Case No: 74316
Event No: 681831
Dec. No: 322/14/COL

EFTA SURVEILLANCE AUTHORITY DECISION
of 10 September 2014
on an amendment to the Norwegian Special Tax System for Shipping

(Norway)

THE EFTA SURVEILLANCE AUTHORITY (the "Authority"),

HAVING REGARD to:

The Agreement on the European Economic Area (the "EEA Agreement"), in particular to Article 61(3)(c) and Protocol 26 thereof,

The Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice (the "Surveillance and Court Agreement"), in particular to Article 24 thereof,

Protocol 3 to the Surveillance and Court Agreement ("Protocol 3"), in particular to Article 4(3) of Part II thereof,

WHEREAS:

I. FACTS

1. Procedure

(1) By letter of 6 September 2013,[1] the Norwegian authorities notified the Authority of an amendment to the Norwegian Special Tax System for Shipping (the "Special Tax System for Shipping" or the "Scheme"), pursuant to Article 1(3) of Part I of Protocol 3.

(2) By letter of 7 November 2013,[2] the Authority requested additional information and informed the Norwegian authorities of its preliminary view that an extension of the Scheme to cover a shipping company's income from joint and several liability for employees conducting non-qualifying activities as well as from non-qualifying vessels under the Scheme would not be compatible with the functioning of the EEA Agreement.

(3) The Norwegian authorities replied to the request for information in a letter dated 4 December 2013,[3] informing the Authority that a public hearing would be carried out on the future scope of the Scheme as regards joint and several liability for employers'

[1] Event No 682289.
[2] Event No 689114.
[3] Event No 692255.

obligations. In a letter dated 25 February 2014,[4] the Authority reiterated its view that income from non-qualifying activities and non-qualifying vessels may not be included in the Scheme. The Norwegian authorities informed the Authority in a letter dated 14 May 2014[5] of a proposed amendment to the Scheme concerning the scope of the joint and several liability for employers obligations. In an e-mail dated 14 August 2014,[6] the Norwegian authorities informed the Authority that the Norwegian Parliament had adopted this amendment on 20 June 2014.

2. Description of the notified measure

2.1 The Special Tax System for Shipping

(4) The Authority first approved a Special Tax System for Shipping by Decision No 164/98/COL of 1 July 1998.[7] The current Scheme was approved by the Authority in its Decision No 755/08/COL of 3 December 2008.[8] It allows for a permanent exemption from corporate tax of income derived from certain activities eligible under the Scheme. Eligible shipping companies are liable to a tonnage tax instead of the general corporate tax.[9]

(5) Since 2008, the Norwegian authorities have amended the Scheme three times. The relevant changes were approved by the Authority by the following decisions:

- Decision No 181/09/COL concerning the abolition of the time limit for investment in environmental funds and a possibility for companies within the special tax system to extend guarantees for loans to shareholders outside the special tax system with direct or indirect interests in the company, or to persons closely related to such shareholders;

- Decision No 292/10/COL concerning currency hedging instruments connected to qualifying shipping activities; and

- Decision No 407/10/COL concerning changes to the transitional rules from the 1998 Scheme to the 2008 Scheme.

(6) The principal eligible activities under the current Scheme are ownership, leasing and operation of ships, whether directly owned or chartered in. Companies eligible under the

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4 Event No 699256.
5 Event No 708296.
6 Event No 718360.
7 The 1998 Scheme offered eligible undertakings a postponed (deferred) taxation of profits derived from eligible shipping activities until either untaxed income was distributed to shareholders or the company exited the special tax system.
8 The Authority's Decision No 755/08/COL of 3.12.2008 contains a detailed description of the Special Tax System for Shipping. Reference is also made to the description of the Scheme in the Authority's Decision No 292/10/COL of 7.7.2010.
9 Tonnage tax as defined in the Authority's Guidelines on Aid to maritime transport (the "Maritime Guidelines") means that the ship owner pays an amount of tax linked directly to the tonnage operated. The tonnage tax will be payable irrespective of the company's actual profits or losses. See Section 3.1(4) of the Maritime Guidelines (OJ C 103, 28.4.2005, p. 24 and EEA Supplement 2005 No 21, p. 18). The Authority's Maritime Guidelines correspond to the Commission Communication C(2004) 43 – Community guidelines on State aid to maritime transport (OJ C 13, 17.1.2004, p. 13). The Authority's Guidelines can be found at: http://www.eftasurv.int/?1=1&showLinkID=15132&1=1.

