

IN-DEPTH

# Gambling Law

NORWAY



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# Gambling Law

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In-Depth: Gambling Law (formerly The Gambling Law Review) is designed for practitioners across the world who want to find a way quickly to digest and understand the framework of gambling legislation in key jurisdictions. It analyses the most consequential new legislation and case law, with a focus on key events of the past 12 months and the things to look out for in the next.

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# Norway

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## Introduction

### i Definitions

Norwegian law does not differentiate between online gambling and its land-based counterparts, nor between different types of gambling. The Norwegian Gambling Scheme Act Section 2 utilises the umbrella term 'gambling schemes' to cover gambling activities (e.g., casino-styled games, wagering or sports betting or lotteries) that require a stake and may provide prizes as a result of a draw, guess, chance or any other procedure that is partly or wholly determined by a random event (i.e., the presence of total or partial chance).

Norwegian law interprets the condition of stake broadly, in that the provision of private emails or use of a telephone with payment beyond the normal rate will be treated as consideration.

The condition of prize encompasses money, objects or other tangible assets with economic value. In principle, anything of value could be considered winnings within the meaning of the Gambling Scheme Act. It follows from case law that items of negligible value (e.g., simple promotional items and symbols of participation, such as mugs, cups, diplomas, posters and t-shirts) fall outside the concept of winnings.

If the outcome of the activity is beyond the control of the individual, the activity will fulfil the condition of having a total or partial chance. This condition is always met where the winner is selected by draw or guess, such as in traditional lotteries. If the activity consists of several parts, only one part must contain an element of randomness in order for the condition of total or partial chance to be fulfilled. This includes activities where the chance of winning depends on both skill and randomness. It does not matter if the random element is present before or after the part of the activity where participants compete in knowledge or skill.

Pure skill gaming does not have the element of chance; therefore, it is not treated as a lottery under Norwegian law. For instance, chess is not considered gambling under Norwegian law, even though it includes a minor element of chance that could affect the outcome (white starting).

Norwegian law does not distinguish between betting on the results of a draw as opposed to entering it. Betting on the results of a lottery or otherwise partaking in gambling activities (licensed or not) is permitted for persons over the age of 18.

### ii Gambling policy

As a general rule, Norwegian gambling legislation prohibits the provision, marketing or distribution of any form of lottery that does not have a licence from the Norwegian Lottery and Foundation Authority in accordance with the Gambling Scheme Act Sections 4 and 6. This licence is generally only attainable where the organisation has a humanitarian or socially beneficial purpose (cf. the Gambling Scheme Act Section 18).

The Norwegian gambling monopoly and the acts upon which it depends are based on the notion that 'lotteries [and other gambling activities] should be conducted so as to prevent gambling addiction and other negative consequences of gambling, ensure that gambling

is conducted in a responsible and safe form and otherwise facilitating the proceeds from gambling to non-profit purposes' (cf. the Gambling Scheme Act Section 1).

### **iii State control and private enterprise**

While any organisation may apply for a licence, licences to operate commercial gambling activities are not granted, as the state-owned companies Norsk Tipping (gaming) and Norsk Rikstoto (totalisator betting) hold the exclusive rights to provide commercial gambling services in Norway by virtue of the Norwegian gambling monopoly. Norsk Tipping is the sole legal provider of, inter alia, commercial casino-style games, igaming, wagering and sports betting, while Norsk Rikstoto offers horse race betting.

Licences to hold lotteries, land-based poker tournaments and bingo games may be granted to local, regional or nationwide organisations who have a humanitarian or socially beneficial purpose within the area in which the lottery is held.

### **iv Territorial issues**

Gambling is regulated on a national level.

### **v Offshore gambling**

Norwegians can legally gamble on foreign-based websites hosted by foreign-based gambling operators without violating Norwegian law, regardless of the legality of the gambling services being offered.

