

INPATRIATES

Finland

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

Residents

An individual is regarded as a resident of Finland for tax purposes if he/she has his or her permanent home in Finland or if the individual stays in Finland for a continuous period of more than six months. Temporary absence does not prevent from regarding the stay continuous. Persons regarded as Finnish tax residents are liable to pay tax on their worldwide income.

Double taxation is, in general, eliminated. The income tax paid overseas will usually be credited. The foreign sourced income may be exempted from Finnish tax based on the applicable DTT.

Key Employees

Taxation of foreign key employees' earnings is governed by special provisions of law. Individuals arriving to Finland for periods longer than six months and thus becoming Finnish residents for tax purposes may, provided that certain strict conditions are met, be treated as foreign key employees taxed at a flat rate of 32 %.

Non-Residents

A non-resident individual is only taxed on their Finnish source income. The income is typically taxed at source at a final tax rate of 35 %. Nonresident individuals may also claim treatment of their earned income under the progressive scheme instead of being assessed at source.

A tax treaty between the home country and Finland may prohibit the taxation of individuals in certain cases.

BREAKING RESIDENCY - EXIT PROCEDURES

A foreign citizen will cease to be a Finnish tax resident immediately when he/she moves away from Finland on a permanent basis.

When moving from Finland the individual should file a change of address notice with the local register office within one week from the move.

If needed, the employee should file a request for cancellation of prepayment obligation to local Tax Office.

INCOME TAX RATES

State income tax Taxable income (EUR)	Tax at lower limit (EUR)	Tax rate for income exceeding the lower limit
0-19,900	0,00	12.64 %
19,900-29,700	2,515.36	19.00 %
29,700-49,000	4,377.36	30.25 %
49,000-85,800	10,215.61	34.00 %
85,800-	22,727.61	44.00 %

Other Taxes	Tax rate
Municipal tax rate	Flat tax rate 4.36-10.86 %
Church tax rate	1 - 2.1 %
Capital gains tax	30 % on income up to EUR 30,000
	34 % on income exceeding EUR 30,000

SOCIAL SECURITY CONTRIBUTIONS

Pension contributions

- Employer 17.39 %
- Employee
 - Employees between the ages of 17-52 years 7.15%
 - Employees between the ages of 53-62 years 8.65%
 - Employees who have turned 63 years 7.15%

Employer's health insurance contribution 1.53 %

Employee's health insurance contribution

- Contribution for medical care coverage 0.60 %
- Contribution for daily allowance coverage 1.36 % if person's earned income exceeds EUR 15.703/year

Accident insurance contribution

- The contribution is affected e.g., by payroll and risks at work. On average. 0.70 %
- Group life insurance collected in connection with accident insurance. On average 0.06 %

Unemployment insurance contribution

- Employer
 - For payroll of a maximum of 2,251,500 €/year 0.52 %
 - For part of payroll that exceeds 2,251,500 €/year 2.06 %
- Employee's contribution 1.50 %

For further information and to register for future updates contact expat@bdo.global

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication. No entity of the BDO network, its partners, employees and agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

The BDO network (referred to as the 'BDO network') is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter: 'BDO member firms'). BDO International Limited is a UK company limited by guarantee. It is the governing entity of the BDO network. Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium.

Each of BDO International Limited, Brussels Worldwide Services BV and the BDO member firms is a separate legal entity and has no liability for another entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV and/or the BDO member firms. Neither BDO International Limited nor any other central entities of the BDO network provide services to clients.

BDO is the brand name for the BDO network and for each of the BDO member firms.

The fee income of the member firms in the BDO network, including the members of their exclusive alliances, was US\$ 12.8 billion in 2022. These public accounting, tax and advisory firms provide professional services in 164 countries & territories, with 111,307 people working out of 1,803 offices worldwide.

© Brussels Worldwide Services BV December 2023