Scheme may also conduct strategic and commercial management as well as other specified ancillary activities.[10]

2.2 The notified measure

(7) The notified measure concerns a proposed extension of the Scheme regarding income that would otherwise fall under the general corporate taxation rules. Specifically, the scope of the Scheme is proposed to be extended to income that eligible undertakings[11] may generate as a result of joint and several liability for employer obligations under Norwegian law. For taxation purposes, such income shall be treated in the same way as shipping revenues, that is, any profits are exempted from ordinary corporate tax whereas any losses are not tax deductable.

(8) Otherwise, the existing Scheme is to remain unchanged.

2.3 National legal basis for the aid measure

(9) The national legal basis for the notified measure is the Norwegian Tax Act Section 8-13(1)(b),[12] the Norwegian Tax Act Section 8-15(2) and the Norwegian General Tax Regulation Section 8-13-1(1).[13]

(10) On 16 August 2013, the Norwegian Ministry of Finance adopted an amendment to Section 8-13-1(1)(f) of the General Tax Regulation by including joint and several liability for employer obligations as a new eligible activity.[14] That amendment to the General Tax Regulation entered into force on 20 August 2013. On 20 June 2014, the Norwegian Parliament adopted an amendment to the Tax Act in Section 8-15(2) concerning the scope of that rule, whereby only income derived from compensation for the joint and several liability for employees (etc) conducting qualifying activities and employees on board qualified vessels within the Scheme can be subject to the Special Tax System for Shipping. Following that amendment, income derived from the responsibility for employees engaged in activities that are not qualified for the Special Tax System for Shipping, as well as income derived from the responsibility for employees on board non-qualified vessels, will be subject to ordinary corporate tax. The amendment in Section 8-15(2) of the Tax Act will take effect as from the income year 2014.

2.4 Shipping companies' joint and several liability for employer obligations

(11) On 21 June 2013, Norway adopted a new Shipping Employment Act.[15] The Act implements the International Labour Organization (ILO) Maritime Labour Convention

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[10] See the Authority's Decision No 755/08/COL in Section 2.2.1 on "*principal activities*" and "*ancillary activities*".

[11] See the Authority's Decision No 755/08/COL in Section 2.2.1 on "*eligible undertakings*" (in this Decision referred to as "shipping companies" or a "shipping company").

[12] The Norwegian Tax Act of 26.3.1999 No 14 ("*Lov av 26. mars 1999 nr. 14 om skatt av formue og inntekt*").

[13] The Norwegian General Tax Regulation of 19.11.1999 No 1158 ("*Forskrift av 19. November 1999 nr. 1158 til utfylling og gjennomføring mv. av skatteloven av 26. mars 1999 nr. 14*").

[14] The General Tax Regulation Section 8-13-1(1)(f): "*Activity in connection with the ship owners' obligations and responsibilities under the Shipping Employment Act § 2-4, including joint and several liability as stated in the Shipping Employment Act § 2-4, third paragraph and duties of care as stated in the Shipping Employment Act Chapter 8*" (unofficial translation). ("*Aktivitet i forbindelse med rederiers plikter og ansvar etter skipsarbeidsloven § 2-4, herunder solidaransvar som nevnt i skipsarbeidsloven § 2-4, tredje ledd og omsorgsplikter som nevnt i skipsarbeidsloven kapittel 8*").

[15] The Norwegian Act of 21.6.2013 No 102 on employment of workers on ships (the "Shipping Employment Act") ("*Lov av 21. juni 2013 nr. 102 om stillingsvern mv. for arbeidstakere på skip (skipsarbeidsloven)*").

2006 (the "MLC 2006") into Norwegian law. The MLC 2006 sets out minimum requirements for seafarers who work onboard a ship regarding conditions of employment, accommodation, recreational facilities, food and catering, health protection, medical care welfare and social security protection.

(12) The MLC 2006 entered into force on 20 August 2013.[16] The Shipping Employment Act also entered into force on 20 August 2013, on the same date as the amendments to the General Tax Regulation in Section 8-13-1(1)(f).

(13) The Shipping Employment Act establishes joint and several liability for shipping companies' employer obligations.[17] It follows from the joint and several liability that a shipping company may be held responsible for certain minimum rights of employees working onboard its ships, should the costs not be paid by the employer company. According to the Shipping Employment Act, the shipping company must cover the costs unconditionally, should the costs not be covered by the employer company.

