Starting your Own Business

Contents of this Guide:
- Introduction ................................................................. 1
- Clarifications ................................................................. 2
- Planning ........................................................................... 5
  - The Business Plan ......................................................... 5
  - Form of incorporation .................................................... 7
  - Permissions ....................................................................... 7
- Clarifications and tips ......................................................... 7
- Establishment .................................................................... 8
- Growth ............................................................................. 12
- Glossary ........................................................................... 14

Remember that during office hours you can receive help, free of charge, from our experienced business advisers through Altinn's Business Information Service: Toll free number +47 800 33 840.

Introduction

You are considering starting your own business. Congratulations!
The Government is focused on establishing of new businesses: "Norway shall be one of the most innovative countries in the world, where resourceful and creative enterprises and people are given opportunities for developing profitable business." (The Government's Plan for a Comprehensive Innovation Policy: 5.12.2003).
There are several instruments which in different ways can help during the process leading to self-employment, and furthermore help you with all possible questions in the years thereafter. Among these "helpers" are primarily Innovation Norway and Altinn / Start and run business.
We can help you in different ways. It is important that you forward towards establishing not only do things right, but that you also do the right things.

Many new businesses
Annually, around 30-35 000 new companies are recorded in Norway. After five years, as many as 50-60 % of these are discontinued! Figures speak and all experience therefore tell us that it can be tough to start an own business. The starting of your own business is usually the result of a solid piece of work, based on your personal and professional qualifications, good financial management, a lot of determination and great patience. And after, when the business is in operation: a solid portion of can-do features.
When all this is present in suitable amounts, most people experience the joy of having created something for themselves, the pleasure to carry on with something that others request and are in need of - and finally the joy of being able to harvest the economic fruits of own efforts.
In this guide business establishing is described as a linear process: from idea or desire to start an own business, until the company is well underway. But remember that reality is not linear, especially in the initial phase. During the process you will experience that you have to move two steps forward and one step back. Yes sometimes one step forward and two steps back. The reason is of course that many factors are interrelated and works interactively: In the process you're about to enter in to now, you will
certainly and repeatedly get to experience that and that you for many reasons have to go back and reconsider the decisions you made earlier.

**Depth study in links**

For good reasons, we do not intend to repeat information located elsewhere, neither in Altinn nor such as on the website of Innovation Norway. However, we will link to such sites. In many ways, this guide will be an overall process description with links to relevant information both within and outside Altinn.

**Call if you have any questions**

We would recommend you to read further in this guide and take a look at the topics we link to. But if you right now are in more need to talk with a human rather than with a machine, then you can call toll free (from landlines in Norway) to Altinn's Business information Service; +47 800 33 840.

At the Business Information Service you will encounter (during office hours) experienced business advisers. They will be able to show you which topics you especially should be aware of. A lot of the information you will receive you also will find on the Internet, so we recommend you to sit in front of a computer with Internet access, when you call. That way we can guide you to the right information.

Another tip is to contact The Municipality to discuss your business idea. Here you will have the opportunity to discuss your business idea with a supervisor first hand, and get tips and guidance on how to proceed in order to realize your idea.

Good luck with your work.

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**Clarifications**

People who succeed as entrepreneurs, and later have success with their companies, usually have some common characteristics:

- They take initiative, and they like to be in charge
- They are open to new ideas, and create and develop opportunities
- They are optimistic, extrovert, curious and dare to break patterns
- They have good self-esteem, and know their weak and strong points
- They are persistent, and set goals that they reach
- They are good listeners to people's needs, and able to build relationships with the outside world

Do you recognise yourself in this description?

**You must know what you are able to do - and what you are unable to do**

The ideal is of course that you nod yes to all the features we mention above. It is not enough to be open to new ideas, if you are not at the same time enduring and can set yourself achievable goals. But now the world is rarely ideal. Pay especially attention to one of the perhaps most important features: You should know your own strengths and weaknesses. Do you have this ability, will you be able to supplement the areas where you are weak: For example, a skilled craftsman, but neither like nor understand finance and accounting, then you should find someone who can do this job for you instead of spending too much time and effort to try to do it yourself. Your time is valuable. Use it to earn money on the things you can.

You can do a little "self-test" on what your strengths and weaknesses are by means of a SWOT analysis. The four letters SWOT represent the words Strengths, Weaknesses, Opportunities and Threats. This analysis will give you an overview of your situation and your own resources, both those in favour and especially those who are against you in your situation as an entrepreneur.

