



Finland - Civil Law (Scandinavian)

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Incorporating a company in Finland

Finland taxes

If you are willing to start a business in Finland, reading this will help you becoming knowledgeable on the specific tax laws and rates for a LLC which is the most common company type in Finland.

Finland imposes a tax on corporate worldwide income. This means that income are taxable whether accrued onshore or offshore. The prevailing standard tax rate for offshore income, from our research, and this is not personal tax advice, is 20%. Finland doesn't have major incentives to remit profits made internationally. Taxes are reasonable in Finland as the rate which LLC will pay tax is 20%. This ranks Finland as 69th overall in terms of CIT globally.

The VAT rate in Finland is 24.00%, that ranks Finland as 168th overall in terms of VAT globally. In terms of other taxation, an employer will contribute 20.7% to the equivalent of a social security fund and an employee will contribute 9.25%.

Thin capitalisation mandates are in play. This refers to any type of restrictions on a business and the debt-to-asset ratios. Dividends received from a Finnish company or from a EEA company are generally exempt from taxes. Dividends received from non-EEA companies are subject to taxation at standard rates. A dividend is a distribution of a portion of earnings of the business, determined by the board, to shareholders. Dividends can be either cash payments, shares of stock, or other property.

Capital Gains are generally subject to Corporate Income Tax. However, an exemption may apply for gains from the sale of shares that belong to fixed assets that are deemed to be part of the seller business income-generating assets, and the seller owns at least 10% of the entity capital for at least 1 year, shares sold do not belong to a real estate company and the company is finish, EEA resident or resident of a country which has concluded a tax treaty with Finland. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

Dividends are subject to withholding tax of 20%. This should be interpreted usually that the taxman expects LLC's to automatically withhold 20% of dividends paid to non-residents, unless tax is reduced under a tax treaty or is exempted under the EU parent-subsidiary directive. Royalties are subject to a 20% withholding tax. This means that payments on royalties to non-residents are taxed at a 20% rate, unless tax is reduced under a tax treaty or is exempted under the EU royalties directive. Payments abroad on interests are not subject to withholding tax.

There is no known tax on wealth in Finland. But, there are inheritance, transfer and real estate taxes. There are well known R&D initiatives that provide tax incentives here.

The above is not tax or legal advice for your company's situation. Incorporations.io can refer you to a tax advisor in Finland who can give you an answer. Want to work together? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Finland is 24% which ranks 168 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 118** **Tax treaties**
- 20%** **Offshore Tax**
- 20%** **Corp rate**
- **Loss carryback years**
- 21** **Corporate time**
- 24%** **VAT rate**
- 20%** **Capital gains**
- 2017** **AEOI planned**

Finland Legalese

The underlying legal code in Finland is civil law (scandinavian) law. You will want to get some local advice as to how to best structure a company in Finland. One is permitted to electronically sign documents.

The country code FI is for Finland and the most common company type structure in Finland is a LLC.

When setting up, budget about 15 Days to setup a LLC in FI. The types of cash you can use to fund your business is frequently EUR and any legal tender.

Yes, one is allowed to re-domicile a LLC from FI. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in FI by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is tolerated, up to 100% of the total equity of the company.

There is a requirement to have at least 2 directors. Consequently, corporate directors are not permitted. Directors should not have an expectation of privacy, as they are not kept private in Finland. There is a requirement to have annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an office which can receive any official legal correspondence on behalf of the company. However, a corporate secretary is not required in FI, which can save the company money if you can perform basic corporate governance internally.

There is an On that note, there is oftentimes a requirement to have these accounts audited.

Overall we think Finland is a ok option and have given it a score of 62 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 2 Directors required**
- 15 Days to form**

+ FINLAND

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☎ Consultation

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Country Info



🚩 National Flag of

Suomen tasavalta (fin)

**Republiken Finland
(swe)**

\$ Currency

EUR

☎ Area Code

+358

🏰 Capital

Helsinki

✈ Region

Northern Europe

🌿 Native Languages

Finnish

Swedish