(14) Consequently, shipping companies within the Special Tax System for Shipping may be held responsible for covering certain costs that should have been covered by the employer company. This mainly are the following types of costs:

- Salaries
- Salaries to be paid in case of sickness or injury
- Paid vacation
- Costs for repatriation of the employee
- Employee compensation for the ship's loss or foundering
- Costs for proper / secure medical care
- Deceased employee funeral costs and costs for repatriation of the coffin.

(15) The Norwegian authorities consider it likely that the shipping companies may require compensation (in the form of a fee) from the employer companies to cover their joint and several liability for employer obligations.

[16] ILO has produced some "*Basic facts on the MLC 2006*", which can be found on its website: http://www.ilo.org/global/standards/maritime-labour-convention/WCMS_219665-/lang-en/index.htm

[17] The Shipping Employment Act Section 2-4(2).

II. ASSESSMENT

1. The presence of state aid

(16) Article 61(1) EEA provides that "[s]*ave as otherwise provided in this Agreement, any aid granted by EC Member States, EFTA States or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement*".

(17) According to Article 61(1) EEA, as interpreted by the European Courts, a measure will constitute state aid if it fulfils five cumulative conditions. First, the measure must be funded by the State or through state resources. Second, the measure must confer an advantage on the recipient. Third, such advantage must favour selected undertakings or economic activities. Fourth, the measure must be liable to affect trade between Contracting Parties and, fifth, it must be liable to distort competition in the EEA. These conditions are assessed in the following.

(18) The Authority's Maritime Guidelines cover any aid granted through state resources in favour of maritime transport. Fiscal treatment of ship owning companies are regulated in Section 3. It follows from Section 3.1(4) that "[t[*hese tax relief measures which apply in a special way to shipping are considered to be state aid. Equally, the system of replacing the normal corporate tax system by a tonnage tax is a state aid*". In view of the importance of such activities to the economy of the Contracting Parties to the EEA Agreement and in support of the objectives laid down in the Guidelines, these types of fiscal incentives are generally endorsed (ref. Section 3.1(5) of the Maritime Guidelines). There is a requirement that the fiscal advantages must be restricted to shipping activities (ref. Section 3.1(19) of the Maritime Guidelines).

1.1 Presence of state resources conferring an advantage on the recipient

(19) Article 61(1) EEA requires that the measure is funded "*by the State or through state resources"*. It is established case-law that state intervention favours an undertaking if it provides the undertaking with an economic advantage that it would not have obtained under normal market conditions.[18] Case-law has also established that a measure by which the public authorities grant certain undertakings a tax exemption which, although not involving a transfer of state resources, places the persons to whom the tax exemption applies in a more favourable financial situation than other taxpayers constitutes state aid.[19]

(20) It follows from the notified measure that any the compensation (profit/fee) charged by the shipping company from the employer company for being jointly and severably liable for employer obligations will be exempted from regular corporate tax (see paragraph (7) above). The application of the tonnage tax rather than the standard corporate tax therefore foregoes State resources because the former leads to a lesser tax burden than the latter.

[18] Case C-301/87 *France* v *Commission* [1990] ECR I-307, paragraph 41; Case 30/59 *De Gezamenliijke Steenkolenmijnen* v *High Authority of the European Coal and Steel Community* [1961] ECR 50, paragraph 19; Case C-241/94 *France* v *Commission (Kimberly Clark)* [1996] ECR I-4551, paragraph 34; Case T-109/01 *Fleuren Compost* [2004] ECR II-132, paragraph 53.

[19] Judgment of the EFTA Court in Joined Cases E-17/10 and E-6/11 *Principality of Liechtenstein and VTM Fundmanagement AG* v *EFTA Surveillance Authority*, paragraph 51; Judgment of the EFTA Court in Joined Cases E-4/10, E-6/10 and E-7/10 *Principality of Liechtenstein, Reassur Aktiengesellschaft and Swisscom RE Aktiengesellschaft* v *EFTA Surveillance Authority*, paragraph 70.

Such lesser tax burden confers an advantage on the undertakings concerned. The notified measure thus involves an advantage conferred on shipping companies which are financed by state resources within the meaning of Article 61(1) EEA.