**Product / Service**
You will be selling products or services - and living off the profits of this sale. In this clarification phase it is important that you are specific when describing your products or services: Be precise when you write down what you are going to sell or perform, how you will deliver it to your customers, etc. Only in this way can you get valuable feedback in terms of whether there is a need for what you offer, if requirements are met by other products/services, if the price is acceptable, and such. In this phase it is also important to be sensitive and open to customise products/services so that you are sure that you "meet" the needs of the customers.

The market
In an initial phase, it is important that you obtain as much knowledge of the market as possible. Who are your customers? Do you have strong competitors? How large is the market in volume and over time? The reason is of course that you must make an initial and overall assessment of the need for services or products, if the needs are met by other providers, products or substitutes: In other words, if there are many who would like to buy these? You must therefore be reasonably sure that you have the products/services demanded by enough, and that they are willing to pay a satisfying price before you invest a lot of time and money in the project. Later on in the process you must do a much more thorough job, in for example the marketing plan.
Initially, you must also make sure to have enough knowledge about the industry you are to operate in.

Experience
You should obtain all forms of experience regarding what you would like to start with, but consider both positive and negative feedback with equal interest. Some of the advice may save you from making costly mistakes and wasting both money and time.
Talk to people that you trust and people who know the market or the industry you intend to make a living of. Consult initially also with banks and financial institutions about their experiences. Ask your potential customers (and preferably look for the most critical and honest ones), and remember it is easy and without obligation for potential customers to say that they want to purchase goods or services. Experience show that it is much harder to open the wallet the day it becomes a reality. You should be realistic steadfast and true to your plan. But make sure that you are not blindly in love with your own business idea. Then you will only listen to those who agree with you, and close your ears to serious objections.

Commitment
Many entrepreneurs would state that "stayer ability" is one of the most important personal qualities you need to have. You have to want, you have to take responsibility and you must be persistent. First, you have to be "determined" enough to develop your idea. Secondly, you should take responsibility for your own learning in order to acquire enough knowledge to develop your own business plan (whether it is 5 pages or 150 pages). After registration you will have to provide for the daily operations and see to that your job obligations are done, that you sell enough, make sure invoicing is done and that money is coming in.
The transition from an employee or student loan financed student to self-employed can be great for many. As an employee the wage is received once a month whether you have had productive days, or they have been less productive. As a trader, you must take responsibility for your own earnings. It goes without saying that you should have a good sense of self-will not only to stand up, but also to stand on.

Network
In connection with your business start-up, use your personal network in a good way. You probably know people who can give you suggestions and ideas, be appropriate to have on the Board or - if you choose a form of incorporation without a Board - could sit in a formal or informal "advisory board" that can provide input to the business start-up phase and operation.
You can also use friends of friends. Do you know 15 people; they again will be able to know a number of people you can draw on as advisors before, during and after the business start-up and in the process of financing the company.
We do not have cultural tradition to use personal network in this way. But try. It could prove to be invaluable in the start-up phase.
Finance
Many entrepreneurs obtain starting capital from relatives, family and friends. The majority must also obtain capital from banks or financial institutions. Here the history either can be against you or it could be beneficial for you: If you have an orderly relationship with money and you have access to capital and enough faith in the project that you are willing to go in with equity, then your position will be far stronger in dialogue with the bank than if you start at zero.

Many financial institutions will only to a limited extent be able to assess the product-/service idea, but they can evaluate your person and what you stand for. A successful business start-up is much linked with the personal characteristics of the entrepreneur, this can be critical whether you get a yes or a no, to the financing of your project. Here we return to the ability to see your own strengths and weaknesses. In some cases it may be smart to go into partnership with others who have greater financial muscles and can handle the financial piece of the business in a better way than you.

Courage
Experience can be healthy - and it can be deadly: "No, that we have tried earlier and it did not go well." "No one has done it before, so it is not possible." Experience can be defined as "knowledge as a result of observation, perceiving, etc."
It is natural that many entrepreneurs embark on a voyage where the zeal and enthusiasm can be significantly larger than experience. And so it must be. The world is full of examples of ideas that were doomed by others in the beginning, and that turned out to be just fine. Progress is based on the fact that someone dares and that they have courage.

Just do it!
You can think and plan from here to eternity, but in some cases you finally just have to do it.

Things Take Time
You must be prepared that things can take a long time. It's not just an inconvenience. For instance, when you in a little while get started with your business plan, it is not just about putting some words down on paper and to do some calculus exercises. More important is the process of thinking, maturing and adjustment. And some matters are actually better off when matured. Wine is one of them. Business plans another.

