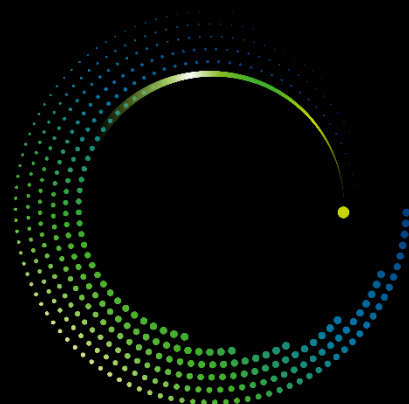


## International Tax Finland Highlights 2025

Updated March 2025



### Recent developments

For the latest tax developments relating to Finland, see [Deloitte tax@hand](#).

### Investment basics

**Currency:** Euro (EUR)

**Foreign exchange control:** No foreign exchange controls apply.

**Accounting principles/financial statements:** Finnish GAAP or IFRS applies. Financial statements must be prepared annually.

**Principal business entities:** These are the public and private limited liability company (LLC), general and limited partnership, and branch of a foreign corporation.

### Corporate taxation

Rates	
Corporate income tax rate	20%
Branch tax rate	20%
Capital gains tax rate	20%

**Residence:** A company is resident if it is registered (incorporated) or otherwise established under Finnish law. A foreign corporation is regarded as tax resident in Finland if its place of effective management is located in Finland. The place of effective management means the place where the entity makes key decisions affecting its daily business activities.

**Basis:** Residents are taxed on worldwide income; nonresidents are taxed only on Finnish-source income or income attributable to their Finnish permanent establishments. Foreign-source income derived by residents is subject to corporate income tax in the same way as Finnish-source income. Branches located in Finland are generally taxed according to the same principles applicable to domestic companies. The credit method for relief from double taxation is generally applied with respect to income of foreign branches of Finnish companies.

**Taxable income:** Corporate income tax is imposed on a company's profits. Normal business expenses may be deducted in computing taxable income. Complex rules govern the depreciation of assets.

Most LLCs are taxed under the Business Income Tax Act (BITA) on both their business income and their non-business income. Certain corporate entities may be taxed under the Income Tax Act instead of the BITA, e.g., mutual real estate companies.

## Rate

### General

The standard corporate income tax rate is 20%.

### Surtax

There is no surtax.

### Alternative minimum tax

There is no alternative minimum tax.

### Global minimum tax (Pillar Two)

Finland has transposed into its domestic legislation the EU “Pillar Two” directive that is designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups and large-scale domestic groups within the EU with annual consolidated revenue of at least EUR 750 million. The IIR (income inclusion rule) applies for accounting periods beginning on or after 31 December 2023 and the UTPR (sometimes referred to as the undertaxed profit(s) rule or the undertaxed payments rule) applies for accounting periods beginning on or after 31 December 2024. However, if another relevant EU member state has chosen to delay the application of the IIR and the UTPR under article 50 of the Pillar Two directive, Finland will apply the UTPR for accounting periods beginning on or after 31 December 2023, in accordance with the provisions of article 50. Finland also has adopted a domestic top-up tax (sometimes referred to as a DMTT), applicable for accounting periods beginning on or after 31 December 2023. As at March 2025, the domestic top-up tax is listed in the central record of DMTT legislation with “transitional qualified” status and “safe harbor” status published by the OECD/G20 Inclusive Framework on BEPS.

**Taxation of dividends:** Dividends received by a Finnish resident company from another Finnish company generally are exempt from tax, with certain exceptions, as are dividends received by a Finnish company from a company in an EU/European Economic Area (EEA) member state. Dividends received from all other jurisdictions generally are taxable under domestic law. However, tax treaties may limit Finland’s taxing right on dividends received from “direct investments” where the Finnish company has significant (typically, at least 20%) ownership in the dividend-paying company.

**Capital gains:** Capital gains generally are treated as ordinary income and taxed at the standard corporate income tax rate of 20%. However, gains on qualifying holdings are exempt if certain conditions are satisfied (see “Participation exemption,” below).

**Losses:** Losses may be carried forward for up to 10 years. The right to carry forward tax losses is forfeited if more than 50% of the shares of the company are transferred during or after the year in which the losses were incurred. Further, if more than 50% of the shares in a company that owns at least 20% of the shares in the Finnish loss-making company have been transferred, the relevant portion of the shares in the Finnish loss-making company is deemed to be transferred. The carryback of losses is not permitted.