1.2 Favouring certain undertakings or the production of certain goods

(21) In addition to conferring an advantage through state resources, Article 61(1) EEA requires that the measure must be selective in favouring "*certain undertakings or the production of certain goods*" as opposed to being general in nature. When applying this criterion, it is necessary to determine whether the measure in question entails advantages accruing exclusively to certain undertakings or certain sectors of activity.[20]

(22) The notified measure is sector-specific in that it is limited to the maritime industry: it gives shipping companies advantages in the form of a tax exemption from the ordinary corporate tax. The measure therefore only favours certain undertakings, namely shipping companies eligible under the Special Tax System for Shipping.

(23) The measure therefore is selective within the meaning of Article 61(1) EEA.

1.3 Distortion of competition and effect on trade between Contracting Parties

(24) Pursuant to Article 61(1) EEA, the aid measure must distort or threaten to distort competition and affect trade between Contracting Parties to the EEA Agreement.

(25) However, under settled case-law, it is not necessary to demonstrate that an aid measure has a real effect on trade and that competition is actually distorted. Rather, it is sufficient to establish that the aid measure is liable to affect trade and distort competition.[21] Further, it is established case-law that a measure distorts or threatens to distort competition in a way that affects trade between Contracting Parties, if it strengthens the position of aid recipients compared with other companies[22] and the recipients are active in a sector in which trade between Contracting Parties takes place.[23]

(26) The proposed extension of the Scheme constitutes a selective advantage that is only available to shipping companies otherwise liable to corporate taxation in Norway. It therefore strengthens the position of these companies towards their competitors within the EEA. The measure accordingly is liable to distort competition within the meaning of Article 61(1) EEA.

(27) Further, the shipping activities eligible under the Scheme as notified are carried out between Norway and other EEA States as well as third countries. The measure thus is liable to affect trade between the Contracting Parties within the meaning of Article 61(1) EEA.

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[20] Judgment of the EFTA Court in Joined Cases E-4/10, E-6/10 and E-7/10 *Principality of Liechtenstein, Reassur Aktiengesellschaft and Swisscom RE Aktiengesellschaft* v *EFTA Surveillance Authority*, paragraph 72.

[21] See for example Case C-372/97 *Italy* v *Commission* [2004] ECR I-3679, paragraph 44.

[22] Case 730/79 *Philip Morris Holland BV* v *Commission* [2005] ECR 2671, paragraph 11.

[23] Case 102/87 *France* v *Commission* (SEB) [1988] ECR 4067; Case C-310/99 *Italian Republic* v *Commission* [2002] ECR I-289, paragraph 85; Case C-280/00 *Altmark Trans GmbH and Regierungspräsidium Magdeburg* v *Nahverkehrsgesellschaft Altmark GmbH (Altmark)* [2003] ECR I-7747, paragraph 77; Case T-55/99 *Confederación Espanola de Tranporte de Mercancias (CETM)* v *Commission* [2000] ECR II-3207, paragraph 86.

1.4 Conclusion

(28) On those grounds, the Authority considers that the notified measure involves state aid within the meaning of Article 61(1) EEA.

2. Procedural requirements

(29) By Decision No 755/08/COL of 3 December 2008, the Authority approved the Special Tax System for Shipping entailing an exemption from the ordinary corporate tax for eligible shipping companies under the Scheme.

(30) When an amendment is severable from the original Scheme, the amendment does not transform the old Scheme in its entirety into a new aid scheme, but is only an amendment to the Scheme.[24] The notified measure in paragraph (7) above is an extension of the current Scheme. The notified measure concerns income from a specific activity, which is ancillary to the principal activities within the Scheme. The notified measure does not otherwise affect the substance of the Scheme as such. Consequently, the amendment does not alter the Authority's previous assessment in Decision No 755/08/COL.

(31) Pursuant to Article 1(3) of Part I of Protocol 3, "[t]*he EFTA Surveillance Authority shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid* […]. *The State concerned shall not put its proposed measures into effect until the procedure has resulted in a final decision*".

(32) While the current Special Tax System for Shipping is existing aid, any changes that expand or increase state aid under the Scheme is new aid and must be individually notified to the Authority. The notification obligation arises for such new aid under the Scheme.

(33) The inclusion of compensation for joint and several liability for employer obligations is an extension of the Scheme which Norway is under an obligation to notify.

(34) As noted above in paragraphs (10) and (12), the measure took effect on 20 August 2013. The scope of the measure was narrowed through the amendment in Section 8-15(2) of the Tax Act on 20 June 2014. The measure as such was, however, implemented in 2013 and before the Norwegian authorities notified the proposed amendment to the Authority, and before adoption of a final decision by the Authority. The Authority concludes that Norway has not respected its stand-still obligation pursuant to Article 1(3) of Part I of Protocol 3.

