

## *New tax and corporate horizons: Finland*

Finland is one of the five Nordic countries and the most northern EU member state. It is one of the most sparsely populated countries of the European Union. It is bordered to the west by Sweden, with Norway to the north and east with Russia. The northern European countries are those that have the exorbitant tax regime in the EU, among them Finland is one that provides the greatest tax burden, overcoming some point even Sweden. However, the taxation system is simple enough although there are both state taxes that municipal ones (which on higher incomes lead to a tax of more than 50%). In Finland it has progressive taxation on income and fiscal year starts from January 1<sup>st</sup> to December 31<sup>st</sup>. There are national and local taxes, as well as specific taxes; it provides a tax on income of individuals, of those legal, tax on capital and the value added tax VAT. The central tax authority is the Office of the State Tsse, Verohallitus, divided into 8 regional offices. A complaint against an inscription to the role must be submitted to tax Control Commission (verotuksen oikaisulautakunta). Incomes for physical persons are essentially those resulting from work and income from capital. For the latter it applies a tax upstream, at a rate fixed at 30% (rising to two points in the case of income exceeding 40,000 Euros), thus not considering the proceeds as part of the overall tax base. The tax regime on income from work is in stages, with the minimum rate of 6.5% up to € 24,300 from € 16,300 minimum taxable income. Then go up to 17.5% (under 40,000), 21.5%, 29.75% and 31.7% over the 100,000 euro plus the surcharge of 6%. The system in stages does not apply on income earned in Finland by non-residents, at a rate fixed at 35% for investment income. In Finland the principle of free enterprise is enshrined in the Constitution and Law 122/1919 on trade. The business activities can be exercised through the following forms:

- Individual Company (Toiminimi-IMT);
- Easy Company (Avoin Yhtiö - AY);
- Limited Partnership (KOMMANDIITTIYHTIO - KY);
- joint-stock company (Osakeyhtiö - OY).