FINLAND

1.	INTRODUCTION	2
2.	RECENT DEVELOPMENTS	3
3.	SHARE ACQUISITION	4
4.	ASSET ACQUISITION	6
5.	ACQUISITION VEHICLES	8
6.	ACQUISITION FINANCING	9
7.	DIVESTITURES	11
8.	FOREIGN OPERATIONS OF A DOMESTIC TARGET	12
9.	OTHER GENERAL INTERNATIONAL TAX CONSIDERATIONS	13
10.	TRANSFER PRICING	14
11.	POST-ACQUISITION INTEGRATION CONSIDERATIONS	14
12.	OECD BEPS CONSIDERATIONS	15
13.	ACCOUNTING CONSIDERATIONS	15
14.	OTHER TAX CONSIDERATIONS	15
15.	APPENDIX I - TAX TREATY RATES	17
16.	APPENDIX II - GENERAL CORPORATE ENTITY TAX DUE DILIGENCE REQUESTS	22
	CONTACTS	25

1. INTRODUCTION

a. Forms of Legal Entity

Finnish limited liability companies are Finnish tax residents purely as a result of having been incorporated in Finland, and thus, are separately liable to Finnish income tax. However, it is possible under certain conditions to apply the Finnish group contribution regime to enable group companies to offset their profits and losses. The current corporate income tax rate is 20%. With regard to private equity funds, the fund is usually organised as a Finnish limited partnership, which holds the target company through holding companies. A limited partnership is not a taxable subject for corporate income tax purposes, but the partners are liable to tax to their participation in the limited partnership. However, limited partners who are non-resident in Finland and invest in Finnish private equity funds are liable to tax only as if the income had been directly obtained provided that the limited partner is resident in a double tax treaty state. This means that the tax treatment of the income included in the fund's share of income is determined according to the original type of income, as if the limited partners had received the income directly instead of through a fund. Therefore, Finnish and treaty based tax exemptions and withholding rates, which are available to non-resident direct shareholders of Finnish companies generally apply.

A real estate company is not a specifically defined legal term in Finnish law even though it is commonly used in practice; real estate companies can be organised, (e.g. as ordinary limited liability companies, residential housing companies or mutual real estate companies ("MRECs")). Regular real estate companies ("RECs") operate just as any limited liability companies, (i.e. there is no flow through of income to the shareholders and taxable profits are expected to be incurred on the REC level). MRECs are limited liability companies with the purpose to own and manage at least one building or a part of a building. A MRECs' shares are attributable to certain parts of the real property and based on their shareholding shareholders are entitled to hold and control the respective parts of the real estate. Therefore, for example, rental income arising from the leasing of the real estate accrues directly to the shareholders. Typically, income received by MREC comprises of monthly charges that the shareholders pay to the mutual real estate company.

b. Taxes, Tax Rates

As noted above, the Finnish corporate tax rate is 20%.

The standard rate of VAT in Finland is 24%. However, two reduced VAT rates (14% and 10%) and a zero-rate of VAT are applied to certain goods and services.

The Finnish capital income tax rate for resident individuals is 30% up to EUR30,000 and 34% over EUR30,000; while earned income is taxed in accordance with the progressive scale of state taxation.

c. Differences between income shown on tax returns and local financial statements

In general, the taxable income is calculated based on the financial accounts prepared in accordance with Finnish accounting standards and the profit shown in the accounts is taxable as a starting point. Typical differences between accounting and taxation may occur with respect to, for example, dividends and capital gains arising from shares. As a main rule, dividends from EEA sources are treated as tax exempt income for a Finnish company shareholder. In addition, capital gains of shares in EU-resident companies are tax exempt for a Finnish company provided that the participation exemption applies. Other divergences may relate to, (e.g. certain share acquisition costs, depreciation and devaluation of assets), which are not deductible for tax purposes.

2. RECENT DEVELOPMENTS

a. General Comments

The most recent developments in Finland relate closely to the implementation of Anti-Tax Avoidance Directive ("ATAD"). Finnish interest deduction limitations concerning the tax deductibility of interest payments have been generally applicable to corporations, partnerships, corresponding foreign entities and their permanent establishments as of fiscal year 2014. Due to the national implementation of ATAD that entered into force 1 January 2019, the limitations also cover net interest expenses to third party loans, to which a general safe haven of EUR3 million of net interest expenses would be applicable. Moreover, the rules of equity-based ratio exemption have changed as of 1 January 2022. The new rules aim to limit the use of the exemption especially in private equity structures. Under the amended rules, shareholder debt will be classified as equity in a parent company's consolidated financial statements for equity-based ratio exemption purposes, in case the debt has been issued by a party holding at least 10% of the shares, voting power, or rights to the profits of any group company. The holding could be direct, or through a related party.

In addition, the CFC regulation has been amended due to ATAD as of 1 January 2019 and reverse hybrid rules as of 1 January 2022 due to ATAD2.

As for the most topical case law, the Supreme Administrative Court ("SAC") published two rulings on debt push down structures in 2021. The use of debt push down in third party acquisitions was accepted by the SAC (SAC 2021:179) whereas the SAC deemed debt push down in an intra-group reorganisation artificial and tax avoidance (SAC 2021:178). Therefore, going forward, the use of Special Purpose Vehicles ("SPVs") has to be carefully analysed in order to avoid the application of Finnish anti-avoidance provisions.

b. Amended transfer pricing adjustment provision

According to the previous transfer pricing adjustment provision, it was not possible to disregard a business transaction that has been agreed and implemented by the parties. The Supreme Administrative Court had stated in several rulings that making such a transfer pricing adjustment would require an explicit authorisation, which was not included in the Finnish transfer pricing adjustment provision. As a result, the transfer pricing adjustment provision was amended and new provision entered into force on 1 January 2022. Under the amended provision, the analysis of whether the actual transaction executed between the associated enterprises complies with the arm's length principle should always include an accurate delineation of the transaction based on the economically relevant characteristics of the transaction. The amended provision hence allows making transfer pricing adjustments to the full extent permitted by the OECD Transfer Pricing Guidelines.

c. Coronavirus (COVID-19) actions and measures

Finland does not have specific COVID-19 measures in place in relation to taxation anymore except for certain VAT exemptions. However, previously there were some measures implemented to address the COVID-19 outbreak. The Government and the competent authorities implemented decisions and recommendations in accordance with the Emergency Powers Act, the Communicable Diseases Act and other legislation. These decisions and recommendations targeted for providing corporate taxpayers with short-term liquidity. The measures included, for example, a possibility to request more time to file tax returns in 2020 and 2021, removal of late-filing penalties, temporary refunds of VAT to the companies, as well as allowing payment arrangements with eased terms and removal of late-payment interest. Temporary exemptions of import duties and VAT on imports outside of the EU and the VAT exemption of the domestic sales and intra-community

acquisition of medical equipment and supplies and coronavirus home tests remain in force until the end of June 2022. Companies may still apply for amendments to the amounts of the tax prepayments and for more time for filing income tax return or real estate tax return. The COVID-19 measures could have importance for example, when analysing whether the tax returns have been filed on time and whether VAT has been correctly paid and withhold. With regard to the application of tax treaties, the Finnish Tax Administration instructed in line with the OECD guidelines that exceptional and temporary changes in circumstances caused by the COVID-19 pandemic will not, as a starting point, lead to the establishment of a new permanent establishment in Finland.

