

Information to company
(and similar entity) shareholders
in Telenor resident in EEA countries:

REFUND OF NORWEGIAN WITHHOLDING TAX ON DIVIDENDS FROM TELENOR

1. Introduction

Company (and similar entity) shareholders that are tax resident in an EEA country may, subject to certain conditions, apply to the Norwegian tax authorities for a refund of Norwegian withholding tax on dividends pursuant to the Norwegian Exemption Model.

The Norwegian tax authorities have laid down guidelines indicating how the tax exemption is to be applied to dividends paid out by Norwegian companies to foreign shareholders, and the procedure for claiming refund of the withholding tax. An explanation will be provided below. dividend tax levied. Our interpretation and explanation will be provided below.

2. Background

2.1 Dividends paid to companies and similar entities liable to pay tax*/ resident* in an EEA country

Norwegian limited liability companies ("aksjeselskap") and other entities with the same tax and legal status are exempt from tax on dividends received (the "Tax Exemption Model"). These rules also apply to foreign companies and entities that have the same legal characteristics as Norwegian companies and entities that are covered by the tax exemption model ("qualifying entities"), when the qualifying entity in question is resident for tax purposes in an EEA country.

The Tax Exemption Model applies only to qualifying entities that are the real beneficial owner of the dividend paid by a Norwegian company. Pursuant to an amendment in the General Tax Act in 2007, there are additional requirements to apply the exemption that the shareholder has an actual establishment and carry out genuine economic activities in the EEA country.

The Directorate of Taxes has provided guidelines for the application for the Tax Exemption Model to dividends paid out to foreign qualifying entities. In the guidelines, the Directorate of Taxes stipulated that the Norwegian company paying out the dividend can only refrain from withholding tax in cases where the foreign shareholder is known to the company, and where it has been documented that the shareholder is both the real owner of the dividend and is covered by the Tax Exemption Model. In this context, registration with the Norwegian Central Securities Depository (Verdipapirsentralen) is not considered to be adequate proof.

It is impossible, in practice, for Telenor to verify whether its foreign shareholders are eligible for the Tax Exemption Model or not. Telenor must therefore withhold tax on dividends paid to all foreign shareholders in 2008. Foreign qualifying entities which are covered by the Tax Exemption Model, must themselves apply to have the withheld tax refunded by the Norwegian tax authorities.

2.2 Information to be submitted when claiming refund

In a statement of 14 March 2005, the Directorate of Taxes has laid down the following guidelines regarding the information and documentation that must be submitted when applying for a refund of withholding tax:

"The tax exemption model applies to Norwegian private and public limited companies and other companies of the same standing as limited companies for tax purposes. Furthermore the tax exemption for companies' income from shares applies to Norwegian stock investment funds, associations, institutions, estates in bankruptcy, municipal and state-owned companies.

The tax exemption model also applies to such foreign companies and other entities within the EEA that correspond to the Norwegian companies etc. comprised by the model.

According to the Norwegian regulations only the real beneficial owner may apply for a refund of withholding tax.

A foreign company etc. applying for a refund of Norwegian withholding tax under the tax exemption model must address the application to the Central Office – Foreign Tax Affairs, P.O.Box 8031, N-4068 Stavanger.

The refund claimant must submit the following documentation/information:

1. A specification of the distributing company(ies) involved, the exact amount of shares, the date the dividend payments were made, the total dividend payment, the withholding tax drawn in Norway and what amount is being reclaimed. The withholding tax must be calculated in Norwegian currency and all sums specified accordingly (in NOK).
2. The claimant must submit documentation that shows that the refund claimant received the dividends and which withholding tax rate was used in Norway.
3. The claimant must submit a certificate of residence issued by the tax authorities stating that the refund claimant is resident for tax purposes in that state in the income year in question or at the time the dividends were decided. This documentation must be in original.
4. The claimant must provide the information necessary to decide whether the refund claimant is an entity comprised by the tax exemption model.
5. The claimant must provide the information necessary to decide whether the refund claimant is the beneficial owner of the dividend payment(s).
6. If the securities are registered with a foreign custodian/bank/clearing central the claimant must submit information on which foreign custodian/bank/clearing central the securities are registered with in Norway.
7. The claimant must sign the application. If someone else signs the application, a copy of the letter of authorisation must be enclosed.

There is no standard application form for refund of withholding tax.

According to the Norwegian regulations, only the real beneficial owner (i.e. the one who ultimately receives the dividend payments) is entitled to a refund under the tax exemption model. This implies that only the real beneficial owner himself can apply for a refund, enclosing documentation issued accordingly. An entity that is in fact acting on behalf of someone else as either trustee or investment manager, and is as such the registered or indirect owner of the dividends, is not entitled to a refund. Neither is an entity that receives the dividend payments and passes them directly on to other entities/persons entitled to a refund.

Whether the applicant is entitled to a refund or not depends on to what extent the claimant is transparent for legal and/or tax purposes. In order to enable the Central Office – Foreign Tax Affairs to decide on whether the claimant is comprised by the tax exemption model and the beneficial owner of the dividends the claimant must submit information regarding:

- The legal structure of the claiming entity. A refund claimant who is not a company with limited liability has to submit the information necessary to decide whether it is an entity comprised by the tax exemption model.
- Whether the entity is a fully or partially tax exempt entity or not.
- Whether the entity invests its own capital or capital belonging to other persons or entities on their behalf.
- Who is actually taxed on the dividends from Norway as such, the entity itself, a trustee or the investors and in which state the dividends are taxed. The claimant must confirm that the tax is not levied on the company in its capacity as trustee or as any kind of advanced tax, levied in fact on behalf of other investors who later may claim a tax credit for this tax.

Some kinds of entities may be requested to give additional information.

Further we may require that the claimant itself gives the requested information.”

Due to the amendment in the General Tax Act in 2007, it is likely that the tax authorities will request additional information necessary to decide whether the corporate shareholder has an actual establishment and carry out genuine economic activities in the EEA country, which is not reflected in the letter above from 2005.

3. Application for refund and registration of exemption

An application for refund of withholding tax must be sent by the beneficial owner of the shares to the following address:

The Central Office – Foreign Tax Affairs
P.O.Box 8031 Stavanger
NO-4068 Stavanger
Tel: +47 51 96 96 00
E-mail: postkassefu@skatteetaten.no

There is no available official application form. However, to assist our shareholders, Telenor has prepared an unofficial template which the shareholder may consider using. Please note that the Central Office – Foreign Tax Affairs may require additional information and documentation.

When applying for refund, the shareholder may at the same time apply for approval for exemption of withholding tax with respect to future distributions. Such approval may be registered on the Claimant's Security Account in Norwegian Central Securities Depository ("Verdipapirsentralen").

Unfortunately, Telenor does not have the capacity to provide further assistance to the shareholders with applications for refund of tax withheld on dividends. We therefore request that any questions concerning the claim for refund are addressed directly to The Central Office – Foreign Tax Affairs.