**Foreign tax relief:** Foreign tax paid may be credited against Finnish tax assessed on the same profits, but the credit is limited to the amount of Finnish tax payable on the income. The credit may be carried forward for up to five years.

**Participation exemption:** Gains derived from the sale of shares of an entity are not taxable for a Finnish corporate taxpayer when the shares sold are treated as fixed business assets, if:

- The seller company owns at least 10% of the share capital of the entity;
- The shares have been held for at least one year, and the sale does not take place more than one year after the seller company's ownership in the entity falls below the 10% threshold;
- The disposed shares are not shares in a real estate company or LLC whose business activities consist principally of governing or owning real estate; and
- The disposed shares are of a Finnish company, a type of foreign company listed in the EU parent-subsidiary directive, or a company resident in a jurisdiction that has concluded a tax treaty with Finland, provided the treaty provisions on dividends are applicable to distributions by the company.

**Holding company regime:** There are no specific incentives for holding companies.

**Incentives:** Finland has adapted its incentives to the EU's regional and structural policy objectives and state aid rules. Certain areas in Finland are eligible for EU-financed incentives in some form. During tax years 2020 through 2025, it is possible to claim double depreciation deductions on machinery and equipment, provided the machinery or equipment is new and is put into use between 2020 and 2025. During tax years 2021 through 2027, it is also possible, under certain conditions, to claim an additional deduction for research and development (R&D) costs that are paid to a subcontracting third-party research organization.

A permanent R&D tax incentive also is available. Taxpayers may claim a 50% additional deduction (i.e., a total deduction of up to 150% of qualifying expenditure, consisting of salary costs and costs of services purchased) based on their R&D costs. The maximum amount of the additional deduction is EUR 500,000 per tax year, per taxpayer. Taxpayers may also claim a special additional deduction based on how much the amount of R&D costs has increased in comparison to the previous tax year.

In March 2025, the Finnish parliament approved a government proposal to introduce a tax credit for substantial investments of at least EUR 50 million that support the clean energy transition. The tax credit (equal to 20% of eligible costs) may be used to offset the investing entity's corporate income tax payable. The maximum credit is EUR 150 million, calculated on a group basis. The credit may first be claimed for tax year 2028, and will be available for the following 19 tax years (through 2047). A maximum of 10% of the credit may be used against the corporate income tax payable for a tax year. Taxpayers must apply for the incentive by 29 August 2025.

## Compliance for corporations

**Tax year:** The financial year is used. If two or more financial years end during the same calendar year, the years are combined for tax purposes.

**Consolidated returns:** Consolidated returns are not permitted; each company is required to file a separate tax return. However, profits may be transferred between eligible Finnish resident companies through a group contribution regime. There must be at least a 90% direct or indirect holding between the companies, the companies' accounting periods must end on the same date, and the ownership must have lasted for the full tax year. There are special rules regarding the deduction by a Finnish parent entity of "final losses" of a subsidiary located in an EU/EEA member state, as required by EU law.

**Filing and payment:** A company is required to file its tax return within four months of its financial year end. Advance corporate tax is paid monthly.

Electronic filing is required for tax returns, as well as applications to change (increase or decrease) advance corporate tax.

**Penalties:** Penalties apply for failure to file, late filing, or filing an incorrect return.

**Rulings:** A taxpayer may request a ruling from the tax authorities on the tax consequences of a specific transaction. Such rulings are binding on the authorities, provided that they are based on the correct facts.

## Individual taxation

Rates		
Individual income tax (not including municipal income tax or church tax)	Taxable income	Tax
	Up to EUR 21,200	12.64%
	Over EUR 21,200 and up to EUR 31,500	EUR 2,679.68 plus 19% of amount over EUR 21,200
	Over EUR 31,500 and up to EUR 52,100	EUR 4,636.68 plus 30.25% of amount over EUR 31,500
	Over EUR 52,100 and up to EUR 88,200	EUR 10,868.18 plus 34% of amount over EUR 52,100
	Over EUR 88,200 and up to EUR 150,000	EUR 23,142.18 plus 41.75% of amount over EUR 88,200
	Over EUR 150,000	EUR 48,943.68 plus 44.25% of amount over EUR 150,000
Capital gains tax rate		30%/34%

**Residence:** Individuals are resident if they have a principal place of abode in Finland or they spend more than six months in Finland (either within a calendar year or spanning two calendar years). A temporary absence (up to two to three months) will not break the continuity of the six-month period.

