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Taxation and Investment in Finland 2016

Reach, relevance and reliability

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1.1 Business environment

Finland is a democratic, parliamentary republic with a central government primarily based in Helsinki. The president is elected for a six-year term and he/she confirms legislation, appoints certain officers and leads foreign policy with the prime minister. The executive power is vested in the president and the government. A 200-seat unicameral parliament has supreme legislative power.

As an EU member state, Finland is required to comply with EU directives and regulations, and it follows EU rules on trade treaties, import regulations, customs duties, agricultural agreements, import quotas, rules of origin and other trade regulations. The EU has a single external tariff and a single market within its external borders. In general, there are no import or export barriers (except certain barriers relating to alcohol, tobacco products, hazardous chemicals, etc.) to trade with other European Economic Area (EEA) countries, and virtually none with Switzerland. Customs are cleared and import duties are paid at the original point of import into these countries. Likewise, goods destined for another EU member state can, as a rule, be cleared in Finland. Trade also is governed by the rules of the World Trade Organization (WTO).

In addition to EU membership, Finland is a member of the EEA, the OECD, the WTO and the Nordic Council. The latter is an international organization established in 1952 and is comprised of Scandinavian and Nordic countries: Denmark, Iceland, Norway and Sweden, as well as their autonomous territories. It maintains a common labor market and freedom of movement for all Nordic citizens.

EU member states		
Austria	Germany	Netherlands
Belgium	Greece	Poland
Bulgaria	Hungary	Portugal
Croatia	Ireland	Romania
Cyprus	Italy	Slovakia
Czech Republic	Latvia	Slovenia
Denmark	Lithuania	Spain
Estonia	Luxembourg	Sweden
Finland	Malta	United Kingdom
France		
EU candidate countries		
Albania	Montenegro	Turkey
Macedonia	Serbia	
European Economic Area (EEA) member states		
EU member states	Liechtenstein	Norway
Iceland		

OECD member countries		
Australia	Hungary	Norway
Austria	Iceland	Poland

Belgium	Ireland	Portugal
Canada	Israel	Slovakia
Chile	Italy	Slovenia
Czech Republic	Japan	Spain
Denmark	Korea (ROK)	Sweden
Estonia	Luxembourg	Switzerland
Finland	Mexico	Turkey
France	Netherlands	United Kingdom
Germany	New Zealand	United States
Greece		
Enhanced engagement countries		
Brazil	India	South Africa
China	Indonesia	
OECD accession candidate countries		
Colombia	Latvia	Lithuania
Costa Rica		

Finland's economy is highly industrialized, but it also has an important information and communications technology sector. As in other developed countries, the agriculture, fishing and mining industries have declined. However, the mining industry has been on a growth path following the uranium and gold industries. Economic activity is spread between the north and south of the country, particularly in the information and communications technology sector. Most agricultural activity is concentrated in the southern part of Finland.

The leading export markets are Sweden, Germany, Russia, the US and the Netherlands. Finland's principal exports are chemical products, electrical and telecommunications and sound recording equipment, metal and transport equipment and pulp and paper. Its principal imports are machinery and transport equipment, mineral fuel and electricity and basic manufactured goods.

Price controls

Finland has few price controls. In some industries, such as medical, electricity and telecommunications, regulators must ensure that prices are reasonable, but they do not necessarily set prices.

Intellectual property

Finnish legislation recognizes industrial property rights, such as patents, utility models, trademarks and industrial designs and models. Copyright is protected without registration, although copyright holders may choose to join a copyright association. An industrial property right holder may obtain an injunction to prevent the continuance of alleged abuse of its right.

Finland's intellectual property legislation is driven by that of the EU. It is possible to apply for a European patent that is valid in Finland, but such patents are effective only if also filed for validation in Finland. Finland is a party to all major international agreements on intellectual property, including the European Patent Convention, the Patent Co-operation Treaty of the World Intellectual Property Organization (WIPO), the GATT/WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and the Madrid Protocol on Trademarks.

Licensing agreements are common, due to the quality of Finnish manufacturing, the market's small size and the relatively high cost of transporting goods to the country. There is no specific legislation on licensing, but the Finnish and EU competition law may place constraints on the content of licensing agreements. Furthermore, if a license is granted for, for example, a registered national trademark, it is possible to notify the National Board of Patents and Registration (NBPR) of the license and make an entry in the public register. A licensee may sue an infringer. Infringement penalties include damages, fines and imprisonment for up to two years.

Patents

The Finnish patent legislation is primarily set out in the Patents Act and the Patents Decree.

A Finnish patent may remain valid for 20 years from the filing date of the patent application, assuming that annual fees are paid in accordance with the Patents Act and Patents Decree. In cases where a patent is granted for an invention, a third party may file an opposition to the patent application. The opposition to the patent application must be raised within nine months of the grant of the patent.

An applicant domiciled in Finland may draft the patent application in Finnish or Swedish. The application also may be drafted in English and may be examined in English if requested by the applicant in connection with the filing of a first application (i.e. the first application in respect of the particular invention). However, the grounds for the patent application, as well as a summary of the patent application, must be translated into Finnish or Swedish before it is made available to the public. An application may be filed in another language and can be accorded a filing date, but it will not be examined before being translated into Finnish or Swedish. Foreign applicants can file English applications when lodging an application for an international patent under the WIPO's Patent Co-operation Treaty.

It is possible to obtain a patent for 40 European countries by filing a European patent application. After a European patent has been granted, it must be separately validated in Finland. Applications under the Patent Co-operation Treaty can be filed with the Finnish NBPR or the European Patent Office.

Utility models

Utility models may be registered in Finland and are covered by the Act and the Decree on Utility Model Rights. Utility models initially are registered for four years, renewable for a further four years and then for another two years, i.e. for a total of 10 years.

Trademarks

Trademarks are covered by the Trademarks Act. Applicants may divide a trademark application, as well as the registration of a granted trademark, into separate sub-applications or registrations. Partial rejection of a trademark application or registration also is possible. Trademarks initially are granted for 10 years, but the registration may be renewed. The protection usually depends on the registration, but exclusive rights in a trademark may be acquired without registration after the mark has become established.

There are no legal limits on trademark-licensing royalty rates, technical assistance fees or the length of licensing agreements. Registration of a licensing agreement is not required, but if the licensing agreement is not entered in the trademark register, it does not affect a third party that acts in good faith.

There are three options for trademark protection by registration: national registration (with the NBPR), international registration under the Madrid Protocol designating Finland, or intra-community registration of trademarks within the EU through the EU's Office for Harmonization in the Internal Market (trademarks and designs). Established (well-known) unregistered trademarks also may be protected.

Designs

Design registration in Finland is covered by the Registered Designs Act. Designs are registered for five years, and the registration is renewable four times for an additional five-year period.

Intra-community design registration may be obtained from the EU's Office for Harmonization in the Internal Market (trademarks and designs). EU law also protects unregistered designs, but only for three years and only against deliberate copying. The protection applies from the date of the disclosure of a design to the public within the EU. Such disclosure may take place through the design going on sale, or through prior marketing or publicity.

Copyrights

The Finnish Copyright Act and Copyright Decree provide copyright protection for written and spoken musical and dramatic works, cinematographic works, photographs, fine art, architecture, handicrafts, industrial art, maps, three-dimensional works, graphics and computer programs. Similar to elsewhere in the EU, software is protected by copyright, since it generally cannot be patented. Protection usually is granted for a period of 70 years, but the beginning date of the period in question depends on several factors, e.g. number of authors, type of product, etc.

Additionally, database protection is covered by the Copyright Act. Databases, including catalogues, are protected for 15 years.

1.2 Currency

The currency in Finland is the euro.

Countries participating in the Economic and Monetary Union		
Austria	Greece	Malta
Belgium	Ireland	Netherlands
Cyprus	Italy	Portugal
Estonia	Latvia	Slovakia
Finland	Lithuania	Slovenia
France	Luxembourg	Spain
Germany		

1.3 Banking and financing

The financial sector is supervised by the Financial Supervisory Authority (FIN-FSA), the rules and guidelines of which comply with those of the EU and are integrated with the international supervisory and regulatory principles. The FIN-FSA is the authority for supervision of Finland's financial and insurance sectors. Entities supervised include banks, insurance and pension companies and other companies operating in the insurance sector, investment firms, fund management companies and the Helsinki stock exchange.

Deposit banks and financing institutions are regarded as credit institutions. A deposit bank is a credit institution that has the exclusive right to receive funds from the general public. Deposits are repayable funds that are covered for partial or full reimbursement from the deposit guarantee fund. Deposit banks also can engage in other statutory activities of credit institutions. There are over 250 authorized deposit banks in Finland. A financing institution is a credit institution that can receive repayable funds other than deposits from the general public. Financing institutions can be, e.g. finance companies and mortgage banks. There currently are eight domestic financing institutions in Finland. The activities of credit institutions are subject to authorization under the Credit Institutions Act.

On the other hand, a financial institution (an entity that primarily is involved in lending, financial leasing or other financing activities) is not considered a credit institution. Financial institutions cannot accept deposits or other payable funds from the general public, cannot engage in any other fundraising activities and are not subject to authorization. Financial institutions are not required to obtain authorization from the FIN-FSA.

Foreign entities providing services may conduct activities in Finland either by establishing a branch or by providing services across the border. Commencement of activities is contingent on the completion of the applicable authorization or notification procedure. The FIN-FSA grants authorization to financing institutions that fulfill the requirements for operation and financial standing. Operation in the EEA under the "management company passport" is possible; the passport allows an authorized management company to provide services in another EU member state, either through the establishment of a branch or under the freedom to provide services.

