MOORE Norway

SAF-T, MANDATORY FROM JANUARY 2020 - ARE YOU PREPARED?

What is SAF-T?

From January 1st 2020, SAF-T, Standard Audit File Tax, is mandatory for all entities under Norwegian bookkeeping legislation.

The exception for SAF-T requirements for entities with revenues less than MNOK 5 is hardly relevant, as any company with digital accounting information must still enable SAF-T export.

The legislation requires a mandatory SAF-T export function for all accounting systems, to facilitate transfer of all your accounting data to the Norwegian tax authorities.

Benefits from SAF-T

The positive sides of the SAF-T regulation, are that the export file standardization will also simplify imports to other software, as well as analysing and comparing data sets from different periods, different entities, departments etc. Thus, enabling easier, more efficient sharing and utilisation of your accounting data.

Moore's recommendation

We recommend you to look for the SAF-T export function in the menus of your accounting system. Test the SAF-T export function to see if you can get the required files. If necessary, ask your accounting software provider to show you how it works.

If the SAF-T export function is not yet in place, you need to get compliant by January 1st 2020. If your accounting software provider should be unable to reach compliance by January 1st 2020, you might have to change accounting software or utilise additional software to enable SAF-T exports.

Consequences of non-compliance with SAF-T and other bookkeeping requirements

SAF-T requirements are part of Norway's regulation for bookkeeping, which includes Norwegian Bookkeeping Act and Regulations, the Norwegian Bookkeeping Standards and the Statements on Good Bookkeeping Practice issued by the Bookkeeping Standards Board.

Failure to comply with the bookkeeping regulation, whether regarding SAF-T or other aspects of these regulations, is subject to substantial fines and, under certain circumstances, also criminal prosecution and imprisonment (Norwegian Criminal Act §§ 392-394).

Audit reports in Norway include a separate section regarding compliance with Norwegian bookkeeping regulations. Your auditor is obliged to perform controls in this area and report any significant issues through numbered letters to the entity's governing bodies, and, if applicable, modify this section in the auditor's report.

Accounting systems which might not be compliant

SAF-T is well known and well prepared for in most of the standardised accounting systems rendered in the Norwegian market. Nevertheless, we recommend you to verify that your system actually is prepared for exporting SAF-T files.

The risk of noncompliance with SAF-T is higher, if your accounting system meet one or more of the following criteria:

- Your general ledger accounts are not numbered in accordance with Norwegian standardised plan for general ledger accounts (NS 4102).
- You utilise an internally developed accounting system.
- The system, or the version you use, is not in general use in the Norwegian market.
- A shared services centre outside Norway handles bookkeeping and/or accounting software.
- Accounting information is extracted from an ERP or other system designed for covering also other functions than accounting.
- Your accounting information for Norwegian entities or branch offices are included in information that also cover other geographical areas.

For systems meeting one or more of these criteria, it is crucial to verify compliance with SAF-T, as well as general compliance with Norwegian bookkeeping legislation. Our experience is that ERP and accounting systems for international businesses quite often are noncompliant with specific requirements in the Norwegian bookkeeping regulation.

Other critical areas within the Norwegian Bookkeeping regulation

In addition to SAF-T, international accounting / ERP systems might also be noncompliant in the following areas:

- Cash registers / sales registration systems
    - A separate law states requirements for specific product descriptions, as well as supporting data extraction for the tax authorities. The general bookkeeping regulation also include extensive and specific criteria for sales registration systems.

- Separate consecutive number series for each Norwegian legal entity or branch office.
    - Most international systems use number series or other identification codes to enable efficient separation of all relevant accounting items belonging to the specific legal entities or branch offices.
    - However, Norwegian legislation require that each number series is used only for one particular legal entity or branch office. For instance, will invoice number 1001, 1002, 1003 etc. issued from a Norwegian legal entity, "Sales Norway AS" be legal, while issuing number 1001 and 1003 from "Sales Norway AS" while number 1002 is issued from "Sales Sweden AB" will be illegal.

- Separation of VAT codes
    - Norway has 3 different VAT percentages and require separate VAT codes in accounting systems, including sales registration systems.

- Salary reporting
    - Salaries, employee benefits, company cars, telecom expenses, traveling expenses etc., are subject to strict and detailed regulation, which also includes several requirements for accounting systems.

Moore's advice and assistance

We are ready to help you clarifying your status and comply with the SAF-T requirements.

Our professionals look forward to providing any required assistance concerning SAF-T and other regulatory issues, such as compliance, accounting software, financial analysis and reporting. You will find our email addresses and telephone numbers at

www.moore-norway.no/people

We look forward to hearing from you!