

Taxing Energy Use 2018

Norway

This note describes the taxation of energy use in Norway. It contains the country's energy tax profiles, followed by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). The note contains four energy tax profiles for Norway:

Figure 1: Effective tax rates on energy use in national currency and EUR/GJ, 2015, including electricity output taxes and energy use from biomass

Figure 2: Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, including electricity output taxes and energy use from biomass

Figure 3: Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

Figure 4: Effective tax rates on energy in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass

The main insights from the second vintage of the *Taxing Energy Use* database, including a systematic comparison of patterns of the taxation of energy use across countries, sectors and fuels are available in *Taxing Energy Use 2018* (OECD, 2018) at: <http://oe.cd/TEU2018>.

1. Energy tax profiles for Norway

Figure 1. Effective tax rates on energy use in national currency and EUR/GJ, 2015, including electricity output taxes and energy use from biomass

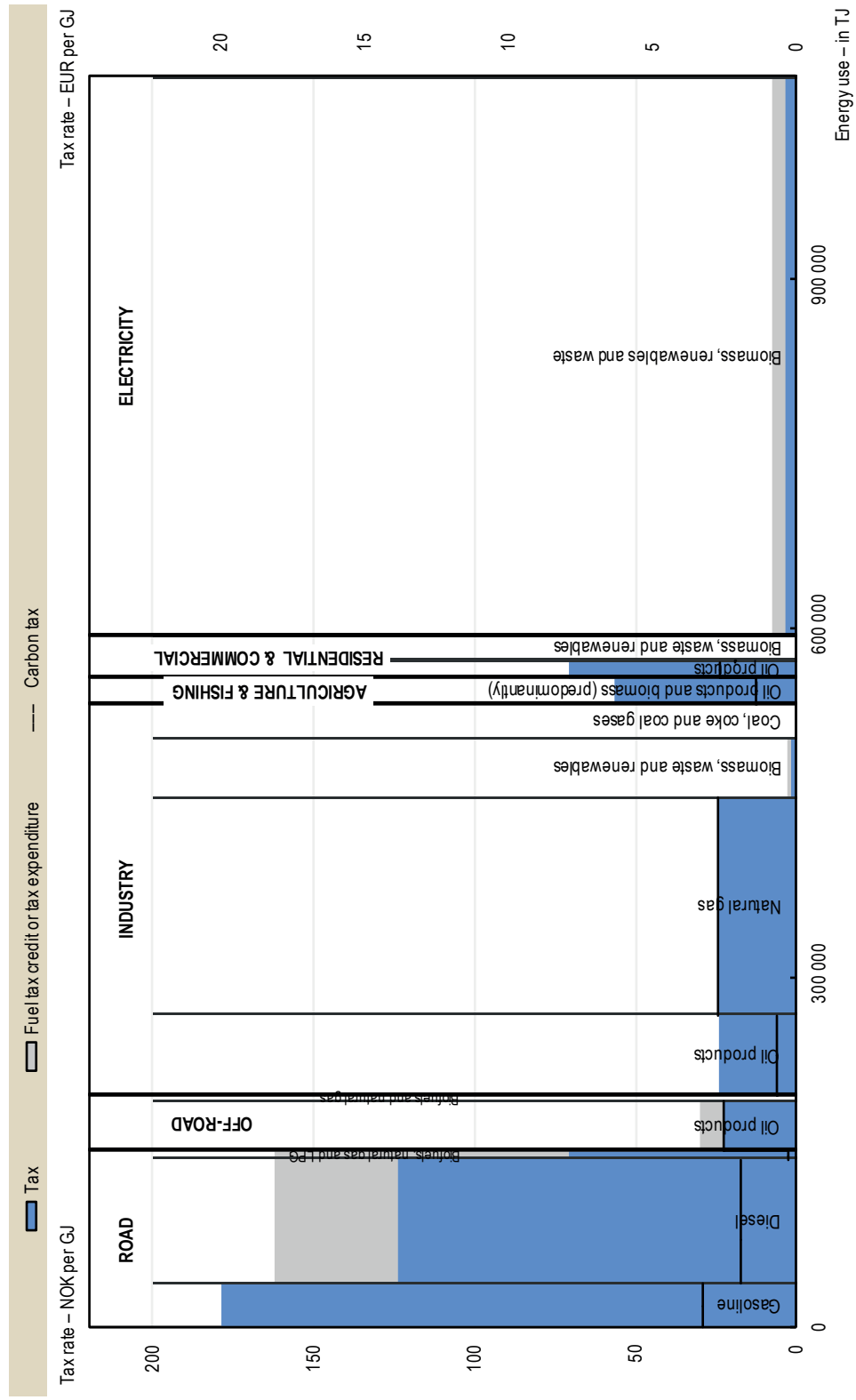


Figure 2. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, including electricity output taxes and carbon emissions from biomass