1.4 Foreign investment

There are few restrictions on foreign investments in Finland. In some cases, it is easier for investors from the EEA than from elsewhere to set up in Finland, particularly in banking, insurance and asset management, where the EU's "single passport" rules apply. Additionally, rules on board membership require the presence of Finnish or EEA nationals. Legislative control of mergers and acquisitions mainly is governed by domestic and EU competition rules.

The Act on Monitoring of Foreigners' Corporate Acquisitions in Finland entered into force on 1 June 2012. The Ministry of Employment and the Economy is the authority responsible for handling official matters. In general, prior approval is not required for foreign investment, but the government retains the right to reject acquisitions of defense-related enterprises and acquisitions of major Finnish companies. Corporate acquisitions in the defense and dual-use goods sectors are subject to advance confirmation by the public authorities, based on an application. Within the civil sector, monitoring is targeted at Finnish enterprises considered critical to securing vital functions within society, and such corporate acquisitions are subject to declaration. Monitoring covers all foreign owners in the defense materials industry; otherwise, monitoring applies only to foreign owners domiciled outside the EU and the European Free Trade Association (EFTA) states. Takeovers may require notification to the Finnish Competition Authority (FCA) or the European Commission, because of their implications for competition.

The Åland Islands are an exception to common Finnish practice. Based on international agreements dating from 1921, the rights to conduct business and own property in the Åland Islands are limited to only those individuals with a right of domicile in the Åland Islands. This does not prevent people from settling in, or trading with, the Åland Islands. Immigrants who have an adequate knowledge of Swedish and have lived in Åland for five years may apply for domicile status. The Åland government occasionally may grant exemptions from the requirement of right of domicile for those wishing to acquire real property or conduct a business in Åland.

The registration process for a Finnish limited liability company typically takes two to three weeks from the filing of a registration notification. Registration procedures and rules on work permits for employees are the same for foreign companies and Finnish companies; the rules on freedom of movement, as well as social security and employment-related tax matters, in particular, must be considered on a case-by-case basis. Most of the Finnish employment-related regulations are mandatory in nature, and foreign companies operating and employing staff in Finland also are required to comply with the applicable regulations (e.g. the Employment Contracts Act, Working Hours Act and Annual Holidays Act) and applicable collective agreements.

1.5 Tax incentives

Finland has adapted its incentives regime to the EU's regional and structural policy objectives and state-aid rules (e.g. companies operating in certain geographical areas of Finland may be eligible for EU-financed incentives). Finnish incentive programs typically focus on assistance for small and medium-sized enterprises (SMEs) and on technology. Both Finnish and foreign companies are, as a rule, eligible to apply to become a recipient of the assistance.

Business incentives for companies mainly are coordinated by the Centers for Economic Development, Transport and the Environment (ELY Centers), which are joint regional service centers of the Ministry of Employment and the Economy, the Ministry of the Interior, the Ministry of Agriculture and Forestry, the Ministry of the Environment, the Ministry of Transport and Communications and the Ministry of Education and Culture. The business departments of the ELY Centers manage the Finnish Funding Agency for Technology and Innovation (Tekes) and the regional unit of Finpro, the export promotion agency. Innovation and internationalized business departments at 15 regional ELY Centers also offer Tekes services throughout Finland. Tekes provides grants and risk loans for research and development (R&D), aiming to produce internationally competitive products, production processes or services. Even though Tekes services and assistance are not dependent on the size and nationality of the company applying for assistance, Tekes requires, as a rule, that the R&D be carried out in Finland, either within the company or at Finnish research institutions.

Tekes assesses projects based on their potential impact on the company's competitiveness and growth. Tekes' contribution is determined based on the nature of the project in question. Tekes funding may be in the form of a loan or a grant, depending on the stage of the innovation and the nature of the proposed project. Industrial R&D grants run from 25% to 75% of eligible costs; R&D loans run from 25% to 70% of the eligible costs. Differing funding measures can be combined in a single project. Grants also are available for research at universities and research institutes.

Finnvera provides venture capital and export guarantees for SMEs. It also is a minority shareholder in the Finnish Fund for Industrial Co-operation (Finnfund). Finnfund provides long-term risk capital for private projects in developing countries. Venture capital is available through several regional funds, through Sitra (the Finnish Innovation Fund) and through Teollisuussijoitus (the Finnish Industry Investment Ltd).

1.6 Exchange controls

There are no exchange controls in Finland. Funds from Finland, or to Finland, are freely transferable.However, specific legal provisions are in place to prevent money laundering and financing of terrorism, to foster their discovery and investigation and to provide greater efficiency in tracing and recovering the benefits yielded by such crimes.

2.0 Setting up a business

2.1 Principal forms of business entity

A company may choose one of five forms of business organization in Finland, i.e. limited liability company, limited partnership, general partnership, cooperative or branch. A limited liability company may be established by one or more persons or organizations. An EEA resident also may act as a private entrepreneur. The limited liability company is the most common form of business organization for foreign investors.

The *Societas Europaea* (SE) company form also is available. The SE is designed to enable companies to operate across the EU with a single legal structure, to facilitate mergers and create flexibility for companies wishing to move their head office from one EU state to another. An SE may be established by converting a publicly listed limited liability company or by merging at least two public limited liability companies. Provided certain conditions are satisfied, public and private limited liability companies can promote the formation of an SE holding or form a subsidiary SE by subscribing for its shares. An SE may provide the basis for a relatively simple and cost-efficient way to carry out business across more than one EU country.

Businesses also may establish a European Economic Interest Grouping (EEIG) (according to the Finnish Trade Register, there was only one registered EEIG in Finland at the end of 2014).

Formalities for setting up a company

The Finnish Companies Act sets out the procedure for establishing a limited liability company. In general, a Finnish limited liability company is formed by signing a memorandum of association. The articles of association, including (at a minimum) the company name, the line of business and the place of the registered office of the company, are prepared in connection with the memorandum of association.

Limited liability companies, as well as most other legal entities, are legally established by an entry in the NBPR Trade Register. A limited liability company has to be registered within three months of the signing of the memorandum of association. When all required information and documentation is provided to the Trade Register, the average handling time at the NBPR is approximately one to two weeks. Registration notifications are filed in Finnish or Swedish.

Forms of entity

Requirements for a limited liability company

Capital: The minimum share capital of a Finnish limited liability company is EUR 2,500 (100% paid up). The minimum share capital of a Finnish public limited liability company is EUR 80,000. The share capital may be contributed in cash or a noncash form. In cases where the capital is paid in a form other than cash, an auditor's statement on the value of, e.g. in-kind contributions is required.

Founders, shareholders: The memorandum of association sets out the shareholders of a limited liability company. A shareholder may be a person or a company. The memorandum of association, as well as draft articles of association of a newly established company, must be filed with the Finnish Trade Register within three months of the date on which the company's memorandum of association was signed; otherwise, the formation of the company is deemed to lapse. There are no general shareholding restrictions based on residence, domicile or nationality.

Board of directors: The board of directors manages the company, and a limited liability company may have a managing director appointed by the board of directors. The appointment of a managing director, however, is not mandatory. When incorporating a company, the managing director may be appointed in the memorandum of association. The board must have one to five members, unless otherwise set out in the company's articles of association. The articles of association may stipulate a fixed number of members, or minimum and maximum numbers. The board has to have at least one deputy member if the board consists of less than three ordinary members. A company also may have a supervisory board, but formation of a supervisory board is not mandatory. In cases where a supervisory board is formed, the managing director and board members may not act as members of the supervisory board. At least one member of the board, one supervisory board member and the managing director must be residents within EEA. The NBPR may grant an exemption from the residence requirements.

Management: A limited liability company may have a managing director appointed by the board of directors. The managing director is in charge of the current affairs of the company under instructions issued by the board of directors, and also may be a member of the board. There is no requirement for companies of a certain size to have a managing director. The managing director must be a resident of an EEA country, although exemptions may be granted.

Taxes and fees: Trade Register notices must be filed in writing on forms created jointly by the NBPR and the Finnish tax administration. A copy of a bank transfer verifying that the NBPR's handling fee has been paid must be attached. The payment also may be made to the cashier of the NBPR's Trade Register. The handling fee in relation to the establishment of a limited liability company is EUR 380 where the notification is filed in a paper form, and EUR 330 where the notification is filed in an electronic form. Amendment of the articles of association after the establishment of a company costs EUR 380. Other amendments, e.g. changes in the board of directors and the managing director, cost EUR 40 to EUR 380.

Types of shares: In general, a limited liability company may have one or several share classes. Where several share classes are created, the share classes may have different rights, e.g. in relation to voting rights, rights to dividends, etc. Information on the ownership of shares has to be maintained in share and shareholder registers. The share and shareholder registers are not filed with the authorities, but they must be available for review at the company's premises. The board of directors may issue share certificates for the shares if the shares have not been incorporated in the book-entry system, but the issuance of share certificates is not mandatory.

Control: A simple majority of the shares ensures control in most cases, although 10% of shareholders can demand a special audit or initiate malfeasance proceedings. There are certain issues listed in the Companies Act (e.g. amendment of the articles of association, or a directed share issue) that require resolutions by a qualified majority of two-thirds of the votes and shares represented in the shareholders' meeting.

Branch of a foreign corporation

Although foreign companies may operate in Finland through a branch, this does not offer specific legal advantages. As a rule, a branch must conduct its accounting and bookkeeping in the same manner as a Finnish corporation, except that its financial statements need not be audited if the overall books of the foreign company are being prepared, audited and disclosed to the public according to the EU provisions (or in a similar manner). If the foreign company's financial statements have not been prepared, audited and disclosed in such a way, the books of the branch must be prepared, audited and made public (i.e. filed with the Finnish Trade Register) in accordance with the Finnish rules.