3. SHARE ACQUISITION

a. General Comments

In general, share acquisitions are preferred due to the possible application of the participation exemption and the tax saving it may have in the seller's income taxation. Moreover, the buyer may obtain transfer tax savings in comparison to direct transfers of real estate. On the other hand, the buyer has to deal with all underlying tax risks relating to the purchased company even though depending on the circumstances the seller may be liable to reimburse additional taxes due. In addition, due to the divergent treatment of acquisition costs of shares and annual expenses attention should be paid to possible tax savings with respect to allocation of transaction costs. Acquisition costs are not subject to depreciation, whereas, for example, financial costs relating to the acquisition of shares are deducted as annual expenses, (i.e. they are not included in the shares' acquisition costs). This means that costs relating to financing or refinancing of the target company should be deductible in the acquisition year, whereas the acquisition cost of the acquired shares are not subject to depreciation. Especially with regard to shares to which participation exemption is applicable, the classification of costs as acquisition costs of shares may result in non-deductibility of these costs.

As a general rule, the VAT on acquisition costs can be recovered by the buyer provided that the buyer starts supplying VAT taxable management services to the acquired company after the acquisition. However, in case of acquisition companies indirectly owned by private equity funds, the Finnish Tax Administration has challenged the deduction right based on the view that the acquisition costs relate to the VAT exempted investment activity of the private equity fund and not to the VAT taxable activities of the acquisition company. There are currently several cases pending concerning the matter, and it is expected that the question will be solved by a court decision in the future.

b. Tax Attributes

A change of control in a company causes a forfeiture of tax losses, but generally other tax attributes remain unaffected. The right to carry forward losses is forfeited, if more than 50% of shares in a company have changed hands during the loss year or thereafter (i.e. the 50% change does not have to occur under one single transaction). In addition, if a corresponding change of ownership has taken place in a company owning at least 20% of the shares in the loss making company, such shares in the loss making company are deemed to have changed hands (i.e. care needs to be taken in cases of indirect transfers of shares also). The Finnish Tax Administration may upon application under certain conditions grant a special permission to offset losses despite the ownership change. In case of a merger or demerger the transfer of losses is conditional and has to be evaluated case by case basis.

However, for a listed company the right to carry forward losses is not forfeited unless more than half of the non-listed shares change hands (i.e. changes in the ownership of listed shares do not result in forfeiture of losses). Changes in ownership of listed shares do not affect losses of companies owned by listed companies either.

c. Tax Grouping

Corporations are taxed separately under the Finnish tax regime. However, the Finnish group contribution regime allows under certain conditions Finnish group companies and Finnish permanent establishments to offset their profits and losses. In practice, the eligible contribution is deducted from the taxable income of the contributing company, whereas the contribution is considered to be taxable income of the acquiring company.

The group contribution regime is available only if certain conditions are met, such as both the contributing and acquiring companies are Finnish tax residents carrying out business activities. Additionally, there must be a sufficient direct or indirect group ownership between the participating companies. Moreover, it is required that the group relationship between participating companies has lasted for the entire fiscal year and that the participating companies' financial years ends at the same time. Group contribution is also available to holding companies and RECs as of fiscal year 2020 irrespective of if they carry out business activities. Since the beginning of 2021, a foreign entity similar to a limited liability company may also be a party to group contribution if the foreign entity is taxable in Finland based on effective place of management. In such cases the group relationship is deemed to have existed only for the period during which the foreign entity has been generally taxable in Finland based on the place of effective management.

For VAT purposes, grouping is available for companies engaged in financial and insurance activities when the companies in question are closely bound to one another by financial, economic and organisational links.

d. Tax Free Reorganisations

As an EU Member State, Finland has harmonised its tax provisions for tax neutral corporate transactions in accordance with the Merger Directive. These rules apply to reorganisations involving entities in EU/EEC and to purely domestic transactions. Additionally, according to old case law, tax neutral reorganisation provisions should apply also to mergers involving parties residing in tax treaty states, if the merger meets conditions for a merger under the resident state's legislation. However, share exchanges where the receiving company (i.e. the company who receives the shares) has resided in a non-EU/EEC country have not been treated as tax neutral.

Tax neutral mergers, divisions and transfers of assets are commonly utilised as pre- or post-acquisition measures. An exchange of shares is mostly used as a means of carrying out the acquisition itself. Tax neutrality of reorganisations in effect means that arrangements do not cause income tax implications either for companies participating in the arrangements or their shareholders. Tax neutrality is often subject to fulfilment of certain conditions, for example in mergers, divisions and exchanges of shares, there are restrictions on the amount of cash contributions.

Sale of shares is exempt from VAT in Finland. Mergers and divisions are universal successions and therefore, they are considered out-of-scope of VAT in Finland.

e. Purchase Agreement

The feasible transaction structure and the need for special tax related representation, warranties and indemnity clauses depend on the given case at hand.

f. Transfer taxes on share transfers (including mechanisms for disclosure and collection)

A transfer tax of 1.6% of the acquisition price is levied on the transfer of shares and other securities in Finnish companies. For real estate and housing companies, the transfer tax is 2%. As a main rule, transfer tax is not applicable to trade of shares in publicly listed companies. Additionally, a transfer of shares between parties not tax resident in Finland are exempted from Finnish transfer tax unless the target is directly or indirectly a Finnish real estate or housing company. In addition to the acquisition price of the shares, the transfer tax base may include other payments benefiting the seller.

The purchaser is liable to pay the transfer tax and file a transfer tax return to the Finnish Tax Administration.

g. “Purchase accounting” applicable to share acquisitions

No special legal provisions are in place to step up the value of the target company’s underlying assets upon the acquisition of its shares. However, in legal practice it has been ruled that the basis of the assets may be step up for tax purposes regardless of accounting treatment.

The acquisition cost of the shares as well as costs arising directly from facilitating the acquisition, such as fees from legal and other professional services and transfer tax, are included in the acquisition cost of shares. As such, the buyer may not depreciate the acquisition cost of the shares. The acquisition cost of shares is deductible against sales proceeds of the shares unless the participation exemption is applicable.

h. Share Purchase Advantages

Share deals are typically preferred by the sellers because under certain conditions the participation exemption may apply in which case the sale of the shares would be tax exempt.