The Norwegian Lottery and Foundation Authority may pierce the veil if it suspects that a Norwegian operator with a predominantly Norwegian customer base locates its operations abroad in order to circumvent Norwegian law or where foreign-based operators align and facilitate their business in such a way to provide their services towards customers in Norway, for example by providing gaming services and customer support in the Norwegian language.

While a foreign-based operator might legally offer its services to Norwegian consumers, the Norwegian Lottery and Foundation Authority may still seek to hinder its business by enacting resolutions prohibiting Norwegian-based financial institutions and payment service providers from facilitating gambling-related payments between gambling operators (or their payment providers) and their customers.

## **Legal and regulatory framework**

### **i Legislation and jurisprudence**

Gambling within Norway is governed by the Norwegian Gambling Scheme Act, encompassing gaming schemes related to sporting events and other competitions, lotteries and horse racing and appurtenant betting activities. These acts govern the prohibition and licensing requirements concerning gambling offerings.

## **ii The regulator**

The Norwegian Lottery and Foundation Authority regulates and supervises gambling in Norway.

## **iii Remote and land-based gambling**

As a general rule, the provision, marketing or distribution of any form of unlicensed gambling activity that has not been authorised by the Norwegian Lottery and Foundation Authority is prohibited (cf. Sections 2 and 4 of the Gambling Scheme Act). Norwegian law does not differentiate between land-based and online gambling.

## **iv Land-based gambling**

Land-based casinos are prohibited under Norwegian law.

## **v Remote gambling**

As a general rule, the provision, marketing or distribution of any form of unlicensed gambling activity that has not been authorised by the Norwegian Lottery and Foundation Authority in accordance with Section 6, Paragraph 1 of the Lottery Act or Section 2 of the Gaming Scheme Act is prohibited.

## **vi Ancillary matters**

Manufacturers or suppliers of gambling-related equipment are not subject to specific requirements under Norwegian gambling law.

There are no licences for individuals, although they may be subject to requirements under the various authorisation regimes. For example, applicants for licences may be required to submit:

1. a police certificate of good conduct of the organisation's chair of the board, the proprietor or other participants;
2. financial statements, annual reports and an auditor's report; and
3. articles of association.

Licences may be revoked if the licence holder has breached the terms of the licence or Norwegian law. Licences may also be revoked where a gambling device used in the gambling activity does not perform satisfactorily or where the holder has breached the public order or otherwise facilitated the creation of an environment harmful to children and adolescents.

## **vii Financial payment mechanisms**

There are no specific restrictions on certain types of payment mechanism for gambling.

## The licensing process

### i Application and renewal

Private organisations may apply for authorisation to provide private lotteries, bingo and poker games under certain conditions. Lottery and bingo licences are valid for one year. The Norwegian Lottery and Foundation Authority may also grant three-year licences to operate an annual, land-based, for-profit and national poker championship, with up to five regional qualification tournaments. Licences are required for both the operator of the gambling service, as well as the proprietor of any fixed location offering the service.

Licences are only granted to local, regional or nationwide organisations or foundations that are registered with the Norwegian Central Coordinating Register for Legal Entities. To apply for a gambling licence, an application is filed using the applicable form provided by the Norwegian Lottery and Foundation Authority. All licence applications must carry out a risk assessment of their own gambling offer to ensure responsible and safe gambling. The applications must also have routines in place outlining how they will adhere to the requirements for gambling schemes.

Norwegian law differentiates between small and large gambling scheme lotteries. Large gambling scheme lotteries have a yearly turnover from 200,000 kroner to 100 million kroner and require a licence from the Norwegian Lottery and Foundation Authority. Such licences are generally contingent on the allocation of any proceeds from the gambling scheme to a non-profit purpose. The term non-profit-based means that the activity should not have a profit as its purpose, and that the purpose should not generate profit for those who run the activity. As such, the proceeds of the lottery must generally be allocated to the non-profit purpose.

There are three types of large gambling scheme lotteries: pre-drawn or post-drawn lotteries, or a combination of both.

