



Norwegian
Tax Administration

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Aiming for new goals

Openness, a step ahead, a user-friendly public sector, and cultivating a culture characterised by quality and expertise.

These are our guiding stars for 2010, carved out through exciting strategy work throughout 2009.

The Norwegian Tax Administration has completed a comprehensive strategy process in which we have obtained knowledge about internal and external, national and international factors that influence our choices. The strategy process has involved the Tax Administration's whole senior management, employee representatives and many employees.

The process started in January, when we sent five 'hunting parties' out into the field to gather ideas for the services, goals and working methods of the future. These 'hunting parties' interviewed key players in both the private and public sectors and reported their 'catch' to the management of the Tax Administration. These reports formed the basis for strategic topics for working groups that continued this work. Their task was to outline alternative routes and propose visions for the Tax Administration's strategy. Thorough and broad discussions have identified the strategies best suited to fulfil our societal mission tasks, manage our reputation and protect the legitimacy of the tax system in the years ahead.

The year 2009 was the year when the whole Tax Administration was challenged to think new thoughts for the future. We are facing 2010 with ambitions to open up more to the world and to be an active participant in society. We will take the lead in the effort to make the public sector more user-friendly and ensure expertise and high quality in all our work.


Part of the foundations for moving in the right direction was laid in 2009, and, amongst other things, through the programme of continuous improvement. This programme involves permanent work to find efficient solutions and ensure high quality. Continuous improvement will characterise our work in the years ahead. In 2009, we also held dialogue meetings with banks, housing cooperatives and fish sales cooperatives, among others, in order to be a step ahead and ensure the quality of data reported to the Tax Administration and used in pre-filled tax returns and tax assessments.

The two years following the reorganisation that was implemented on 1 January 2008 have been demanding for the Tax Administration, but its performance in 2009 has improved compared with the year before. Everything indicates that the organisational measures are working and that this will improve the Tax Administration's potential for further development.

Results from the tax assessment work and audit activities are good, and we are uncovering very large amounts. Case processing times have been reduced, but unfortunately, we will need part of 2010 to fully meet expectations in this area. The Population Register is more up-to-date. We are pleased to see that user surveys and reputation surveys show a positive image of the Tax Administration.

Thanks to the wholehearted effort of its managers and employees, the Tax Administration is on the right track. Through our strategy work, we have set ourselves new and demanding development targets for the administration.

Director General of Taxes



Our work provides the major part of
the funding for public services and benefits

NOK 846 BILLION FOR THE COMMON GOOD

The Tax Administration's societal role is to secure revenues to finance public expenditure for the common good. Our work provides most of the funding for public services and benefits. The Tax Administration levied direct and indirect taxes totalling NOK 846 billion in 2009. This is an increase of nearly NOK 100 billion and more than 13 per cent in one year.

Much of this increase resulted from a strong growth in oil revenues. Although we must largely look outside the Tax Administration to find the reasons for this development in tax revenues, our rationalisation, new technology, organisation and competence development has contributed to improving revenues.

Among other things, the new common tax accounting and collection system has been introduced in all tax collection offices in Norway.

During the year, so-called debtor-adapted recovery has been introduced in just over 100 municipalities. This makes it easier for case officers to choose appropriate recovery instruments in their work with those who do not pay on time. This has resulted in an increase in the payment of overdue tax arrears.

Taxes must be assessed correctly and on time

Tax deduction cards, tax returns and tax settlements are our largest productions during the year. These were all carried out successfully.

More than 870,000 new tax deduction cards were issued in 2009. In December, the Tax Administration sent out more than 3.6 million tax deduction cards for the income year 2010. Throughout the year, we have published information on our website at skattestaten.no and issued press releases to encourage all taxpayers to check whether their tax deduction rate is still correct given the many interest rate changes that resulted from the financial crisis.

	2007	2008	2009
Total direct/indirect taxes levied	737.9	748.3	846.0
- Tax on income/ wealth	266.5	298.9	307.5
- Petroleum tax	217.8	186.3	246.8
- National Insurance contributions	71.8	78.7	86.2
- Employer's National Insurance contributions	103.1	105.5	116.3
- Value added tax	76.3	76.9	86.5
- Inheritance tax	2.4	2.0	2.7

The Tax Administration received more than 54 million reports from employers, banks, day care centres etc., and information from these statements was used in pre-filled tax returns and in tax assessment. We received a total of 337,000 reports from the authorities of other countries.



ENVIRONMENTAL MEASURE: We used less paper because everyone who submitted their tax returns online or made use of the exemption from the obligation to submit tax returns in 2008 received only one copy of their tax returns. From 2010, all wage earners and pensioners can choose a paper-free tax return.

In 2009, we started the introduction of a new national tax assessment computer tool. The new system was used in all tax assessment for businesses and personal taxpayers at a few pilot offices, and it will be introduced on a nationwide scale in 2010.

The tax assessment established taxes totalling NOK 640.4 billion, 327 billion of which comes from individuals, while 66 billion comes from companies other than oil companies.

