SAF-T (Standard Audit File – Tax) – New requirement to the accounting system for Norwegian corporate taxpayers

The tax administration is planning to implement a standard chart of accounts for the majority of Norwegian entities and foreign entities that have a statutory obligation to keep accounting records for their business activities in Norway. This is called SAF-T (Standard Audit File – Tax). With a few exceptions, all corporate entities, either resident or with physical presence in Norway, will as of 1 January 2017 be obliged to have an accounting system that is in compliance with the proposed regulations.

The proposed regulations will most likely become statutory after the deadline for the hearing is passed (1 October 2016) and then with effect as of 1 January 2017. Due to this very short time frame, we fear that a significant number of entities will not be ready in time.

What is SAF-T?

SAF-T is a standardised file format for exporting various types of accounting transactional data using the XML – format.

Entities covered

As a starting point, all entities that have statutory obligations to keep accounting records for their business activities in Norway must comply with the new regulations. Exceptions are made for entities with less than 5 million NOK in turnover (ex. VAT) or less than 600 vouchers per year.

What are the changes?

The proposed regulations state that the entity must use a standard Norwegian account chart. No exceptions are allowed. Entities that do not use the exact standard Norwegian chart account must therefore do a mapping in their ERP systems and convert their existing chart into the standard chart in the form of an XML file. Both the trial balance, all postings in the general ledger and the sub ledgers related to accounts receivable /accounts payable must be in compliance with the new regulations.

Is the timeframe realistic?

The signals that we have received from several of our clients are that the timeframe is too short. Several of the large suppliers of ERP systems are currently not doing anything to change their ERP systems. As the entities are responsible for being in compliance, they therefore risk not being able to fulfil their obligations towards the Norwegian tax authorities.

Foreign entities that are tax and accounting liable to Norway through physical presence in Norway will normally use the ERP system of the foreign entity. These ERP systems will most likely not be in compliance with the proposed SAF-T regulations. Nevertheless, the obligations remain also for the foreign entities.

What can you do?

Provided that the regulations become statutory, there are three options for the covered entities:

1. Make the necessary changes to the internal ERP system so that is in compliance with the new regulations.
2. Make sure that the ERP supplier updates the ERP system to be in compliance with the new regulations.
3. Use the KPMG SAF-T converter. This can convert any trial balance and accounts receivable into an approved SAF-T file.

Should you decide to use the KPMG SAF-T converter we recommend that we do a test mapping. We will then see the account structure and the converter will remember the mapping when the tax authorities ask for the SAF-T file. In order to guarantee that you will be in compliance, we recommend that this test mapping is done before the year end, as we assume that when the requests from the tax authorities start in 2017 it will be quite hectic.

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Key links

- http://www.skatteetaten.no/en/business-and-organisation/Drive-bedrift/Bokforing-og-regnskap/standard-audit-file---tax-saf-t/

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