Finland
Country Profile

EU Tax Centre

July 2015

Key tax factors for efficient cross-border business and investment involving Finland

EU Member State

Yes

Double Tax Treaties

With:

Argentina	Czech Rep.	Japan	New Zealand	Switzerland
Armenia	Denmark	Kazakhstan	Norway	Tajikistan
Australia	Egypt	Rep. of Korea	Pakistan	Tanzania
Austria	Estonia	Kosovo[(a)]	Philippines	Thailand
Azerbaijan	France	Kyrgyzstan	Poland	Turkey
Barbados	Georgia	Latvia	Portugal	UAE
Belarus	Germany	Lithuania	Romania	UK
Belgium	Greece	Luxembourg	Russia	Ukraine
Bosnia &	Hungary	Macedonia	Serbia	Uruguay
Herzegovina	Iceland	Malaysia	Singapore	US
Brazil	India	Malta	Slovakia	Uzbekistan
Bulgaria	Indonesia	Mexico	Slovenia	Vietnam
Canada	Rep. of	Moldova	South Africa	Zambia
China	Ireland	Montenegro	Spain	
Croatia	Israel	Morocco	Sri Lanka	
Cyprus	Italy	Netherlands	Sweden	

Notes: (a) Treaty between Finland and Yugoslavia applies to relations between Finland and Kosovo.

Forms of doing business

Limited liability company (Oy)
limited partnership (Ky)

Legal entity capital requirements

Minimum share capital of Oy - EUR 2,500

Residence and tax system

A company is resident in Finland if it is incorporated under Finnish law.

Residents are subject to tax on their worldwide income. Non-residents are subject to Finnish tax on their Finnish source income.

Compliance requirements for CIT purposes	Fiscal year follows the financial period. Tax return should be filed within four months after the end of a fiscal year, e.g. if financial year ends on December 31, 2014, the corporate income tax return needs to be filed no later than April 30, 2015.
Tax rate	20 percent
Withholding tax rates	On dividends paid to non-resident companies 0 / 15 / 20 / 30 / DTT percent On interest paid to non-resident companies 0 percent On patent royalties and certain copyright royalties paid to non-resident companies 0 / 20 / 30 / DTT percent On fees for technical services No On other payments No Branch withholding taxes No
Holding rules	Dividend received from resident/non-resident subsidiaries Tax exempt (100 percent) if the subsidiary is a non-listed company resident in the EU. Partially taxable (75 percent; 25 percent tax exempt) (i) if the subsidiary is a listed company resident in the EU and the recipient holds less than 10 percent of its share capital or (ii) if the subsidiary is a non-EU treaty resident company (if not exempted in the applicable tax treaty). Taxable income (100 percent) if the subsidiary is a non-EU and non-treaty resident company. Capital gains obtained from resident/non-resident subsidiaries Exempt, if participation exemption requirements are met. Otherwise taxable.
Tax losses	Tax losses can be carried forward for 10 tax years. Carry-back is not allowed. Tax loss carry-forwards are forfeited if more than 50 percent of the company's shares are subject to direct or indirect change of ownership.

Tax consolidation rules/Group relief rules	Group consolidation possible via group contributions
Registration duties	Small administrative registration fee

Transfer duties

On the transfer of shares

Yes, if the seller or buyer is resident in Finland for tax purposes 1.6 percent. 2 percent transfer tax applies on the transfer of shares of a real estate company or a joint-stock property company, on the transfer of shares in group companies holding the group's property, and on transfer of shares in real estate investment companies.

The transfer of shares in foreign companies can be subject to Finnish transfer duty provided that the preconditions listed below are fulfilled:

- The company's business operations consists of the direct or indirect ownership or management of real estate (real estate company);
- Over 50 percent of the company's total assets directly or indirectly consist of real estate located in Finland;
- At least one of the parties participating in the transaction is generally tax liable to Finland (a person, corporation or certain branches that are resident in Finland for tax purposes).

On the transfer of land and buildings

Transfer tax of 4 percent, based on the purchase price of the property

Stamp duties

No

Real estate taxes

Real estate taxes are levied. Rates vary communally.

Controlled Foreign Company rules

Yes. Generally, if Finnish entities or individuals hold at least a 50 percent stake in a Controlled Foreign Company ("CFC"), or its foreign branch, which is subject to a low level of taxation and does not carry on business activities in certain lines of business, the Finnish CFC rules must be applied. CFC rules are not applied to companies effectively established in EEA Member States or treaty countries not on the black list.

Transfer pricing rules	General transfer pricing rules Yes. Generally, the provisions of the OECD Transfer Pricing Guidelines are followed when determining the arm's length prices. Documentation requirement Yes
Thin capitalization rules	No, but earnings stripping rules in place
General Anti-Avoidance rules (GAAR)	Yes
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions	Yes
Advance Ruling system	Yes
IP / R&D incentives	Yes
Other incentives	Accelerated depreciation for qualifying new industrial investments acquired and taken into use between 2013 and 2016
VAT	The standard rate is 24 percent, and the reduced rates are 14 and 10 percent.
Other relevant points of attention	No

Source: Finnish tax law and local tax administration guidelines, updated 2015.

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