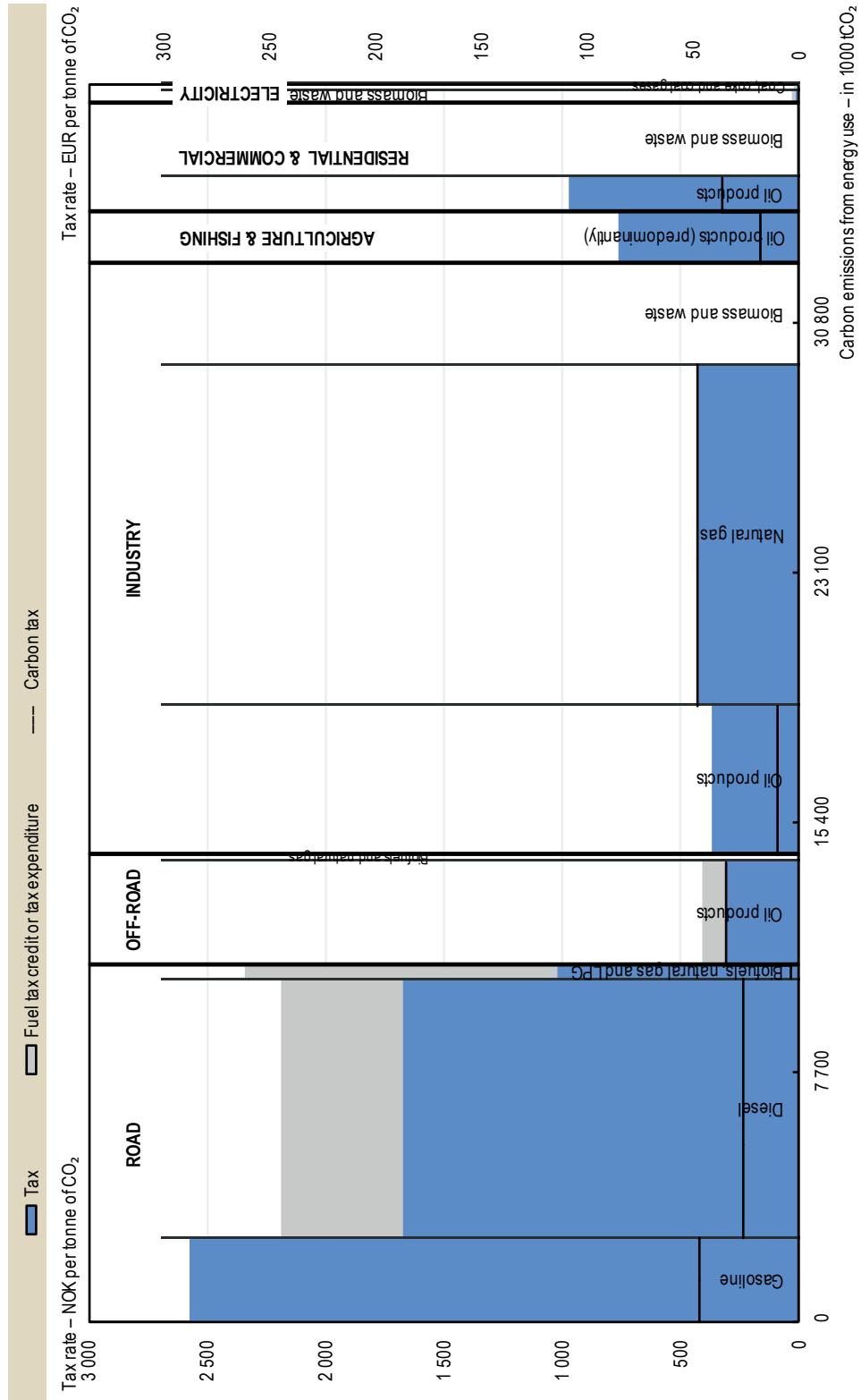


Figure 3. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

