

# HOW TO HIRE MY FIRST EMPLOYEE IN SCANDINAVIA

## MAIN LEGAL STEPS TO FOLLOW TO HIRE A FIRST EMPLOYEE

### NORWAY

#### 1. Organisation number

Everyone who is engaged in business activity in Norway or on the Norwegian Continental Shelf must have an organisation number. The same applies to businesses that only have employees who work in Norway. The organisation number identifies legal persons (entities) and, among other things, it is necessary in order to fulfill certain statutory obligations in relation to the authorities.

#### 2. The National Insurance scheme and occupational injury insurance

When you have employees, you must make sure that you are registered in the Norwegian Labour and Welfare Administration's employer and employee register (NAV's AA Register). In addition to registering yourself/your business as an employer, you must report to the tax authorities (a-melding) when the employee relationship starts, is changed, or ends. You are also obliged to take out occupational injury insurance for your employees to cover possible occupational injuries or illnesses. You can do this by entering into an agreement with an insurance company.

#### 3. Mandatory occupational pensions (OTP)

The Act relating to Mandatory Occupational Pensions means that you as an employer are normally obliged to have an occupational pension scheme for your employees. You can choose between a defined benefit scheme and a defined contribution scheme. Of course, the occupational pension comes in addition to the pension entitlements employees earn via the National Insurance scheme.

#### 4. Tax Card

Everybody working in Norway must have a tax card. Application for a tax card for is done electronically on Altinn.no.

### SWEDEN AND DENMARK

1. To become an employer you need to register your company with the Tax Agency of the country.
2. There are two forms of employment - indefinite and temporary.

The main principle according to the Employment Protection Act is that an employment contract is in effect until further notice. If the employment is to be temporary, this must be clear from a written agreement in order to apply.

3. Set up an employment contract
4. Pay employer contributions and deduct income tax

You are required to report salaries, employee benefits, deducted tax and employer contributions each month. Deducted tax and employer contributions must be paid into the company's tax account.

## DESIGN AND CONTENTS OF AN EMPLOYMENT CONTRACT

Under the Employment Protection Act, you are required to provide written information containing the following particulars:

- personal data, the workplace and the commencement date of the employment
- description of the employee's duties, occupational designation or title
- form of employment and period of notice

- salary, employee benefits and the intervals at which the salary will be paid
- length of the paid annual leave and length of a normal working day/week
- applicable collective bargaining agreement, where relevant

In Sweden and Denmark it may also be worth including information about any insurance you have taken out for the employee.

If you plan to employ a person who is not a EU citizen, you need to contact the Migration Board to get a work permit.

### CAN SOMEBODY DO BUSINESS FOR ME AND NOT BE AN EMPLOYEE?

An alternative to employment when doing business in Scandinavian countries is to engage a self-employed person (sole trader).

Whether a person is considered an employee or a self-employed person is as a basic rule determined on whether the answers to the following questions are "Yes" or "No".

If "Yes", the person are probably an employee:

- Can someone tell them at any time what to do, where to carry out the work or when and how to do it?
- Do they work a set amount of hours?
- Can someone move them from task to task?
- Are they paid by the hour, week, or month?
- Can they get overtime pay or bonus payment or other benefits normally awarded to employees?

If the answers to the following questions are "Yes", the person is probably a self-employed person:

- Can they hire someone to do the work or engage helpers at their own expense?
- Do they risk their own money?
- Do they provide the main items of equipment they need to do their job, not just the small tools that many employees provide for themselves?
- Do they agree to do a job for a fixed price regardless of how long the job may take?
- Can they decide what work to do, how and when to do the work and where to provide the services?
- Do they regularly work for a number of different people?
- Do they have to correct unsatisfactory work in their own time and at their own expense?

A self-employed person is personally responsible for all the company's obligations, such as liabilities and agreements. A self-employed person is also responsible for paying their own taxes and contributions.