Confirmed tax losses of the target company may under certain conditions be utilised against the target company’s future profits despite the change in ownership. Additionally, in a share deal, a buyer may gain transfer tax savings, if assets of the target company comprise of real properties.

i. Share Purchase Disadvantages

With respect to direct tax consequences, two significant tax disadvantages could be considered with regarding a share deal. Firstly, transfer tax of either 1.6% or 2% of the acquisition price is levied on the transfer of shares in Finnish companies (other than publicly traded shares). If the value of the company is mainly based on property other than the securities or real estate it owns, then the basis for transfer taxation can be significantly higher in comparison to an asset deal. Secondly, the buyer cannot depreciate the acquisition cost of shares. The depreciation of the target company’s assets may be continued within the company according to the depreciation plan applied by the seller, but goodwill paid on the shares cannot be depreciated.

A sale of shares is exempt from VAT. From the seller’s point of view, a potential disadvantage is that the deduction of VAT incurred on transaction costs may be denied. However, according to the Finnish Supreme Administrative Court’s (“SAC’s”) rulings, a seller of shares is able to deduct the VAT on transaction costs as overhead costs when the shares are sold in connection with closing down a part of the business. This concerns for example a situation where a parent company sells the shares of a subsidiary to which the parent company has supplied VAT taxable services.

4. ASSET ACQUISITION

a. General Comments

In general, an asset acquisition is preferred by a buyer, since it enables the buyer to depreciate assets in comparison to share acquisitions. However, from the seller’s point of view an asset deal is a taxable event, the feasibility of which depends on the possibility of tax savings by, for example costs and loss deductions.

VAT on acquisition costs can be recovered by the buyer in the proportion the company acquiring the assets has VAT taxable activities. It should be noted that only the company acquiring the assets may deduct the VAT, not any other group company.

b. Purchase Price Allocation

In general, the paid purchase price is specifically allocated to the acquired assets. The acquisition cost is allocated to the acquired assets often resulting in a step-up in the book values of the assets in question. The buyer may begin to depreciate these new values (in accordance with general depreciation rules). The purchase price may also be allocated to goodwill, which may also be depreciated. The Finnish Tax Authority is not obliged to respect the allocation that the parties agree on and has a right to challenge the purchase price allocation. Ultimately the allocation should be in line with the fair values of the assets.

The purchase price allocation is of relevance with respect to acquisition of real estate, since land areas are non-depreciable in comparison to buildings and other depreciable assets.

c. Tax Attributes

Tax attributes are not transferred to the buyer in an asset acquisition.

d. Tax Free Reorganisations

Tax neutral arrangements are typically not used as a pre-acquisition measure for asset deals (more commonly in post-acquisition situations). However, if such pre-acquisition measures are executed, the tax neutrality of reorganisation in effect means that arrangements do not cause income tax implications either for entities participating in the arrangements or their shareholders. Undepreciated balances of the transferred assets and tax attributes are generally transferred as such to the receiving company. Tax neutrality is often subject to fulfilment of certain conditions, for example in mergers, divisions and business transfers for share consideration, there are restrictions on the amount of cash contributions.

e. Purchase Agreement

In Finland there are no particular differences between share purchase and asset purchase agreements. The feasible transaction structure depends on the given case at hand and the special features of a case have an effect on the form and contents of the documents as you would expect. In general, Finnish contract law is based on the principle of freedom of contract. However, exemptions may apply for example when the assets acquired include real estate, the purchase agreement will be in a specified form.

f. Depreciation and Amortisation

Goodwill (i.e. the difference between the target's book value and the purchase price paid for it that cannot be specifically allocated to other assets) is regarded as an intangible asset that may not separately be disposed of. The purchase price for goodwill may be depreciated during its probable economic impact period (maximum 10 tax years). The depreciated amount is equal for each tax year during its economic impact period.

g. Transfer Taxes, VAT

A transfer tax of 1.6% for Finnish non-listed securities, 2% for housing or real estate companies and similar and 4% for Finnish directly owned real estate is levied in cases where these assets are included in the acquired assets. With regard to real estate, transfer in a form of shares is therefore more advantageous than transferring the real estate directly.

An asset deal is out of scope of VAT when it fulfils the requirements set out in the VAT legislation. A case-by-case analysis is usually required to confirm the VAT treatment.

h. Asset Purchase Advantages

An asset deal is generally preferable from the buyer's perspective. The acquisition cost is allocated to the acquired assets often resulting in a step-up in the book values of the assets in question. The buyer may begin to depreciate these new values (in accordance with general depreciation rules). The purchase price may also be allocated to goodwill, which may also be depreciated. In a share deal, goodwill may not be amortised or depreciated for tax purposes, but the acquisition cost of shares is deductible in a subsequent transfer thereof unless the participation exemption applies.

For VAT purposes, the transaction costs are generally considered overhead expenses of the seller, and therefore, the VAT incurred on the costs is usually deductible in the proportion of the taxable activities of the seller. Exceptions may apply if, for example, the assets only consist of real estate used in VAT exempt activity. In comparison to a sale of shares, this may be an advantage for the seller. However, a seller may deduct VAT on costs incurred on a sale of shares in certain circumstances. Therefore, depending on the circumstances, a seller might be able to deduct costs on a sale of shares as well and thus, both transactions may be equally feasible.

From the seller's perspective, an asset deal may be a feasible option if the company has confirmed tax losses that can be utilised against taxable profit arising in the asset sale or if the conditions for a participation exemption are not fulfilled (i.e. if the seller is not eligible to qualify for the participation exemption, this may make them more open to the possibility of an asset deal).

i. Asset Purchase Disadvantages

A transfer tax of 1.6% for Finnish non-listed securities, 2% for housing or real estate companies and similar and 4% for Finnish directly owned real estate is levied in cases where these assets are included in the acquired assets. With regard to real estate, transfer in a form of shares is therefore more advantageous than transferring the real estate directly. Another drawback is that tax losses may not be transferred in an asset deal.

From the sellers' perspective, asset deals may not be tax efficient because selling the assets may give rise to a taxable profit at the level of the target company and repatriation of the profits to the shareholders may be subject to further tax. Additionally, the seller has to deal with the remaining company and its potential tax liabilities, which are not attached to the purchased assets and are not transferred to the buyer.

5. ACQUISITION VEHICLES

a. General Comments

In general, Special Purpose Vehicles ("SPVs") organised as Finnish limited liability companies are used in acquisitions. The use of Finnish holding companies may facilitate the use of group contributions, which group companies use to offset profits and losses. Group contributions are a way of allocating taxable income allowing groups to seek to offset the interest deductions on any acquisition debt against profits. In practice, third party lenders may require multiple Finnish holding companies.

Foreign holding companies in the structure may be utilised to mitigate possible Finnish income tax and transfer tax implications in acquisitions of Finnish RECs and MRECs (i.e. forms of Finnish real estate company). Due to the limited applicability of the Finnish participation exemption rules, foreign holding companies may also be used in order to enable a tax-exempt exit in the future. Finland has a broad income tax treaty network ensuring of preferential treatment of payments to foreign holding companies provided that application of the provision is not denied for example due to the principal purpose test.