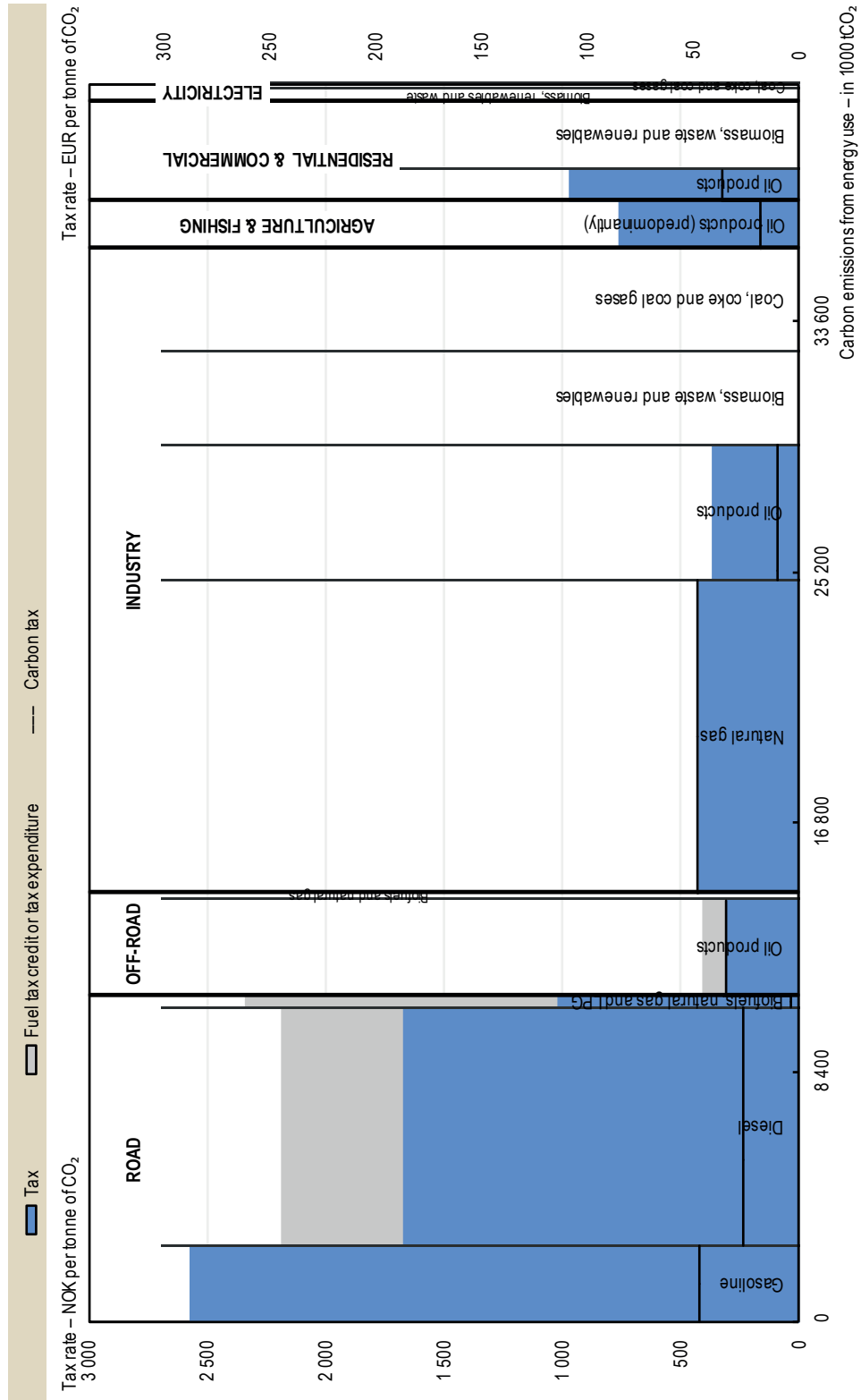
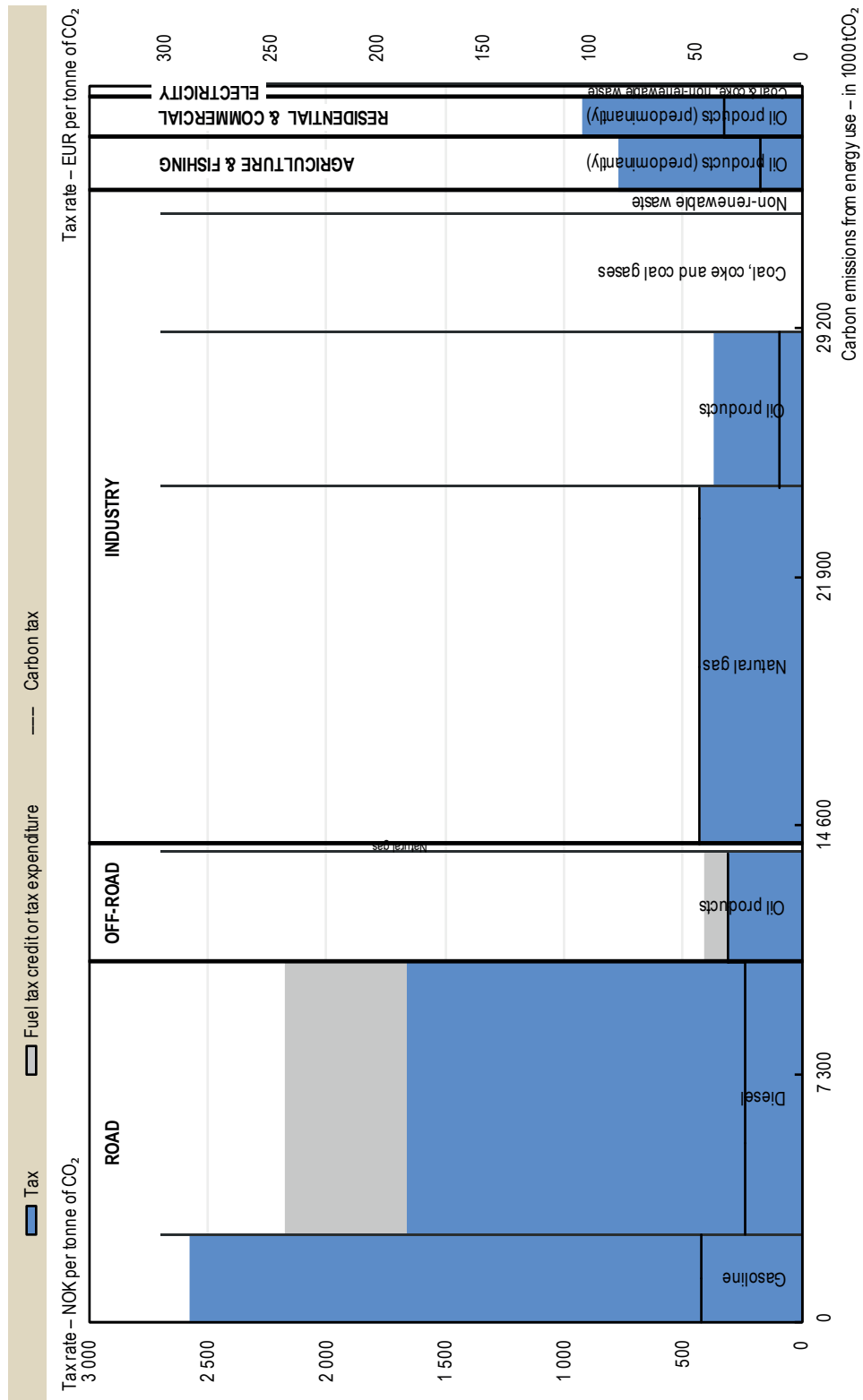