More than 90 per cent of all wage earners and pensioners, which corresponds to more than 3 million taxpayers, received their tax settlements in June. This is nearly 75,000 more than in June 2008. The remaining taxpayers and pensioners and all self-employed persons, a total of about 700,000 taxpayers, received their tax settlements in October.

The table shows taxes levied in 2009. The total revenue was NOK 846 billion, which is up 13.1 per cent from 2008.

Tax settlement for persons

	<i>Income year 06</i>	<i>Income year 07</i>	<i>Income year 08</i>
Number of taxpayers	3 597 000	3 656 000	3 743 000
- <i>Wage earners and pensioners</i>	<i>3 264 000</i>	<i>3 324 000</i>	<i>3 431 000</i>
- <i>Self-employed persons</i>	<i>333 000</i>	<i>332 000</i>	<i>312 000</i>
Tax and National Insurance contributions levied	276.6 bn	308.2 bn	327.6 bn
Tax refund paid, incl. interest	26.3 bn	30.0 bn	34.6 bn
No of people who received tax refunds	2 651 000	2 646 512	2 705 174
Underpaid tax to be paid, incl. interest	16.6 bn	17.8 bn	15.8 bn
No of people with underpaid tax	721 000	731 707	683 003
Additional advance tax	10.1 bn	14.8 bn	15.2 bn
No of people who have paid additional advance tax	318 000	379 956	421 129
No of people with underpaid tax of less than NOK 100	78 000	84 648	82 535
No of people who received tax refunds or owed underpaid tax > NOK 15,000	17.10%	20.07%	23, 0%
Tax returns submitted too late – number	24 000	18 245	17 063
- <i>Penalty charges imposed</i>	<i>54.2 mill</i>	<i>43.2 mill.</i>	<i>43, 5 mill</i>
Number of un-submitted tax returns/ tax returns submitted with incorrect information	22 400	10 500	10 600
- <i>Additional tax imposed</i>	<i>444.3 mill.</i>	<i>284.4 mill.</i>	<i>241.4 mill.</i>

The Tax Administration processes an increasing number of taxpayers each year. The register of taxpayers for 2009 shows 4,353,408 personal taxpayers, which is 114,450 more than the year before.

In 2009, all Oslo taxpayers not engaged in business activities were transferred for processing by Tax Norway North and Tax Norway Central Norway. This arrangement has been a success.

The tax assessment results for the income year 2008 are reassuring. Analysis shows an increased compliance with tax rules in the population.

Tax settlement for companies

	<i>Income year 2006</i>	<i>Income year 2007</i>	<i>Income year 2008</i>
No that receive tax settlements	204 000	219 000	229 000
Tax levied excl. oil	61.7 bn	69.3 bn	66.0 bn
Tax levied incl. oil	279.5 bn	255.7 bn	312.8 bn
Number of un-submitted tax returns/ tax returns submitted with incorrect information	3 990	7 271	6 469
- <i>Additional tax imposed</i>	<i>181.2 mill.</i>	<i>257.9 mill.</i>	<i>206.6 mill.</i>
Number of tax returns submitted too late	28 433	33 571	35 340
- <i>Penalty charges imposed</i>	<i>34.0 mill.</i>	<i>42.4 mill.</i>	<i>43.7 mill.</i>

The Petroleum Tax Office levied taxes of more than NOK 253 billion for the income year 2008. This is the highest tax amount ever from petroleum activities.

The total tax levied for companies was NOK 67.6 billion in 2009, compared with 72.1 billion the previous year. Tax deductions totalled NOK 20.0 billion in 2009, compared with 11.3 the year before. The increase in tax deductions is a result of immediate action taken in connection with the financial crisis.

CHOOSE THE TAX ADMINISTRATION'S PAPERLESS SOLUTION

In 2009, wage earners and pensioners could choose to receive their tax settlements only online for the first time.

At the same time, they could also choose to receive their future tax returns and tax settlements online only. These taxpayers help to protect the environment, while this solution at the same time reduces the risk of tax returns on paper falling into the wrong hands. In addition to the environmental gain and improved security, this also saves paper and postage expenses. About 380,000 persons registered for this arrangement when it was launched, and they were notified by e-mail and SMS when the tax settlement was ready in June. The Regulations on electronic communication requires the taxpayer to open the electronic document within seven days, if not the document must nonetheless be sent on paper. Unfortunately, rather many did not check their tax settlements online within the deadline. Therefore, just over 146,000 persons who had chosen electronic tax settlements nevertheless received a paper copy by mail.



CHOSE PAPER-FREE: 'I can never find the papers, so online tax return is a good thing for me,' said pensioner Anfin Nystrøm of the Tax Administration's seniors' association.

No changes, no submission

From 2008, wage earners and pensioners who have no changes to make to the pre-filled tax return do not have to submit it. Just over two million taxpayers chose to make use of this exemption from the obligation to submit in 2009. This has resulted in a drop in the number of tax returns submitted online. About 931,000 tax returns for the income year 2008 were submitted online.