A branch of an organization resident within the EEA must register with the Finnish Trade Register; organizations from outside the EEA also must obtain permission from the NBPR.

2.2 Regulation of business

Registration and permits

All businesses operating in Finland, including Finnish companies and branches of foreign companies, have to be registered with the Finnish Trade Register maintained by the NBPR. The registration requires the filing of a registration notification, including, e.g. basic information about the entity, with the Trade Register. The registration automatically provides a certain degree of protection for the business's trade name.

Forms of trade in Finland are divided into the categories of "free" and "regulated" trade. A permit is required in areas involving, e.g. specific environmental, safety or health hazards, or financial risks. The regulatory authority varies depending on the sector. However, most business operations can be carried out without specific licenses, assuming that the company is registered with the Trade Register in accordance with the applicable regulations.

A permit from the NBPR also is needed to establish a branch of an organization or a foundation that is from outside the EEA.

Mergers and acquisitions

Mergers and acquisitions are regulated in Finland from both a tax and a company law perspective. According to the Finnish Limited Liability Companies Act (Companies Act), the general rule is that a merging company may merge into an acquiring company, with the effect that its assets and liabilities are transferred to the acquiring company and the shareholders of the merging company receive shares in the acquiring company as merger consideration. The merger consideration also may consist of cash, other assets and future undertakings. There are some differences between the provisions in the tax legislation and in the company law in relation to mergers and other reorganizations.

A Finnish company may participate in a cross-border merger to be implemented in accordance with the Finnish Companies Act and applicable EU-level regulations. The Finnish company may be the merging or the acquiring company.

In general, mergers are covered by the Finnish Competition Act where the combined worldwide turnover of the parties involved exceeds EUR 350 million and the turnover in Finland of at least two of the parties exceeds EUR 20 million. The rules apply e.g. where (1) a firm acquires control of another company (or of its business operations); and (2) a merger creates a joint venture that performs all the functions of an independent economic unit. However, the competition-related regulations are very specific in nature, and they should be considered on a case-by-case basis, taking into account all the relevant factors. Notifications of acquisitions that meet the relevant guidelines must be submitted to the FCA, except where the merger is so significant that it falls within the jurisdiction of the European Commission.

The notification process has two stages. The first stage, which can last up to a month (or longer if the notification is incomplete), leads to approval of proposed acquisitions that clearly do not have restrictive effects. The primary way to prevent the restrictive effects of an acquisition is to impose conditions (e.g. an obligation to divest). The FCA may initiate a second stage involving a more thorough investigation, which may last up to five months (or longer if the notification is incomplete). If a satisfactory conclusion cannot be obtained by imposing conditions, an acquisition may be prohibited by the Market Court at the recommendation of the FCA.

Mergers with a community dimension fall within the competence of the European Commission, and the Commission must be notified under Council Regulation (EC) No. 139/2004. The EU has jurisdiction over mergers in two situations:

1) Where the combined aggregate worldwide turnover of all of the undertakings concerned is more than EUR 5 billion and the aggregate EU-wide turnover of each of at least two of the undertakings is more than EUR 250 million, unless each of the undertakings concerned achieves more than two-thirds of its aggregate EU-wide turnover in a single member state; and

2) Where the aggregate global turnover of the enterprises concerned exceeds EUR 2.5 billion; aggregate global turnover in each of at least three EU member states is more than EUR 100 million; aggregate turnover of at least two enterprises in each of these three member states is more than EUR 25 million; and aggregate EU-wide turnover of at least two of the enterprises is more than EUR 100 million (unless each of the enterprises achieves more than two-thirds of its aggregate EU-wide turnover in a single EU member state).

The European Commission has the authority to refer such deals back to the Finnish authorities for consideration if the only real impact will be in Finland.

Monopolies and restraint of trade

Finnish competition law is closely modeled on that of the EU, and the European Commission has jurisdiction over some cases. Finland also cooperates closely with other Nordic competition authorities. Finland has opened up electricity, gas, telecommunications, postal and rail markets in recent years to meet EU requirements.

Dominant market positions are not illegal per se, but the use of a dominant market position to restrict competition, set prices or limit supply is prohibited. The FCA will grant exemptions that are in the interest of consumers.

2.3 Accounting, filing and auditing requirements

Limited liability companies must file the balance sheet, profit and loss statement, annual report, notes to the accounts and auditor's report on the statutory financial statements with the Trade Registry no later than two months after the adoption of the balance sheet and profit-and-loss statement. Public limited liability companies also must prepare an interim report and publish it within three months from the end of the reporting period. One or more auditors, depending on the size of the company, must be appointed at the annual shareholders' meeting. Non-EEA residents may be appointed, but at least one auditor must be a resident of an EEA country.

At least one authorized public auditor (KHT) must be appointed if the limited liability company has issued publicly traded securities, or if at least two of the following conditions are satisfied during the fiscal year: (1) annual turnover exceeds EUR 50 million; (2) total assets exceed EUR 25 million; and (3) the company employs more than 300 employees, on average.

An auditor must be appointed for a corporation or foundation, and an audit must be carried out in accordance with the provisions of the Finnish Auditing Act and other mandatory regulations. In general, there is no obligation to appoint an auditor for a corporation where no more than one of the following conditions was met in both the most recently completed financial year and the financial year immediately preceding it:

- The balance sheet total exceeds EUR 100,000;
- Net sales or comparable revenue exceeds EUR 200,000; or
- The average number of employees exceeds three.

However, an auditor always must be appointed for a corporation whose principal activities consist of the owning and holding of securities and that exercises "significant influence," as described in the Accounting Act, over the operating and financial policies of another entity that is obliged to keep accounting records.

Application of International Financial Reporting Standards (IFRS) is mandatory in the consolidated accounts of Finnish publicly listed companies. Finland permits IFRS in the annual accounts for publicly listed companies (except insurance companies), and in the annual and consolidated accounts for all other companies that are audited by certified auditors. Companies that choose not to apply IFRS adhere to an accounting framework governed by the Finnish Accounting Act and the Accounting Ordinance, the requirements of which differ from IFRS.

3.0 Business taxation

3.1 Overview

The principal taxes applicable to companies in Finland are corporate income tax, withholding tax, value added tax (VAT) and social security contributions. There are no excess profit taxes or alternative minimum taxes.

Finland's dividend taxation follows a classical system, under which corporate income is taxed in the hands of the company and as dividends (usually with either full or partial relief, see under 3.3, below) in the hands of the shareholders at appropriate rates. Profit remittances from a Finnish branch to a foreign head office are not subject to withholding tax.

Finland has transfer pricing and controlled foreign company (CFC) rules, as well as a regime that allows taxable income and tax losses of affiliated companies to be offset. The country also has an extensive network of tax treaties that aim to eliminate double taxation.

Finland has implemented the EU parent-subsidiary, interest and royalties and merger directives, as well as the EU savings directive, the latter of which requires the exchange of information between tax administrations when interest payments are made in one EU member state to an individual resident in another member state.

The main sources of tax legislation in Finland are the Business Income Tax Act, Income Tax Act, Act on the Taxation of Nonresidents' Income, Value Added Tax Act and Act on Assessment Procedure. The Finnish tax administration is the competent tax authority.

Finland Quick Tax Facts for Companies	
Corporate income tax rate	20%
Branch tax rate	20%
Capital gains tax rate	0%/20%
Basis	Worldwide
Participation exemption	Yes
Loss relief	
− Carryforward	10 years
− Carryback	No
Double taxation relief	Yes
Tax consolidation	Limited
Transfer pricing rules	Yes
Thin capitalization rules	No, but there is a general limit on interest deductibility
Controlled foreign company rules	Yes
Tax year	Financial year
Advance payment of tax	Monthly
Return due date	Four months after close of financial year
Withholding tax	
− Dividends	0%/20%
− Interest	0%
− Royalties	0%/20%
− Branch remittance tax	No

Capital tax	No
Social security contributions	Various
Real estate tax	Varies
Transfer tax	1.6%/2%/4%
Insurance premium tax	24%
VAT	0%/10%/14%/24%

3.2 Residence

A company is resident if it is registered (incorporated) or otherwise established under Finnish law.

3.3 Taxable income and rates

A Finnish resident company is taxable on its worldwide income, including capital gains. A nonresident company is taxed only on income sourced in Finland. If a nonresident company has a permanent establishment (PE) or branch in Finland, it is liable for income tax on all income attributable to the branch. A Finnish branch of a foreign company is, in principle, treated as a Finnish company for corporate income tax purposes, but profits of a branch may be remitted to the head office abroad without any tax being withheld. In contrast, dividends paid by a subsidiary to a foreign parent are, in principle, subject to a 20% withholding tax (which may be reduced under a tax treaty or if the EU parent-subsidiary directive applies). In principle, a nonresident company without a PE in Finland will be subject to a final withholding tax on its Finnish-source income.

The corporate income tax rate is 20%. No additional local income taxes apply to companies. The corporate income tax rate of 20% also applies to capital gains and rental income.

Entities treated as partnerships for Finnish tax purposes are regarded as transparent when assessing income. However, losses remain within the partnership and are carried forward under general rules. A Finnish partnership's total (domestic and foreign-source) income is divided between the partners and taxed as their income. Partnership income is split into investment income (taxed at a rate of 30% up to EUR 30,000, and at a rate of 34% to the extent the investment income of a partner exceeds EUR 30,000) and earned income (taxed at progressive rates) in the hands of individual (resident or nonresident) partners. The amount of investment income may be calculated as up to a 20% annual return on the net assets of the business activity. Capital gains on real estate and securities included in the partnership income always are taxed as investment income. The remainder is taxed as earned income. For corporate partners, partnership income is regular business income and is taxed at a flat rate of 20%.