6. ACQUISITION FINANCING

a. General Comments

With respect to acquisition financing, attention should be paid to the deductibility of interest expenses and the use of group contribution in the acquisition structure in order to optimise interest deductions and profit repatriation. In addition, financing costs related to acquisition of shares are deducted as yearly expenses, (i.e. they are not included in the shares' acquisition costs). Due to the divergent treatment, drawing the line between annual expenses and acquisition costs is a key consideration from a tax point of view. Especially with regard to shares to which participation exemption applies, the classification of costs as acquisition costs of shares may result in non-deductibility of costs.

b. Equity

Dividend distributions made by a Finnish company to a foreign corporate recipient are generally subject to withholding tax at 20%. However, this rate may be reduced in situations such as the following:

- Situations covered by the Parent-Subsidiary Directive;
- Situations where a tax treaty provides for a lower withholding tax rate;
- With regard to dividends paid to other EEC Member States, where the dividend would be tax exempt in similar domestic relations, assuming an agreement concerning exchange of information (or the Directive 77/799/EEC) is applicable between the countries, and assuming that the dividend recipient does not have the possibility of full tax credit in its home country.

Since dividends are tax exempt in most domestic relations between limited companies, the exemption actually applies to dividends paid to most EU Member States even if the Parent Subsidiary Directive is not applicable.

c. Debt

i Limitations on interest deductions

The interest deduction limitations as of 1 January 2019 are generally applicable to Finnish corporations, partnerships, corresponding foreign entities and their permanent establishments. A general safe haven of EUR500,000 is applied; if net interest expenses (including third party and related party interests) exceed EUR500,000, the interest limitation will nevertheless be applied to the entire amount. Interest may become non-deductible if such net interest expenses exceed 25% of the company's tax EBITD (taxable business profits added with the aggregate amount of interest costs, depreciations and group contributions received; after deducting the amount of group contributions granted). However, a general safe haven of EUR3 million is applied to net interest expenses on third party loans irrespective of the EBITD threshold. Third party loans will be deemed to be intragroup loans if a related party pledges a receivable to an unrelated party as security for the loan and the unrelated party provides a loan to another related party, or the loan from an unrelated party is de facto a back-to-back loan from a related party. The regulation allows an indefinite carry forward of interest expenses that cannot be deducted based on the aforementioned restrictions.

However, interest expenses will remain fully deductible if the equity ratio of the company is equal to or higher than the consolidated equity ratio of the group. In case law, the statutory consolidated financial accounts of a group company owned by private equity funds did not qualify as the ultimate parent company, on which consolidated financial accounts the equity ratio could be based. The underlying reason was that the group company was regarded as a sub-group parent company and not an ultimate parent.

The equity-based ratio exemption test requires that certain accounting related conditions are met. Firstly, the consolidated financial statements must have been prepared in accordance with IFRS standards, or in accordance with other accounting standards of an EU or EEA country, or similar standards. Secondly, the consolidated financial statements have to be prepared in an EU or EEA country, or a country with which Finland has concluded a double income tax treaty. Thirdly, since the comparison is made only if the calculation of the taxpayer's ratio of its equity over its total assets are valued using the same method as in the consolidated financial statements, the taxpayer must provide its financial statements valued using the same method as in the consolidated financial statements or vice versa. This may usually be the case, since Finnish corporations are obliged to prepare financial statements in accordance with Finnish GAAP in order to facilitate group contribution regime to apply. A conversion of the Finnish taxpayer's financial accounts may therefore be required in order to facilitate both the exemption test and group contribution to apply.

The rules of equity-based ratio exemption have changed as of 1 January 2022. The new rules aim to limit the use of the balance sheet test in certain private equity structures. The first change is that the financial statements used in the equity-based ratio exemption test would have to be subject to a statutory audit. Unlike before, the audit requirement applies also to the group's consolidated balance sheet that is used as the basis for the comparison. Therefore, it is no longer possible to prepare a consolidated balance sheet only for the purposes of the equity-based ratio exemption test. The second change is that under certain conditions, the shareholder debt will be classified as equity in the parent company's consolidated financial statements for equity-based ratio exemption test purposes. This reclassification shall be made in case the debt has been issued by a party holding at least 10% of the shares, voting power, or rights to the profits of any group company. The holding could be direct, or through a related party.

ii Debt Pushdown

For most acquisitions the preferred means to push down debt is the usage of a Finnish Special Purpose Vehicle ("SPV") SPV, if a foreign buyer acquires a Finnish target company. The SPV is financed by loans from third parties or foreign group companies, often located in a jurisdiction with a low corporate income tax rate. As interest deductibility is subject to limitations, feasibility of the debt structure has to be evaluated in detail.

Following the acquisition, the target's profits may be offset against the SPV's interest expenses under Finnish group contribution rules. As an alternative, the target may be merged with the SPV or liquidated, for example in order to consolidate operating profits and the interest expenses or acquisition loans. According to Finnish group contribution rules, eligible contributions from an affiliated company are deducted from taxable profit of the contributing company and are added to the recipient company's taxable profit. The same rules apply to a Finnish permanent establishment of a foreign head office that is tax resident in an EU Member State or in a state with which Finland has concluded a tax treaty containing an article of non-discrimination. On 15 December 2021, the Supreme Administrative Court ("SAC") published two rulings on the use of debt pushdowns. The SAC approved the use of debt pushdown in third party acquisitions (SAC 2021:179) whereas it deemed the debt pushdown in an intragroup reorganisation artificial and tax avoidance (SAC 2021:178). Therefore, the use of the debt pushdown structures has to be carefully analysed in order to avoid the application of Finnish anti-avoidance provisions as well as to comply with transfer pricing rules.

d. Hybrid Instruments and other instruments

Recent case law has reduced the attractiveness of PIK loans provided by private individuals. In private equity deals, preference shares have replaced partnership loans.

e. Earn-outs

Earn-outs are treated as part of the sales price for income tax purposes and are subject to Finnish transfer tax. No special tax treatment is available for earn-outs. The moment when taxes on earn-outs are due to be paid depends on case specific circumstances.