From the income year 2008 tax returns can no longer be submitted via SMS. The user survey carried out in May 2009 shows that 81 per cent consider the submission exemption scheme a positive thing. This is an increase of three per cent compared with the corresponding survey for the previous year.

Electronic administration

In 2009, the Tax Administration has continued its cooperation with the Agency for Public Management and eGovernment (DIGI) and the Brønnøysund Register Centre/Altinn Central Administration (ASF) to create a fundamental infrastructure for new online services, and has also been involved in the projects Altinn II, eDialog ('eDialogue'), eID3, eAktør ('eUser'), Fremtidens eSkjema ('online forms of the future') and Tverrsektorielle eDialoger ('cross-sectoral eDialogues'). The work to facilitate cross-sectoral eDialogue has started, and other agencies have shown a positive interest.

MyPage is a portal where people can find information and carry out services in dialogue with public agencies. Users can use the Tax Administration's services via the websites MyPage/Norge.no, Altinn and skatteetaten.no. The Tax Administration has contributed to the design and user interface of the new MyID version. The Tax Administration is now sending out PIN code letters as supplementary orders only, which means that the mass distribution to the whole population is over. We also produce PIN code letters for selected target groups on behalf of DIFI.

Percentage of statements submitted online

	2006	2007	2008	2009
Percentage of tax returns from wage earners and pensioners	60.9%	67.9%	31.6%	23,8 %
Percentage of wage earners and pensioners who used the exemption from the obligation to submit			49.7%	58,3 %
Percentage of tax returns from business and industry	74.2%	82.9%	85.5%	74,9 %
Percentage of VAT statements	66.4%	76.5%	83.4%	87,6 %



In the regions we work actively with providing information and maintaining dialogue, for example with local businesses community and various industry

Skatteetaten

WE WANT TO OFFER YOU SIMPLER TAX LIFE

It is important to us to make it easier to be a taxpayer, and we have, among other things, become better at doing outreach guidance work. During the tax return period in particular, we meet many taxpayers in the field and participate in web meetings where we answer questions.

Through our targeted measures towards specific groups we have reached about 33,000 new self-employed persons and held meetings with more than 3,100 auditors and accountants in 2009. We have assisted more than 500 taxpayers who have had problems with unsolved tax cases since many years. During the past year, the tax offices have met 33.300 upper secondary school pupils through the Spleiselaget tuition concept.

In the regions we work actively with providing information and maintaining dialogue, for example with local businesses community and various industry organisations. We will continue this effort.

Our service declaration

We will provide good service to our users. Unfortunately, we are still facing challenges in fulfilling our service declaration for case processing times in some areas. Some taxpayers have experienced that we take too long to process inheritance and gift statements, and we have not always been able to process appeals against tax assessment as quickly as we would like to. We are working continuously to improve this, and we are on the right track.

At the counter and over the phone

Just under 1.5 million taxpayers visited the tax offices in 2009, and the Tax Hotline answered more than 2.2 million guidance calls. The Tax Hotline's service level is good. We answer questions in most areas very quickly, and the 'call back' arrangement has been very well received.

Separate service for professionals

In 2009, a separate telephone service for professional users was established. This service is available to auditors, accountants, lawyers and other persons who contact the Tax Administration on behalf of organisations or the business. The service is meant to guarantee accessibility and quality regardless of geographical location when users contact the Tax Administration. The helpline for professional users received nearly 600,000 calls in 2009.

We will call you back

Our target is for the Tax Hotline to answer 80 per cent of all calls within three minutes. In 2009, this requirement was met for an average of 69 per cent of all calls, and the average waiting period was 1 minute and 44 seconds.

In the event of a telephone queue, the caller can choose to be called back by the Tax Hotline without losing his or her place in the queue. Two of every ten users made user of the 'call back' service in 2009. User surveys show that the users are very satisfied with the service.



GUIDANCE BY TRAIN: Elisabeth Skotvold and Rita Stensmur from the preventive guidance unit of Tax Norway Central Norway boards a train in Steinkjer with a backpack full of information leaflets about PIN codes.

Percentage of calls answered by the Tax Hotline

	Total no of calls	Calls answered	Percentage answered	Service degree = answered within three minutes
First quarter	826 380	629 103	76.1%	65.8%
Second quarter	819 055	654 467	79.9%	66.8%
Third quarter	578 946	460 510	79.5%	62.8%
Fourth quarter	530 139	467 481	88.2%	77.3%
Total	2 754 520	2 211 561	80.3%	68.2%

THE POPULATION REGISTER MUST BE OF A HIGH QUALITY

The Population Register is Norwegian society's most important register. Our task is to ensure that both the public and private sector have access to an up-to-date population register that meets their needs.

The register of the future

In order to meet the long-term needs of population register users, the Tax Administration has prepared a report that illuminates the key trends and describes various scenarios. This report forms the basis for the long-term development of a future population register in Norway.

Processing of notifications

Case processing shall be efficient and maintain the set professional level. Our performance in terms of processing of ordinary notifications shows a positive trend and good results in 2009. All tax offices have achieved the performance requirements for the other notifications, except for deaths, which are 1.4 per cent below the target requirement. Allocation of personal ID numbers and D numbers is to take place within 5 and 14 days, respectively. The 2009 results show an average processing time of 3-4 days and 7-14 days, respectively.