Taxable income defined

Taxable income is determined based on the audited annual income statements. Some adjustments are made, i.e. nontaxable income will be deducted and nondeductible expenses will be added back when calculating taxable income. In addition to business income, capital gains are treated as ordinary taxable business income. However, capital gains derived from the sale of shares treated as fixed assets are nontaxable income if certain conditions are satisfied (see under 3.4, below).

Income received by a Finnish company from foreign sources is normal business income. Interest, rents and royalties earned abroad by a Finnish company are taxable income in Finland if they are not exempt under a tax treaty. Losses of a foreign branch are not deductible if the foreign income is exempt under a treaty. However, if the foreign tax is credited against Finnish tax, the losses of a foreign branch may be set off against Finnish income.

Dividends

Under domestic legislation, dividends received by a Finnish resident company from a domestic or foreign company may be fully tax exempt, fully taxable or partly taxable. Special rules (generally not discussed in this guide) apply to dividends received on investment assets held by financial, pension and insurance institutions.

Dividends are tax exempt in the following situations:

- The dividends are direct investment or portfolio dividends distributed by an unlisted entity resident in Finland or in an EU member state and the distributing entity qualifies under the EU parent-subsidiary directive (i.e. the distributing company takes one of the forms listed in the annex to the directive);
- The dividends are distributed by a publicly listed entity resident in Finland or an entity covered by the EU parent-subsidiary directive. If the Finnish recipient corporate entity is unlisted, it must hold directly at least 10% of the capital of the dividend-distributing entity;
- The dividends are received by a Finnish resident company from a company resident in the EEA that is not a company covered under the EU parent-subsidiary directive, provided (1) the distributing company is subject to at least 10% tax on the income from which the dividends are distributed, without a possibility of the income being tax exempt; (2) the distributing company is a resident in the EEA state for tax purposes; and (3) the distributing company is not a resident outside EEA under an applicable tax treaty.
- The dividends are direct investment dividends that are tax exempt based on a tax treaty between Finland and the country in which the distributing entity is resident. Dividends typically are regarded as direct investment dividends where the Finnish corporate entity recipient holds at least 10% of the distributing entity, although tax treaties define the required ownership.

Dividends are fully taxable in the following situations:

- The dividends are received from a company resident in a non-EU or non-EEA country that has not concluded a tax treaty with Finland;
- The dividends are received from a non-EU or non-EEA treaty country, but the dividends do not fall within the scope of the dividends article of the applicable treaty and are not exempt under another treaty article. Such dividends may include, for example, dividends from an entity that is excluded from the scope of the treaty; or
- The dividends are received from a publicly listed entity, and the Finnish non-publicly listed recipient entity holds directly less than 10% of the capital of the distributing entity.

Dividends are partly taxable in the following situations (i.e. 75% of the dividends is subject to the 20% corporate tax, and 25% is tax-exempt):

- The dividends are received from a company covered by the EU parent-subsidiary directive, but the recipient holds directly less than 10% of the distributing company and the shares from which the dividends are received belong to investment assets of the Finnish recipient company (for financial, pension and insurance institutions); or
- The dividends are received from a domestic company or a company resident in an EEA state, and the shares belong to the investment assets of the Finnish recipient company (for financial, pension and insurance institutions).

Dividends received by a partnership are allocated to the partners according to their share of the partnership's income and are taxed as income of the individual partners.

Deductions

Deductions normally include expenses incurred to generate or retain the company's income, such as purchases, salaries, payments of interest and royalties, realized (and unrealized, with some restrictions) foreign exchange losses, 50% of entertainment costs, reasonable donations (deductible only under certain conditions), doubtful sales receivables, fees for establishing an organization and reorganization costs, R&D expenses and employer social contributions.

If certain requirements are met, group contributions to affiliated companies may be deducted (i.e. under the limited Finnish tax consolidation regime).

Income taxes, expenses that do not relate to the company's ordinary business, expenses related to tax-exempt income and fines and penalties are not deductible.

See under 3.6, below for limits on the deduction of interest on related-party loans.

Depreciation

Assets may be depreciated for tax purposes using the declining-balance or the straight-line method, depending on the type of asset. The amount of tax depreciation may not exceed the amount depreciated for accounting purposes. In practice, most fixed assets (machinery, equipment and buildings) may be depreciated at a lower rate for tax purposes than for accounting purposes, but not at a higher rate. Tax depreciation deducted for accounting purposes but not for tax purposes represents a deferred tax asset and may be utilized for tax purposes in later years, within the limits of the applicable depreciation rates. However, the maximum tax depreciation can exceed accounting depreciation in certain situations, provided the company has entered a depreciation difference in its profit and loss account and it shows an accumulated depreciation difference in its balance sheet.

Buildings and movable fixed assets (machinery and equipment) normally must be depreciated using the declining-balance method. The maximum tax depreciation is 7% for industrial buildings, shops and warehouses and 4% for office and residential buildings. Movable fixed assets are pooled, whereas buildings, shops and warehouses are depreciated separately. The standard maximum tax depreciation rate for movable fixed assets is 25%. The acquisition cost of assets with a useful life of less than three years may be deducted as an annual expense in the first year. Assets with a maximum value of less than EUR 850 also may be deducted in the first year, even if the useful life exceeds three years, but the total value of assets so expensed may not exceed EUR 2,500. Patents, copyrights, trademarks and other intangibles may be depreciated under the straight-line method over their probable economic life, with a maximum period of 10 years.

R&D expenditure may be deducted in the year incurred or over two or more years, at the discretion of the taxpayer. Laboratory and research-related buildings are depreciated at a maximum annual rate of 20%, using the declining-balance method. Equipment and machinery used to improve environmental conditions may be depreciated at a maximum annual rate of 25%.

SMEs in certain regional development areas are entitled to a maximum depreciation rate increased by 50% for three years starting in the year of investment, if certain requirements are met.

For tax years 2013-2015, companies engaged in business activities and investing in new factory buildings and workshops, as well as new machinery and equipment utilized in factory buildings and workshops, are entitled to a maximum depreciation rate increased by 50% for two years starting from the year of investment and commissioning.

Losses

Losses may be carried forward and deducted from profits for 10 subsequent tax years. Losses may not be carried back.

In certain cases, capital losses from the disposal of shares are tax deductible, but only against taxable capital gains from disposals of shares derived during the same year or the following five tax years.

The right to carry forward tax losses is forfeited if more than 50% of the shares in a company have been transferred during or after the year in which the losses were incurred (direct change of ownership). Losses also are forfeited if there is an indirect change in ownership; if more than 50% of the shares in a company that owns at least 20% of the shares in the loss-making company have been transferred, the shares owned by the former company are deemed to have changed hands. The taxpayer may request clearance from the Finnish tax authorities to carry forward tax losses, despite a change in ownership. Clearance generally will be granted if there are special grounds to support the clearance, if the clearance is necessary for the continuity of the business and the change in ownership was not tax motivated.

3.4 Capital gains taxation

Capital gains derived by a company generally are taxed as ordinary business income at a rate of 20% (and, correspondingly, capital losses generally are deductible). A participation exemption is available for gains derived from the disposal of shares treated as fixed assets (and corresponding capital losses are not tax deductible). In general, the tax exemption applies if the following requirements are met:

- The seller carries on business activities and the disposed shares belong to fixed assets that are deemed to be part of the seller's business income-generating assets (rather than passive income);
- The seller company owns at least 10% of the share capital of the entity, and the shares disposed form part of that 10% holding;
- The disposed shares have been held continuously at least for one year;
- The disposed shares are not shares in a real estate company or limited liability company whose business activities consist principally of governing or owning real estate; and
- The disposed shares are of a Finnish company, a foreign company listed in the EU parent-subsidiary directive or a company resident in a country that has concluded a tax treaty with Finland, provided the treaty provisions on dividends are applicable to distributions by the company.

The exemption does not apply if the seller is a private equity investor.

3.5 Double taxation relief

Unilateral relief

Finland allows relief from international juridical double taxation concerning Finnish residents, in both tax treaty situations and nontreaty situations, in accordance with the Act on the Elimination of International Double Taxation. However, in a tax treaty situation, international double taxation is eliminated to the extent required by, and by the method required by, the treaty (see below).

The Act on the Elimination of International Double Taxation includes provisions on both the credit and the exemption method. The credit method is the primary method and is applied unless a tax treaty or a specific domestic law provision requires an exemption. The credit is limited to the amount of Finnish tax payable on the income, and may be carried forward for five years. The exemption method is applied in Finland if a tax treaty or another international treaty so requires. Nevertheless, the credit method is the primary method in most of Finland's treaties; very few treaties refer to the exemption method as the primary method.

Tax treaties

Finland has a broad tax treaty network, the aim of which is to eliminate double taxation and provide for reduced rates of withholding tax on dividends, interest and royalties. Most of Finland's treaties are based on the OECD model treaty, providing for relief from double taxation on all types of income, limiting the taxation by one country of companies resident in the other and protecting companies resident in one country from discriminatory taxation in the other. Finland's treaties generally contain OECD-compliant exchange of information provisions.

Finland also is a signatory to the Nordic Income and Capital Tax Treaty (along with Denmark (and the Faroe Islands), Iceland, Norway and Sweden).

For reduced withholding tax rates under Finland's tax treaties to apply, the payer must verify whether the recipient resides in the treaty partner country and that the lower tax rate applies. The nonresident recipient must provide relevant information to the payer of the income.