7. DIVESTITURES

a. Tax Free

Under the participation exemption regime, capital gains derived by companies from the transfer of shares are not considered as taxable income and consequently acquisition costs of shares are not tax-deductible if the following conditions are met:

- The transferor of the shares is a limited liability company, a co-operative, a savings bank or a mutual insurance company taxed in accordance with the Business Income Tax Act;
- The transferor is not engaged in venture capital or private equity activities;
- The shares belong to the transferor's fixed assets;
- The transferor has owned at least 10% of the share capital of the target company without interruption for at least one year during a period that has ended no more than one year prior to the transfer;
- The target company is not a residential housing company, a real estate company or a limited company the activities of which de facto mainly consist of real estate holding or managing;

The target company is:

- A Finnish resident company;
- A company referred to in Article 2 of the EU Parent Subsidiary Directive;
- A company resident in a country with which Finland has a tax treaty, which is applied to dividends distributed by that company.

b. Taxable

If the participation exemption is not applicable, capital gains are subject to corporate income tax at the rate of 20%. Capital losses accruing from the transfer of shares belonging to fixed assets, but not covered by the exemption, are deductible from taxable capital gains derived from transfers of fixed asset shares in the same tax year and the subsequent five tax years. This limitation is not applied to the transfer of shares in residential housing companies, real estate companies and real estate holding or management companies. If the company transferred is not resident in a tax treaty state, the capital loss is not deductible for the transferor's tax purposes.

c. Cross Border

Capital gains derived from the sale of shares are not regarded as Finnish source income under Finnish legislation, as long as the company's assets do not essentially consist of real estate property. Only capital gains from shares in Finnish real estate, housing or other companies holding directly more than 50% of its assets in Finnish real estate may be taxed as Finnish source income.

8. FOREIGN OPERATIONS OF A DOMESTIC TARGET

a. Worldwide or territorial tax system

Finland applies a worldwide tax system to Finnish resident taxpayers, Finnish companies are liable to tax on their worldwide income.

b. CFC Regime

Due to the implementation of ATAD, Finland amended its CFC regulation. The amendments entered into force as of 1 January 2019. Under the amended rules the CFC regime applies not only to Finnish residents but also to non-resident taxpayers if control of a CFC is attributed to a permanent establishment of the non-resident taxpayer in Finland.

A foreign company is generally deemed to be a CFC, if the taxpayer's control, or capital or profit entitlement (including direct or indirect holding of related parties) is at least 25%, and the effective income tax rate in its country of residence is less than three-fifths of the Finnish corporate income tax (i.e. 12%). The CFC rules may not apply if an EEA corporation carries on a substantive economic activity in the country of residence. As regards a corporation resident in a non-EEA country, the corporation may be exempt under the same conditions, but it is required to meet the following conditions:

- the country of residence is not on a so-called black list issued by the EU;
- the country of residence has concluded a treaty with Finland providing sufficient tax information exchange; and
- profits mainly arise from industrial production, other production or provision of services, shipping activities or sales or marketing activities related to these activities.

In practice, a foreign company that mainly operates as an investment company, IP holding company, financing company or management company in a low-tax jurisdiction may be deemed to be a CFC for Finnish tax purposes. Even holding companies in the EU with no or little activities may prove to be problematic.

c. Foreign branches and partnerships

Finnish companies are liable to tax on their worldwide income including also any activities of a foreign branch. Finnish legislation provides for a tax credit method for foreign income tax paid. In general, the double tax treaties in force generally provide for a tax credit method as well.

As for acquisitions of Finnish entities by foreign partnerships or acquisitions of stakes in Finnish partnerships, the passive ownership could raise a permanent establishment issue. Therefore, such acquisitions involving a partnership should be carefully analysed and structured.

d. Cash Repatriation

Dividends to Finnish corporate shareholders from companies resident in an EEA state are generally tax exempt. However, dividends are taxable income if the distributing company is not covered by the Parent-Subsidiary Directive and the company is resident in a low tax EEA country (tax rate below 10% on profit from which the dividend is distributed). In addition, dividends subject to the Limitation-On-Benefit rule implemented based on the Parent-Subsidiary Directive restricts the tax exemption of dividends. Moreover, dividends from listed companies to unlisted companies are taxable, if the receiving unlisted company holds less than 10% of the distributing company. Dividends from non-EEA companies are taxable income. However, the double tax treaties applicable to dividends usually limits the taxation of the dividend received by a Finnish company.

9. OTHER GENERAL INTERNATIONAL TAX CONSIDERATIONS

a. Special Rules for Real Property, including Shares of "Real Property-Rich" Corporations

A real estate company is not a specifically defined legal term in Finnish law even though it is commonly used in practice; real estate companies can be organised, (e.g. as ordinary limited liability companies, residential housing companies or mutual real estate companies ("MRECs")). Regular real estate companies ("RECs") operate just as any limited liability companies (i.e. there is no flowthrough of income to the shareholders and taxable profits are expected to be incurred on the REC level). MRECs are limited liability companies with the purpose to own and manage at least one building or a part of a building. A MREC's shares are attributable to certain parts of the real property and based on their shareholding shareholders are entitled to hold and control the respective parts of the real estate. Therefore, for example, rental income arising from the leasing of the real estate accrues directly to the shareholders. Typically, income received by MREC comprises of monthly charges that the shareholders pay to the mutual real estate company.

Capital gains derived by Finnish and foreign corporations (provided Finland is allowed to tax the capital gains) from the sale of RECs are subject to corporate income tax. Many of Finland's Double Taxation Agreements ("DTAs") include a paragraph entitling Finland to tax income arising from a shareholding in a Finnish company which owns real estate in Finland and shareholders of which are entitled to use the real estate based on their shareholding. Typically, Finland's taxing right also covers capital gains derived from the disposal of shares in real estate companies the assets of which mainly comprise of directly or indirectly owned real property located in Finland. However, there are also DTAs not allowing Finland to tax income or capital gains relating to such shares. Specific transfer tax provisions apply to sales of real estate companies.

From a VAT point of view, the taxability of the activities of the real estate company should be carefully analysed prior to the transaction to ensure the deductibility of VAT incurred on the transactions and operations going forward. VAT deduction may be limited because leasing activities are VAT exempt (with an option to VAT under certain circumstances).

b. CbC and Other Reporting Regimes

Country-by-country reporting rules have been applicable from accounting periods ending in 2017 onwards.

In addition, the mandatory disclosure rules contained in the EU Directive on Administrative Cooperation (Intermediaries Directive) imposes an obligation for intermediaries providing tax planning services (e.g. lawyers, tax consultants) to inform tax authorities of certain cross border arrangements that could potentially be used for aggressive tax planning. Finland has implemented the Intermediaries Directive and the rules became applicable from 1 July 2020 onwards. However, certain cross-border arrangements are also reportable retrospectively from 26 June 2018. A penalty of up to EUR15,000 may be imposed if either the intermediary or the taxpayer neglects to fulfil the reporting obligation.

10. TRANSFER PRICING

In acquisition structures, attention should be paid to transfer pricing issues relating to intragroup financing, which should always be carefully analysed.

According to the previous transfer pricing adjustment provisions, it was not possible to disregard a business transaction that has been agreed and implemented by the parties. The Supreme Administrative Court ("SAC") had stated in several rulings that making such a transfer pricing adjustment would require an explicit authorisation, which was not included in the Finnish transfer pricing adjustment provision. As a result, the transfer pricing adjustment provision was amended, and new provision entered into force on 1 January 2022. Under the amended provision, the analysis of whether the actual transaction executed between the associated enterprises complies with the arm's length principle should always include an accurate delineation of the transaction based on the economically relevant characteristics of the transaction. The amended provision hence allows making transfer pricing adjustments to the full extent permitted by the OECD Transfer Pricing Guidelines.

