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Decision No 066/25/COL

Ministry of Trade, Industry and Fisheries
PO Box 8090 Dep
0032 Oslo
Norway

Subject: Amendments to the Norwegian tax refund scheme for employing seafarers

1 Summary

- (1) The EFTA Surveillance Authority (“ESA”) wishes to inform Norway that, having assessed the amendments to the tax refund scheme for employing seafarers 2016-2026 (“the measures”), it considers that they constitute State aid within the meaning of Article 61(1) of the EEA Agreement and decides not to raise objections¹ to the measures, as they are compatible with the functioning of the EEA Agreement, pursuant to its Article 61(3)(c). ESA has based its decision on the following considerations.

2 Procedure

- (2) The Norwegian authorities notified the measures on 2 April 2025.²

3 Description of the measures

3.1 Background

- (3) On 27 April 2016, ESA approved the tax refund scheme for employing seafarers 2016-2026 (“the original decision”).³ ESA was later notified of amendments to the tax refund scheme for employing seafarers and additional amendments to the tax refund scheme for employing seafarers.⁴ The scheme was also subject to three temporary amendments due to the COVID-19 outbreak (“the amendment decisions”).⁵
- (4) The scheme allows shipping companies registered in the Norwegian Ordinary Register (“NOR”) or the Norwegian International Ship Register (“NIS”) to receive a

¹ Reference is made to Article 4(3) of Part II of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

² Document No 1528983.

³ ESA [Decision No 085/16/COL](#), the tax refund scheme for employing seafarers 2016-2026.

⁴ ESA [Decision No 156/17/COL](#), amendments to the tax refund scheme for employing seafarers 2016-2026 (NIS deep sea) and ESA [Decision No 043/18/COL](#), additional amendments to the tax refund scheme for employing seafarers 2016-2026 (NIS ferries in foreign trade).

⁵ ESA [Decision No 088/20/COL](#), temporary amendments to the tax refund scheme for employing seafarers, ESA [Decision No 011/21/COL](#), renewal of the amendment to the tax refund scheme for employing seafarers and ESA [Decision No 218/21/COL](#), 2nd renewal of the temporary amendment to the tax refund scheme for employing seafarers.

refund of taxes and social security contributions for employed seafarers provided that the vessels fall within certain pre-defined categories. The scheme covers the following eight aid categories:

- a. The general category for ships registered in NOR
 - b. The offshore shipping category for ships registered in NOR ("NOR offshore shipping")
 - c. The category for ferries in foreign trade registered in NOR
 - d. The category for ferries registered in NOR operating the coastal route Bergen-Kirkenes
 - e. The category for sailing vessels registered in NOR
 - f. The general category for ships registered in NIS ("NIS general")
 - g. The offshore shipping category for ships registered in NIS ("NIS offshore construction vessels")
 - h. The category for vessels registered in NIS conducting deep sea activity
- (5) Moreover, ESA approved additional amendments to the tax refund scheme for employing seafarers 2016-2026 (NIS ferries in foreign trade),⁶ which added a further category for NIS passenger vessels performing regular transport services between Norwegian and foreign ports. This category was never implemented by the Norwegian authorities, and no aid was granted under this category.
- (6) For category f., NIS general, the aid is limited to 26% of the taxes and social security contributions per seafarer per term.⁷ For category b., NOR offshore shipping, and category g., NIS offshore construction vessels, the aid is capped at a ceiling of NOK 208 000.⁸
- (7) For the remaining categories, a full refund of income taxes and social security contributions is offered. A complete overview of the requirements to receive aid under each category is found in the original decision and the amendment decisions.
- (8) During the COVID-19 outbreak, the ceilings for category b., NOR offshore shipping, category f., NIS general, and category g., NIS offshore construction vessels, were

⁶ ESA [Decision No 043/18/COL](#), additional amendments to the tax refund scheme for employing seafarers 2016-2026 (NIS ferries in foreign trade).

⁷ ESA [Decision No 085/16/COL](#), the tax refund scheme for employing seafarers 2016-2026, paragraph 46.