Figure 4. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass



2. Country-specific notes

This note describes the taxation of energy use in Norway. It contains the country's energy tax profiles, accompanied by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). Tax rates are those applicable in April 2015, energy use data are for 2014.

The data shown in the energy tax profiles is from the OECD's *Taxing Energy Use* (TEU) Database. More detail on the TEU Database, the calculation of effective tax rates on energy use and the interpretation of the energy tax profiles can be found in *Taxing Energy Use 2018* (OECD, 2018).

Norway participates in the European Union emissions trading system (ETS), not shown in the energy tax profiles.¹

Energy and carbon taxes

The main taxes on energy use in Norway are the following:

- The road usage tax applies to gasoline, diesel and biofuels when used in road transport. Gasoline used outside of road transport is taxed at the same rates as in road transport.
- A CO₂ tax applies to oil products and natural gas across all sectors, at a general rate of NOK 337 per tCO₂. Coal is not subject to the carbon tax.
- The mineral oil tax applies to oil products used in the manufacturing industry and fishing.
- Electricity output is taxed (per MWh), at a higher rate when electricity is used in households, non-residential use of electricity is subject to a substantially lower rate, and electricity used for rail transport is exempt from the output tax.

The rates at which these taxes apply can differ across fuels and different users, as described below.

These taxes are included in the energy tax profiles of Norway, but the tax on electricity output is only included when separately indicated (see below). Where more than one tax rate applies to an energy user or fuel, the energy tax profile shows their sum.

