



Finland

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2007
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	TP methods determined in the OECD transfer pricing guidelines can be applied.
Are any TP methods preferred over others?	No, different case-specific aspects have to be taken into account when choosing the most applicable TP method.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR/MF/LF implemented.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	<p>The transfer pricing documentation requirements are provided for in the Taxation Procedure Act, Sections 14 a - 14 e and Section 31 and Section 32.</p> <p>Master File and Local File: the Tax Procedure Act, Sections 14 a - 14 c</p> <p>CbCR: the Tax Procedure Act, Sections 14 d and 14 e</p>

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	<p>Yes</p> <p>The group is responsible for preparing the transfer pricing documentation including Master File and Local File if the consolidated revenue is more than EUR 50 million. Furthermore, the company is liable to prepare a transfer pricing documentation if the group's consolidated balance sheet exceeds EUR 43 million or there are more than 250 employees. Small- and medium-sized enterprises.</p> <p>However, if all transactions between the each group company does not exceed EUR 500,000, the requirements to provide group information are limited.</p>
As from which year does this obligation exist?	The filing obligation exist if one of the thresholds has been met in two following years (the documentation has to be prepared only for the latter year).
When does the Master File need to be available?	<p>The taxpayer is liable to provide the transfer pricing documentation to the Finnish tax authorities within 60 days of the Finnish tax authorities' request. However, the transfer pricing documentation has to be provided no earlier than six months after the end of the financial year.</p> <p>The deadline for any additional information requests by the Finnish tax authorities is 90 days (may be extended upon request).</p>
When does it need to be submitted?	The transfer pricing documentation has to be provided upon the Finnish tax authorities' request (within 60 days).

Does the MF have to be prepared in the relevant local language ?	No. The transfer pricing documentation has to be prepared in Finnish, Swedish or English. If the transfer pricing documentation has been prepared in English, the Finnish tax authorities may request Finnish/Swedish translation of some relevant sections.
Is documentation in English permissible?	Yes
What are the possible consequences of not having the MF available?	
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	Consistent with OECD requirements. The taxpayer do not need to provide the group information if the total amount of the transactions conducted between the taxpayer and each associated enterprise does not exceed EUR 500,000 during the tax year.

3. Local File (LF)	Yes
What is the threshold requirement for the obligation to prepare a LF?	The group is liable to prepare the transfer pricing documentation including Master File and Local File if the consolidated revenue is more than EUR 50 million. Furthermore, the company is liable to prepare a transfer pricing documentation if the group's consolidated balance sheet exceeds EUR 43 million or there are more than 250 employees. However, if all transactions between the each group company does not exceed EUR 500,000, the requirements to provide group information are limited. EUR 500,000 during the tax year.
As from which year does this obligation exist?	The filing obligation exist if one of the thresholds has been met in two following years (the documentation has to be prepared only for the latter year).
When does the LF need to be available?	The taxpayer is responsible for providing the transfer pricing documentation to the Finnish tax authorities within 60 days of the Finnish tax authorities' request. However, the transfer pricing documentation has to be provided no earlier than six months after the end of the financial year. The deadline for any additional information requests by the Finnish tax authorities is 90 days (may be extended upon request).
When does the LF need to be submitted?	The transfer pricing documentation has to be provided upon the Finnish tax authorities' request (within 60 days).
a. Does the LF have to be prepared in the relevant local language?	No. The transfer pricing documentation has to be prepared in Finnish, Swedish or English. If the transfer pricing documentation has been prepared in English, the Finnish tax authorities may request Finnish/Swedish translation of some relevant sections.
b. Or is documentation in English permissible?	Yes
What are the possible consequences of not having the LF available?	
Penalties?	Yes
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	Yes

<p>To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?</p>	<p>Consistent with OECD requirements.</p> <p>However, the taxpayer is exempt from providing information on functional analysis, comparability analysis, and transfer pricing method and its application in case the total transaction amount between the taxpayer and the associated party does not exceed EUR 500,000 during the tax year.</p>
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<p>4. Country-by-Country Reporting</p>	<p>Yes</p>
<p>What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?</p>	<p>EUR 750 million</p>
<p>As from which year does this CbCR obligation exist?</p>	<p>From the following year that the threshold was met or exceeded.</p> <p>The CbC report will be prepared first time for the financial years starting on 1 January 2016 or after. The CbC report has be prepared within 12 months after the end of the financial year.</p>
<p>When and how do the tax authorities need to be notified who the reporting entity is?</p>	<p>The Finnish taxpayer is liable to notify the Finnish tax authorities the filing entity by electronic filing platform at the last day of the financial year.</p>
<p>If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?</p>	<p>12 months after the end of the financial year to which the CbCR relates.</p>
<p>Are there any deviating submission deadlines for the secondary mechanism?</p>	<p>No</p>
<p>Does your country have a requirement that the financial figures of the group need to be aligned with?</p>	<p>No</p>
<p>Does your country have a requirement that the financial years of the group need to be aligned with?</p>	<p>No</p>
<p>Where is the CbCR to be submitted ?</p>	<p>The CbC Report and the CbC Notification has to be filed via Finnish tax authorities' electronic filing platform. For a filing the taxpayer needs to have so called KATSO-ID in Finland.</p>
<p>How is the CbCR to be submitted, specifically, is there any prescribed standard?</p>	<p>The CbCR can be filed in xml-format or by using electronic filing form.</p>
<p>What are the possible consequences of not having the CbCR available?</p>	
<p>Penalties?</p>	<p>Yes</p>
<p>Imprisonment?</p>	<p>No</p>
<p>Shifting of the burden of proof?</p>	<p>No</p>
<p>Other?</p>	<p>No</p>
<p>To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?</p>	<p>Consistent with OECD requirements.</p>
<p>Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?</p>	<p>Yes</p>
<p>Did your country enter into other information exchange agreements, such as on a bilateral basis?</p>	<p>Yes</p>
<p>Please specify the country involved and date the agreement came into force.</p>	<p>Finland implemented the European Union Automatic Information Exchange Directive (EU Directive 2016/881/EU) on 1 January 2016.</p>

Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	Yes
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5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No., there is a specific form for informing intra-group transactions.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	The tax increase and late payment interest may be imposed by the tax authorities. Further, criminal sanctions for tax fraud may be imposed, however, due to the ne bis in idem principle, if the tax increase has already been imposed, the criminal sanctions cannot be imposed to the same taxpayer.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	Potentially, criminal sanctions for participation of the tax fraud of the taxpayer may be imposed, however we do not have published case law related to this.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Tax return form 78.
What would be the filing deadline?	The filing deadline is four month after the end of the financial year.
What would be the penalties for non-compliance?	If the tax return form 78 has not been filed correctly, the tax authorities may request the tax return form. Further, tax increase may be imposed.

6. Benchmarking

Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. The Finnish tax authorities publish a guidance related to the transfer pricing documentation and in this contest, the Finnish tax authorities provide also general guidance for preparation of the benchmark study.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No. There are no reference related to a new benchmarking search in the Finnish documentation requirements.

7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing and changes in the group's business models.
Based on your experience, are joint or multilateral audits initiated and carried out?	Yes
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	The APA agreement is binding on the Finnish tax authorities its period of validity if the taxpayer complies with the APA's terms and the critical assumptions of the APA have been met. The APA to be binding, it is also required that the taxpayer has provided truthful information and the tax legislation applied in the APA has not been changed.

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