



Resource rent tax on onshore wind from 2024



Jonas Aartun
Partner, Location Head Tax



Ingvar Gjedrem
Partner



Ole Kristian Grime
Advokatfullmektig

The Norwegian Parliament has reached an agreement on the implementation of a resource rent tax on onshore wind from 2024

After a week's delay, the Norwegian Parliament's Standing Committee on Finance presented its recommendation on the introduction of an onshore wind resource rent tax to the Parliament on 15 December. The agreement includes several positive changes to the tax compared to the government's revised proposal presented in October.

The main changes to the government's proposal are set out below:

- The effective tax rate is set at 25%, 10 percentage points below the government's proposal.
- For new wind power plants, the tax value of any negative tax base (negative resource rent income) is payable on an annual basis after the wind power plant is operational and the tax authorities have controlled the assessed tax. Any negative tax base is carried forward with interest until its paid out. In the government's proposal, the negative tax base would be carried forward with interest and would only be payable upon discontinuation of the wind power plant. The annual payment scheme is subject to approval by ESA (EFTA Surveillance Authority).
- For existing wind power plants, the tax value of the assets is increased by 40% and depreciated on a straight-line basis over five years against the resource rent tax. However, the tax value of the assets cannot exceed 85% of the historical investment costs. For (existing) wind power plants that have applied the straight-line depreciations over five years in ordinary income (The Norwegian Tax Act section 14-51), the rule has the effect that the tax base is increased by 40% based on the tax value of the assets as if they had been depreciated using the declining balance method. The government's proposal involved depreciations according to the declining balance method without an increase of 40%.



The agreement is positive for existing and new investors in onshore wind, particularly the introduction of an annual payout of negative tax values for new wind power plants, which the industry has been lobbying for since the government's original proposal in December 2022.

For existing wind power plants, the increase of tax values of the assets by 40% will reduce the negative effects of the tax.

However, full neutrality is not achieved between existing and new wind power plants, as historical investment costs must continue to be depreciated, while new wind power plants are entitled to direct deductions for new investments.

The recommendation from the Standing Committee on Finance can be read [here](#) (in Norwegian only).

The proposal will be debated in the Norwegian Parliament on 19 December.