

# Paying Taxes and Accessing Welfare across Borders

*Challenges in the encounter between transnationals and Norwegian government institutions*

Increasing numbers of people lead lives that span nation-state boundaries. Yet, nation-state bureaucracies are predominantly set up to deal with populations residing within national borders. How do people living across state borders experience encounters with state bureaucracies? This policy brief identifies some of the key challenges involved in encounters with Norwegian government institutions, drawing on interviews with people who are living their lives partly in Norway, and partly in another country or other countries. The challenges experienced by transnationals in communication with the Norwegian Labour Welfare Administration (NAV) and the Norwegian Tax Administration (*Skatteetaten*) suggest a need for enhanced information efforts in a complex regulatory landscape.

## Brief Points

- Paying taxes or accessing welfare across nation-state borders often requires substantial amounts of facilitation from bureaucracies in several states.
- Many tax-related policies are country-specific. This creates challenges for transnationals who seek to legally navigate tax rules across countries.
- Communication from government institutions on rules and regulations is experienced by some transnationals as either conflicting, confusing, or both.

## Living in Two Countries, Relating to Two Bureaucracies

Individuals and families lead lives that span nation-state borders for different reasons, connected to work, to the whereabouts of family members, or to climate preferences. Transnationals – people who divide their lives, and thus their time and resources, between two (or more) countries – are a diverse group. In a Norwegian context, transnationals can include: Norwegian pensioners in Spain or Thailand; Poles or Swedes commuting to work in Norway; entrepreneurs who run and follow up companies operating in several countries; the staff of international companies who are posted internationally; as well as students, health workers, and people who might have a range of national identities, professions, and life course stages.

The everyday realities of transnational living are diverse and individual, as are encounters with state bureaucracies. Nevertheless, some key challenges emerge from transnationals' experiences of their engagement with government institutions.

It has become increasingly common for a person to have ties to several countries simultaneously. However, for caseworkers in institutions like the Norwegian Labour Welfare Administration (NAV) and the Norwegian Tax Administration (*Skatteetaten*), handling the cases of people who lead transnational lives remains a demanding task. These two government institutions were principally established to accommodate people attached to only one legislative system: the Norwegian one.

Since transnationals' lives take place in several

states, they are in different ways connected to bureaucracies in several countries. This often makes their welfare- and taxation-related cases complex, as seen from the perspective of a single legislative framework of a state.

### Data

The backdrop of this policy brief is a dataset consisting of 74 interviews carried out with individuals and couples who divide their lives between Norway and other countries. Interview data was collected as part of the Research Council of Norway-funded project 'Transnational Lives in the Welfare State' (TRANSWEL). The majority of these interviews were carried out in Norway, while some were conducted abroad, in Cape Verde, France, Kenya, Nepal, Pakistan, Poland, and Spain. (For more information about the data, see Figure 2).

### Communication Challenges

#### Different Person, Different Answer

Whilst it is possible to live and work in several countries in the span of a year, discovering which welfare and taxation regulations are relevant to your case can be challenging when several legislative systems apply at once. The experiences of the transnationals interviewed suggest that there are challenges in communication between transnationals and bureaucrats in government institutions in Norway. Transnationals face time-consuming paperwork, where their cases seldom fit the standardized formats, and where multiple caseworkers are often involved over time, each in need of another re-iteration of the specificities of the transnational person's particular circumstances.

People leading transnational lives contact state institutions to seek guidance on taxation, social security benefits, health insurance and membership in the Norwegian welfare state. The feedback gained is experienced by transnationals as being more generic than directly applicable to their circumstances. Regarding benefit regulations, several of the interviewees have found advice from different bureaucrats within NAV to be somewhat contradictory or even directly conflicting. The interviewees also experienced that the directions they received from different employees of the Tax Administration regarding taxation did not always correspond with one another.

When asked about the obstacles she faces in her transnational life, an interviewee living in both Norway and Spain, said:

*'I can understand that two different countries have different rules, but what's more complicated is when different offices or employees in the same office give you different answers. What do we listen to? What should we do here?'*

Across the dataset, interviewees speak about how confused they become in their attempts to comply with regulations. The experience of receiving conflicting advice from the same institution leads to a sense of uncertainty among transnationals. This sometimes also translates into a fear of making inadvertent mistakes. Transnationals largely feel respected and listened to by the bureaucrats whom they communicate with. However, some express concerns about the relevance of the competences of employees in NAV and the Tax Administration when it comes to dealing with cross-border cases. Transnationals' doubts arise in response to the perceived ambiguity of regulations and the lack of expected and needed advice from the bureaucrats they approach.