Effective tax rates on energy use for different fuels and users

The tax rates on different fuels and uses are linked to Norway's energy use² to calculate effective tax rates on energy use (in NOK/TJ and EUR/TJ) or CO₂ emissions from energy use (in NOK/tCO₂ and EUR/tCO₂). Energy use and the CO₂ emissions associated with it are shown for six economic sectors: road transport, domestic offroad transport, industry, agriculture and fishing, residential and commercial, and electricity.

The Norwegian energy tax profiles (Figures 1 and 2) show effective tax rates for different fuels and uses in terms of the fuels' energy and carbon content, respectively. Figures 1 and 2 include energy use and carbon emissions from biomass and they show output taxes

1. The OECD's [Effective Carbon Rates](#) contains information on emissions trading systems.
 2. Data on energy use is taken from the IEA's *Extended World Energy Balances*, see Chapter 1 of *Taxing Energy Use 2018* (OECD, 2018) for additional detail.

on electricity. Figure 3 is identical to Figure 2, except that taxes on electricity output are excluded. Figure 4 excludes carbon emissions from biomass and taxes on electricity output.

- Of the six economic sectors, fuel use in the **road** sector is taxed at the highest rates, both in terms of the fuels' energy and carbon content. Within the road sector, gasoline is taxed at the highest effective tax rate, diesel is taxed at a lower rate in terms of TJ and in terms of CO₂, with the difference being reported as a tax expenditure. Biofuels are also taxed under the road usage tax, but since they are not subject to the carbon tax, statutory and effective rates are lower. Natural gas and LPG for road use are taxed too, but these fuels account for a minor share of energy use and carbon emissions in road transport.
- Fuels used in **offroad** transport are subject to the carbon tax, but rates vary. Fuels used for domestic aviation are taxed at slightly higher statutory rates than fuels used in domestic aviation and rail transport. Natural gas used in shipping is exempt from the carbon tax.
- Fuels used in **industry** are subject to the carbon tax and the mineral oil tax, but statutory and effective rates vary across fuels and users within the industry sector. The tax rates on the fuels used in the industry sector are included as follows:
 - Oil products are subject to the general carbon tax rate, but oil products used in the wood and food industry are subject to a lower rate.
 - Tax rates on natural gas vary across different users in the industry sector:
 - Natural gas used in oil and gas extraction is covered by a high carbon tax rate (NOK 427 per tCO₂, in 2015), in addition to being covered by the EU ETS (not included in the energy tax profiles).
 - Natural gas used in manufacturing is covered by a lower carbon tax rate (NOK 25 per tCO₂), in addition to being covered by the EU ETS (not included in the energy tax profiles).
 - LPG use in the industry sector is not taxed under the carbon tax.
- Fuels used in **agriculture and fishing** are subject to the mineral oil tax and the carbon tax, but oil products used in fishing are taxed at a reduced rate under the mineral oil tax.
- Fuels used in the **residential and commercial** sector are subject to the mineral oils tax and the general carbon tax rate.
- Fossil fuels used to generate **electricity** are subject to the carbon tax, but they account for a very small share of the generation mix.

Electricity output in the residential sector is taxed at a relatively high rate (NOK 136.5 per MWh), whereas electricity used in the industry sector is taxed at NOK 0.0045 per MWh. Electricity used to power trains is untaxed.

Reported tax expenditures and rebates

The following tax expenditures are included in the *Taxing Energy Use* data for Norway:

- Biodiesel for road use is taxed at a reduced rate under the road usage tax, compared to its fossil fuel equivalent.

- Rail and marine fuels are subject to a reduced carbon tax rate, compared to other fuels used in offroad transport.
- Natural gas use in the industry sector is taxed at a reduced rate, compared to natural gas use in the residential and commercial sector.
- LPG use in the industry sector is not subject to the carbon tax.
- Diesel used in the construction industry is untaxed.
- Oil products used in the wood and food industry, and when used in fishing activities, are subject to a reduced rate under the mineral oil tax.

Reported tax expenditures or rebates might be averaged with tax rates on other energy uses, in which cases they are not visibly identifiable in the graphical profile. Additional detail on the treatment of tax expenditures is available in Chapter 1 of *Taxing Energy Use 2018* (OECD, 2018).

Sources

The main insights from the second vintage of the *Taxing Energy Use* database are analysed in:

OECD (2018), *Taxing Energy Use 2018 – Companion to the Taxing Energy Use Database*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264289635-en>.

Apart from the general sources included in OECD (2018) and consultation with national delegates, no country-specific sources were used.