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To: Ministry of Labour and Social Affairs  
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### **Follow-up letter to the package meeting in Norway on 24-25 October 2024**

Dear Madam/Sir,

On behalf of the Authority, I would like to thank the Norwegian Government for the very useful and constructive meetings and for the hospitality offered to us during the recent package meeting.

The enclosed follow-up letters reflect the Authority's understanding of the results of the discussions that took place during the package meeting and as such, save for correcting minor errors - e.g. dates, we do not anticipate any further changes to the document.

If, however, you find that the Norwegian Government's timetables for adopting further measures are not stated accurately, may I ask you to inform us at your earliest convenience.

May I also kindly ask the Norwegian Government to submit any requested information so that it reaches the Authority by the date indicated in the letter.

Yours sincerely,

Maria Moustakali  
Deputy Director  
Internal Market Affairs Directorate

*This document has been electronically authenticated by Maria Moustakali.*

**Package Meeting in Norway  
24-25 October 2024**

Follow-up letter

**Social Security  
(Annex VI)**

**Responsible case handlers: Gaukur Jorundsson**

**Co-case handler: Bernhard Zaglmayer**

*1. Accrual of old-age pensions through taxation of disability benefits in Norway  
(Case No 92185)*

The meeting was attended by:

- Sasha Fossebrekke and Bjørn Bogstad from the Ministry of Labour and Social Affairs;
- Mikkel Rasch and Martin Børresen from the Ministry of Finance; and
- Gaukur Jorundsson, Bernhard Zaglmayer (IMA) and Ewa Gromnicka (LEA) from the EFTA Surveillance Authority ('the Authority').

At the outset of the meeting, the representatives of the Authority thanked the representatives of the Norwegian Government for their reply of 30 September 2024 to the Authority's request for information. Nevertheless, there are some issues mentioned in the reply that needed clarification, especially in order to fully understand the accrual of old-age pension rights when receiving disability benefits in Norway before and after the reform of the national legal framework and in how far the taxation is relevant for it. The purpose of the meeting was therefore to clarify the legal situation and functioning of the Norwegian system of accrual of pension rights.

The representatives of the Norwegian Government confirmed the understanding of the representatives of the Authority that the accrual of pension rights is independent from in how far the benefit is subject to taxation in Norway. In Norway, it is not the amount of the benefit that is decisive for the accrual of pension rights, but the theoretic amount the benefit replaces. This has been the case before and after the reform of 2011. The difference in terms of taxation is that in the old system, disability benefits were taxed as "pensions" and not as "wages", which allowed for a more beneficial tax rate at the time.

The representatives of the Authority stated that the complainant alleges that the accrual of pension rights would depend on information provided by the tax authorities to the relevant social security authorities, since he was told by the social security institutions that they would base their calculation upon information received by the tax authorities. This would only be the case since the pension reform. This begs the question what kind of information that could be and in how far that information is relevant for determining the accrual of pension rights. The representatives of the

Norwegian Government stated that they would need to look into this in more detail and would provide that information in reply to the follow-up letter.

In the reply of the Norwegian Government, it is stated that only disability benefits from the national insurance scheme and not occupational schemes or foreign benefits could lead to the accrual of old-age pension rights. The representatives of the Authority can understand the exclusion of occupational benefits, but it was unclear why social security disability benefits from other EEA States would not be taken into account, in particular, when they were not to be taken into account in the home State for the accrual of new pension rights there. In some EEA States the accrual of pension rights would be related to levied taxes or contributions.

The representatives of the Norwegian Government committed to look into the question when foreign disability benefits could become taxable in Norway, but usually this would depend on double taxation treaties between the States concerned. They would also investigate the reasons why foreign benefits could not lead to the accrual of old-age pension rights in Norway, which is apparently a long-standing rule.

*The Norwegian Government is hereby invited to submit the information it committed to investigate during the meeting by **10 December 2024** at the latest.*