#### Case-Specific Communication

While seeking advice from NAV or the Tax Administration, transnationals use a range of channels of communication. A phone call to the main service centre and a face-to-face meeting with a person at a counter in an office were the two most frequently referred to communication channels in the interviews.

Across the board, transnationals find it difficult to get replies that go beyond general and

<b>TRANSNATIONALS</b> People emotionally and materially connected to more than one country, who devote considerable time to sustaining these connections across countries.	<b>NAV</b> The Norwegian Labour Welfare Administration – the Norwegian public welfare agency.	<b>TAX ADMINISTRATION</b> Skatteetaten – a Norwegian government agency that deals with tax collection and residence registration.
<b>Emotional commitment:</b> a sense of attachment to each of the countries. <b>Material commitment:</b> e.g. investment in housing, expenditure on frequent travels and allocation of material resources in each country. <b>Temporal commitment:</b> devoting considerable time to sustaining attachments to the countries.	Transnationals deal with NAV in search of information provision on membership in the welfare state and social security benefits. These include: old age pension, disability pension, family benefits, unemployment benefit and more.  Transnationals also deal with NAV when they apply for these state-provided allowances.	Transnationals notify the Tax Administration when moving to and from Norway. People who have never lived in Norway before apply here for their personal identification number, which is necessary to prove their identity, and to more easily access the bureaucracy, health care and other state-provided services.

Figure 1. Key terms and definitions

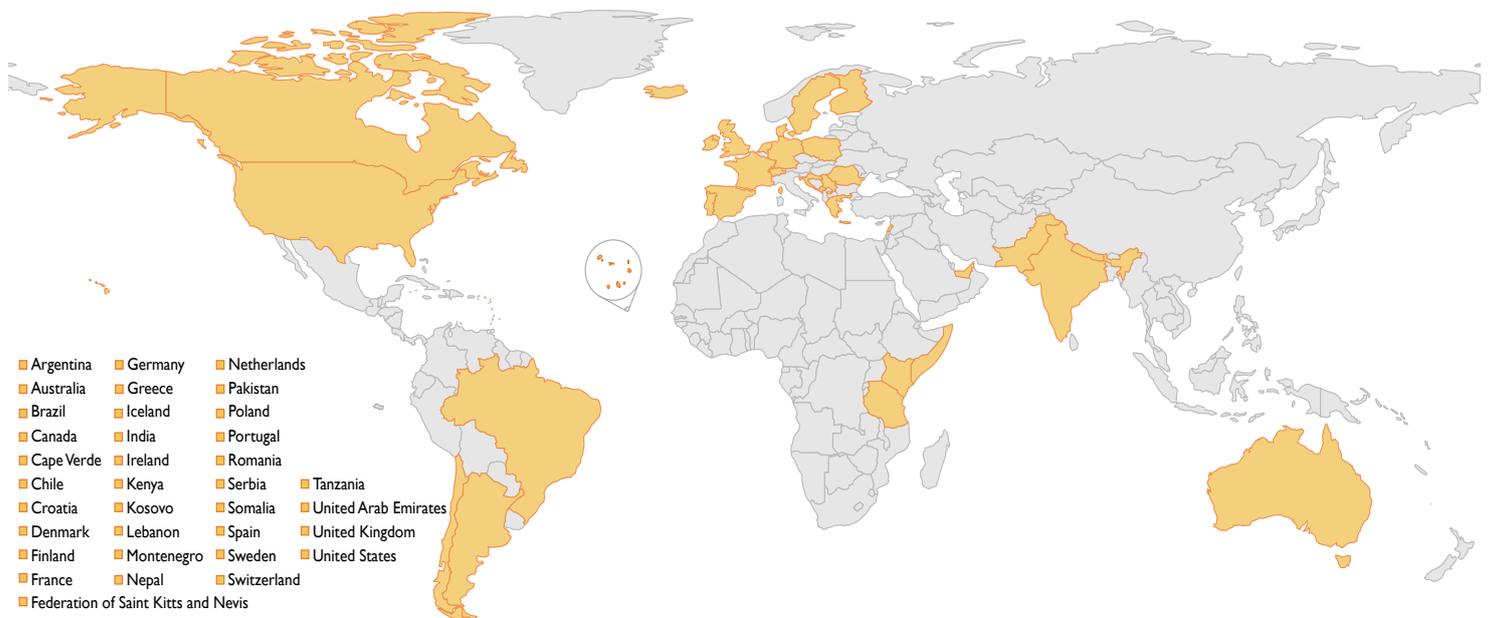


Figure 2. Countries that transnationals from our data maintain a commitment to and a connection with