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

**Taxable income:** Finland operates a dual income tax system for individuals, under which income is divided into earned income and capital income. Earned income is subject to national income tax, municipal income tax, church tax (if the individual is a member of either of the two state churches), public broadcasting tax, and social security contributions.

**Rates:** Progressive national income tax rates apply to all earned income, as indicated in the table above. The municipal income tax rates on earned income range from 4.7% to 10.9% (in mainland Finland; separate rates apply in Åland), and potential church tax rates range from 1% to 2.25%. For social security contributions, see “Social security contributions” under “Other taxes on corporations and individuals,” below.

A surtax of 5.85% is levied on pension income exceeding EUR 47,000 (after the deduction of the pension income allowance).

Nonresidents are generally taxed at a 35% rate on income earned from Finnish sources.

Capital income is subject to national income tax at a flat rate of 30% on income up to EUR 30,000, and at 34% on income exceeding this amount.

**Capital gains:** Capital gains are taxed as capital income (see “Rates,” above).

**Deductions and allowances:** Expenses incurred in acquiring and maintaining income may be deducted from taxable income. Certain deductions apply only to earned income (e.g., commuting costs, professional literature, tools and equipment, certain travel expenses), and some apply only to capital income.

For national and municipal taxation purposes, a basic allowance up to EUR 4,115 is granted to low-income taxpayers. In addition, an earned income allowance is granted up to a maximum of EUR 3,225. The basic allowance and earned income allowance are granted “ex officio.”

**Foreign tax relief:** In general, double taxation is eliminated by either the credit method or the “exemption with progression” method, based on an applicable tax treaty. Foreign tax paid may be credited against Finnish tax assessed on the same income, but the credit is limited to the amount of Finnish tax payable on the income. The credit may be carried forward for up to five years.

## Compliance for individuals

**Tax year:** The tax year is the calendar year.

**Filing status:** Each resident taxpayer is provided with a tax return that has been pre-filled by the tax authorities; joint filing or assessment is not available.

**Filing and payment:** If the pre-filled tax return received from the tax authorities is incomplete or the individual does not agree with the return, it must be amended within a specific period. The due dates in 2025 for filing 2024 tax returns are 15, 22, or 29 April. Individuals will receive their due date in the pre-filled tax return. Tax on employment income is withheld by the employer for each pay period. A taxpayer can make a prepayment to cover the final tax.

**Penalties:** Penalties apply for noncompliance (e.g., late filing) in amounts ranging from EUR 50 to 10% of the income not declared.

**Rulings:** A taxpayer may request a ruling from the tax authorities on the tax consequences of a specific transaction. Such rulings are binding on the authorities, provided they are based on the correct facts.

## Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	7.5%/25.5%/28%	20%	30%
Interest	0%	30%	0%	0%
Royalties	0%	Varies	20%	30%

**Dividends:** Dividends paid to a resident company generally are not subject to withholding tax. Dividends paid to a resident individual from an unlisted company are subject to a 7.5% withholding tax. If the dividend exceeds EUR 150,000, the withholding tax rate on the excess portion is 28%. A 25.5% withholding tax applies to dividends paid to a resident individual from a listed company.

Dividends paid to a nonresident company are subject to a 20% withholding tax, unless the rate is reduced under an applicable tax treaty or an exemption applies under the EU parent-subsidiary directive. If dividends are paid to an EEA resident shareholder, domestic nondiscrimination provisions may lower the withholding tax rate to a level corresponding

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

**Interest:** Interest paid to a resident company generally is not subject to withholding tax. A 30% withholding tax applies to interest paid to a resident individual.

Interest payments to nonresident companies and individuals generally are exempt from tax in Finland.

**Royalties:** Royalty payments made to a resident company generally are not subject to withholding tax. The withholding tax rate on royalty payments made to a resident individual depends on the taxpayer's individual tax card. If the taxpayer does not provide a tax card to the payer, the applicable withholding tax rate is 60%.

Royalty payments made to nonresident companies are subject to a 20% withholding tax, unless the rate is reduced under an applicable tax treaty or an exemption applies under the EU interest and royalties directive. Royalty payments to nonresident individuals are subject to a 30% withholding tax, unless the rate is reduced under an applicable tax treaty.

**Fees for technical services:** No withholding tax applies on fees for technical services paid to a resident or nonresident company.

The withholding tax rate on fees for technical services paid to a resident individual depends on the taxpayer's individual tax card. If the taxpayer does not provide a tax card to the payer, the applicable withholding tax rate is 60%. A 30% withholding tax applies to fees for technical services paid to a nonresident individual.