Some entrepreneurs lay the golden egg: They hit the market with product, price and demand. Others may have overestimated the demand in the market and experience a downward vicious spiral: one sells too little, one earn too little money to conduct active marketing, and thus one is too little known in the market with the result of even less sales...
It may be advisable to have such a "worst-case scenario" in your thinking regarding the start-up. Then you will be mentally prepared, and that's why you should implement such a model in your budgets. Capital drought is unfortunately causing many to give up before they get seriously started. It is important to have the necessary financial resources in the critical phase just after start-up. Once established, you must at least in an initial phase, expect to spend significantly more time in your business than you normally would as an employee. For some this is a necessity for survival. It is after all an investment for the future.

But unfortunately, for some people it is a kind of a lifestyle. Unless they really need to, they work most of the day and forget both weekends and holidays. If you are at risk of becoming this type, you may have a serious talk with yourself and ask yourself what you really want with your life?
Planning

In the book "Alice in Wonderland" is little dialogue:

"Would you tell me, please, which way I ought to go from here?"
"That depends a good deal on where you want to get to", said the Cat.
"I don't much care where--" said Alice.
"Then it doesn't matter which way you go," said the Cat.


This slightly absurd conversation is intended as a contrast to the work you are about to embark on. To start your own business you need to know as a starting point where you stand, you must be clear about where you want to go, and you should as far as possible know how and what it takes for you to get there. It's that simple, basically. This is about strategic planning, and this is what a business plan is all about.

All experienced entrepreneurs are crystal clear that the process towards, and the preparation of a good and thorough business plan is the best means for you to decide on the establishment of your own business and to be successful if you decide to establish.

Such a plan would also be your most useful tool in dialogue with banks, investors, and partners such as Innovation Norway. The plan should contain all that is necessary for others to decide whether they will support you in your future work with your own business. Do not copy and paste from other business plans. This is your plan. Allow it to be personal.

Through writing this down on some sheets of paper, you are forced to clarify for yourself – and later to others - what you really mean, and through simple spread sheet models simulate the economy in the business for a number of years ahead.

The Business Plan

The term Business Plan can probably evoke different associations. It is hardly without a reason that so many people choose to "dive into deep water" without checking their swimming ability, i.e. to start without writing a business plan.

It may be important to emphasise that:

- A business plan is essentially an exercise or "simulator" that clarifies significant issues with the aim to clarify whether you should start your business. And, after the company is established, reduce the risk in the first critical phase.
- A business plan should not be larger or more complicated than it needs.

Main points

How comprehensive and voluminous a business plan needs to be depends on many factors: The size of the business, the complexity, the financers, etc. But anyway, a business plan will mainly consist of the following points:

**Summary:** What do you intend to sell? Who is responsible? What is your market?
The abstract should not exceed one A4 page.

**Initiators:** Personal information, contact information, ownership. Who is behind the idea, who supports it, and do you cooperate with experienced resource persons?

Organisation and management: Form of incorporation, ownership, staffing and location.

**Business idea:** What do you intend to sell? The business idea should be very short and concrete describe what the company aims to do, as well as what is unique about it. The
business idea should be so ambitious that the business has something to strive for. Work with the business idea so that it reflects the needs of the selected customer groups. Far too many are too product oriented.

**Product Description:** A brief description of the products and services you intend to offer. What advantage will these provide for your customers? Make sure to emphasise personal advantages.

**Market evaluation:** Description of customers, competitors, market, marketing and sales actions / channels. Be realistic with your prognoses. Many people fail to check the market basis well enough or they overestimate it. It is foolish to fool the bank, but it is even worse to deceive yourself.

**Budget and start-up financing:** Investments, sales budgets / estimates, financing plan, cash flow budget. With the budget you try to simulate what you think will happen to your business in the coming year, and how this will affect you financially. Budget Simulation can be a very useful exercise in "what if I do this or that?"

Read the [Budget Guide](#), and see particularly Cash flow Budget. (At the moment only in Norwegian)
See document template [Cash flow Budget](#). (At the moment only in Norwegian)
Check [here](#) and see if you can obtain government grants.

**Action plan:** Activity and work schedule in the start-up phase, with descriptions of purpose, method and who is responsible for implementation.

NB! Remember that the work schedule must be closely related to the budget!

**Other business plan tips**
Two heads are almost always better than one: Seek help from others, sign up for an entrepreneur course, find user groups on the Internet, get help from people you trust or buy professional assistance.

Anything you deliver must be up to standard goals both in terms of content, form and quality. To submit a business plan for a financial institution, such as Innovation Norway, bank or others, the executive officer will be able to see if this is a thorough and serious plan and if there is a red line through your writing. In addition, they will evaluate if the market data and facts are in accordance with reality, whether budgets are correct - and if the plan otherwise is "clean and tidy". There are many ways to show credibility. This is one of them.