3. Compatibility of the aid

Compensation for joint and several liability for employer obligations

(35) The legal basis for the compatibility assessment of the notified measure is Article 61(3)(c) EEA in conjunction with the Authority's Maritime Guidelines. The Maritime

[24] Joined Cases T-195/01 and T-207/01 *Government of Gibraltar* v *Commission* [2002] II-2309, paragraphs 110 and 111, where the European Court stated that: "*Under Article 1(c) of the regulation on State aid procedure, alterations to existing aid are to be regarded as new aid. According to that unequivocal provision, it is not altered existing aid that must be regarded as new aid, but only the alteration as such that is liable to be classified as new aid. Accordingly, it is only where the alteration affects the actual substance of the original scheme that the latter is transformed into a new aid scheme. There can be no question of such a substantive alteration where the new element is clearly severable from the initial scheme*" (emphasis added).

Guidelines cover any aid granted by EFTA States or through state resources in favour of maritime transport. This includes any financial advantage, conferred in any from whatsoever, funded by public authorities.[25]

(36) It should be noted that the current notification concerns operating aid, i.e. aid which is intended to relieve an undertaking of the expenses which it would normally have had to bear in day-to-day management or its usual activities. Operating aid should normally not be deemed compatible with the functioning of the EEA Agreement, unless it is explicitly authorised by the Maritime Guidelines.[26]

(37) The Maritime Guidelines mention in Section 3.1(4)-(5) tonnage tax schemes as examples of fiscal measures that "*have been shown to safeguard high quality employment in the on-shore maritime sector*" and that these types of fiscal incentives can generally be endorsed. However, the Maritime Guidelines lay down certain criteria which the notified measure must fulfil in order for it to be considered compatible with the EEA Agreement.

(38) The Maritime Guidelines in Section 3.1(19) requires that "[i]*n all cases, the benefits of schemes must facilitate the development of the shipping sector and employment in support of the common interest of the Contracting Parties. Consequently, the fiscal advantages* [...] *must be restricted to shipping activities; hence, in cases where a ship owning company is also engaged in other commercial activities, transparent accounting will be required in order to prevent 'spill-over' into non-shipping activities*" (emphasis added).

(39) The Maritime Guidelines in Section 2(3) restricts such shipping activities to "*maritime transport*" activities, which is defined as the "*transport of goods and persons by sea*".[27]

(40) The notified measure includes a new ancillary activity to the Scheme. The European Commission and the Authority have, for instance, considered the following activities as activities ancillary to maritime transport:

- Loading and unloading of goods
- Temporary storage of goods at or near the harbour pending further transport
- Transport of goods and persons in the port area
- Embarking and disembarking of persons
- Sale of goods and services for consumption on board
- Leasing out of containers
- Operation of ticket offices, and passengers terminals, and
- Hiring out of conference rooms.

[25] See the Maritime Guidelines at Section 2.1(1).

[26] Also see the Authority's Decision No 292/10/COL in Section 3.

[27] The Maritime Guidelines are applicable to "maritime transport" activities as defined in Regulation (EEC) No 4055/86, incorporated into the EEA Agreement as point 53 of Chapter V in Annex XIII to the EEA Agreement, and in Regulation (EEC) No 3577/92, incorporated as point 53a of Chapter V in Annex XIII to the EEA Agreement. It follows from Section 3.1(12) that "[t]*hese Guidelines apply only to maritime transport. The Authority can accept that the towing at sea of other vessels, oil platforms, etc. falls under that definition*".

(41) The criterion which has been applied by the Authority[28] and the European Commission[29] is whether the service in question is closely linked to the provision of maritime transport services.

(42) Maritime transport requires the employment of shipping employees. The Authority therefore considers that liability for employer obligations is closely linked to maritime transport.

(43) It also follows from Section 3.1(7) of the Maritime Guidelines that all ships operated by companies benefitting from the Scheme must "*comply with relevant international and EEA safety standards, including those relating to onboard working conditions*". In this regard, the Authority notes that the Authority's Guidance on State aid to Ship Management Companies[30] specifically make a reference to the MLC. The Guidelines require that the MLC "*are fully implemented by the seafarer's employer, be it the ship owner or the ship management companies*".[31] Joint and several liability for employer obligations follows from the Shipping Employment Act, which implements the MLC 2006 into Norwegian law.

