# TERMS AND CONDITIONS FOR A “BSU” ACCOUNT (home savings scheme for young people)

**In accordance with section 16-10 of the Norwegian Taxation Act and sections 16-10-1 to 16-10-9 of the associated regulations no. 1158 of 19 November 1999 to supplement and implement sections 16-10-1 to sections 16-10-9 of the Taxation Act.**

A home savings account for young people (‘BSU account’) is an account in which young people can save money to purchase a home, and get a tax deduction on such savings. Saving in a BSU account also makes the account holder eligible for a mortgage loan subject to certain conditions. No tax deduction is granted when the taxpayer, as at 31 December in the fiscal year concerned, fully or partly owns a primary residence or second home. The previous point applies to both direct and indirect ownership. The savings scheme is governed by the Norwegian Taxation Act and the regulations issued by the Norwegian Ministry of Finance to supplement and implement the Act.

The terms and conditions for a BSU account are supplemented by the bank’s General Terms and Conditions for Deposits and Payment Services. In the event of any conflict, the terms and conditions for the BSU account, and provisions of the Taxation Act and the associated regulations shall take precedence over the General Terms and Conditions for Deposits and Payment Services.

When the account holder reaches the age of 34, the interest rate will be the same as on ordinary savings accounts. Interest rate terms, as well as the fees for opening, holding and using a BSU account are specified in the bank’s price list and account information and/or communicated by other appropriate means.

In the event of a breach of contract as described in section 16-10-5 of the aforementioned regulations, the BSU agreement shall be considered to have been terminated. In the event of such breach of contract, the bank may close the BSU account and transfer the balance to a current account. The same applies in the event that funds in the account are seized in connection with execution proceedings. In such a case, the standard terms and conditions for a current account will be applied.

The bank may not offset any outstanding amounts against funds in the BSU account.
If the authorities amend the Taxation Act or the associated regulations, the Terms and Conditions for a BSU account will be changed correspondingly.

**As of 20 December 2022 valid from 1 January 2023, section 16-10 of the Norwegian Taxation Act reads as follows (unofficial English translation):**
**Section 16-10.** Tax deduction on home savings scheme for young people (BSU)
(1) Until they reach the age of 33, individual taxpayers shall be allowed a certain tax deduction on funds deposited in a BSU home savings account held in a domestic bank, cooperative entity or other licensed savings institution in Norway or another EEA country from Norwegian income tax and social security contributions, provided that the funds deposited in the account are to be used to purchase a residence of their own. The same applies when the amount deposited into the BSU account is to be used to cover costs relating to the upgrading or maintenance of your own home. No tax deduction is granted when the taxpayer, as at 31 December in the fiscal year concerned, fully or partly owns a primary residence or second home. The previous point applies to both direct and indirect ownership.
As of the year when the taxpayer uses the funds saved in the account as set out herein, he/she will no longer be entitled to claim tax deductions on such savings. Tax deductions may only be claimed for amounts deposited in an account.
(2) The tax relief on home savings is 10 per cent of the deposited savings amount.
(3) The maximum amount that may be saved in the BSU account is NOK 27 500 per income year. The total savings in the account may not exceed . For spouses, the limits set out herein shall apply to each of them. In cases where a child’s savings are taxed jointly with those of his/her parents, cf. section 2-14, deductions may only be claimed from tax on income that is taxed separately.
(4) Tax deductions may not exceed the sum of determined income tax and social security contributions. The excess amount may not be carried forward and claimed as a deduction at a later date.
(5) The taxpayer’s Norwegian national ID number must be registered when the BSU account is opened.
Deductions will be granted on the basis of reports from the savings institution in question. If the BSU account is held in another EEA country, the taxpayer must present documentation thereof in order for a tax deduction to be allowed.
(6) If tax deductions have been allowed in accordance with the first paragraph, and the conditions for the BSU home savings scheme are deemed to have been breached, the assessed tax for the year in question shall be increased by an amount equalling the tax deductions that have previously been allowed.
(7) The Ministry may issue rules regarding the right to use any returns on the account.
(8) The Ministry may issue regulations supplementing the Taxation Act and regarding the implementation of this section.

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**As of 7 September 2021, the regulations to supplement and implement sections 16-10-1 to 16-10-8 of the Taxation Act read as follows (unofficial English translation):**

**Section 16-10.** Tax relief for home savings for young people (BSU)

**Section 16-10-1.** Conditions for opening an account

(1) A taxpayer may only have one BSU home savings account, and may not open an account if he/she has previously availed him/herself of the scheme except in the situations specified in section 16-10-5, second paragraph, items c and d.

(2) Spouses must open separate accounts.

(3) Any taxpayer who owns a home as at 31 December in the fiscal year cannot receive a tax deduction for savings deposited during the year concerned. This applies when the taxpayer owns a primary residence or second home in Norway or abroad, but not when he or she owns a holiday home.

**Section 16-10-2.** Savings amount

(1) A spouse who takes over the other spouse's account, see 16-10-5 second paragraph, item c) or d) cannot continue to save in his/her own account if the sum of the savings amount deposited in his/her own account and the one he/she has taken over exceeds the amount limit set out in section 16-10-3, second sentence.