**Branch remittance tax:** There is no branch remittance tax.

## Anti-avoidance rules

**Transfer pricing:** Finland generally follows the OECD transfer pricing guidelines. Affiliated companies are required to comply with the arm's length principle. The tax authorities may adjust the profits of a Finnish company if the taxpayer has entered into a transaction under conditions that differ from those that would have been agreed upon between unrelated parties. Any profits that would have accrued to the company but for the non-arm's length terms may be included in the company's profits. Transfer pricing documentation is required (see also "Disclosure requirements," below).

**Interest deduction limitations:** There is a general limitation on the deductibility of interest expenses. Net interest expenses are deductible up to EUR 500,000 per tax year. However, the threshold of EUR 500,000 is not a safe harbor. When EUR 500,000 is exceeded, net interest expenses are deductible only up to 25% of the EBITD (the taxable income of the company, plus interest expenses, tax depreciation, and net group contributions). In addition, net interest expenses paid to third parties are fully deductible up to EUR 3 million, even if the 25%-of-EBITD amount is lower. The rules include an equity "escape clause," under which the limitations may not apply if the company can demonstrate that its equity ratio (equity to total assets) is equal to or higher than the equivalent ratio of the group. The availability of the equity escape clause is limited if the group has received financing from entities that have significant shareholdings (at least 10%) in the group companies.

**Controlled foreign companies:** Finland's controlled foreign company (CFC) rules are stricter than what is required under the EU anti-tax avoidance directive (ATAD). A foreign entity may be deemed to be a CFC if the entity is controlled directly or indirectly by a Finnish tax resident and its foreign or domestic related parties, and the effective tax rate in the foreign entity's jurisdiction of residence is less than three-fifths of the Finnish corporate income tax rate, i.e., 12% ( $\frac{3}{5} \times 20\%$ ). A foreign entity is deemed to be controlled by a Finnish tax resident if the Finnish tax resident, alone or jointly with its

foreign or domestic related parties, owns directly or indirectly at least 25% of the capital of the foreign entity or its total voting power, or is entitled to at least 25% of the yield on the entity's assets. The net income of a CFC is taxable income for the Finnish tax resident. There are exceptions to the applicability of the CFC rules based on, for example, the nature of the activities carried out by the foreign entity and the substance it has in its jurisdiction.

**Anti-hybrid rules:** Hybrid mismatch rules that transpose the anti-hybrid provisions of ATAD 1 and ATAD 2 into Finnish law are applicable. The rules address topics including double deductions and deductions without inclusion in cross-border arrangements between associated enterprises (as defined); mismatches between Finland and the other taxing jurisdiction regarding the characterization of financial instruments, payments, and entities; and conflicts arising from the allocation of payments. ATAD 2 rules on reverse hybrid entities also are applicable.

**Economic substance requirements:** There is no specific legal definition of the economic substance requirements for domestic income tax purposes. In recent case law, economic substance has been assessed, for example, in debt push-down cases and in relation to the application of the general anti-avoidance rule (GAAR).

**Disclosure requirements:** Finland has implemented country-by-country (CbC) reporting and notification requirements in line with the OECD BEPS project that apply to multinational group companies with a consolidated turnover of at least EUR 750 million. The CbC report must be submitted within 12 months from the end of the accounting period and the filing of the CbC notification is due by the end of the accounting period.

In addition, Council Directive (EU) 2018/822 ("DAC 6") has been implemented in Finland. DAC 6 requires the mandatory reporting and automatic exchange of information with respect to certain cross-border arrangements of individuals, companies, and other entities.

**Exit tax:** Exit tax rules (as provided under article 5 of ATAD 1) have been implemented into Finnish law. Under the rules, the unrealized value of assets will be deemed to be taxable income of the taxpayer where the assets are transferred outside Finland and where Finland no longer will have taxing rights over the assets.

**General anti-avoidance rule:** The Tax Procedure Act includes a GAAR (in section 28). 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.

**Other:** There is a broad substance-over-form doctrine in Finnish tax law and practice.

## Value added tax

Rates	
Standard rate	25.5%
Reduced rate	0%/10%/14%

**Taxable transactions:** VAT is imposed on the sale of goods and/or services, and certain other transactions.

**Rates:** The standard VAT rate is 25.5% (increased from 24% as from 1 September 2024), with reduced rates of 14%, 10%, and 0% applying in certain cases. As from 1 January 2025, the VAT rate for some goods and services previously subject to the 10% rate is increased to 14%, and the rate for certain hygiene products is reduced from 25.5% to 14%.

