your spouse's regular income in the same year. Any unused deficit is carried forward to the next year and is automatically included in the tax declaration as a carry forward loss. A carry-forward loss is a tax scheme that means that if your company makes a loss one year, you can deduct this loss in future years – when your company makes a profit. Remember that you must enter the entire deficit each year, you cannot choose to save part of the deficit and "reserve" the rest for the following year.
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