non-personalized information. The cases which span nation-state borders are complex. Handling a transnational case often requires a caseworker to scrutinize a particular case in great detail, perhaps checking with colleagues, to be able to answer specific, case-related questions.

The circumstances of a transnational can change over time, which can have implications for their case. Yet, transnationals experience that there are few possible channels of communication appropriate to providing sensitive data on updates of relevance to their case. Rather, communication is often fragmented, with one message at a time, and with long lags between the postal arrival of official documents which formally matter to the case. An alternative option is an exchange of electronic messages through a government-owned website. Yet, here there are practical and technical obstacles to being able to prove your identity in the required way, which present a challenge to some transnationals.

Some interviewed transnationals are accustomed to non-Norwegian bureaucratic systems where a physical meeting is required in order to share private information. They visit NAV or the Tax Administration's local offices in search for advice or to provide updates on their own cases, especially if concerning sensitive, private information. Here, the common experience of such encounters with bureaucracy is that these individuals cannot meet their caseworkers; they can

only speak to a person at the counter. In such instances, some interviewees were requested to proceed with their query online, instead of visiting the office.

A few interviewees specifically miss the opportunity to meet with or speak with their caseworkers. This is particularly relevant when it comes to case-specific communication. It is challenging to get specific advice, and there are relatively few channels of communication available, including for the purposes of exchanging relevant and necessary information.

### Providing Information on the Phone

It can sometimes be difficult to grasp important messages provided over the phone. Having spoken on the phone with caseworkers at NAV or the Tax Administration, some interviewees experienced that it was not always straightforward to get a clear sense of the information provided.

When trying to access information through telephone helplines, some transnationals experience that they are being redirected time and time again to yet another representative of the institution, where they will have to repeat the same story to a new person, who will quite likely pass them along to another person. A transnational living partly in Norway and partly in two other European countries summed up his experience of his lengthy phone conversations with several

employees in NAV, saying:

*'I don't know if they [already] know me and I don't know how many employees they have, I just want the case to end'*

Transnationals who, due to their geographic whereabouts or for structural reasons, cannot make an appointment at the local office were the most likely to experience discussions about their cases on the phone.

### Divergent Policies in Norway and Abroad

Globally, the vast majority of government institutions and policies are state-specific. States have their own rules on pension plans and how you earn a pension, on unemployment benefits and how you gain access to them, and on sick leave and the duration thereof. NAV is an institution that covers most aspects of social welfare in Norway. In other countries, such social welfare responsibilities are often divided between several institutions. Some transnationals find it difficult to navigate and understand which institutions and areas of regulations correspond across nation-state borders. One of the interviewees living in Norway and Spain, illustrated the problem of structural differences across countries, saying:

*'It is complicated, because we have to deal with two sets of legislation that don't quite correspond'*

Similarly, taxation rules vary hugely across different nation-state contexts. Transnationals experience confusion about taxation regulations across borders, and about complying with several sets of taxation rules simultaneously, whether in relation to income taxes or wealth taxes. Making repeated taxation mistakes over a longer period can lead to substantial debt. For transnationals running businesses across borders, many challenges emerge. For instance, calculating VAT across borders is experienced as very complex. Sometimes taxes must be declared in several places, where different deadlines and frames of accounting apply. Taxation-related challenges have clear links to both the private and the public economy, as taxes are an important contribution to welfare states. Transnationals in our data largely want to comply with tax regulations across borders, but often find it hard to know how to do so correctly.

### Bank Accounts and Access

When interviewees discussed online platforms for communication with government institutions in Norway, some possibilities and some limitations became apparent. Several transnationals, who have a relatively new connection with Norway, experience challenges when trying to open a Norwegian bank account. The discussed problems vary, depending on the bank, yet centre on lacking the documents necessary to complete the procedure of opening a bank account. Interviewees mention being expected to have a Norwegian identification number and payslips from a Norwegian employer in order to open a bank account. The bank account is important, as it is *de facto* the key to accessing the government's online communication platforms.