Imagine that you worked in a bank, and that one day a total stranger walked inn and wanted to borrow a lot of money to start a business. What questions would you ask, and what would you like to be documented before considering such a request?
If you were employed in a bank you would hardly have great faith in a person who came up with a vague idea, with incomplete information and insufficient budget, would you?
Remember that you usually do not get a second chance: First impressions are lasting.

**Tips:**
Also check with your nearest Innovation Norway office whether there are any organised entrepreneur courses.

Here you will find a [simple business plan template](#) from Altinn. Depth information regarding the business plan you will find in the [Guidelines to business plan template](#).
Form of incorporation
Choosing form of incorporation will be one of the first questions that arise when starting your own enterprise. You should consider this question thoroughly and obtain good advice on what form of incorporation that may be best suited for you.

Why is this so important?
Because the choice you make will have a major impact in terms of responsibility, risk, tax, rights and obligations, in addition the freedom you have to dispose of its assets.

When creating a business, the choice usually stands between sole proprietorship, general partnership (ANS or DA) and limited company (AS). Which legal form you choose will depend on whether you establish the business alone or with others. Further information about the various forms of incorporation you can find in Altinn.

Permissions
Some types of business activities can be started without any approval from the government. Other types of business activities are regulated by laws and regulations, and this may require an authorisation, license, permit or approval. You must for example be officially approved to establish a medical practice. To start a hair salon, there are requirements to the premises and you must notify the Municipality before activity commences.

Another example would be the requirements for operation of a campsite. A camp site may require discharge permit (toilet facilities), to run a café you must have licence to serve. The general manager of the establishment must pass a “Food Services Act knowledge test” etc. To avoid problems, you should check whether the type of business activity you are planning is subject to some form of regulation, and if it requires some form of authorisation. An overview of this can be found in Altinn, “Do you have to ask permission”.

Check, and if you are in doubt, call the Altinn’s Business Information Service (+47 800 33 840) during office hours.

Clarifications and tips
You must be of legal age
To operate a business, you must be over 18 years old (there are exceptions). If you are a foreign national, you must apply to obtain a D-number - which is a "national identity number" for foreign nationals.

Business or hobby activities?
For your actions to be regarded as business activities, they must involve transactions of an economic nature. What you do must show the potential of producing a profit. The activity must also be of a certain scope and be intended to continue for a certain length of time. If not, the Tax authorities will consider this as a hobby, and you lose, among other things, the right to deduct expenses in the tax return. Remember that individual and more random assignment does not make you self-employed?

If there is doubt whether it is business or hobby activities, the tax office could determine whether it is one or the other.

Employee or self-employed?
Whether you are running a business or what you plan to do is in fact paid employment, is an important distinction in many rules of law. It may be difficult to draw the line between the two. If you intend to own your own operating equipment, decide your own working hours, retain several customers for a long period and assume financial risk, you are probably operating a business. If, on the other hand, you intend to work for a single client who makes the equipment available and decides when and how the job is to be done, you are deemed to be employed by the client.

Read more about employment or business here.
Establishment

Before you get started, there are some formal requirements that must be met. There are strict requirements both towards you and your business, but you can also view this as a security, which makes the operation easier when you have everything in place.

Name

The name of a company is regulated by the Business Name Act. The minimum requirement is a name consisting of at least three Norwegian letters, numbers, orthographic signs and possibly the abbreviation identifying the type of company. Thus, ABC and 2BIAS DA are legal names, but not CO2 AS. For sole proprietorships, the rules differ somewhat. Here the proprietor's family name must be included, e.g. HANSEN’S BAKERY.

Read more about the choice of names here.

Name rules for single proprietorships.

Registration

To run a business you must in most cases be registered in the Central Coordinating Register for Legal Entities. After registration you will be assigned an organisation number that you use in your business documents and to communicate with the public. For example, you will not be able to open a bank account for the business, have employees or be registered in the VAT register, if you do not have an organisation number.

Registration in the Central Coordinating Register for Legal Entities is free of charge.

Registration in the Register of Business Enterprises

The Norwegian Business Enterprise Registration Act lists a number of forms of incorporation that have a duty to register with the Register of Business Enterprises. Roughly speaking, the duty applies to enterprises with limited liability (e.g. limited companies) and to all entities engaged in business activities, with the exception of most sole proprietorships. Sole proprietorships are only obliged to register with the Register of Business Enterprises if they operate resale of purchased goods or have more than five employees.

Other sole proprietorships can register voluntarily if they fail to meet the registration requirements. On Altinn / Start and Run Business, you can read more about voluntary registration in the Register of Business Enterprises. A fee will be charged for registration in the Register of Business Enterprises.

You have to use the “Coordinated Registration Notification form”, for all registrations in The Brønnøysund Register Centre.

