

Terms and conditions for BSU accounts

(in accordance with the Act of 26 March 1999 No. 14 concerning the taxation of assets and income (the Tax Act), Section 16-10, and the Regulations of 19 November 1999 No. 1158 (F I N) concerning the supplementing and implementing etc. of the Tax Act of 26 March 1999 No. 14, Sections 16-10-1 to 16-10-9)

The BSU account is a savings scheme with tax relief for young people granting them the right to a housing mortgage subject to certain conditions. No tax relief is allowed where the taxpayer owns the primary or secondary dwelling in whole or in part as at the 31st of December of the financial year. The preceding sentence applies in the case of both direct and indirect ownership. This savings scheme is subject to the provisions of the Tax Act and the Regulations supplementing and implementing etc. the provisions of the Tax Act in force from time to time as issued by the Ministry of Finance. This means that there are tax-related consequences if the savings are not used as described in Section 16-10-4 of the Regulations. See also the provisions on breach of contract in Section 16-10-5 of the Regulations.

The contract conditions for BSU accounts are supplemented by the bank's General Terms for Deposits and Payment Services. In the event of conflict, the contract conditions for BSU accounts, the provisions of the Tax Act and the Regulations supplementing and implementing etc. the provisions of the Tax Act take precedence over the General Conditions for Deposits and Payment Services.

The costs of establishing, holding and operating a BSU account are shown in the bank's price list in force from time to time, in account information and/or will be communicated by some other appropriate means.

In the event of breach of contract as provided for in Section 16-10-5 first subsection of the Regulations supplementing and implementing etc. the provisions of the Tax Act, the BSU contract will be deemed to have been discharged. In the event of such a breach of contract, the bank is free to terminate the BSU account and to transfer the balance to a current account. The same applies to the enforcement of execution charges in respect of the account. In such cases, the account will be subject to the conditions governing this type of account.

The bank is not authorised to set off any amounts against the BSU account.

Should the authorities amend the provisions of the Tax Act or the Regulations supplementing and implementing etc. the provisions of the Tax Act, the contract conditions governing BSU accounts will be amended accordingly.

Section 16-10 of the Tax Act (Norway) reads as of 20 December 2022 with effect from 1 January 2023:

§ 16-10. Tax relief on home savings accounts for young people (BSU accounts)

- (1) Up to and including the year in which they reach the age of 33 years, personal taxpayers are allowed tax relief on income tax and national insurance contributions for deposits made into a home savings account in a domestic bank, cooperatives or permanently-organized domestic savings association or a corresponding savings institution in another EEA state, if the deposited sum is for use for the purpose of acquiring a dwelling owned by the personal taxpayer. The same applies where the deposit is to be used for improvements to or maintenance of the account holder's own home. No tax relief is allowed where the taxpayer owns the primary or secondary dwelling in whole or in part as at the 31 December of the financial year. The preceding sentence applies in the case of both direct and indirect ownership. No tax relief is allowed from and including the year in which the taxpayer has the savings amount at his/her disposal pursuant to this provision. Only one person is allowed tax relief on the amount deposited in a single account.
- (2) The tax relief on a home savings account is 10 per cent of the deposited amount.
- (3) The amount deposited in the account must not exceed NOK 27,500 per financial year. Total savings deposited in the account must not exceed NOK 300,000. In the case of spouses, the monetary limits provided for in this subsection apply to each spouse individually. In the case of savings deposited by children who are taxed together with their parents, cf. Section 2-14, tax relief applies only to income taxed separately.
- (4) Tax relief is not granted on amounts that exceed the total of assessed income tax and National Insurance contributions. The surplus amount cannot be carried forward for relief from future tax.
- (5) Date of birth and Personal Identity Number must be registered when the home savings account is opened. Tax relief is granted on the basis of information filed by the savings institution concerned. In the case of savings in a home savings account in another EEA state, relief is granted on the basis of documentation filed by the taxpayer.
- (6) When tax relief has been granted pursuant to the first subsection and the conditions governing home savings accounts are considered to have been breached, a surcharge shall be added to the tax assessed for the year in which the conditions were considered to have been breached. The surcharge shall be equivalent to the tax in respect of which the relief was granted.
- (7) The Ministry may issue regulations concerning the disposal of interest on the account.
- (8) The Ministry may issue rules supplementing and implementing this section.

Regulations supplementing and implementing etc., sections 16-10-1 to 16-10-8 of the Tax Act read as follows as at 7 September 2021:

§ 16-10. Tax relief on home saving accounts for young people (BSU)

§ 16-10-1. Conditions for opening an account

- (1) A taxpayer may hold only *one* home savings account for young people (a BSU-account), and must not have made use of the scheme previously, except in the cases provided for in Section 16-10-5 second subsections c and d.
- (2) Spouses must each open their own individual savings account.
- (3) A taxpayer who owns a dwelling as at 31 December of the financial year is not eligible for tax relief on the savings deposited in the year in question. This applies to ownership of primary and secondary dwellings in Norway and abroad, but not to ownership of holiday homes.

§ 16-10-2. Savings amount

- (1) A spouse who takes over the other spouse's account, cf. Section 16-10-5 second subsection *litra* c or d, may not continue to save in his or her own account if the total of the savings deposited in his/her own account and the account taken over exceeds the limit provided for in Section 16-10 third subsection second sentence of the Tax Act.
- (2) Interest accrued is not defined as deposited savings and is not included in the limits on the amounts saved provided for above. No new savings amounts can be deposited after the taxpayer has used the savings (cf. Section 16-10-4) or breaches the contract (cf. Section 16-10-5).