**Registration:** If a business' turnover from business activities in a certain year does not exceed a specified threshold (EUR 20,000 in 2025), VAT registration is usually not required, and there is no liability to report and pay VAT (however, this threshold does not apply to foreign entrepreneurs that do not have a fixed establishment in Finland). As from 1 January



2025, the annual threshold is calculated based on the calendar year, instead of the financial year. The turnover in the previous calendar year is also relevant. If a business' turnover in the previous calendar year exceeded the EUR 20,000 threshold, the business may not deregister from VAT in the current calendar year, even if the threshold is not met in the current year.

VAT relief for small businesses is no longer available for accounting periods starting on or after 1 January 2025.

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 in emission rights under certain conditions, and to certain sales of scrap and waste and investment gold.

**Filing and payment:** VAT returns and payments generally are due on a monthly basis. Annual or quarterly reporting and payments are available only if the annual turnover is below EUR 30,000 or EUR 100,000, depending on the circumstances.

Under the tax reporting and payment scheme, each VAT-taxable person has an electronic MyTax portal through which returns and payments are administered. Electronic returns are mandatory; filing on paper forms is allowed only in special cases, such as where technical obstacles prevent electronic filing.

The VAT return and payment are due by the 12th day of the second month following the VAT period. If the due date falls on a weekend or a public holiday, the due date is the following business day. European Sales Listings (ESL) must be filed on a monthly basis by the 20th day of the month following the relevant VAT period, provided there have been EU sales to be reported. Penalties apply for late reporting and payment.

An obligation to submit Intrastat declarations on arrivals or dispatches arises when an annual threshold of EUR 800,000 (for intra-Community acquisitions) or EUR 800,000 (for intra-Community sales) is exceeded. The due date for Intrastat declarations is the 10th business day of the month following the Intrastat period.

VAT payers with up to EUR 500,000 of revenue in 12 months may report their VAT on a cash basis. This applies only to supplies that take place in Finland; imports, exports, and intra-Community supplies and acquisitions are outside the scope of the rule.

The competent authority regarding the VAT on imports generally is the Finnish tax authority, instead of Finnish Customs, if the importer is a VAT-registered entity. VAT-registered companies in Finland must report the import VAT and the tax base on the VAT return for imports where the relevant customs decision is issued.

## Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

**Social security contributions:** The employer is required to withhold 7.15% of an employee's gross salary for pension insurance contributions (8.65% for employees aged 53 to 62 years) and 0.59% for unemployment insurance contributions. A health insurance contribution of 1.06% is payable on the employee's gross salary. If an employee's annual earned income is at least EUR 16,862, a health insurance premium of 0.84% also is payable by the employee (making the combined total rate 1.9%), which is included in the individual's personal tax withholding percentage.

**Payroll tax:** See "Social security contributions," above.



**Capital duty:** See “Transfer tax,” below.

**Real property tax:** For companies, the municipal authorities impose a real property tax ranging between 0.41% and 6%. The tax is deductible for corporate income tax purposes. For individuals, the rate is up to 6% and varies by municipality and by type of real property (e.g., land, permanent residences, second homes).

**Transfer tax:** A 1.5% tax is levied on transfers of Finnish securities, and a 3% tax is levied on transfers of Finnish real property and certain leasing rights in Finnish real property. Transfers of shares in real estate-rich companies or holding companies of real estate-rich companies are subject to a transfer tax of 1.5%. Some exemptions are available.

**Stamp duty:** There is no stamp duty.

**Net wealth/worth tax:** There is no net wealth tax or net worth tax.

**Inheritance/estate tax:** Inheritance tax is levied at progressive rates up to 33%, depending on the family connection between the deceased and the inheritor.

## Other

### Tonnage tax

A tonnage tax regime is available for shipping companies.

### Insurance premium tax and fire protection fee

Insurance companies or, in some cases, the policyholders may be liable to report and pay insurance premium tax (25.5%) and a fire protection fee (3%) on certain insurance.

### Lottery tax

A lottery organizer is liable to report and pay lottery tax (typically, 30% of the value of the prizes) on lotteries organized in Finland.

**Tax treaties:** Finland has concluded around 80 tax treaties. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for Finland on 1 June 2019.

For further information on Finland’s tax treaty network, visit [Deloitte International Tax Source](#).

**Tax authorities:** Finnish Tax Administration

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