How to register a sole proprietorship

If you wish to register a sole proprietorship, you must be engaged in business activity, i.e. the commercial activity must be suited to make a profit and be of a certain scope for a certain period of time. There are no absolute limits, but you will not get an organisation number on the basis of activities that are purely a hobby.

All sole proprietorships can register free of charge in The Central Coordinating Register for Legal Entities. They also have the right to register in The Register of Business Enterprises. If the sole proprietorship has at least five employees or operates resale of purchased goods, it has a mandatory registration obligation in The Register of Business Enterprises.

You can register a sole proprietorship electronically via Altinn. A list containing requirements for attachments for registering in the Central Coordinating Register for Legal Entities can be found here and for registering in the Register of Business Enterprises can be found here (both lists are only available in Norwegian).
How to register a partnership ANS / DA?
All partnerships (ANS / DA) must be registered in The Register of Business Enterprises. The partners are obliged to enter into a partnership agreement, which must be in writing and dated and signed by all the partners. There are certain minimum requirements relating to the content of the agreement. Among other things, it must include clauses describing the partnership's object and the value of the partnership contributions. For general partnerships with joint and several liabilities (ANS), the partnership agreement must state that the partners are jointly and severally liable for the company’s obligations. For partnerships with shared liability (DA), it must be clear what proportion of responsibility each partner is liable for. A partnership (ANS/DA) can be registered electronically via Altinn. A list containing requirements for attachments can be found here (only available in Norwegian).

How to register a limited company (AS)
All limited companies must be registered in The Register of Business Enterprises.

Requirements for attachments on formation of limited companies are:
- Memorandum of association and Articles of Association
- Confirmation of payment of capital (from auditor or bank)
- Auditor confirmed opening balance sheet (with non-cash contributions) prepared in accordance with the Accounting Act
- Alternatively, declaration of acceptance from the auditor

A limited company (AS) can be registered electronically via Altinn. A list containing requirements for attachments can be found here (only available in Norwegian). Further information about registration of different forms of incorporations, can be found here.

Value Added Tax (VAT)
VAT is a sales tax calculated on all links in the sales chain. The state levies VAT on goods and services sold in Norway. All links in the production and sales chain shall pay VAT on the sale/value with a deduction for the VAT they themselves paid on purchasing the goods (input VAT). In practice, this means that each link in the chain pays tax on the value added by that link.

The VAT rate is 25%, with the exception of food and beverages, for which it is 15%, and passenger transport and cinema tickets, for which it is 8%. The 8% VAT rate also applies to accommodation (hotel, letting of rooms and cabins, etc.).

However, there are exceptions to the rule that it should be calculated VAT on all sales. There are two categories of exemptions. There are exemptions without credit for input tax, and there are also exemptions with credit for input tax called Zero-rated supplies. Some services, such as health services and education, are exempt from the calculation of VAT without credit for input tax. Sales of goods abroad are exempt from VAT with credit for input tax. You will find more information about VAT exemption in the Norwegian VAT Act or Norwegian Tax Administration.

The main difference between the two exemptions is:
1. Exemption without credit for input tax
   a. The suppliers of such goods and services are not permitted to charge VAT and do not get credit for input VAT on purchases for the exempt (part of the) business.
2. Exemptions with credit for input tax
   a. A zero-rated supply falls within the scope of the VAT Act, but no output VAT is charged since the rate is zero. The provisions of the VAT Act apply in full for such supplies, including the regulations relating to deductions for input VAT.

Organisations that are liable for VAT should state the revenue to the tax office six times a year. Here, the turnover from the term is stated. Input VAT is deducted from output VAT, and the difference shall be paid to the tax authorities. Businesses with low turnover have the opportunity to apply for an annual tax settlement.

A newly started company will normally not be subject to VAT at once. In order to be registered in the VAT Register, the company’s turnover must exceed NOK 50,000, - during a period of twelve months. It
is only when the business has reached the limit that it should be calculated VAT on sale. Sales before registration are exempt from VAT. But even if your business is exempt from calculating VAT, it will, in accordance with the regulations, be entitled to deduct input VAT from the starting date.

When the business is registered in the VAT Register, one can apply for VAT reimbursement on purchased goods and services by the State. This is called retrospective VAT return. A prerequisite for a retrospective fee settlement is that the goods are not sold on before the VAT registration and that the procurement of acquisition was used within the taxable activity. The maximum period for retrospective settlement is three years.

Companies with high investment costs in the initial phase (over NOK 250,000), have however, the possibility to apply for a pre-registration in the VAT register. Then the business will have ordinary VAT settlements from the time of registration although it hasn’t had any turnover in business.