Finland Tax Treaty Network			
Argentina	Faroe Islands	Macedonia	Slovenia
Armenia	France	Malaysia	South Africa
Australia	Georgia	Malta	Spain
Austria	Germany	Mexico	Sri Lanka
Azerbaijan	Greece	Moldova	Sweden
Barbados	Hungary	Montenegro	Switzerland
Belarus	Iceland	Morocco	Tajikistan

Belgium	India	Netherlands	Tanzania
Bosnia-Herzegovina	Indonesia	New Zealand	Thailand
Brazil	Ireland	Norway	Turkey
Bulgaria	Israel	Pakistan	Ukraine
Canada	Italy	Philippines	United Arab Emirates
China	Japan	Poland	United Kingdom
Croatia	Kazakhstan	Portugal	United States
Cyprus	Korea (ROK)	Romania	Uruguay
Czech Republic	Kyrgyzstan	Russia	Uzbekistan
Denmark	Latvia	Serbia	Vietnam
Egypt	Lithuania	Singapore	Zambia
Estonia	Luxembourg	Slovakia	

3.6 Anti-avoidance rules

Transfer pricing

Affiliated companies must comply with the arm's length principle, and Finland generally follows the OECD transfer pricing guidelines. Taxpayers in Finland may use the following transfer pricing methods: comparable uncontrolled price, resale price, cost plus, profit split and transactional net margin methods. There is no required priority of methodology.

The Finnish provisions enforcing the arm's length standard may be applied to adjust the profits of a Finnish company with respect to both domestic and cross-border transactions. An adjustment is possible if the taxpayer has agreed to the transaction based on conditions that differ from those that would have been agreed upon between independent parties. Any profits that would have accrued to the company but for the non-arm's-length terms, and that actually have not accrued, may be included in the company's profits (transfer pricing adjustment).

Transfer pricing documentation requirements apply. The law generally applies to Finnish entities (including branches), with some exceptions:

- SMEs are not subject to the documentation requirements. Whether a company qualifies as an SME is based on the recommendation by the European Commission: a company is not an SME if the associated companies on a consolidated basis have 250 employees or more and a turnover exceeding EUR 50 million or total assets greater than EUR 43 million.
- Purely domestic transactions are exempt from the documentation requirements.
- Where the total value of transactions between two parties during a tax year does not exceed EUR 500,000, less extensive documentation is sufficient.

The documentation generally must include the following:

- A description of the taxpayer's business activities;
- A description of the connection between associated companies;
- Information on transactions undertaken with associated companies;
- A functional analysis of the transactions undertaken with associated companies, and information on the functions performed and risks assumed;
- A comparability analysis, including information on comparable transactions or companies, validating the arm's length level of the applied transfer pricing; and
- A description of the selected transfer pricing method and its application.

Documentation must be prepared annually, and the request to provide documentation for a specific tax year may be made six months after the end of that fiscal year. Documentation must be provided within 60 days from a request by the tax authorities. If additional requests are made, 90 days' response time is allowed. Discretionary extensions may be possible. Noncompliance with the documentation requirements may result in penalties up to EUR 25,000. In the case of adjustments, additional penalties (up to 30% of the adjustment) and interest typically are imposed.

No formal advance pricing agreement (APA) legislation is in place, but the tax authorities have indicated taxpayers have the ability to obtain a mutual agreement procedure (MAP) APA under a treaty's MAP. Taxpayers also may apply for a general advance ruling on transfer pricing issues.

Thin capitalization

While there are no formal thin capitalization rules or fixed debt-to-equity ratios prescribed in Finnish tax law, a general limit on the deductibility of interest applies.

The limitations apply only to (net) interest on related party loans. A full deduction is allowed for interest expense up to the amount of the interest income of the borrower, and interest paid to a related party is deductible up to the amount of interest income the payer receives from related parties. Accordingly, the rules do not affect the deduction of interest on non-related party loans. If the net interest expense (related and non-related party) of the borrower is EUR 500,000 or less, the total amount of interest expense is deductible and not subject to the limitations. If the net interest expense exceeds EUR 500,000, the deductibility of interest expense is limited to a maximum of 25% of adjusted taxable income (adjusted for interest expense, depreciation and amortization for tax purposes, as well as group contributions). Nevertheless, the nondeductible amount of interest expense cannot exceed the amount of net interest expense on related party loans.

The interest deduction limitations are not applicable if the equity ratio (i.e. the ratio between the total equity and total assets) of the company is equal to or greater than the equity ratio of the whole group, based on the audited financial statements of the group. The applicability of the equity ratio test is determined on an annual basis.

Nondeductible interest expense is available for indefinite carry forward, and may be utilized in accordance with the 25% or EUR 500,000 limit described above. Where the interest deduction limitation rules are not applicable under the equity ratio test, the Finnish company cannot utilize the nondeductible interest expense carried forward from previous years in the years when the balance sheet test is applicable.

Controlled foreign companies

Under the CFC regime, a foreign entity may be deemed a CFC if the entity is directly or indirectly controlled by Finnish residents. The definition of a CFC encompasses a PE of a foreign entity situated in a low-tax jurisdiction. A nonresident entity is deemed to be controlled by Finnish residents if one or more residents jointly own, directly or indirectly, at least 50% of the capital of the entity or its total voting power, or if one or more residents are entitled to at least 50% of the yield on the entity's assets. In general, a foreign entity is not considered a CFC if it is located in an EEA country or in a tax treaty country (excluding specific black list countries) and actually is established in its state of residence and pursues genuine economic activity in that state.

The net income of a CFC is taxable income of the Finnish shareholder, regardless of whether the net income is distributed to the shareholder, if (1) the shareholder owns at least 25% of the capital of the nonresident entity or is entitled to at least 25% of the yield of the entity's assets; and (2) the effective tax rate in the entity's state of residence is less than three-fifths of the Finnish corporate income tax rate, i.e. 12% (3/5 x 20%). Losses incurred by a CFC may be deducted from CFC profits over the following 10 years.

The CFC regime does not apply to foreign companies engaged in certain types of business, i.e. those with profits that mostly arise from industrial production or other comparable production, or a shipping business conducted in the entity's state of residence.

General anti-avoidance rule

Finland has a general anti-avoidance rule (GAAR) that applies in both domestic and cross-border situations. The Finnish tax authorities have aggressively challenged intra-group acquisitions and related financing arrangements under the general anti-avoidance rules in recent years.

Under the GAAR, the legal form of a situation, or a transaction that does not correspond to the true nature or purpose of the matter, will be taxed as if the correct form had been used. To avoid the application of the GAAR, the arrangement must be justifiable for reasons other than tax reasons.

Finland also has a separate anti-avoidance rule governing company reorganizations (mergers, divisions, partial divisions, transfers of assets, exchanges of shares and the transfer of the registered office of an SE or European Cooperative Society. The tax neutrality rules for company reorganizations will not apply if it is clear that the only purpose, or one of the main purposes, of a company reorganization is to avoid or evade tax.

3.7 Administration

Tax year

The tax year of a company coincides with the financial year. However, if more than one financial year ends during the same calendar year, they form one tax year.

Filing and payment

A company receives an advance tax assessment notice for corporate income taxes each calendar year. The amount of advance tax is based on the most recent assessed tax year, although a taxpayer may request changes to the notice if the amount of the advance taxes imposed differs from projected income. Advance payments of tax normally must be made in monthly installments. Final adjustments are made when the taxation of the company is assessed.

A company must file its tax return within four months of the end of the accounting period. The tax is assessed 10 months after the end of the accounting period. There are special rules and times for reassessment but, in general, taxation is open for reassessment during the tax assessment year and five calendar years thereafter.

Consolidated returns

The concept of consolidated returns is not used in Finland. In limited circumstances, however, taxable income and tax losses of affiliated companies may be offset. Contributions between affiliated Finnish companies may be deducted in the following cases:

- The parent company has owned, during the entire tax year, at least 90% of the affiliated company;
- The ownership structure has existed from the first day of the financial year of both the contributor and the recipient;
- Both companies are engaged in business and are not financial, insurance or pension institutions;
- Both the contributing and the receiving company are resident in Finland for corporate income tax purposes;
- The decision to pay a group contribution (in practice, the maximum amount of contribution to be granted) is made by the Board of Directors before the end of the accounting period during which the contribution is granted;
- The accounting period of the companies ends on the same date (unless an exception is granted); and
- The contribution is recorded in both companies' accounts and affects their annual (taxable) net income, and is not booked as a capital investment.

Subject to the conditions above, group contributions are allowable expenses for the paying company and part of taxable income of the receiving company. A group contribution may not exceed the (taxable) net income of the paying company.

The 90% ownership requirement may be reached through indirect ownership, provided the 90% threshold is exceeded with respect to all relationships. A company in the ownership chain also may be a passive company or, under certain conditions, a foreign company, provided the contribution is transferred between Finnish entities.

Statute of limitations

The reassessment period for corporate income tax is five years from the end of the tax assessment year. The statute of limitations for collecting tax is five years from the end of the year the tax was imposed or otherwise was due.

Tax authorities

The Finnish Tax Administration functions are carried out by four national business lines: Individual Taxation, Corporate Taxation, Tax Auditing and Tax Collection. Operating tax functions are carried out by local units situated throughout Finland. Certain companies (e.g. listed companies, insurance companies and banks) are taxed centrally by the Large Taxpayers' Office, which also has a dedicated team for transfer pricing matters.

Rulings

The Central Board of Taxation and tax offices handle advance ruling applications from taxpayers. If a ruling request contains important issues, it will be handled by the Central Board of Taxation. An advance ruling may be requested for the current and the following tax year, and the request may involve issues relating to income tax, withholding tax, VAT, etc. The issuance of a ruling is at the discretion of the tax authorities. The tax authorities are bound by the ruling if the taxpayer refers to the ruling in its tax return. There is no specific format for an advance ruling request, except that it must be in writing. The fee ranges from EUR 100 to EUR 3,470, depending on the complexity of the issue and whether the ruling is granted.