In principle, online communication with government institutions is a solution that should enable people to gain insight into their cases regardless of place and time. As such, it would seem ideally suited to transnationals' needs.

However, in practice, the technological solutions built to ensure online data security pose challenges, especially to those with short residence periods in Norway. For, in order to access online updates on one's own cases in NAV and in the Tax Administration, a person must use a system of electronic identification of a user and a binding electronic signature, largely linked to a bank account. Thus, the above described challenges with opening a bank account affect a segment of transnationals' access to the secure online channel of communication with bureaucrats.

Alternative contact options for people who are not able to log in to NAV's and the Tax Administration's online services are, for instance, a phone helpline, a chat service on the website, or a general online contact form. However, as NAV's chat description also specifies: 'The chat does not require a log in, so we cannot answer questions about your specific case'. This is because users who are not logged in are considered anonymous, and therefore cannot receive private personal information without authenticating themselves via a log in. This conundrum underscores the challenge for some transnationals in receiving timely, relevant and case-specific advice from government institutions.

### Conclusions: Toward Addressing the Challenges

This policy brief provides insights into the challenges experienced in the encounter between transnationals and government institutions, from the perspectives of interviewed transnationals.

Transnationals who live partly in Norway and partly abroad relate to Norwegian government institutions in various ways. They constitute a growing group of clients of both NAV and the Tax Administration.<sup>1</sup> Due to the complexity of their cases, some transnationals need substantial amounts of advice and assistance from caseworkers in order to learn how to

comply with the rules.

Transnationals' experiences of the encounter with government institutions in Norway point to perceived challenges in obtaining adequate information at the right time. Communication with such institutions is experienced either as contradictory or as not sufficiently case-specific. The challenges outlined in this brief suggest a need for enhanced efforts to provide information by government institutions, as a response to the communication challenges experienced by transnationals.

All encounters include at least two actors. The encounters between transnationals and caseworkers are of course also two-sided. Perspectives on work with transnationals' cases from caseworkers in NAV and the Tax Administration are equally important and valid, and may be found in other publications from the TRAN-SWEL project (see Further Reading). ■

### Note

1. Based on NAV's statistics on payments of social security benefits for persons abroad in the period 2010–2017, available here: [www.nav.no/no/NAV+og+samfunn/Statistikk/Flere+statistikkomrader/Utbetalinger+til+personer+ti+utlandet](http://www.nav.no/no/NAV+og+samfunn/Statistikk/Flere+statistikkomrader/Utbetalinger+til+personer+ti+utlandet)

### Further Reading

Talleraas, Cathrine (2017) 'Reconciling transnational mobility and national social security: what say the welfare state bureaucrats?', *Journal of Ethnic and Migration Studies*. DOI: 10.1080/1369183X.2017.1408461.

Talleraas, Cathrine (2018) 'Combining Transnational Living and National Welfare', *PRIO Policy Brief*, 1. Oslo: PRIO.

Talleraas, Cathrine & Lubomiła Korzeniewska (2018) 'The Morality of Transnational Social Security: When is it fair to export Norwegian social security benefits?', *PRIO Policy Brief*, 6. Oslo: PRIO.

## THE AUTHOR

Lubomiła Korzeniewska is a Research Assistant at PRIO, working within the thematic areas of migration and the Norwegian welfare state. She holds a master's degree in psychology from the University of Gdańsk. At PRIO, she is part of the Migration Research Group.

Email: [lubomila@prio.org](mailto:lubomila@prio.org)

## THE PROJECT

Transnational Lives in the Welfare State (TRANSWEL) is a research project that explores what it means to live in two countries, how individuals manage such a way of life, and how it affects interactions between individuals and state institutions. For more information, visit [www.prio.org/projects/transwel](http://www.prio.org/projects/transwel).

## PRIO

The Peace Research Institute Oslo (PRIO) is a non-profit peace research institute (established in 1959) whose overarching purpose is to conduct research on the conditions for peaceful relations between states, groups and people. The institute is independent, international and interdisciplinary, and explores issues related to all facets of peace and conflict.