**Tax**

When you start your business, you must contact the tax office in order to calculate advanced tax payments based on expected income. The payments are distributed and paid four times a year. It is the form of incorporation that determines who is to pay tax:

- If you run a sole proprietorship, you and your company are regarded as the same, and it is you who must pay advanced tax to the Municipality.
- As an employee in your own limited company (AS), you are a salaried employee of the company and receive a salary every month, excluding withholding tax, while the company pay tax under the current rules.
- Are you a salaried employee whilst you are in the start-up phase of a sole proprietorship, you can deduct the loss from your business income, given that you in the initial phase have higher expenses than income in your business. You can read more about company tax [here](#).

**Marketing**

Now you have an on-going business and hope that customers will start coming. Most people have to work a bit before they get that far. We would recommend that you do some reading about marketing.

Many companies can also achieve good visibility using the media as a channel for news, commentary, articles, and such. Aside from the work effort, this is free PR with high credibility. A good media strategy can be very profitable for a start-up company.

**What do you do before the earnings come?**

For some, unfortunately, time after establishment can be difficult. Perhaps the cash flow budget does not entirely match with reality, maybe the costs are too high and revenues too low or the cash inflow is too slow. With higher costs than revenues you will have to draw on the reserves, if you have it.

A realistic cash flow budget should have predicted such an outcome. Then you will have prepared yourself and put aside reserves to manage through the first phase. A good bank or financial institution should have contributed so that you have the financial reserves to manage through an initial phase of high costs and low returns. Anything else is irresponsible. However, both large and small companies may experience periods of almost empty bank balance and on-going expenses. Do you have a good relationship with your bank, you should discuss the matter with your contact person, and preferably before a problem arises. In some cases, you may get an approval to overdraw the bank account within a limit and a certain period. In other cases, the bank may ask you to create overdrafts. If you have the possibility, try to avoid creating a permanent overdraft, and in any case, cut the arrangement when you are back on your feet again. It’s too expensive.

**Invoicing**

It is important that you from the very first day introduce systematic business and invoicing routines. As mentioned earlier, you should seek advice with respect to introducing adequately procedures which at the same time satisfy the government’s requirements and your requirements to overview and order. Hence, how you should administrate and control the amount of hours and goods in production, and ensure that these are included on the invoice to the customer?
Here are some issues you need to consider: How often do you invoice? What terms of payment should you use? How will you pay your incoming invoices? Incoming and outgoing invoices in addition to vouchers are strictly speaking not only your business documents, they are also regarded as valuables. Treat them accordingly!

Some companies have such poor invoicing practices that they simply forget to invoice deliveries. In other cases, we see that the invoices are so incomplete that it gives the tax authorities a basis to increase the income discretionary.

In our Guide to accounting we have included some requirements for an invoice.

Office work and accounting
It is important that you have good procedures and use necessary time on office work. If you have an orderly office management you can serve your customers better, and you'll probably spend less time on office work.

Trying to find a practical solution on how to organise incoming and outgoing paperwork can be a challenge in the start. Today there are many electronic software solutions on the market, but some can be too expensive for small businesses. You might want to get the best advice by contacting your network. It may also be helpful to contact the trade associations or other entrepreneurs to acquire experience and practical tips.

On The Tax Administration's website you will find a very useful leaflet with tips and advice for office work and bookkeeping. (This site is at the moment unfortunately only in Norwegian.)

The accounts
In general, all who operate businesses should keep accounts. This is stated in the Bookkeeping Act. The purpose of accounting is to be able to submit and document statements/returns as required by the authorities. Furthermore, the statements provide important information about the company's financial situation.

In the Guide to accounting we present a step by step for accounting, budgeting, reporting, invoicing, cash settlement and salary.

The purpose of the Guide to accounting is to give you an overview and give you the necessary information in order to make your own decisions whether to keep the accounts yourself, if you can prepare it after getting professional guidance, or if you should leave everything to an accounting firm. Often, the case is that you should do what you do best, and leave such an important area as accounting to others. But it is important that you study the most basic fields of bookkeeping in order to "understand what the numbers mean." You should also choose an accountant who can be an active advisor. The account is your best management corrective.

Appointments
In the Guide for employers you can also read about general topics in relation to being an employer. Here are topics such as: Employment, working hours and overtime, social security and occupational injury insurance, holidays, health, environment and safety, illness and various leaves of absence, temporary lay-offs, dismissals, references, calculation of social security costs and finally employing foreign workers.

Employer's National Insurance contributions
Anyone who has employees in its service is obligated to pay employer's National Insurance contributions of pay, holiday pay and other taxable benefits. Generally, you pay employer's National Insurance contributions of everything you have to deduct tax on. An important addition to this is that you must pay employer's National Insurance contributions for pension contributions, holiday pay, union dues and alimony (even if they have been deducted from the amount paid to the wage earner).