Only the Norwegian Lottery and Foundation Authority may conduct the drawing of post-drawn lotteries. However, it is the licence holder's obligation to announce the draw results, (e.g., on the licence holder's website).

None of the lotteries can be offered on digital platforms. Digital solutions for paying stakes and distributing raffle tickets are still permitted so that raffle tickets can, for example, be ordered and a receipt received via email, the organisation's website or social media and paid via a digital payment solution.

The player must not be able to choose the time at which the draw will take place, and the player must not be given the impression that the player him or herself can influence this.

When purchasing lottery tickets, players must be informed that the game has permission from the Norwegian Lottery and Foundation Authority, the number of tickets that are allowed to be sold and whether unsold tickets will be included in the draw, the time and place of the draw and the announcement of the draw result, and when and where the prizes can be collected at the latest. The main prize of such lotteries cannot exceed 2 million kroner, and the combined value of all prizes must amount to at least 25 per cent of the lottery's allowed turnover. This information must appear on the lottery ticket or the receipt that the player

receives upon purchase. The licence holder must report the accounting from the gambling to the Norwegian Lottery and Foundation Authority within four months after the lottery has ended.

In certain cases, licence holders may apply for a yearly extension of its turnover from 100 million kroner to 360 million kroner, provided that the licence holder has international activity that accounts for at least 50 per cent of the organisation's total accounted operating costs, the organisation has at least 20 million kroner annually in accounting operating costs for its international activity and the gambling has a low risk of gambling problems.

Small gambling scheme lotteries have a yearly turnover below 200,000 kroner and are exempt from the requirement of a licence from the Norwegian Lottery and Foundation Authority. Such gambling schemes must allocate all proceeds to a non-profit purpose or socially beneficial purpose.

None of the lotteries can be offered on digital platforms, although the use of electronic and digital solutions for payment and distribution is allowed.

Small gambling scheme lotteries must have a local or regional scope, and the use of third-party companies is not allowed. Such gambling scheme must limit its prizes and entail a low risk or no risk of problem gambling.

The Norwegian Lottery and Foundation Authority may grant a five-year licence to host land-based Norwegian championship poker tournaments, provided that the licence holder:

1. has little or no income from gambling;
2. has drawn up satisfactory game regulations for the tournaments and has the necessary routines for the completion of the tournaments;
3. has determined the time and place for the tournaments; and
4. has appointed a person who has the main responsibility for the implementation of the tournaments and can document that it has acquired the relevant poker expertise to organise the Norwegian championship.

The value of the main prize cannot exceed 2 million kroner. The maximum number of participants is 5,000 and all participants must be over 18 years of age. Finally, the licence holder must receive a minimum of 5 per cent of the tournament's gross turnover. The licence holder may recuperate costs incurred by engaging a third party to arrange the tournament, with a limit of 20 per cent of the turnover.

Non-profit organisations may apply for a licence to operate bingo games. As a main rule, the annual turnover of such games cannot exceed 700,000 kroner and the licence holder must receive a minimum of 15 per cent of the profits (of which 30 per cent is from electronic bingo and pre-drawn bingo games). Local organisations with 1,000 active members under the age of 18 can get one extra licence. Local organisations with over 2,000 active members under the age of 18 can get two extra licences.

Certain licences are only granted by public application, namely post-drawn or pre-drawn lotteries where the licence holder has a humanitarian or socially beneficial purpose, and provided that the annual turnover does not exceed 1 billion kroner and the licence holder



receives a minimum of 20 per cent of the turnover. Only five such authorisations may be valid at the same time. No new licences are expected to be granted until 2025;

All licence applicants are required to submit:

1. a police certificate of good conduct of the organisation's chair of the board, the proprietor or other participants;
2. financial statements, annual reports and an auditor's report; and
3. articles of association.

After submission of an application, the Norwegian Lottery and Foundation Authority will issue a non-binding preliminary evaluation, with a final decision to be expected within six to 12 months.

