



TAXATION IN FINLAND

Corporate taxation in Finland

For businesses, taxes comprise a corporation tax (profit tax) and a real estate tax. Corporation tax is paid on annual taxable income minus tax-deductible expenses and losses. Corporate tax rate is 20% in Finland. Other taxes consist of an assets transfer tax (formerly stamp duty) and a withholding tax. The employers are also required to make a social security contribution.

Value added tax (VAT)

VAT is an indirect tax assessed as a percentage of the value of all goods and services, unless specifically exempted. It is a consumption tax paid by the end consumer. VAT-registered businesses can deduct VAT paid on purchases for business activities from their VAT

liability. The Finnish acronym for VAT is ALV (arvonlisävero).

Taxation for individuals in Finland

Individuals pay a progressive income tax from their salaries. Foreign personnel working in Finland for longer than a six-month period are also required to pay Finnish income tax. If a foreign person works in Finland for less than six months, withholding tax of 35% is paid. If the employer is a foreign company without a permanent office in Finland and the salary is paid through a bank, taxes are paid in the home country, not in Finland. Key foreign personnel, even if in Finland for longer than six months but not longer than 24 months, also may pay the 35% income tax, when their monthly salary exceeds € 5800.

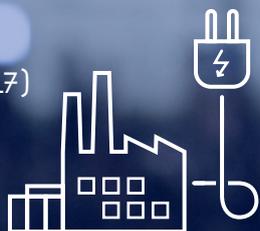
A preliminary tax on an employee's income is deducted and paid monthly by the employer who also pays social security and other compulsory premiums.

Preliminary tax deduction covers:

- The national income tax is progressive (typically 25 – 40 %)
- The municipal income tax 16.5-22.5 % depending on location (e.g. in Helsinki 18.5 % in 2016)
- The church tax (a flat rate from 1.00–2.00 % in 2016, depending on the municipality). The church tax is carried only if an employee is a member of the Evangelical Lutheran or Orthodox churches.

ELECTRICITY TAXATION INCENTIVES FOR INDUSTRIES

Including:
Mining (as of 2017)
Manufacturing
Green houses
Data centers



POSITIVE ATTITUDE TO TAXATION

Finns are happy to pay tax to provide top-level public health care, free schooling and other valuable public services to all residents in the country.



Source: 95% of Finns by Finnish Tax Administration survey

EXAMPLES OF TAX RATES IN FINLAND IN 2016

 CORPORATE INCOME TAX **20%**

 VALUE ADDED TAX
Standard **24%**

 Foodstuffs, restaurant and catering services and animal feed **14%**

 Books, medicines, tickets to sporting, cultural events and facilities **10%**

 REAL ESTATE TAX **0.80%–1.55%**

 RESIDENTIAL HOUSES **0.37%–0.80%**

 TRANSFER TAX **1.60%–2.00%**

ELECTRICITY TAX

 For industries **0.703 cents / kWh**

 For households **2.253 cents / kWh**

TAX STRUCTURES BY COUNTRY 2013

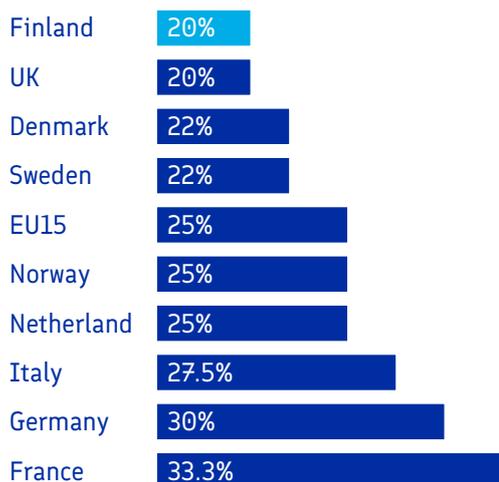
The contribution of different tax types to tax revenue %

	Income taxes*	Consumption taxes	Other taxes
Denmark	63.1	30.4	6.5
Norway	45.5	27.6	26.9
United States	47.6	17.1	35.3
Canada	47.1	24.3	28.6
Switzerland	45.6	22.9	31.5
Iceland	46.1	34.1	19.8
United Kingdom	35.6	33.0	31.4
Luxembourg	35.3	28.5	36.2
Sweden	34.7	28.7	36.6
Belgium	35.5	24.1	40.4
Finland	34.7	33.1	32.2

*includes corporate income

Source: OECD 2013 (latest statistics available 2016)

FINLAND HAS ONE OF THE LOWEST CORPORATE TAX RATES IN THE EU



Source: deloitte.com (2016)

Sources and further information

Finnish Tax Administration: www.vero.fi/en-US

The Taxpayers' Association of Finland (TAF):
www.veronmaksajat.fi/fi-FI/inenglish/