4.0 Withholding taxes

4.1 Dividends

Dividends paid to a nonresident company are subject to a 20% withholding tax, unless the rate is reduced or eliminated under an applicable tax treaty or the dividends qualify for exemption under the EU parent-subsidiary directive. Under Finland's implementation of the parent-subsidiary directive, dividends paid by a Finnish company are exempt from withholding tax if the recipient is a company that qualifies under the directive and that holds directly at least 10% of the capital of the payer company. There is no minimum holding period.

Dividends paid to a nonresident individual are subject to a 30% withholding tax, unless the rate is reduced or eliminated under an applicable tax treaty.

Shareholders resident in an EU/EEA member state are treated the same as Finnish resident shareholders with respect to dividend distributions, provided the withholding tax cannot be fully credited in the state of residence of the shareholder.

There are no withholding taxes on dividend payments between Finnish resident companies. See section 6.2, below, for the treatment of dividends paid to resident individuals.

4.2 Interest

Under domestic law, as a rule, interest paid to a resident or a nonresident on, e.g. bonds, debentures (and other such debts), bank account deposits, accounts originating from international trade or debt that is not equivalent to equity is not subject to withholding tax. Interest accrued on a permanent loan made in lieu of a capital contribution is subject to withholding tax at a rate of 20%, unless a tax treaty provides for a lower rate.

Nonexempt interest paid to a nonresident individual is subject to a 30% withholding tax rate, unless a tax treaty provides for a lower rate. Regardless of the residence of an individual recipient of interest income, credit institutions must withhold 30% when interest is paid.

4.3 Royalties

Royalties paid to a nonresident company are subject to a 20% withholding tax, unless the rate is reduced or eliminated under an applicable tax treaty or under the EU interest and royalties directive. However, if the royalty is related to a PE in Finland, the royalty is taxed as a part of the net income of the PE. There are no withholding taxes on domestic payments between Finnish resident companies.

Under Finland's domestic law implementing the EU interest and royalties directive, royalty payments are exempt from withholding tax where the recipient is an associated company of the payer company and is resident in another EU member state. Two companies are deemed to be associated under the directive if one company holds directly at least 25% of the capital of the other company, or a third EU company holds directly at least 25% of the capital of the two companies. There is no minimum holding period.

Royalties paid to a nonresident individual are subject to a 30% withholding tax, unless the rate is reduced or eliminated under an applicable tax treaty.

4.4 Branch remittance tax

Finland does not levy a branch remittance tax.

4.5 Wage tax/social security contributions

Tax on the earned income of Finnish resident employees is withheld by a Finnish employer from salary payments. The amount is withheld in accordance with the employee's personal income tax rate printed on the individual's tax card, as confirmed annually by the tax authorities. A foreign company that does not have a PE in Finland is not required to withhold tax from payments to employees; the employees must pay tax directly to the tax authorities. However, even if there is no PE, if a person works in Finland in excess of 183 days and becomes a Finnish tax resident, the employer has the liability to give an annual employer payroll report in relation to the salaries paid to the employee.

Employers in Finland are liable for various social charges. The employer's social security charge is 2.12% on gross salaries and wages (GSW). The average employer pension insurance contribution is 18% of GSW (with no cap). The unemployment insurance contribution is 1% of GSW up to EUR 2,044,500 and 3.90% of GSW exceeding that amount. Group life insurance premiums average 0.07% of GSW (with no cap) and accident insurance premiums average 0.9% of GSW (with no cap).

5.0 Indirect taxes

5.1 Value added tax

The Finnish VAT system has been harmonized with the EU rules. As a general rule, all supplies by individuals and legal persons engaged in the commercial sale of goods and services in Finland are liable for VAT. VAT is levied on sales at each stage of the production and distribution chain. In practice, irrespective of the type of business, VAT is levied on the commercial sale of goods and services and on imports, and on the intra-community acquisition of goods, unless explicitly exempt under the VAT Act.

A taxable person may deduct the input VAT included in the purchase price of goods and services that are purchased for business activities and are eligible for recovery of input VAT. If the sale of goods or services is exempt from VAT, the seller does not account for VAT on the sales and is not allowed to deduct the input VAT included in the purchase prices of goods and services purchased for the exempt activities. No VAT is levied on businesses with annual turnover of less than EUR 10,000 during a fiscal year (increased from EUR 8,500 as from 1 January 2016). However, this exception does not apply to foreign entrepreneurs that do not have a fixed establishment in Finland.

The standard VAT rate on goods and services is 24%. Reduced rates of 14% and 10% apply to specified items.

Tax-exempt goods and services include the sale, letting and leasing of immovable property (although construction services are subject to VAT); health and medical care; social welfare services; education; most financial and insurance services; performance fees; certain copyrights; and lotteries and gambling. Certain zero-rated sales categories are not subject to VAT, although the input VAT included in the prices of goods and services purchased for these activities may be deducted. Examples include the sale of goods outside the EU, the intra-community sale of goods, certain international service supplies and certain vessels and aircraft.

In certain cases, the purchaser, rather than the seller, is liable for VAT under the reverse charge mechanism, although the seller may have reporting obligations. The reverse charge applies if the purchase is made from a foreign supplier that does not have a fixed establishment that intervenes in the supply in Finland, or that has not applied for voluntary VAT registration in Finland. The reverse charge also applies to certain sales of construction services and trade on emission rights under certain conditions, and to certain sales of scrap and waste.

The reporting period for VAT typically is a calendar month, but the quarter or calendar year is used for small businesses. The VAT return may be filed electronically or in paper form. The due date for filing the VAT return on paper is the seventh day of the second month following the VAT period in question. The due date for filing the VAT return electronically and the due date for the payment of the VAT (regardless of the filing method) is the 12th day of the second month following the VAT period in question.

5.2 Capital tax

Finland does not levy capital duty.

5.3 Real estate tax

A general tax is levied on all real estate in Finland, with certain exemptions such as for forests and farmland. Each municipality annually determines at least two tax rates that are levied on the taxable value of the property. The tax rates vary depending on the municipality. The general rate applicable to land and real estate not used as a permanent residence is 0.8%-1.55%. The rate for permanent residences is 0.37%-0.8%. A 1%-4% tax is levied on undeveloped building sites under certain qualifications.

5.4 Transfer tax

A purchaser of real property situated in Finland or Finnish securities is liable to pay transfer tax on the purchase price. In general, the transfer of Finnish real estate is subject to a transfer tax of 4%, and the transfer of securities is subject to a tax of 1.6%. The tax base includes the purchase price of the real estate or securities and any payment made by the purchaser that is a prerequisite for the transfer, as well as any liability the purchaser assumes where the seller benefits from the arrangement. The transfer of securities generally is exempt if the transfer takes place though the stock exchange, or if both the seller and the buyer are nonresidents.

The scope of the transfer tax related to real estate transactions has been broadened to provide that transfers of shares in “real estate-rich” companies or holding companies of such companies are subject to a transfer tax of 2%.

5.5 Stamp duty

Finland does not levy stamp duty.

5.6 Customs and excise duties

As a member of the EU, no customs duties are imposed on goods from other EU member states. Customs duties are levied on goods imported from outside the EU. Customs duties and import VAT are levied by Finnish customs in connection with the importation of the goods.

Excise taxes are levied on alcohol (ethyl), alcoholic beverages, soft drinks, liquid fuels, tobacco, cigarette paper and other cigarette products, electricity and certain fuels used for heat production and beverage containers.

In connection with excise taxation, a strategic stockpile fee is collected on liquid fuels, natural gas, electricity and coal. Duties also are levied on oil waste and oil damage, and there is a tax on waste. The tax rates are available from the National Board of Customs.

5.7 Environmental taxes

Finnish environmental taxes are in the form of actual environmental taxes and taxes that are environmental by nature. Actual environmental taxes are paid for the nuisance caused to the environment, whereas taxes that are environmental by nature usually are levied on specific products, such as energy. The main energy taxes in Finland are taxes on fuel used in traffic or heating, and tax on electricity. Traffic taxes include a road-user tax and a car tax levied in connection with a vehicle purchase.

The most significant actual environmental tax Finland imposes is the waste tax, the rate of which is EUR 50 per ton of landfill waste. The tax is payable by the owner of the landfill.

Finland also levies environment-related taxes on packaging, charges on fertilizers and pesticides, oil waste and pollution charges and water protection charges.

5.8 Other taxes

A 24% tax is imposed on insurance premiums.

Entities carrying out business activities in Finland and subject to tax in Finland are liable to pay a public broadcasting tax. The amount of the tax is between EUR 140 and EUR 3,000 (depending on the amount of taxable income); the tax is not due if taxable income is below EUR 50,000. The tax also applies to individuals, at a rate of 0.68% of their taxable earned and capital income, and is capped at EUR 143 per year; tax below EUR 51 is not collected.

A tonnage tax regime is available for shipping companies.

6.0 Taxes on individuals

Individuals in Finland are subject to state income tax, municipal tax, church tax, public broadcasting tax, social insurance contributions, real estate tax and inheritance and gift tax.