Further readings: Employer's National Insurance contributions.

Insurance

Sickness benefits
Anyone can get sick. As self-employed in a small business you and your business are more vulnerable than if you for example were an employed wage earner. Nobody can guarantee for their own health. With a little planning, you may secure yourself. As a self-employed you do not receive sickness benefits from the National Insurance the first 16 days you are incapacitated. From the 17th day you will receive 65 % of your income basis. If you want better sickness benefit coverage than 65 % from 17th day, you can take out voluntary supplementary National Insurance. Premium is determined as a percentage of your expected annual income. You can choose between different alternatives of coverage. As an employee, say your own limited company, you are per se an employee, and you therefore have the same rights as other employees. But, needless to say, if the company is dependent of your work efforts, the income will fail if you become ill. Occupational injury insurance If you have employees, you are obliged to take out occupational injury insurance! The insurance will cover accidents at work and occupational illness, and shall provide full compensation regardless of whether any is at fault. It is also important to remember that your home insurance will not normally cover injuries in your business. Therefore consider to take out relevant insurance, and have an annual review of the scheme. Obtain offers and include all the issues that are important to you in your business.

Growth
Be prepared that the first period in operation may be strenuous. Not just for a few weeks, but maybe for months and years. Then you'll really notice the benefits of having worked thoroughly with the business plan. But you also have to be able to take action on the fly and get help when this is wise.

New markets and new ambitions
As a newly established business, export and expansion are not probably the first things you think of. But in the medium term, it may be worth looking a bit beyond the market you have established yourself in. It may be regional, national or international expansion.

First and foremost is not to consider a geographic expansion before one has fully exploited the potentials of the domestic market. Ideally, you should have available production, capital and management capacity before you concentrate on other geographical markets. You should have a strong position on the domestic market in terms of customer loyalty and profitability.

Today exports and imports are far more than trade and import of goods to and from abroad. In an increasingly globalised world, even really small and new established businesses can without major problems engage in cross border trading. In some cases, international trade can be a part of the business concept of the establishment. It is more and more common to buy services in countries with high competence and low costs: With the Internet as a communication channel, an ICT company can buy affordable computer development knowledge from India.

Product development
Make sure you do not fall too in love with your business idea. Please be receptive to customers or others who make suggestions on how things can be improved. Ask and be inquisitive, and feel free to ask the "difficult" customers, those who are critical. You can get great ideas for changes and improvements which can take your products or services to the next level.

If you are in the development phase of a product idea, it might be smart to make thorough preparations, in terms of more systematic product development. Experience proves that the chances of success are much greater for those who do their homework. A study of 3,000 U.S. companies shows that those who make thorough preparations succeed with 75 % of their projects, while those who do poorly preparations only succeed with 30 %.
Development time for a product is typically 2-5 years. If you work systematically and do the necessary research in the beginning of the project, the risk of discovering things too late reduces and thus avoiding costly dead ends.

**Document Templates: Save time and money**

A number of conditions between businesses should be recorded in writing. In Altinn you will find a number of document templates / examples that you can use freely. Open the documents in your word processor and save them on your PC. Change the layout to suit your business and enter the desired text. You will thus have saved a lot of time and probably a lot of money.

Use professional help when necessary. But sometimes you can probably do the dirty work yourself so that you can manage with a shorter - and thus cheaper - consultation with an attorney.

**List of helpers.**

- Altinn Business Information Services
- Innovation Norway
- The Municipalities’ Business development departments
- Brønnøysundregistrene
- Entrepreneur Centres
- Business clusters / Incubators
- Innovation centres
Glossary

This glossary gives brief explanations plus the Norwegian terms and phrases of some of the terms used in this document.
In particular, terms used in relation to taxes are not always easy to understand. Some of those explained here are used in the document, but not all. However, you are likely to come across others in your dealings with the tax authorities.

Taxation

General income (Alminnelig inntekt)
General income is the sum of all taxable pay, income from self-employment and capital income less standard deductions and certain expenses with the exception of special deductions. Normal deductions are the minimum standard deduction (minstefradrag), deductions for travel between home and the workplace, child-care deduction and interest on debts.

Advance tax (Forskuddsskatt)
Self-employed persons pay tax in advance four times a year. These advance tax payments are calculated on the basis of expected income. Some wage-earners and pensioners with low income and high wealth or capital income also make advance tax payments in addition to tax deductions from pay or pension. Capital income includes income from interest and property rental. In the case of wage-earners and pensioners who pay advance tax, the amount is printed on the tax deduction card.

Employer’s contribution (Arbeidsgiveravgift)
Employer’s contribution is paid by employers to the National Insurance scheme. It is calculated on the basis of gross pay and allowances.