⁸ ESA [Decision No 085/16/COL](#), the tax refund scheme for employing seafarers 2016-2026, paragraphs 28 and 51.

temporarily removed for the periods from 1 July 2020 to 31 August 2020,⁹ and from 1 January to 31 August 2021.¹⁰

3.2 The notified amendments

- (9) The general conditions of the scheme are described in the original decision and the amendment decisions.
- (10) The measures concern the following amendments to the scheme:
 - 1) Effective 1 January 2017, the Norwegian authorities increased the maximum aid amount from NOK 208 000 to NOK 212 000 per seafarer per year for the categories b., NOR offshore shipping, and g., NIS offshore construction vessels.
 - 2) Effective 1 January 2019, the Norwegian authorities increased the maximum aid amount from NOK 212 000 to NOK 216 000 per seafarer per year for the same categories.¹¹
 - 3) Effective 1 January 2022, the Norwegian authorities introduced a maximum aid amount of NOK 220 000 per seafarer per year for all categories except category f. NIS general.¹²
 - 4) Effective 1 January 2025, the Norwegian authorities increased the maximum aid amount from NOK 220 000 to NOK 225 500 per seafarer per year for all categories with an aid ceiling.¹³

3.3 Objective

- (11) The objective of the tax refund scheme is to safeguard and promote the employment of Norwegian and EEA seafarers on Norwegian vessels, to secure recruitment and qualified training of seafarers and to improve the competitive position of companies employing such seafarers. The scheme seeks to preserve and develop know-how in the maritime industries in general and in particular to promote safe, efficient, secure and environmentally friendly maritime transport.

⁹ ESA [Decision No 088/20/COL](#), temporary amendments to the tax refund scheme for employing seafarers, paragraph 8.

¹⁰ ESA [Decision No 011/21/COL](#), renewal of the amendment to the tax refund scheme for employing seafarers, paragraph 9 and ESA [Decision No 218/21/COL](#), 2nd renewal of the temporary amendment to the tax refund scheme for employing seafarers, paragraph 10.

¹¹ Categories b., NOR offshore shipping, and g., NIS offshore construction vessels.

¹² This entails introducing a maximum aid amount for the categories (i) a., the general category for ships registered in NOR, (ii) c., the category for ferries in foreign trade registered in NOR, (iii) d., the category for ferries registered in NOR operating the coastal route Bergen-Kirkenes, (iv) e., the category for sailing vessels registered in NOR, and (v) h., the category for vessels registered in NIS conducting deep sea activity. It also entails increasing the maximum aid amount from NOK 216 000 to NOK 220 000 per seafarer per year for the categories (i) b., NOR offshore shipping, and (ii) g., NIS offshore construction vessels.

¹³ This means all aid categories except category f., NIS general.

- (12) The objective of the measures is to provide a partial inflation adjustment, as well as securing fiscal sustainability by providing an annual aid ceiling per seafarer.

3.4 National legal basis

- (13) The national legal basis for the refund scheme for seafarers (as amended by the measures) is the Regulation on subsidies for the employment of workers at sea ("the Regulation").¹⁴ Furthermore, the Norwegian parliament decides on the scope of the aid scheme in its annual decisions on the State budget.

4 Presence of State aid

4.1 Introduction

- (14) Article 61(1) of the EEA Agreement reads as follows: "Save 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."
- (15) The qualification of a measure as aid within the meaning of this provision requires the following cumulative conditions to be met: (i) the measure must be granted by the State or through State resources; (ii) it must confer an advantage on an undertaking; (iii) favour certain undertakings (selectivity); and (iv) threaten to distort competition and affect trade.
- (16) In the original decision and the amendment decisions, ESA considered that the tax refund scheme for employing seafarers 2016-2026 constitutes State aid within the meaning of Article 61(1) of the EEA Agreement. Considering that the measures amend that scheme by providing a partial inflation adjustment and by introducing an annual aid ceiling per seafarer, ESA finds that there is nothing in the present case that alters the conclusions drawn in its original decision and the amendment decisions as regards the existence of aid.¹⁵
- (17) The measures are granted through State resources as they entail a refund of income tax and social security contributions financed out of the State budget. The refunds confer an advantage on undertakings as they compensate the shipping companies for costs that are normally borne by their budget. The measures are selective as they are directed only towards the maritime sector and shipping companies with vessels registered in one of the aid categories mentioned above.
- (18) The aid has an effect on trade as shipping activities are essentially carried out on a worldwide market. The shipping companies benefitting from the scheme carry out economic activities in competition with other shipping companies from third countries and from other EEA States. The support under the scheme strengthens the position of its beneficiaries. The support therefore is liable to have an impact on trade and to distort competition. On this basis, ESA concludes that the measures constitute State aid within the meaning of Article 61(1) of the EEA Agreement.

