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A Call for Stable and Predictable Conditions: VAT Compensation for International Schools

AmCham is a not-for-profit, member-led organization working toward the improvement and strengthening of bilateral trade and business relations between Norway and the US. On behalf of our international member companies, we work to increase the attractiveness of Norway for international investment, employment, and innovation.

This letter is to express our concern for international schools in Norway after the Norwegian Supreme Court ruling in December 2019 changed the premise under which educational institutions receive VAT compensation. After this ruling, only school services that county municipalities are required by law to offer will be entitled to VAT compensation. This means that schools approved under alternate curricula such as international schools, international baccalaureate programs, Montessori and Waldorf education are at risk of losing the right to VAT compensation. In practice, this will severely impact 144 schools with 15,000 students, and account for millions of kroner in extra costs for these schools.

The current right to VAT compensation rests on a fragile interpretation of the above ruling by the Ministry of Finance, that includes schools on a primary and middle school level but excludes international schools on a high school level. This creates a prolonged and unpredictable window of risk for these vulnerable schools. The alteration of the VAT compensation scheme would necessitate a different financial framework between various independent schools, as well as between international schools, dependent upon which act they are approved under.

Our 240 member companies represent both Norwegian and American companies that have a vested interest in the offerings of international schools throughout Norway. The quality and accessibility of international schools is a key component to attracting talent from abroad and supporting industries with common international deployments domestically.

The attractiveness of Norway to foreign employees is crucial, as foreign owned businesses play an important role in the Norwegian economy. In 2017, foreign owned businesses accounted for 20% of private sector employment, representing 12.5% of total employment in Norway. In the same year, these enterprises accounted for NOK 1 324 billion in revenue, and 25% of value created in Norway. In these companies, the average value-creation per employee is NOK 1.988 million.

Both Norwegian and foreign-based companies acknowledge that international deployments are only successful with the support and accompaniment of families. With this in mind, it is in the best interest of the Norwegian business community to encourage and promote the wellbeing of employees *and* their families. Leaders are far more likely to accept a posting in Norway if they have access to a top-tier international school for their children, and to accept a posting abroad if their children have access to a school in which they can prepare.

It is therefore important to Norwegian society that international schools are assured stable and predictable economic conditions conducive to delivering high quality, accessible education. We urge the Norwegian government to ensure sustainable economic framework conditions, including the legal right to receiving VAT compensation, for international schools.