Ring-fencing measures

(44) One of the main conditions attached to the compatibility of tonnage tax regimes with the EEA Agreement is the existence of a series of ring-fencing measures intended to ensure that no activities other than maritime transport would indirectly benefit from the Scheme.[32]

(45) Therefore, there must be measures in place to prevent over-compensation for the shipping companies' joint and several liability.

(46) The Norwegian authorities have put in place ring-fencing measures in order to ensure that the Special Tax System for Shipping only benefits activities that are eligible under the Scheme. Reference is made to Section 2.2.4 and Section 3.2.4 of the Authority's Decision No 755/08/COL.

(47) One such measure is the arm's length principle. This principle implies that, for tax purposes, transactions between related companies shall be priced at terms identified in comparable transactions between independent parties. The arm's length principle is laid down in Section 13-1 of the Norwegian Tax Act. It applies to intra-group transactions involving companies subject to the Special Tax System for Shipping. The Norwegian authorities have also referred to that companies are required to reveal intra-group

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[28] See the Authority's Decision No 755/08/COL in Part II, Section 3.2.1 and the Authority's Decision No 292/10/COL in Part II, Section 3.

[29] See, for example, the European Commission's Decision in SA.30515 – N 448/2010 – *Finland*, at paragraph (9): "[t]*he norm concerning the coverage by the TT* [Tonnage Tax] *of ancillary activities has been restated in the following wording: 'income derived from activities subject to TT refers* [also] *to income derived from* […] *activities necessary for and closely associated with the company's activity of maritime transportation of goods and passengers'* […]". Reference is also made to the European Commission's Decision in SA.33829 (2012/C, ex-2012/NN, ex-2012/CP – *Malta*, at paragraphs (60)-(63).

[30] OJ L 318, 1.12.2011, p. 51 and EEA Supplement 2011 No 64, p. 1. The Authority's Guidance on State aid to Ship Management Companies (the "Guidance to Ship Management Companies") can be found at: http://www.eftasurv.int/media/state-aid-guidelines/Part-IV---Guidance-on-State-aid-to-ship-management-companies.pdf.

[31] The Guidance to Ship Management Companies at Section 6.2.

[32] See the Authority's Decision No 755/08/COL at Section 3.2.4.

transactions and the pricing methods to the tax authorities (ref. the Norwegian Tax Assessment Act Section 4-12[33] on transfer pricing).

(48) The Authority finds that there are measures in place to avoid over-compensation to the shipping company from the employer company for its joint and several liability for employer obligations.

(49) The Authority notes that the measure as amended by the Norwegian Parliament on 20 June 2014 and thus the extension of the Scheme as from the income year 2014, only covers qualifying activities under the Scheme and qualifying ships under the Scheme.

(50) Based on the above, the Authority finds that the notified measure as specified in paragraph (7) above, complies with Article 61(3)(c) EEA in conjunction with the Authority's Maritime Guidelines.

4. Conclusion

(51) The Authority finds that the extension of the Special Tax System for Shipping to include income received by shipping companies as compensation for their joint and several liability for employer obligations constitutes state aid within the meaning of Article 61(1) EEA.

(52) The Authority finds that such extension is compatible with the functioning of the EEA Agreement within the meaning of Article 61(3)(c) EEA in conjunction with the Maritime Guidelines.

(53) The Authority regrets, however, that Norway failed to respect the stand-still obligation pursuant to Article 1(3) of Part I of Protocol 3.

(54) The Norwegian authorities are reminded about the obligation to provide annual reports on the implementation of the Scheme under Article 21 of Part II of Protocol 3 in conjunction with Articles 5 and 6 of the Authority's Decision No 195/04/COL.

(55) The Norwegian authorities are also reminded that all plans to amend the Scheme must be notified and approved by the Authority before such amendments are put into place.

HAS ADOPTED THIS DECISION:

Article 1

No objections are raised to the extension of the scope of the Norwegian Special Tax System for Shipping to include income from compensation for joint and several liability for employer obligations.

Article 2

The implementation of the measure as notified is accordingly authorised.

Article 3

[33] The Norwegian Act of 13.6.1980 No 24 on Tax Assessment ("*Lov av 13. Juni 1980 nr. 24 om ligningsforvaltning*").

This Decision is addressed to the Kingdom of Norway.

Article 4

Only the English language version of this Decision is authentic.

Done at Brussels, 10 September 2014.

For the EFTA Surveillance Authority,

Oda Helen Sletnes
President

Helga Jónsdóttir
College Member