¹⁴ The regulation on subsidies for the employment of workers at sea of [26 February 2016 No 204](#).

¹⁵ ESA [Decision No 085/16/COL](#), the tax refund scheme for employing seafarers 2016-2026, paragraph 64.

5 Aid scheme or individual aid

- (19) ESA notes that the legal basis of the tax refund scheme for employing seafarers 2016-2026 (as amended by the measures) is an act which does not require further implementing measures for the granting of the aid, and which identifies the beneficiaries in a general and abstract manner.¹⁶ The aid is therefore granted on the basis of an aid scheme.

6 Lawfulness of the aid

- (20) Pursuant to Article 1(3) of Part I of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice ("Protocol 3 SCA"): "The 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."
- (21) The Norwegian authorities notified the measures on 2 April 2025. However, the Norwegian authorities implemented the measures as described in paragraph 10, before ESA had taken a final decision in the matter. ESA therefore concludes that the Norwegian authorities have not respected their obligations under Article 1(3) of Part I of Protocol 3 SCA. The granting of the aid in the period 1 January 2017 until 30 April 2025 was therefore unlawful.

7 Compatibility of the aid

7.1 Introduction

- (22) ESA can declare aid compatible with the functioning of the EEA Agreement under its Article 61(3)(c) provided that certain compatibility conditions are fulfilled.
- (23) ESA has issued Guidelines on aid to maritime transport ("the AMT") where it describes how it will assess the compatibility of such aid under Article 61(3)(c) of the EEA Agreement.
- (24) In the original decision, ESA concluded that the tax refund scheme for employing seafarers 2016-2026 was compatible with the functioning of the EEA Agreement.
- (25) The measures do not affect the compatibility assessment set out in the original decision or in the amendment decisions.
- (26) The amendments described in paragraph 10 entail multiple increases in the maximum aid amount provided per seafarer per year. The total adjustments of the maximum annual aid amount per seafarer amount to less than an inflation adjustment.¹⁷
- (27) The amendment described in paragraph 10, measure 3) entails introducing a maximum aid amount per seafarer per year for all aid categories that have not previously been subject to a maximum aid amount. This entails a tightening of the aid criteria for the categories that were not previously subject to a maximum aid amount. There is nothing in the AMT precluding the EEA EFTA States from

¹⁶ See Article 1(d) of Part II of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

¹⁷ According to the consumer price index of SSB, the Norwegian statistics bureau.

implementing a maximum aid amount. The aid is therefore compatible. In the original decision, ESA found the scheme without the aid ceiling to be compatible with the functioning of the EEA Agreement. The introduction of an aid ceiling, which applies on a non-discriminatory basis to all categories that were not previously subject to an aid ceiling, does not alter this assessment.

8 Conclusion

- (28) On the basis of the foregoing assessment, ESA considers that the measures, which constitute amendments to the Norwegian tax refund scheme for employing seafarers, constitute State aid within the meaning of Article 61(1) of the EEA Agreement. Since ESA has no doubts that the aid is compatible with the functioning of the EEA Agreement pursuant to its Article 61(3)(c), it has no objections to the implementation of the measures. This decision does in no way affect ESA's assessment of any future amendments to the Norwegian tax refund scheme for employing seafarers, nor the assessment of the effects of any future regulatory changes on the compatibility of that scheme with the functioning of the EEA Agreement.
- (29) The Norwegian authorities have confirmed that the notification does not contain any business secrets or other confidential information that should not be published.

For the EFTA Surveillance Authority, acting under [Delegation Decision No 068/17/COL](#),

Yours faithfully,

Arne Røksund
President
Responsible College Member

For Melpo-Menie Joséphidès
Countersigning as Director,
Legal and Executive Affairs

This document has been electronically authenticated by Arne Roeksund, Sigrun Ingibjorg Gisladdottir.