Tax on gross income (Bruttoskatt)
The tax on gross income comprises surtax and National Insurance contributions, and is calculated on personal income.

Property tax (Eiendomsskatt)
A municipal tax on different types of property. The municipality itself decides according to specific rules whether or not to impose property tax and the size of the tax.

Wealth tax (Formuesskatt)
Wealth tax is charged on net wealth. Gross wealth includes cash, bank deposits, shares, fixed assets, private cars, assessed value of real property, etc. Net wealth is equal to gross wealth less debt. A certain proportion of wealth is tax-free. Wealth tax is divided between the municipality and the state.

Tax certificate (Likningsattest)
The tax certificate accompanies the tax settlement notice. It shows general income and wealth, tax class and personal identity number. In the case of married persons, it also shows the spouse’s general income, wealth, tax class and personal identity number.

Certificate of pay and tax deducted (Lønns- og trekkoppgave)
The certificate of pay and tax deducted is filled in by the employer. It shows what the employee has received in pay and other allowances, such as subsistence allowance, company car, etc. during the course of the year. It also shows the total amount of tax deducted. The certificate of pay and tax deducted shall be sent to the tax authorities by the employer or remitter of pension or benefit by 20 January (31 January if submitted electronically via www.altinn.no) of the year following the income year with a copy to the employee or recipient of pension or benefit.

Value-added tax (VAT) (Merverdiavgift - MVA (moms))
VAT is an indirect tax on most goods and services.

Net tax (Nettoskatt)
Tax charged on general income. Net tax includes tax to the municipality and county as well as national income tax to the state.
VAT return (Omsetningsoppgave)
Statement sent to the tax authority (data input centre) by a business enterprise or self-employed person liable for VAT showing the amount of VAT to be paid to or refunded by the state. VAT returns can be delivered electronically via the Internet. VAT returns are dealt with by the Tax Office.

Pension points (Pensjonspoeng)
The pension points are awarded as a function of the income defined as the basis for calculation of future pension. This means that not all of the general income serves as basis for the calculation. Persons from 17 to 69 years of age may have income as mentioned above, based on employment or self-employment. The number of pension points decides the amount of additional pension received from the National Insurance Scheme.

Personal income (Personinntekt)
Personal income may consist of pay, pensions and/or personal income from active participation in business activities. National Insurance contributions and surtax are calculated in relation to personal income.

Surtax (Toppskatt)
A national income tax charged on personal income exceeding a certain amount.

Tax return for wage earners and pensioners (Selvangivelse for lønnstakere og pensjonister)
The tax return for wage earners and pensioners is submitted on a yearly basis. It is a statement of your income and wealth and serves at the basis for the tax authorities’ calculation of your taxes.

Tax return for self-employed persons etc. (Selvangivelse for næringsdrivende)
The tax return for self-employed persons etc. is the company’s statement of profit and loss in the last financial year. For sole proprietors, the business enterprise statement is the basis for calculation of the personal income of the owner, regardless of actual withdrawals from the company. For sole proprietors the tax return covers all aspects necessary to calculate the taxes for the owner.

National Insurance contributions (Trygdeavgift)
The contributions to the financing of the National Insurance scheme are calculated on the basis of personal income. Different rates apply for pensions, pay, and personal income from self-employment.

Organisations – Registers

Central Coordinating Register for Legal Entities (Enhetsregisteret)
The Central Coordinating Register for Legal Entities registers basic data about legal entities to coordinate information on business and industry that resides in various public registers. (http://www.brreg.no/english/registers/entities/)

Register of Business Enterprises (Foretaksregisteret)
The Register of Business Enterprises registers all Norwegian and foreign business enterprises in Norway. (http://www.brreg.no/english/registers/business/)

VAT Register (Merverdiavgiftsregisteret)
A register of all VAT eligible entities. The register is maintained by the tax authorities.

Personal and organisational Identity

Personal identity number (Fødselsnummer)
All persons registered as resident in Norway are allocated an eleven-digit personal identity number. The first six digits show the date of birth. The next three digits are individual identification numbers. They distinguish between persons born on the same date, indicate the century in which the person was born and the sex of the person. The last two digits are control digits.
**D-number**
The D-number is a substitute for the personal identity number held by all Norwegian residents. The number is necessary for all foreign persons holding positions in enterprises registered in Norway. If a D-number has not been allocated, the Central Coordinating Register for Legal Entities will requisition one from the Norwegian National Census Register (Sentralkontoret for folkeregistrering).

**Organisation number (Organisasjonsnummer)**
Nine-digit number used to identify companies, other legal persons and sole proprietorships. Organisation numbers are allocated by the Central Coordinating Register of Legal Entities (Enhetsregisteret).