11. POST-ACQUISITION INTEGRATION CONSIDERATIONS

a. Use of Hybrid Entities and Hybrid Instruments

Tax benefits arising from hybrid entities or instruments have generally been restricted by applying the General Anti-Abuse Rule ("GAAR"). In addition, the implemented rule covering a Limitation-on-Benefits on dividends based on the amendment of Parent-Subsidiary Directive has been in effect since the beginning of 2016. The ATAD rules regarding hybrid mismatches entered into force on 31 December 2019 and have been applicable from 1 January 2020 onwards.

The so-called reverse hybrid rule included in Article 9a of ATAD2 was introduced into Finnish legislation and the rules are applicable from 1 January 2022 onwards.

b. Principal/Limited Risk Distribution or Similar Structures

Principal or limited risk distributor structures are often used to carry out operations in Finland. Finland made a reservation to the Multilateral Instrument regarding permanent establishment provisions and based on the Finnish Tax Administration's current guidelines the approach towards principal structures has not tightened as a consequence of BEPS. However, since there is no recent public case law relating to agency permanent establishments, operational models should be planned prudently.

c. Intellectual Property

There is no special tax treatment for licensing or transferring intellectual property. No adverse tax consequences specifically relating to transfer of intangible assets are imposed. Post-acquisition licensing of intellectual property must be evaluated in detail in order to mitigate risk of recharacterisation of the transaction as transfer of intellectual property.

d. Special tax regimes

There are no special tax regimes in Finland.

12. OECD BEPS CONSIDERATIONS

Finland has been active in putting the BEPS actions into practice. There are already enacted interest deductibility limitations and CFC regulations. Country by country reporting rules have been applicable to accounting periods ending in 2017 onwards. The implemented rules based on the amendment of the Parent Subsidiary Directive have been in effect since the beginning of 2016. The implemented rules cover a Limitation-on-Benefits (“LOB”) rule and a General Anti Abuse Rule (“GAAR”).

Finland signed the Multilateral Instrument in June 2017 opting only for the minimum standards and making reservations to other articles. The parliament approved the adoption in February 2019. When in effect this means that existing provisions, concerning for example permanent establishments, will remain unchanged in covered tax treaties. By adopting the Principal Purpose Test, it is intended that Finland would fulfil the minimum standard of Article 7. Finland did not adopt the additional provision granting the competent authority the right to grant the treaty benefits even though the Principal Purpose Test provision applies.

Finland is also following closely the work in relation to Pillar I and Pillar II. Pillar I will ensure a fairer distribution of profits and taxing rights among countries with respect to the largest MNEs, including digital companies. Pillar II seeks to introduce a global minimum corporate tax rate that countries can use to protect their tax bases.

13. ACCOUNTING CONSIDERATIONS

a. Combinations

There are no specific accounting considerations having impact on taxation of combinations.

b. Divestitures

There are no specific accounting considerations having impact on taxation of divestitures.

14. OTHER TAX CONSIDERATIONS

a. Distributable Reserves

Distribution of restricted equity (share capital) is generally subject to capital gains taxation decreasing the acquisition cost of the shares. Distribution of unrestricted invested equity is taxed as dividend unless the distribution from an unlisted company meets several conditions in order to be taxed as capital gain. Distribution of unrestricted equity from listed companies is always treated as dividend for tax purposes.

b. Substance Requirements for Recipients

There are no specific substance requirements for holding or finance companies tax resident in Finland. So far, the Finnish tax authorities have not issued specific substance requirements for foreign holding companies in similar manner that many other jurisdictions have. However, applicability of the Finnish General Anti Abuse Rule and adoption of the Principal Purpose Test through the Multilateral Instrument have to be evaluated case by case.

c. Application of Regional Rules

Legal instruments adopted by the EU are applicable to Finland as an EU Member State. That means in general that Finland is obliged to apply its national provisions in accordance with EU law and principles. The taxpayers may rely directly not only on the four freedoms, but in certain cases also on provisions of the directives. ECJ case law is an important source of law also in taxation.

In the field of income taxation, the four freedoms of the EU have traditionally been more important than directives, although directives have nowadays grown in importance (e.g. Merger Directive, Parent Subsidiary Directive and ATAD). Finland is part of the common EU VAT area. In practice, the EU VAT Directive and ECJ case law has an important role when interpreting the VAT rules.

d. Tax Rulings and Clearances

Tax rulings and clearances are not necessary for an acquisition, divestiture, or post acquisition integration. An advance ruling from the Finnish Tax Administration may be applied for if there are specific unclear tax items relating to an arrangement. However, the feasibility of applying for an advance ruling should be evaluated case by case. As an alternative to tax advance rulings the Finnish Tax Administration has recently launched a preliminary discussion procedure whereby taxpayers may receive guidance to unclear tax items swiftly.

FINLAND

RETURN TO CONTENTS PAGE

15. APPENDIX I - TAX TREATY RATES

Jurisdiction	Dividends (portfolio) / interest on cooperative capital %	Dividend (direct investment*) %	Royalties %	Footnote
Argentina	15	10 (25)	15	[15]
Armenia	15	5 (25)	10	[6]
Australia	15	5 (10)	5	[6] [12] [8]
Austria	10	0 (10)	5	[2] [12] [22]
Azerbaijan	10	5 (25)	5	[8] [4]
Barbados	15	5 (10)	5	[5] [12] [1]
Belarus	15	5 (25)	5	
Belgium	15	5 (25)	5	[2] [1] [22]
Bosnia-Herzegovina	15	5 (25)	10	
Brazil	20 / 30	20 / 30	20 / 30	A
Bulgaria	10	10	5	[2] [1] [22]
Canada	15	5 (10)	10	[12] [1]
China	10	5 (25)	10	
Chile	20 / 30	20 / 30	20 / 30	B
Colombia	20 / 30	20 / 30	20 / 30	C
Croatia	15	5 (25)	10	
Cyprus	15	5 (10)	0	[2] [22]
Czech Republic	15	5 (25)	10	[2] [1] [13] [22]
Denmark	15	0 (10)	0	[2]
Egypt	10	10	25	
Estonia	15	5 (25)	0	[2] [24]
France	0	0	0	
Georgia	10	5 (10) or 0 (50)	0	[8]
Germany	15	5 (10)	0	[2] [8]
Great Britain	0	0	0	[5]
Greece	13	13	10	[2] [1] [22]
Hungary	15	5 (25)	5	[2] [1] [22]