The percentage of online notification of changes of address has increased considerably, from 45.3 per cent in 2008 to 56.3 per cent in 2009, nationwide.

The quality of addresses

The Tax Administration has spent resources on improving the quality of data, and address quality has been the main focus of this effort. The number of deviations between addresses in the land register and the Central Population Register has been reduced from 40,000 to 10,000 addresses. Moreover, the Tax Administration has reviewed returned mail systematically and implemented a number of measures that has reduced the scope of returned mail. For example, postal addresses are now deleted after tax deduction cards and tax returns have been returned twice. Return mail for the issuing of tax deduction cards has been reduced by a third, from about 60,000 to about 40,000. We have

also worked systematically to detect persons who are registered twice. In connection with the 2009 parliamentary election, efforts were made to improve the quality of the abbreviated names. Work on improving the quality of data has now been introduced as part of the Tax Administration's permanent annual activities.

Dwelling number

The dwelling number coverage has increased, but it is still demanding to reach the target of 95 per cent. The challenges are particularly serious in central parts of Eastern Norway. The national coverage for persons living at addresses with dwelling numbers has increased by 2 percentage points from 2008, and was 90.4 per cent in 2009. In order to increase the population's familiarity with their own dwelling numbers, the Tax Administration has decided to use the dwelling number as part of the address in connection with mass distribution of information etc. to taxpayers. The dwelling number was used in the address when the autumn tax assessment was made public in 2009. When the tax return for 2009 is distributed, the address field will contain the dwelling number, and in future this will always be done in connection with mass distribution of information etc. to taxpayers from the Tax Administration. The Tax Administration has also cooperated with the Norwegian Mapping Authority and Statistics Norway to improve dwelling number coverage in 2009.

Updating the electoral register

One of the Tax Administration's new tasks in 2009 was to update the electoral register between the cut-off date and the election day. Previously this used to be solved by each municipality's supplier of electoral systems. The Ministry of Local Government and Regional Development has expressed great satisfaction with the way in which we solved this task.



Foreign Employees

The Tax Administration has initiated many projects and measures to meet the challenge represented by increased labour immigration to Norway, targeting both foreign employees and self-employed persons and Norwegian employers who employ foreign employees. The Tax Administration's international website – taxnorway.no – was officially launched in April 2009. In addition, the international pages at skatteetaten.no were improved with a view to making taxnorway.no the preferred information channel for foreign employees and employers. The content of taxnorway.no has been translated into English and Polish.

The Tax Administration has entered into a collaboration with the Directorate of Integration and Diversity to provide the text about Norwegian taxes for the book *New in Norway*.

Extensive competence-raising activities have been carried out in the Tax Administration for the foreign tax affairs field. This competence-raising effort consists of two modules in combination with e-learning assignments.

New inheritance system

The Tax Administration developed a new system for assessment of inheritance tax in 2009, and this system is intended to support case processing and the calculation of taxes for all kinds of inheritance and gift cases. The system will be introduced on a national scale in 2010.

At the end of the year, the number of unprocessed inheritance and gift tax cases was 15,998 cases, down by 6,759 cases compared with the same time the year before. The number of cases processed within six months was higher at the turn of the year (71 per cent) than at the same time in 2008 (54 per cent). The target is for at least 90 per cent of cases to be processed within six months.

We aim to meet the performance requirement during the first six months of 2010. Inheritance taxes of NOK 2.7 billion were levied in 2009, which represents an increase of NOK 696 millions from 2008.

Reducing the red tape

There are a number of ongoing development measures that aim to promote the goal of simplifying and reducing the report burden for the business community. The 2009 statistics for the Register of Reporting Obligations of Enterprises shows that nine agencies that use Altinn achieved a total burden reduction of 53.9 full-time equivalents, 45.2 of which can be

attributed to Tax Administration forms. The main cause of this is that the percentage of online submissions has increased.

The Register of Shareholders

About 22,000 companies are obliged to submit share register statements. These statements form the basis for share statements to shareholders. The quality of data in the register has improved noticeably, and the error rate has been reduced from 12.7 per cent for the income year 2007 to 7 per cent. Wealth in the form of shares and dividends were pre-filled for the first time in the tax return for 2008. This simplifies things considerably for a large number of taxpayers. Foreign companies listed on Oslo Børs were included in the Register of Shareholders on a par with Norwegian limited liability companies for the income year 2008. The experiences with this are good.