Certain gambling services are exempt from both the requirement of a licence, as well as the requirement of having a non-profit purpose, as follows:

1. gambling in private gatherings with a low risk of gambling addiction and with a total turnover of less than 20,000 kroner per gathering;
2. private poker games held in private homes with 20 participants who must all be over 18 years of age. These games must not have an organised or professional character, and the entry fee cannot exceed 1,000 kroner per person; and
3. wheels of fortune and vending machines at fairgrounds and amusement parks where, for a stake, you can win a product prize that is awarded automatically after a wholly or partially random draw, provided that gambling forms a small part of the overall activity offer and that the product prizes do not consist of vouchers or gift cards.

## ii Sanctions for non-compliance

Gross negligent or wilful violations of the prohibition in the Gaming Scheme Act Section 4 on the provision, marketing or distribution (including facilitation of payments) of any form of non-licensed gambling are punishable by fines and, in severe instances, imprisonment up to one year (cf. Section 37 of the Gambling Scheme Act). Serious violations are punishable by imprisonment for up to three years. Violations of the prohibition against pyramid schemes will always be considered serious.

Internet service providers that merely permits access may not be held liable under the e-Commerce Act Section 16-18, which provides an exemption of liability for information society service providers that transmit information as a 'mere conduit' over an electronic communications network or otherwise cache or host this information.

It is legal for Norwegians to utilise non-licensed gambling services.

## Wrongdoing

Any entity applying for a gambling licence must submit a police certificate of good conduct of the organisation's chair of the board, the proprietor or other participants.

Licences may be revoked if the licence holder has breached the terms of the licence or Norwegian law.

Money laundering measures are supervised by the Norwegian Financial Supervisory Authority.

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Money laundering measures are supervised by the Norwegian Financial Supervisory Authority.

## Taxation

Winnings from gambling that exceed 10,000 kroner may be considered incidental prizes, which are taxable at a rate of 27 per cent under Section 5-50(1) of the Taxation Act.

For professional gamblers, winnings may be considered income through self-employment. These gamblers will be taxed as a tradesperson and can deduct costs incurred through this activity. Norwegian tax law does not differentiate between winnings from foreign and Norwegian-based operators.

For lotteries held for the benefit of a humanitarian or socially beneficial aim (e.g., those provided by Norsk Tipping and Norsk Rikstoto), winnings are exempt from taxation. The exemption also applies to winnings from gambling operators based in other European Economic Area countries, provided that their gambling services are subject to public oversight and control and otherwise comparable to the gambling activities or lotteries that are legally available in Norway.

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## Advertising and marketing

The Norwegian prohibition on unlicensed gambling applies not just to the provision of the gambling activity itself, but also to appurtenant services such as advertising and marketing. As such, the advertising or marketing of unlicensed gambling activities carry the same liability exposure under Norwegian law as the provision of gambling itself. See Section 1.v for the distinction between tacitly providing gambling services and the targeting of Norwegian gamblers.

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## Year in review

On 1 January 2023, the Gambling Scheme Act entered into force. The Act provides the Norwegian Lottery and Foundation Authority with new enforcement powers and expands its sanctions regime, for example by allowing for the ordering of domain name system blocking of websites and the issuing of administrative fines. A year has passed since the Act entered into force, and we have seen an increase in the authority's enforcement in relation to gambling operators, payment service providers and marketing affiliates. This enforcement has resulted in several large gambling operators leaving the Norwegian market during 2023, either voluntarily and without intervention by the authority or as part of voluntary or mandatory negotiations with the authority. As we move into 2024, several of these processes are still ongoing.

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## Outlook and conclusions

The Norwegian Lottery and Foundation Authority is expected to further increase its enforcement activities towards foreign-based operators that the authority considers to be targeting Norwegians in violation of the Gambling Scheme Act.

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## Endnotes

- 1 Brede A Haglund is a partner and Alexander Mollan is an associated partner at Brækhus Advokatfirma DA. [^ Back to section](#)

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