FINLAND

RETURN TO CONTENTS PAGE

Jurisdiction	Dividends (portfolio) / interest on cooperative capital %	Dividend (direct investment*) %	Royalties %	Footnote
Hong Kong	10	5 (10)	3	
Iceland	15	0 (10)	0	[2]
India	10	10	10	
Indonesia	15	10 (25)	15	[4]
Ireland	0	0 (10)	0	[2] [12] [5]
Israel	15	5 (10)	10	
Italy	15	10 (50)	5	[2] [1] [22]
Japan	15	10 (25)	10	[8]
Kazakhstan	15	5 (10)	10	
Korea, Republic of	15	10 (25)	10	
Kyrgyzstan	15	5 (25)	5	
Latvia	15	5 (25)	0	[2] [26]
Liechtenstein	20 / 30	20 / 30	20 / 30	[2] [21]
Lithuania	15	5 (25)	0	[2] [25]
Luxembourg	15	5 (25)	5	[2] [1] [22] [9]
Macedonia	15	0 (10)	0	[12]
Malaysia	15	5 (10)	5	
Malta	15	5 (10)	0	[2] [12]
Mauritius	20 / 30	20 / 30	20 / 30	D
Mexico	0	0	10	
Moldova	15	5 (25)	7	[6]
Morocco	10	7 (25)	10	
Netherlands	15	0 (5)	0	[2]
New Zealand	15	15	10	
Norway	15	0 (10)	0	[2]
Pakistan	20	12 (25)	10	[18]
Philippines	20 / 30	15 (10)	25	[3] [12]
Poland	15	5 (25)	5	[2] [22]
Portugal	20 / 30	20 / 30	20 / 30	E [2] [22]

FINLAND

RETURN TO CONTENTS PAGE

Jurisdiction	Dividends (portfolio) / interest on cooperative capital %	Dividend (direct investment*) %	Royalties %	Footnote
Puerto Rico	20 / 30	20 / 30	20 / 30	F
Romania	5	5	5	[2] [16] [22]
Russia	12	5 (30)	0	[7]
Serbia and Montenegro	15	5 (25)	10	
Singapore	10	5 (10)	5	[12]
Slovak Republic	15	5 (25)	10	[2] [1] [13] [22]
Slovenia	15	5 (25)	5	[2] [22]
South Africa	15	5 (10)	0	
Spain	15	5 (10)	0	[2] [23] [12]
Sri Lanka	10	7,5 (25)	10	
Sweden	15	0 (10)	0	[2]
Switzerland	10	0 (10)	0	
Tajikistan	15	5 (25)	5	
Tanzania	20	20	20	
Thailand	20 / 30	20 (25)	15	[11]
Turkey	15	5 (25)	10	
Turkmenistan	15	5 (25)	10	
Ukraine	15	5 (20)	10	[14] [8]
United Arab Emirates	20 / 30	20 / 30	20 / 30	[20]
United States	15	5 (10)	0	[19] [12]
Uruguay	15	5 (25)	10	[17]
Uzbekistan	15	5 (10)	10	[12] [6]
Venezuela	20 / 30	20 / 30	20 / 30	G
Vietnam	15	10 (25) or 5 (70)	10	
Zambia	15	5 (25)	15	[1] [10]

Footnotes	
*	The recipient is a company whose share in the company making the payment is at least the percentage indicated in parentheses.
A	See the protocol.
B	No DTT between Finland and Chile.
C	No DTT between Finland and Colombia.
D	No DTT between Finland and Mauritius.
E	No DTT in force between Finland and Portugal as of 1 January 2019.
F	No DTT between Finland and Puerto Rico.
G	No DTT between Finland and Venezuela.
1	Tax is not levied on literary, scientific or artistic royalties (for film royalties see text of treaty).
2	If corporate entity • No tax, if these dividends were tax free under . 6 a Business Tax Act if paid to a Finnish corporate entity, and if the recipient does not receive a full credit for the Finnish tax in the country of residence. • No tax on dividend paid to a company meant in the EU Parent-Subsidiary Directive owning at least 10% of the capital of the paying company.
3	Tax 15% on films, tapes used in television or radio broadcasts, use of copyright of literary, artistic or scientific works or royalty paid for usufruct.
4	Tax 10% on literary, scientific, artistic and film royalties.
5	Tax for an individual is 30% if income is tax-exempt in the country of residence.
6	A lower tax in certain cases.
7	Foreign capital > USD100,000 when dividend becomes due and payable.
8	For additional requirements, see the treaty.
9	Tax agreement does not apply if the recipient is a special holding company (art 29).
10	Tax 5% on royalties from films and tapes.
11	Tax 15% if the payer is also an industrial enterprise.
12	The 10% is calculated on the total voting stock.
13	Tax 5% for computer software.
14	Tax 5% for the use of secret process or for know-how, no tax for computer software or patent.
15	Tax 10% on industrial royalty, 3% on royalties to news agency and 5% on artistic royalty to the author or his mortis causa successor.
16	Tax 2.5% on royalties paid for the use of computer software.
17	Tax 5% on royalties paid for the right to use of software.
18	Tax 15% if the recipient is a company.

FINLAND

RETURN TO CONTENTS PAGE

Footnotes	
19	No tax on dividends to qualified parents-subsidiaries and pension funds (Article 10 paragraph 3).
20	No tax, if the recipient proves that he has domicile (individual) or is incorporated in the Arab Emirates.
21	If corporate entity tax is 15% or 20%, § 7 subsection 1 paragraph 2 and 3, Act on Tax at source.
22	No tax on royalties between associated companies meant in EU Directive (2003/49/ EC, 2013/13/ EU) (§ 3 b-f, Act on Tax at source).
23	No withholding tax if the recipient is a pension scheme.
24	Notice of the Ministry of Finance 55/2016 (SopS 55/2016).
25	Notice of the Ministry of Finance 67/2019 (SopS 67/2019).
26	Notice of the Ministry of Finance 15/2021 (SopS 15/2021).

16. APPENDIX II - GENERAL CORPORATE ENTITY TAX DUE DILIGENCE REQUESTS

The Finnish Tax Administration ("FTA") may adjust the taxation of a corporate entity (corporate income taxation and payroll taxation) within 3 years from the beginning of the calendar year following the tax year in relation to tax year 2017 and years following thereafter. The tax adjustment period for VAT is also 3 years from the beginning of the calendar year, during which the tax should have been paid and reported. Where the financial period of the taxpayer is not a calendar year, the tax adjustment period for VAT is 3 years following the calendar year during which the financial period in question ended. However, in certain situations, the FTA may extend the time limit. Hence, due to the usual time limit of 3 years, financial statements, tax returns and tax decisions are requested for the 3 previous years.