Finland Quick Tax Facts for Individuals	
National income tax rate	Progressive to 31.75%
Municipal tax rate	16.5%-22.5%
Church tax rate	1%-2.15%
Capital gains tax rate	30% on income up to EUR 30,000 and 34% on income exceeding that amount
Basis	Worldwide
Public broadcasting tax	0.68% (capped at EUR 143 per year)
Double taxation relief	Yes
Tax year	Calendar year
Return due date	4 and 13 May for residents, 13 May for nonresidents
Withholding tax	
− Dividends	Varies for residents; 30% for nonresidents
− Interest	30%
− Royalties	30%
Net wealth tax	No
Surtax on pensions	6% on pension income exceeding EUR 45,000
Social security	Pension insurance contribution 5.7% (7.2% after 53 years of age) Unemployment insurance contribution 1.15% Health insurance contribution 2.10%
Inheritance tax	Up to 36%
Real estate tax	Varies
Transfer tax	1.6%/2%/4%
VAT	0%/10%/14%/24%

6.1 Residence

For income tax purposes, an individual is considered resident in Finland if his/her principal place of abode is in Finland or if the individual stays in Finland for a continuous period exceeding six months. A stay in Finland is considered continuous even if the individual temporarily is absent from Finland (normally, for up to two to three months).

6.2 Taxable income and rates

Finnish nationals have a high personal tax burden.

Taxable income

Finnish tax residents are liable for tax on their worldwide income. Tax treaties provide relief from double taxation.

Nonresidents are taxed only on Finnish-source income, as defined in the Income Tax Act, and on gains from immovable property located in Finland.

Taxable income in Finland is divided into two types of income: capital income and earned income. Capital income is income generated through the possession of wealth; all other income is earned income. Earned income includes salary and wages, pensions and social benefits.

Earned income is subject to three taxes: national income tax, municipal tax and church tax.

Income from a sole proprietorship or a partnership, as well as dividends received from an unlisted company, is divided into capital income and earned income. Income from a sole proprietorship or partnership is considered capital income up to the amount equal to a 0%, 10% or 20% return on the net assets of the business, depending on the choice made by the taxpayer. Any income exceeding that return is considered earned income.

For dividends received by individual shareholders from unlisted companies, 75% of the dividends is tax-exempt, up to an amount that is equal to 8% of the mathematical value of the shares, but only up to EUR 150,000 of dividends per shareholder. The remaining 25% is treated as capital income. If the dividends received by a shareholder exceed EUR 150,000, 85% of the excess is taxable as capital income, and the remaining part of the dividend (15%) is tax-exempt. However, if the dividend exceeds 8% of the mathematical value of the shares, 75% of the excess is treated as earned income and taxed at progressive tax rates, and the remainder (25%) is exempt.

For dividends received by individual shareholders from publicly listed companies, 85% is taxed as capital income and the remaining 15% is exempt.

Dividends from nonresident companies are taxed in the same way as domestic dividends, provided there is a tax treaty between Finland and the nonresident company's country of residence.

Domestic and foreign interest income on bank deposits and bonds received by a resident individual is considered capital income. Foreign interest income must be declared. Interest income earned domestically must be declared unless it is tax-exempt or subject to withholding tax. Nonresidents are not subject to withholding tax on their interest income on bank deposits and bonds.

Royalty income is considered capital income if the industrial right (patent, trademark, copyright) has been purchased or inherited by a resident. Royalties earned by a resident inventor are taxed as earned income.

Capital gains derived by a resident individual from the sale of property are considered capital income, regardless of how long the property has been owned or the method of acquisition. Proceeds from the sale of an owner-occupied dwelling are tax-exempt if the owner occupied the dwelling for at least two years before the date of sale. Capital losses may be offset against capital gains in the year in which the losses are incurred and the following five years.

Taxation of expatriates

The income of a person who is not a Finnish tax resident will be subject to tax at source of 35% (flat rate). A "tax-at-source" deduction of EUR 17 per day, or EUR 510 per month, may be taken if the deduction is marked on the person's tax card.

Qualified foreign experts may apply for special tax status, under which they are taxed at a flat rate of 35% for 48 months, provided the regular monthly cash salary exceeds EUR 5,800 (except for teachers and researchers). An application for such status must be filed within 90 days from the start of the work in Finland. The regime also may be applied to teachers and researchers at universities, colleges or other upper-level schools. The concession is not available to individuals who are Finnish citizens or who have been resident for tax purposes in Finland during the previous five calendar years.

Deductions and reliefs

In general, expenses arising from acquiring and preserving earned or capital income are deductible from the relevant taxable income calculation.

Expenses incurred in excess of EUR 750 for travelling to and from work are considered expenses for acquiring or maintaining taxable income, and are deductible up to EUR 7,000 from earned income. A standard deduction of EUR 620 is available to all individuals who receive salary income.

Statutory pension insurance and unemployment insurance premiums are deductible in full. The deductibility of voluntary pension insurance premiums is limited to an amount depending on the nature of the insurance. In general, pension contributions to voluntary pension schemes taken from an insurance company outside the EEA are deductible for the first four years of residence in Finland.

Interest on a loan is deductible from capital income if the loan is used to buy a permanent home or to acquire income. Only 55% of interest expense related to a mortgage used to buy a permanent residence is deductible in 2016 (reduced from 65%). Capital losses are deductible from capital income. There is a special child deduction applicable in tax years 2015 to 2017. The deductible amount is EUR 50 per child, up to four children. The amount is EUR 100 per child if the taxpayer is a single parent, i.e. does not have a spouse in accordance with Finnish tax laws.

Tax credits, to be offset against earned income in the tax year, are available for any deficit on capital income. The credit is equal to 30% of the deficit, capped at EUR 1,400. The maximum amount is increased by EUR 400 for one child and by another EUR 400 for two or more children. If the cap applies, the remaining deficit may be carried forward for 10 years.

Rates

As noted above, there is a national tax, municipal tax and church tax.

The national income tax rate ranges from 0% to 31.75% on income exceeding EUR 16,700. The first EUR 16,700 of earned income after deductions is tax-exempt, then there are four tax brackets: 6.5%, 17.5%, 21.5% and 31.75%. The highest rate applies to taxable income exceeding EUR 72,300. A surtax of 6% is levied on pension income exceeding EUR 45,000 (after deduction of the pension income allowance).The municipal tax rate on earned income is 16.5% to 22.5%.

The national and municipal rates apply to all Finnish tax residents.

Members of the Evangelical Lutheran Church or the Orthodox Church also are liable for the church tax, at rates ranging between 1% and 2.15%, depending on the domicile.

Capital income is taxed at a rate of 30% up to EUR 30,000 of capital income and at a rate of 34% on capital income exceeding that amount.

The effective withholding tax rates on dividends paid by resident companies to resident individual shareholders depend on whether the distributing company is listed or unlisted, and on the amount of the dividends paid (e.g. the rate on dividends paid by a listed company is 25.5% (85% of dividends is taxable at a 30% rate); the rate on dividends paid by an unlisted company up to 8% of the mathematical value of the shares is 7.5% if the dividends do not exceed EUR 150,000 (25% of dividends is taxable at a 30% rate); and the rate on dividends paid by an unlisted company that exceed EUR 150,000 is 28% (85% of dividends is taxable at a 33% rate)).

Nonresidents are taxed at a flat rate of 35% on earned income from Finnish sources. Nonresidents are subject to a 30% withholding tax on dividend, interest or royalty income, unless otherwise specified in a tax treaty.

6.3 Inheritance and gift tax

Inheritance tax is assessed on each beneficiary's net share of inherited, bequeathed or donated property. The amount of tax payable depends on the relationship between the decedent/donor and the beneficiary. Rates are progressive up to 36%.

6.4 Net wealth tax

Finland eliminated the net wealth tax in 2006.

6.5 Real property tax

See section 5.3, above.

6.6 Social security contributions

See section 7.2, below.

6.7 Other taxes

See transfer tax under 5.4, above and public broadcasting tax under 5.8, above.

6.8 Compliance

The tax year for individuals is the calendar year.

Individual taxpayers receive tax returns from the tax authorities; joint assessments are not available. The tax returns are pre-completed based on information that the tax authorities receive from employers, financial institutions, public sector entities, etc. An individual taxpayer must file a tax return only if the pre-completed tax return does not include income, assets or liabilities that the taxpayer is required to disclose. The tax return filing due dates for tax year 2016 are 4 and 13 May 2015 for tax residents and 13 May 2015 for nonresidents (although nonresidents usually are not required to file a return). Tax on employment income is withheld by the employer for each pay period. A taxpayer may make a prepayment to cover the final tax.

7.0 Labor environment

7.1 Employee rights and remuneration

Finnish labor legislation is similar to labor legislation in other Nordic countries, and it has been adapted to conform to EU rules.

There is no requirement to conclude a written employment contract between an employer and an employee. An employment contract may be concluded in writing, in an electronic format or as a verbal agreement. However, the employer is required to provide employees with written clarification on the terms and conditions of employment. In many cases, the terms of collective agreements, in which the main employer organizations and trade unions agree on, e.g. wage rates, pay increases, working hours, holidays and other working conditions, are applicable and form at least part of the terms of employment. The legal framework for collective agreements is specified in the Collective Agreement Act.

Finnish labor legislation covers, among other items, employee safety and occupational health-related matters. These requirements primarily are set out in the Employment Contracts Act, Occupational Safety Act and Occupational Health Care Act.

The Finnish Act on Cooperation within Undertakings grants to employees of companies employing at least 20 workers the right to take part in certain decision-making processes that may affect them. These include, e.g. decisions on temporary layoffs, permanent workforce reductions and the use of company funds for employee welfare.

The Finnish Non-discrimination Act promotes equality between males and females in workplaces by forbidding discrimination. Additionally, the Employment Contracts Act, as well as the Constitution of Finland, contain regulations against discrimination. Companies employing 30 people or more also must draw up equality-based personnel and training plans each year.

Working hours

Finnish regulations on working time comply with the EU rules. In general, regular working hours may not exceed eight hours per day and 40 hours per week, but there are several provisions allowing flexibility of working hours to a certain extent. Under the Working Hours Act, it is possible to arrange the working hours so that the average weekly work time during a period of 52 weeks is 40 hours. Further to the regulatory rules, most sectors have collective agreements that provide more specific provisions on, e.g. working hours, prescribing the length of the normal work day and week. Typically, working hours set out in collective agreements are lower than the working hours set out in the Working Hours Act.