(2) Earned interest does not count as deposited savings and is not included in the limits set out above. New amounts may not be deposited after the taxpayer has accessed the savings in the account (see section 16-10-4) or has breached the contract (see section 16-10-5).

**Section 16-10-3.** Calculation of tax deductions

(1) When spouses are taxed under sections 2-10 and 2-11 of the Taxation Act, deductions are first granted from the part of the tax liability that is attributable to the spouse that has entered into the contract. Any excess amounts may only be deducted from the tax payable by the other spouse if he or she meets the condition of not owning a home.

(2) Further tax deductions will not be allowed starting as of the income year when the taxpayer uses the savings (see section 16-10-4) or breaches the contract (see section 16-10-5).

**Section 16-10-4.** Use of the savings

(1) Savings deposited in the BSU account must be put towards the cost of buying, upgrading or maintenance the taxpayer's own residence. The same applies to interest earned on such deposits up to and including the year when the taxpayer turns 33. Withdrawals may be distributed over several income years.

(2) By 'own residence', what is meant is the home that the taxpayer uses as his or her permanent residence (home).

(3) A home purchased for the taxpayer's own use counts as his or her own residence even if the taxpayer due to his/her work, for health reasons, or similar reasons the taxpayer did not know about at the time of purchase, is prevented from using the dwelling, see the Taxation Act section 9-3, second paragraph, second sentence in item b).

(4) The cost of buying a residence of the taxpayer's own also includes the price of the required plot of land and payment for any cooperative shares or bonds.

(5) The cost of buying a residence of the taxpayer's own also includes payments of interest and principal on the home loan, or payments for necessary cooperative shares, bonds for a leasehold flat etc.

(6) Savings deposited in the BSU account and interest on deposits of this kind can also be used to pay interest and instalments on loans for covering upgrading or maintenance of your home.

**Section 16-10-5.** Breach of contract

(1) The conditions for the BSU home savings scheme shall be deemed to have been breached

a. if deposited savings or earned interest are withdrawn before the year when the taxpayer turns 33 for any purpose other than what follows from section 16-10-4,

b. if the account is made over to someone else,

c. if the account is voluntarily pledged as collateral,

d. for any portion of the savings that exceeds the cost of buying the home. In such event, first the deposited savings shall be deemed to have been used to buy the home, and thereafter the earned interest,

e. if the taxpayer fails to perform his/her duty of information in connection with saving in a home savings account in another EEA country.

(2) The following shall not be deemed breaches of the conditions for the home savings scheme

a. withdrawal of the funds saved in a particular year by 31 December in the income year,

b. withdrawal of interest earned after the income year in which the taxpayer turns 33,

c. if the account owner dies and the surviving spouse takes over the contract,

d. if the entire saved amount is transferred to the account owner's spouse in connection with separation or divorce

e. if the taxpayer goes bankrupt and the funds are used to pay creditors.

f. if the taxpayer can prove that special circumstances prevented him/her from performing his/her duty of information with regard to a BSU account held in another EEA country.

Amended by the regulations of 19 December 2002 no. 1716 (effective as of the income year 2002), and 17 December 2004 no. 1709 (effective as of the income year 2004).

**Section 16-10-6.** Right to a mortgage loan
(1) When BSU accounts are opened, banks are required to offer the saver a mortgage loan as an element of the home savings scheme.
(2) The bank shall offer the saver a senior mortgage loan for an amount equalling a maximum of four times the balance on the BSU account (savings plus earned interest). The obligatory loan amount shall not exceed 80 per cent of whichever is lowest of the purchase price for the home and the loan value. The terms and conditions for interest and principal payments on the loan shall be in conformity with those generally offered by the bank for loans with equivalent collateral.
(3) The lending obligation arises when the saver wants to use the amount saved in the BSU account to buy a residence of his/her own. This does not have to be the saver's first residence of their own.
(4) The bank's obligation to offer a senior mortgage loan for housing purposes shall lapse if the saver breaches the savings account contract or otherwise defaults on payment obligations towards the bank or another financial institution. When taking out the loan, the saver must provide all the necessary information about his/her finances. The bank's lending obligation shall not apply if the saver cannot document his/her financial ability to pay interest and repay the principal on the loan.
(5) If the BSU account is moved to another bank, the bank in question is obliged to offer a loan on conditions set out herein.
(6) If the BSU account is moved to a savings institution that is not required to offer loans, the lending obligation shall cease to apply.

**Section 16-10-7.** *The duty of the savings institution and the taxpayer to disclose information when the BSU account is established in another EEA state*
In the event of a BSU account being established in a savings institution in another EEA state, cf. section 16-10, first paragraph, first sentence of the Norwegian Tax Act, the Norwegian Directorate of Taxes has set out further rules on what information the savings institution must provide and in what way this information should be provided.

**Section 16-10-8.** Death of the taxpayer
(1) If the taxpayer dies, the BSU home savings account contract shall be deemed to have lapsed, previous tax deductions for savings shall be final and the obligation to invest the accumulated savings shall expire.
(2) A surviving spouse who meets the conditions for obtaining a tax deduction in connection with a BSU savings scheme is nevertheless entitled to take over the contract, cf. section 16-10-5 second paragraph, item c.