§ 16-10-3. Calculation of tax relief

- (1) In respect of spouses who are taxed pursuant to sections 2-10 and 2-11 of the Tax Act, relief is first granted on the tax payable by the spouse who concluded the contract. Any surplus amounts will be deducted from the tax payable by the other spouse only if the latter spouse fulfills the requirement of not owning a dwelling.
- (2) No tax relief is allowed from and including the financial year in which the taxpayer uses the amount (cf. Section 16-10-4) or breaches the contract (cf. Section 16-10-5).

§ 16-10-4. Using the funds in the savings account

- (1) The deposited savings amount must be used to cover the costs of acquiring, improvements to or maintenance of, a dwelling for own residence. The same applies to interest on such deposits accrued up to and including the financial year in which the taxpayer reaches the age of 33 years. Withdrawals may be spread over multiple financial years.
- (2) A dwelling for own residence means the dwelling the taxpayer uses as his/her permanent place of residence (home).
- (3) A dwelling acquired for own use is defined as a dwelling for own residence even if, because of his/her work situation or on grounds of health or similar reasons of which the taxpayer was not aware or could not have been aware of at the time of acquisition, the taxpayer is prevented from using the dwelling, cf. Section 9-3 second subsection b, second sentence of the Tax Act.
- (4) The cost of a dwelling for own residence also includes the purchase amount paid for the necessary plot of land and disbursements for the necessary share, ownership interest or bond.
- (5) Payments of interest and instalments on a mortgage on the dwelling or loan for the necessary share, ownership interest or bond etc. are defined as a cost for the acquisition of a new dwelling for own residence.
- (6) The deposited savings amount and interest on deposits of this nature may also be used for the payment of interest and instalments on loans taken out for improvements to or maintenance of a dwelling for own residence.

§ 16-10-5. Breach of contract

- (1) The conditions governing a home savings account will be considered to have been breached
 - a. in the event of the withdrawal of deposited savings amounts or interest accrued up to and including the year in which the taxpayer reaches the age of 33 years for purposes other than those defined in Section 16-10-4,
 - b. in the event of a transfer,
 - c. in the event of the voluntary furnishing of security,
 - d. in respect of any part of the savings amount that exceeds the cost price etc. for the dwelling. In such cases the deposited savings amount shall first be considered to have been applied for the acquisition of the dwelling, thereafter the accumulated interest.
 - e. if the taxpayer fails to observe the duty to file information concerning a home savings account in another EEA state.
- (2) The conditions governing a home savings account will not be considered to have been breached
 - a. in the event of the withdrawal of the savings amount deposited in the year, no later than 31 December in the financial year,
 - b. in the event of the withdrawal of interest accrued after the financial year in which the taxpayer reaches the age of 33 years,
 - c. if a surviving spouse takes over the contract,
 - d. in the event of the transfer of the entire savings amount to a spouse in the case of separation or divorce,
 - e. if the taxpayer is declared bankrupt and the savings are used to cover the claims of creditors,
 - f. if the taxpayer can provide evidence that special circumstances have prevented him/her from fulfilling the duty of disclosure in connection with savings deposited in a home savings account in another EEA state.

§ 16-10-6. The right to a mortgage

- (1) When a BSU-account is opened, banks are under an obligation to offer the customer a housing mortgage in connection with the home savings scheme.
- (2) The bank shall offer a first mortgage to the savings account holder, limited to a maximum of four times the balance in the BSU-account (the amount saved including accrued interest). The amount of the mandatory loan is limited to 80 per cent of the lower of the purchase price payable for the dwelling and the appraisal value. The terms and conditions applicable to the mortgage shall follow the interest and instalment terms and conditions offered by the bank from time to time on other loans with the equivalent security.
- (3) The obligation to offer a mortgage arises when the savings account holder wishes to use the amount saved in the BSU-account to purchase a dwelling for own residence. There is no requirement for the savings account holder to be a first-time buyer.
- (4) The bank's obligations to offer a first mortgage ceases to apply if the savings account holder breaches the home savings account contract or if the savings account holder defaults in some other way on his/her current payment obligations in relation to the bank or other financial institution. When a mortgage is needed, the savings account holder is required to submit the necessary information on his/her financial position. The bank's obligation to offer a mortgage ceases to apply if the savings account holder cannot document his/her financial ability to pay interest and instalments on the mortgage.
- (5) If a BSU-account is transferred to a different bank, the new bank is required to offer a mortgage on the same conditions as provided for in this provision.
- (6) If a BSU-account is transferred to a savings institution that is not under any obligation to offer mortgages, the obligation to offer a mortgage shall cease to apply.

§ 16-10-7. The disclosure requirement that applies to the savings institution and the taxpayer where the home savings accounts was opened in another EEA state

Where a BSU-account is opened in another EEA state, cf. § 16-10 first subsection first sentence of the Tax Act, the Directorate of Taxes will stipulate specific rules concerning the information that the savings institution shall provide and the manner in which the information shall be provided. The Directorate of Taxes will also stipulate specific rules concerning the information and documentation required from taxpayers who have opened BSU-accounts in other EEA states.

§ 16-10-8. The death of the taxpayer

- (1) In the event of the death of the taxpayer, the home savings contract shall become null and void and previous tax relief is final and unappealable and the investment obligation associated with the accumulated savings amount will no longer apply.
- (2) Nevertheless, a surviving spouse who fulfills the preconditions for tax relief on a BSU-account has the right to take over the contract, cf. Section 16-10-5 second subsection litra c.