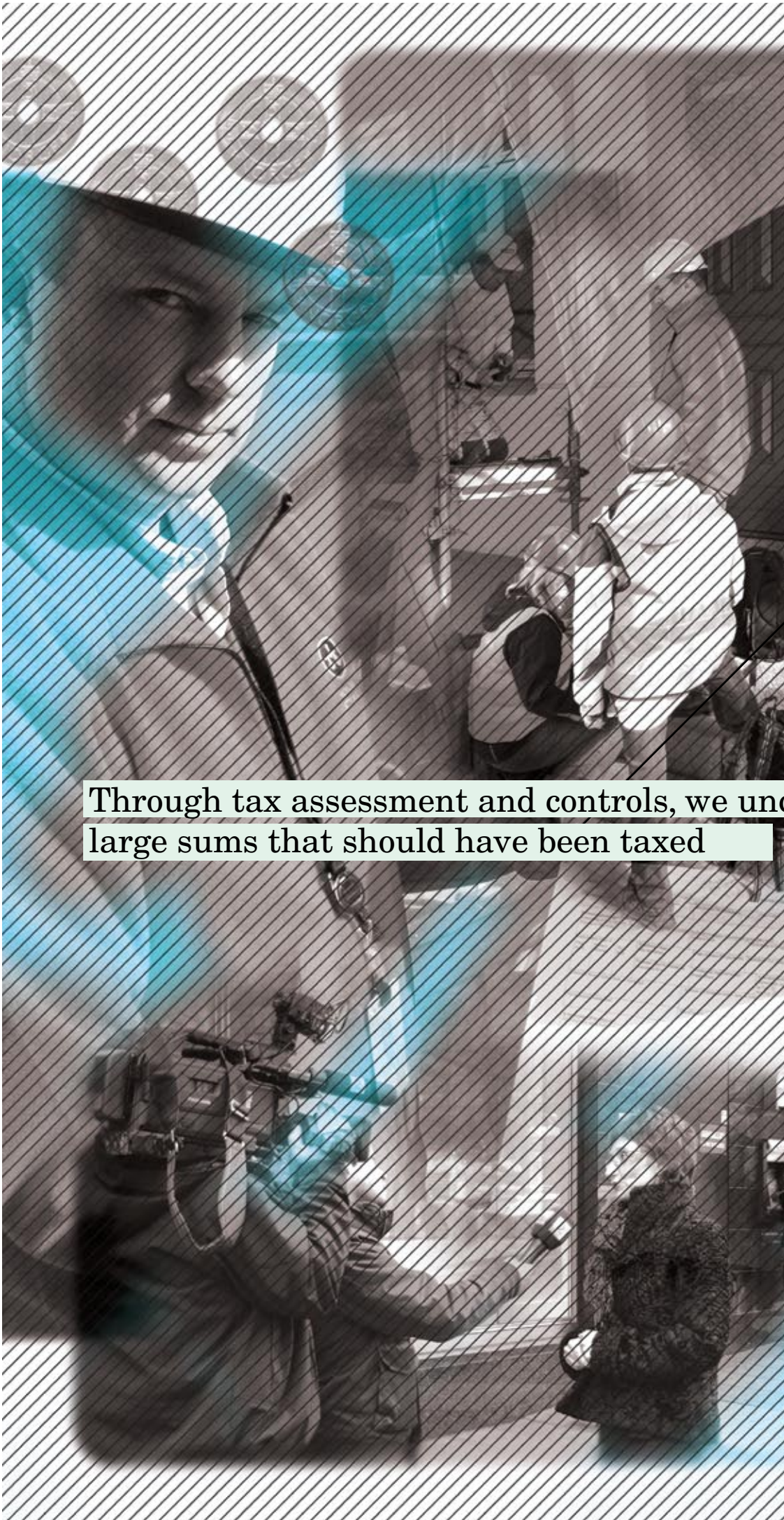
New Tax Payment Act

The new Tax Payment Act has resulted in many questions relating to the new regulations, particularly relating to interests. This refers to both questions about the interpretation and the application of the regulations.

In 2009, the Directorate of Taxes has continued its work on a manual to the Tax Payment Act intended to simplify the work of the recovery staff and provide users groups with an overview of the current law and practice. This manual will be distributed to the Tax Administration and tax collection offices and will be sold in bookshops.



MANUAL: (from the left) Philip Høstmark Løve, Ellen Hasselberg Ness, Berit Raaholdt, Tone Hørgård, Ingvill Helstad, Hege Høgalmen and Hans Petter Askilsrud has worked together to produce the tax payment manual *Skattebetalingshåndboken*.



Through tax assessment and controls, we uncover large sums that should have been taxed

TAX FRAUD

SHOULD NOT PAY

The Tax Administration's vision is a society in which everyone is willing to pay their dues. It is the taxpayers' responsibility to comply with the regulations. The Tax Administration's job is to help them to do this through practical use of information, guidance and audit, and by making it easy to do the right thing.

Improved agreement with third party data and enhanced compliance among the general public has made it possible for the Tax Administration's follow-up work and control of tax returns to focus more on irregularities involving large amounts.

One billion more

In 2009, we saw a considerable increase in corrections of income for wage earners and pensioners. Most of these concerned income that had not been reported for taxation or deducted expenses that were not deductible.

The mandatory controls decided by the Directorate of Taxes uncovered almost NOK 3.3 billion, NOK 300 million more than the year before. The tax offices' own comprehensive audits uncovered nearly NOK 2.6 billion, which is an increase of one billion from the year before.