Nº	Category	Sub-Category	Description of Request
1	Tax Due Diligence	General	Group structure chart.
2	Tax Due Diligence	General	Copies of financial statements, including P/L specifications and balance sheet specifications on account level.
3	Tax Due Diligence	General	Copy of a recent tax debt certificate.
4	Tax Due Diligence	General	Information on any advance rulings from tax offices or the Central tax board and any other correspondence with the tax office and authorities.
5	Tax Due Diligence	General	Details of any assessments or litigations that are under appeal or under other legal and/or authoritative process.
6	Tax Due Diligence	General	Details and reports of completed and ongoing tax audits targeted to the company (income tax, VAT). A specific mentioning if no tax audits have been made.
7	Tax Due Diligence	General	Copies of memorandums and other opinions on tax issues provided by tax consultants and/or law firms including also compliance or tax return review memorandums (income tax, VAT).
8	Tax Due Diligence	General	Previous tax DD reports, if any.
9	Tax Due Diligence	General	Copies of shareholder loan agreements, if any.
10	Tax Due Diligence	General	Information on the organisation of the tax management procedures and resources, i.e. how is the tax management of the company organised?
11	Tax Due Diligence	General	Description on the tax planning activities conducted by the company. What is the attitude the company has towards tax planning (low/medium/aggressive)?
12	Tax Due Diligence	General	Description on what is the company's policy as regards external tax advisers. Has the company received any written instructions, notes or memoranda from external tax advisers and if yes, what has been the subject matter of these instructions?
13	Tax Due Diligence	Income tax	Corporate income tax returns including appendices.
14	Tax Due Diligence	Income tax	Income tax assessment decisions from the tax administration.
15	Tax Due Diligence	Income tax	Copy of the tax calculation pertaining to the ongoing fiscal year.

FINLAND

RETURN TO CONTENTS PAGE

Nº	Category	Sub-Category	Description of Request
16	Tax Due Diligence	Income tax	Advance tax bill for the previous, ongoing and next fiscal year and a description of the advance tax payment policy adopted in the company.
17	Tax Due Diligence	Income tax	Transfer pricing documentation and other documents prepared for transfer pricing purposes.
18	Tax Due Diligence	Tax Due Diligence	Description of past and ongoing restructurings in the company during the 10 years preceding the current fiscal year (including but not limiting to, e.g. share purchases, mergers, demergers, transfer of assets etc.) including all material relevant for tax purposes related thereto.
19	Tax Due Diligence	Income tax	Information on ownership changes during the 10 years preceding the current fiscal year. Information on whether there has been a change in ownership exceeding 50 in the company or in a company owning at least 20 of the company.
20	Tax Due Diligence	Income tax	Does the company have any deferred tax assets (e.g. previous tax losses) or is it expected to have such for current fiscal year?
21	Tax Due Diligence	Income tax	Description of the company's depreciation policy. Are there any differences between depreciations in accounting and in taxation? If yes, how are the differences monitored in practice?
22	Tax Due Diligence	Income tax	Description on any significant debt that has been forgiven / waived. If any, how this has been treated in accounting and for tax purposes?
23	Tax Due Diligence	Income tax	Description on if the company has concluded any write downs of assets in taxation.
24	Tax Due Diligence	Income tax	Information on changes in the company's equity position (e.g. increase/decrease of share capital or invested free equity).
25	Tax Due Diligence	Income tax	Description on whether there have there been any redemptions of shares in the company and if any, what was the price paid and how was it determined.
26	Tax Due Diligence	Income tax	Description on granted or received group contribution payments during the ongoing fiscal year, if any.
27	Tax Due Diligence	Income tax	Description of transactions between the company and their owners (covering the ongoing and five previous fiscal years (including description of the transaction, parties, volumes and pricing method of said transactions).
28	Tax Due Diligence	Income tax	Description on shareholder loans including at least the following information: • Has the company issued or received a shareholder loan? • Have the loan contracts been made in writing? • What is the interest rate and schedule for repayment?
29	Tax Due Diligence	Payroll tax	In case the company is using subcontractors, please describe the procedures it is using in order to control that the subcontractors are registered as self-employed taxpayers.

FINLAND

RETURN TO CONTENTS PAGE

Nº	Category	Sub-Category	Description of Request
30	Tax Due Diligence	Payroll tax	Does the company pay external service providers for its C O or board members' services?
31	Tax Due Diligence	Payroll tax	Description of employee benefits (including for example personnel benefits, gifts, health care and voluntary pension schemes) that are differing from the benefits typically offered to employees or benefits whose tax treatment has been uncertain. With the typical benefits we mean benefits that are in line with the Finnish Tax Administration's guidance.
32	Tax Due Diligence	Payroll tax	Does the company have share awards or option schemes for the employees in the company (including also C O and board members)?
33	Tax Due Diligence	VAT	Copies of VAT returns.
34	Tax Due Diligence	VAT	VAT manuals/guidelines used in the business, any instructions possibly received from the tax authorities/ auditors that are followed, and other policies adopted regarding VAT. Has there been any changes in the VAT treatment during the period in question? Description on the internal routines regarding the reporting of VAT. If an accounting firm is used, please confirm whether the Company controls the figures reported to the Finnish tax authorities and how.
35	Tax Due Diligence	VAT	Does the Company supply goods or services outside of Finland. If yes, to where and what?
36	Tax Due Diligence	VAT	Does the Company purchase goods or services outside of Finland. If yes, from where and what?
37	Tax Due Diligence	VAT	Is the company VAT registered in countries outside of Finland? If so, description on the reasons for the VAT registration/s and the yearly sales with VAT in each country.
38	Tax Due Diligence	VAT	Does the company carry out any VAT exempt activities (other than possible zero-rated supplies of goods and services to outside of Finland)?
39	Tax Due Diligence	VAT	Does the company limit its deduction of input VAT in any way? Description on VAT treatment of company owned cars (if applicable) and representation costs.

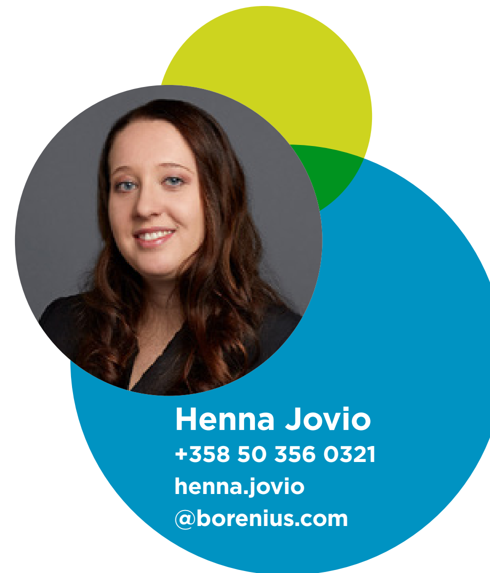
FINLAND

RETURN TO CONTENTS PAGE

FOR MORE INFORMATION CONTACT:

Einari Karhu
+358 20 713 3488
einari.karhu
@borenius.com

Heikki Wahlroos
+358 20 713 3589
heikki.wahlroos
@borenius.com



Henna Jovio
+358 50 356 0321
henna.jovio
@borenius.com

Jonna Yli-Äyhö
+358 40 720 2224
jonna.yli-ayho
@borenius.com