As a rule, daily overtime begins after the first eight hours of work, and weekly overtime after the first 40 hours of work, unless lower thresholds have been negotiated in collective agreements. The maximum possible overtime in any four-month period is 138 hours, and 250 hours in one calendar year. Employees may, as a rule, refuse to work overtime. Exceptions are allowed in certain cases. The statutory bonus paid for overtime on weekdays and Saturdays is 50% for the first two hours, and 100% after that. Sunday pay is double the regular pay. More specific rules on working hours and overtime compensation are set out in the Working Hours Act and applicable collective agreements.

7.2 Wages and benefits

Minimum wages are not determined by law in Finland. The trade unions and employers' organizations usually negotiate national collective labor agreements. Employers functioning within these industries are bound by the collective agreements under the Employment Contracts Act. Where a collective agreement is declared generally binding in relation to a certain industry in Finland, companies not belonging to employer organizations also are bound by the provisions of the collective agreement. If a particular industry does not have a labor agreement, the Finnish Employment Contract Act requires that an employer pay a reasonable wage for the work carried out by an employee. Foreign-owned companies are bound by the Finnish labor legislation and are, therefore, required to comply with the same requirements as domestic firms.

Pensions

The national pension scheme (NPS), which provides a default pension, is funded from general tax revenue. The amount paid out under the NPS depends on the employee's entitlement to the earnings-related employment pension, marital status and area of residence. The maximum amount is 634.30 per month.

The earnings-related pension scheme is financed by employer and employee contributions. Employees may retire with a pension between the ages of 63 and 68, although pensions may be claimed earlier in certain cases. Employer contributions to employee pensions vary depending on the size of the business, the age of employees and the ratio of investment to payroll. The average mandatory employer and employee contribution to earnings-related pensions for 2016 amount to 23.7%.The employee's part of the contribution for 2016 is 5.7% or 7.2% (for employees aged 53 and over).

Social security contributions

Employers and employees contribute to the cost of healthcare, sickness allowance and family benefits. Employers' social security charge for the year 2016 is 2.12%, which includes medical care insurance. The payment is not charged on salary paid to an employee under 16 or over 68. The employee's health insurance contribution is 2.10% of taxable income and is divided into a contribution for medical care insurance (1.28%) and a contribution for daily allowance insurance (0.82%). Sickness allowance is earnings-related and is paid by the state after 10 days of illness, up to a maximum of 300 workdays.

All unemployed Finnish residents in the 17-64 age group who seek employment are entitled to unemployment benefits. To qualify for the basic daily unemployment allowance, the individual must have worked at least 26 weeks during the previous 28 months in a job involving work of at least 18 hours a week, and earnings of at least EUR 1,164.75 per month. The daily unemployment allowance is paid for a maximum of 500 working days, after a waiting period of five working days.

The system for earnings-related unemployment allowance is financed by both employees and employers. The employer contribution is 1% on the first EUR 2,044,500 of GSW, and 3.90% of the excess. The employee contribution is 1.15%.

Social insurance

Employers must insure employees against accidents, as defined in the Accident Insurance Act. The premium varies depending on the risk and size of the payroll, but the average is 0.9% of GSW. The insurance is provided by the private sector.

Other benefits

Other benefits include holiday entitlements, leave entitlements for parents and job protection for those on parental leave. Employers also must fund half of the cost of occupational health services required by statute (the other half is funded by the state).

Employers that provide their employees holiday pay or a special holiday bonus (generally 50% of the holiday wage) while the employees are receiving a maternity, paternity or parental allowance may claim holiday pay compensation from the State Social Security Institute for up to 2.5 days per calendar month.

Employees are entitled to two weekdays of paid annual holiday per full holiday entitlement month (during which the employee has worked for at least 14 days or at least 35 hours) for the first year of employment. This increases to two-and-a-half weekdays of holiday per full holiday entitlement month if employment has continued for at least one year before the end of the holiday entitlement period (the period begins on 1 April and ends on 31 March).

7.3 Termination of employment

Under the Finnish employment-related regulations, employees may not be dismissed (or otherwise discriminated against) because of age, health, national or ethnic origin, sexual preference, language, religion, opinion, family ties, trade union activity, political activity, disability or any other comparable circumstance. Valid reasons for dismissal may include, e.g. failure to work as required, unauthorized absence from work, mistakes caused by the employee's carelessness, dishonesty and refusal to work. A warning must first be given, except in cases of an extreme breach of trust.

Further, the grounds for dismissals have to be considered on a case-by-case basis, taking into account all the relevant factors affecting the matter.

A trial period may be included in an employment contract, but it cannot exceed four months. Where a fixed-term employment contract is entered into for less than eight months, the notice period may not be longer than half of the duration of the employment. However, if the employer provides specific, work-related training for the employee lasting for a continuous period of over four months, a trial period of no more than six months may be agreed between the employer and employee. Employers may dismiss an employee with immediate effect during the trial period, but the reasons must be justified. The employee also has the right to terminate the employment with immediate effect during the trial period.

If the volume of work is temporarily reduced, the employer is obliged to aim to arrange other work for employees. Individual or collective redundancy is possible only if the work volume has decreased significantly for economic, production-related or other comparable reasons, and for longer than a temporary period of time. However, the employer must ensure and prove that the employees cannot be placed in or trained for other duties. Employees laid off in these circumstances have preemptive rights to be re-employed by the company if it starts hiring again within nine months.

Where a company has valid reasons for a dismissal, employment can be terminated by issuing a notice of termination to an employee. The Employment Contract Act sets out the standard notice period, but further provisions may be set out in individual employment contracts and applicable collective agreements. The notice periods for the employer, as set out in the Employment Contract Act, are as follows:

Duration of employment	Period of notice
Up to one year	14 days
More than one year, but less than four years	One month
More than four years, but less than eight years	Two months
More than eight years, but less than 12 years	Four months
More than 12 years	Six months

Under the Employment Contracts Act, the employee is obliged to comply with the following notice periods:

Duration of employment	Period of notice
Not exceeding five years	14 days
More than five years	One month

In general, the penalty for unlawful dismissal is a sum equal to an employee's salary for three to 24 months (and up to 36 months in cases where the dismissed employee was an employees' representative). In cases where an employer has lawful grounds for a dismissal, the employer is not obliged to make any other compensation payments in relation to the dismissal.

7.4 Labor-management relations

The Finnish labor market is highly unionized, with about 80% of the labor force belonging to trade unions. Employees typically belong to a local union, which, in turn, belongs to the central union federation in its sector. The central union belongs to one of the three central labor organizations: the Central Organization of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK) and the Confederation of Unions for Academic Professionals. The largest private sector organization for employers and industry is the Confederation of Finnish Industry (EK).

Finland's collective agreement system has two main functions: to define employees' minimum benefits and to guard against industrial disputes. The system also acts as a mechanism for negotiating and settling conflicts.

Collective agreements may be concluded at different levels. Wage rates, working hours, holidays, benefits, workplace safety and provisions relating to other working conditions typically are included as a part of national income policy agreements negotiated between unions and employer organizations. The central agreements form the foundation for agreements negotiated at the local union or federation level, dealing with terms and conditions in specific subsectors or places of work. In certain matters, local agreements at individual workplaces also are permitted.

Disputes over the Finnish labor law are divided into individual and collective disputes, as well as into conflicts of law and conflicts of interest. Legal conflicts over existing agreements and their interpretation primarily are settled in the district courts. A government-appointed conciliator handles conflicts of interest arising out of certain labor disputes.

7.5 Employment of foreigners

Citizens of the EU/EEA are entitled to reside and work without a residence permit in Finland for up to three months. However, if the assignment lasts for a longer period, EU/EEA citizens must obtain a residence permit. Work permits are not required for EU/EEA citizens, regardless of the length of the assignment.

Citizens from other Nordic countries do not need residence or work permits, regardless of the duration of the assignment in Finland.

Citizens of other countries require both work and residence permits, and work may not start until the permits have been issued. The first work permit normally is issued for one year, during which the holder may change jobs within the same sector. After three years, a permanent residence permit normally may be obtained. A permanent residence permit exempts the holder from the need for a work permit.

Although Finnish legislation does not restrict the number of foreigners employed in Finnish firms, obtaining a work permit can prove difficult for various reasons. Permits normally are granted, however, to the managerial and technical personnel of foreign-owned companies in Finland, and for low-paid service sector jobs.

8.0 Deloitte International Tax Source

The Deloitte International Tax Source (DITS) is a free online database that places up-to-date worldwide tax rates and other crucial tax information within easy reach. DITS is accessible through mobile devices (phones and tablets), as well as through a computer.

Connect to the source and discover:

A database that allows users to view and compare tax information for 65 jurisdictions that includes –

- Corporate income tax rates;
- Historical corporate rates;
- Domestic withholding tax rates;
- In-force and pending tax treaty withholding rates on dividends, interest and royalties;
- Indirect tax rates (VAT/GST/sales tax); and
- Information on holding company and transfer pricing regimes.

Guides and Highlights – Deloitte's Taxation and Investment Guides analyze the investment climate, operating conditions and tax systems of most major trading jurisdictions, while the companion Highlights series concisely summarizes the tax regimes of over 130 jurisdictions.

Jurisdiction-specific pages – These pages link to relevant DITS content for a particular jurisdiction (including domestic rates, tax treaty rates, holding company and transfer pricing information, Taxation and Investment Guides and Highlights).

Tax publications – Global tax alerts and newsletters provide regular and timely updates and analysis on significant cross-border tax legislative, regulatory and judicial issues.

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