The tax assessment for companies uncovered less, while the results of the audit activities are still at a very high level. We have a number of major cases, among other things concerning transfer pricing.

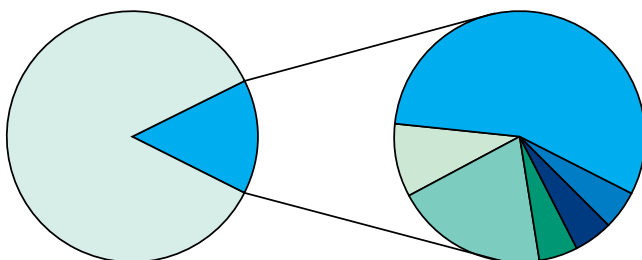
Control of business and enterprise

In 2009, about 541,000 self-employed persons and companies received tax settlements, and that was about 9,000 fewer than the year before. A total of 78,000 of them were audited during the tax assessment or in various forms of accounting audits. It is important to maintain a high level of audit activity to ensure that the risk of detection is perceived as high. Surveys carried out in 2009 show that some industries perceive the risk of Tax Administration audits to have declined, and we therefore see the need to strengthen the scope and quality of our audits.

The tax offices carried out a total of 11,895 tax audits in 2009. This represents an increase of 1,807 from the year before, but still falls somewhat short of the target. The controls resulted in proposed income corrections of NOK 24 billion, and uncovered VAT evasions totalling NOK 1.9 billion. The reason why these amounts are so large is that they include a number of very large individual cases.

The Tax Administration checked 15,300 VAT statements, and eight per cent of the statements checked were found to be unlawful claims. The effort to combat exploitation of the VAT system for personal gain is one of the Tax Administration's top priorities.

Controls (number) 2009



■	Not controlled: 85,5 %
■	Controlled: 14,5 %
<hr/>	
■	Comprehensive control, self employed persons: 56 %
■	Accounting controls: 5 %
■	Formal controls: 5 %
■	Limited accounting controls: 5,2 %
■	Accounting controls: 19,5 %
■	Employer controls (tax collector's office): 9,4 %

SERIOUS TAX CRIME

The threat situation is changing towards more organised attempts of tax crime, often with links to other countries and other types of crime. The Tax Administration's current efforts in a number of important areas will result in detecting more large cases in the future.

Hidden assets in tax havens

The Tax Administration has intensified its work to combat tax evasion in tax havens, among other things through the payment card project. Use of foreign payment cards is one way of 'laundering' hidden income and assets. We have established a separate project that collects and organises information about transactions using such cards in Norway. So far, the project has identified 400 card holders who will be considered for more comprehensive control. In 2009, 81 such cases were submitted to the regions for further investigation.

Tax haven cases reported to the police

In 2009, 30 persons were reported to the police for tax evasion in tax havens. These cases each concern concealed assets of between NOK 5 million and NOK 300 million. The reports concern, among other things, undeclared turnover from businesses, where income is channelled to bank accounts in tax havens, profit on sale, distribution of a deceased's estate, establishment of shell companies in tax havens and transfers from clients to the enterprise's foreign account.



TAX HAVENS IN THE MEDIA: *The Tax Administration's 2009 efforts aimed at tax havens attracted a lot of attention. This is Head of Department Tone Kaarbø being interviewed by Norwegian TV station TV2 about the Liechtenstein cases.*

Preventive work

Internationalisation and the technological development have opened up possibilities for more taxpayers to conceal income and assets. A successful effort to fight tax evasion via tax havens must therefore aim to uncover large, complicated cases and increase the risk of detection for the general public.

In parallel with these control efforts, the Tax Administration spreads information about the risk of detection via press releases and media coverage. We also inform people about the possibility of voluntarily declaring undeclared assets, popularly called a tax amnesty, to encourage as many as possible to come clean voluntarily. At the end of 2009, 410 taxpayers had notified us that they wanted to make use of this amnesty, and these taxpayers had assets totalling about NOK 1.9 billion in tax havens.

Professional intermediaries

Organised criminal groups and individual delinquents often seek professional assistance in setting up various structures that they subsequently abuse for unlawful purposes. The flow of money to tax havens would probably not take place without the infrastructure and the advice of professional intermediaries. It will therefore be a priority in our control efforts to map and follow up the advisors' role.

Official complaints and detection

The regional tax crime entities reported a total of 73 cases to the police in 2009. This number is small compared with the 286 official complaints of the previous year, but 194 of these were related to the large taxi case in Oslo. We have uncovered about NOK 250 million in undeclared income, NOK 56 million in VAT, NOK 280 million in wealth and NOK 62 million in Employer's National Insurance contributions. There were a total of 131 convictions in cases from the tax crime entities in 2009, 96 of which were related to the taxi case in Tax Norway East, and 30 of the cases reported to the police resulted in sentences of immediate imprisonment, 17 of which were taxi cases. Three of these convictions resulted in sentences of immediate imprisonment with a duration of more than one year.

Fictitious invoicing

The work on fictitious invoicing in networks has been organised as a national project. So far, this project has uncovered approx. NOK 39 million in VAT, approx. NOK 12.7 million in general income and about NOK 79 million in Employer's National Insurance contributions. A total of 154 cases have been initiated in 22 networks, and 28 of the cases have been concluded by reports after tax audits.

VAT fraud

VAT fraud in connection with carbon allowance trading has been uncovered in several European countries. Therefore, work to map the extent of such fraud in Norway and develop control methods was initiated in autumn 2009. Meetings have been held with the French tax authorities about their experience with carbon allowance fraud, and we have reached an agreement with the Norwegian Pollution Control Authority about access to the Norwegian register of allowances. We have also made contact with Danish and Swedish tax authorities with a view to exchanging experience and planning simultaneous Nordic controls for this field.

Transfer pricing and money laundering

Other important control areas that have received extra attention in 2009 include transfer pricing and measures to combat corruption, bribes and money laundering. Income changes relating to transfer pricing in 2009 totalled more than NOK 8.7 billion. These cases are few, but complicated.

The Directorate of Taxes has established a competence programme about the laundering of proceeds of criminal acts, including tax crime. This programme is a collaborative effort with the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM), the Financial Supervisory Authority of Norway and other Norwegian participants, plus the US Inland Revenue Service.

Cooperation to combat black economy

The Tax Administration cooperates closely with other control agencies, the police and the prosecuting authority, and regular meetings are held every year. This valuable cooperation yields results. In 2009, we started cooperating with the Norwegian Labour Inspection Authority, the Norwegian Health Economics Administration (HELFO) and the Office of the Auditor General of Norway. We have also joined forces with various industry organisations, for example the Norwegian Motor Trade Association and the Norwegian Automobile Federation (NAF), in campaigns against the black economy. Cooperation to combat black economy is a very important arena for our attitude formation work. The unique alliance between the Tax Administration and the Norwegian Confederation of Trade Unions (LO), the Norwegian Association of Local and Regional Authorities (KS), the Confederation of Norwegian Enterprise (NHO), the Confederation of Unions for Professionals (Unio) and the Confederation of Vocational Unions (YS) puts preventative work against the black economy on the agenda.

The fisheries and aquaculture effort

Fisheries and aquaculture are an international industry that comprises everything from trading in quotas and vessels to fish farming, fishing, processing, import, export and sales. The Tax Administration strengthened its control of the fisheries and aquaculture industry from 2009. Tax Norway North leads the work and coordinates the efforts and resources. Our cooperation with other agencies continues, and yielded good results in 2009. The Tax Administration, Norwegian Customs and Excise, the Norwegian Directorate of Fisheries and ØKOKRIM took joint action against fish exporters in Hordaland, Oslo and Nordland, and uncovered fraud involving dried fish.



THE NEW TAX ADMINISTRATION IS IN PLACE

Two years have gone by since the new Tax Administration was established with its five regions, strategic directorate, The Tax Administration's IT and Service Partner (SITS), a national Tax Hotline and specialised guidance services at the tax offices. The year 2009 was the last year of the implementation period following the great reorganisation, and we are well on our way to achieving the goals and intentions that we set ourselves.

In 2009, the regions have worked on allocating resources to their key tasks. Equal treatment has been strengthened and quality improved by organising in many areas more concerted and specialised units. The basic competence is mostly back after a period where it was under severe pressure as a result of employees being reallocated.

The Directorate's strategic role has been strengthened and has cultivated and professionalised the production tasks in the Tax Administration's IT and Service Partner (SITS). A model consisting of both a purchaser and supplier part has been introduced to ensure that the requirements to the Tax Administration's external and internal services are explicit and that deliveries are good and cost-effective.

Good working conditions

The staff situation in the Tax Administration shows a positive trend in 2009. The job pressure is still great, but the turnover has been reduced, many new employees have been recruited and there has been a slight reduction in sickness absence. Internal employee surveys, in which more than 90 per cent of employees took part, show good results and provide the basis for further work on the organisation, management and working environment.

Greater diversity

The Tax Administration has worked systematically to promote equal rights and opportunities for both genders for many years. In 2009, we strengthened our diversity work and shifted our focus to equality. This is reflected in the equality action plan for 2009-2011, in which the concept equality has been broadened to include persons with immigrant background and reduced functional ability as well as seniors. In November, an equality conference was held for the Tax Administration's managers, employee representatives and employees who work with diversity and equality in order to raise their awareness of discriminatory practices and attitudes.



EQUALITY: *We want our staff to reflect society. For that, we need greater diversity.*



EQUALITY: *We want fathers to take responsibility at home, and encourage our male employees to take more than the mandatory minimum period of paternity leave.*

This new organisation requires new management and working methods. A number of regional and central management development measures were implemented in 2009. In addition to three regular conferences, top management meetings have been held in connection with the Tax Administration's new strategies. Each region holds regular management meetings and workshops, and the directorate has implemented a programme for all new managers that covered, among other things, change work, distance management, goal achievement and management tools.



ACADEMIC ARENA: *The new Master's degree in tax law is a positive measure aimed at target groups that are in high demand, such as lawyers, auditors and economists. The Master's programme at BI Norwegian School of Management is an exciting academic arena where the public and professional sectors meet. Special advisor Kristian Kvamme, Directorate of Taxes and professor Ole Gjems-Onstad, BI School of Management*

Investments in competence-raising measures in 2009 have been targeted based on needs, and aimed to, among other things, prepare the regions for the important challenges they will face in 2010: the new tax assessment system (SL), continuous improvement and improved expertise in foreign tax affairs. The first of six modules of the new Master's programme in tax law was taught at BI Norwegian School of Management in autumn 2009 with 43 participants from the Tax Administration. There is considerable interest in this study programme.

The Tax Administration's Budget

The Tax Administration's total operating budget for 2009 was NOK 4.25 billion. The number of employees at the end of the year was 6,434.

The Tax Administration's Budget	Budget	Accounts
Operating costs	4 250 573	4 084 684
Specific operating costs	115 400	110 770
Major IT projects	132 707	78 833
Major equipment procurements and maintenance	85 773	12 459

(in NOK thousand)



Getting rid of the 'Post-it' notes

The purpose of the Kontinuerlig forbedring ('Continuous improvement') programme is to find good and efficient working methods. The goal is to get rid of as many yellow 'Post-it' notes as possible.

The wall is covered in several square metres of brown paper. White sheets of paper with large block letters describe a number of important core tasks in a value chain. Blue notes define some of the targets. The brown paper is peppered with yellow 'Post-it' notes.

'The 'Post-it' notes represent various problems, or rather challenges, for us to tackle,' says project manager Lucie Aunan.

Continuous improvement

Rationalisation, standardisation, continuous improvement – this is what the continuous improvement programme is about.

The programme maps challenges and identifies immediate actions to be taken in cooperation with representatives from all the regions. The purpose is to put new, labour-saving processes for the regions' work in place through various sub-projects.

'It is really about finding better ways of doing things,' says Lucie Aunan, who leads this project. 'The goal is not only to work smarter and save time, but also to improve the quality of the work carried out. We will achieve this by focusing on how time is spent and simplifying the work.'

It is the regions' own employees who decide on measures and arrange for them to be tested in the pilot region or regions. The programme is a driving force and facilitator in the practical implementation of improvement measures and contributes to the regions' learning good working methods from each other. Our long-term goal is to make identifying improvement possibilities and testing out measures a natural part of the day-to-day work of all employees.

That is how we do it here

It will be an important task for all sub-projects to define what is 'good enough' in terms of the quality of the tasks. Rationalisation must not be done at the expense of quality.

'We must work in a more uniform as well as more efficient way. Our pilot projects look for, among other things, things that we spend time on that are not important to the quality of the end product. No one wastes time deliberately, but maybe we spend time and effort on tasks that are impractical or not strictly necessary,' says Lucie Aunan.

Wants equal treatment

The organisation of the new Tax Administration in five regions makes it easier to achieve equal treatment. 'The reorganisation is a great opportunity to improve compliance with central guidelines and procedures. The discipline entities are not as not as split up as before, and it is easier to uncover the differences,' she states.

Continuous improvement

The programme's main focus is to rationalise and standardise work processes in the Tax Administration's service areas and to help to develop a learning organisation that continuously seeks to improve.

Process improvement means identifying challenges and bottlenecks and finding and testing solutions in limited areas at a time within one region. All the regions participate in this work in order to facilitate the transfer of good examples and create binding cooperation. The new work processes are then introduced in the other regions.



“The goal is to find improvements that will remove the yellow ‘Post-it’ notes,’ says Lucie Aunan, head of the continuous improvement programme”.



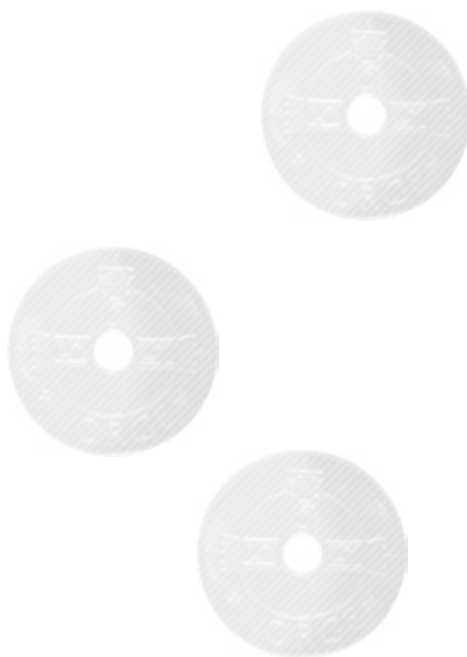
THE FIVE STRATEGIES:
From 2005 – 2010, The Norwegian Tax Authorities will be based on the following 5 strategies:

- Transparency
- One step ahead
- User-friendly public sector
- Quality culture
- Expertise

The chart illustrates a work process. The yellow ‘Post-it’ notes contain examples of challenges that arise during the process.



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