

Finland

Transfer Pricing Country Profile

Updated February 2022

| | | SUMMARY | REFERENCE |
|-----------------------------------|--|---|---|
| The Arm's Length Principle | | | |
| 1 | Does your domestic legislation or regulation make reference to the Arm's Length Principle? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Section 31 of the Assessment Procedure Act |
| 2 | What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation? | <p>The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned.</p> <p>The OECD TPG have been referred to in the Government Bill (107/2006 vp.) updating transfer pricing legislation and introducing transfer pricing documentation requirements as an interpretation guidance in applying the domestic legislation (Act on Assessment Procedure § 31). The reference has been made also in the Government Bill (142/2016 vp.) updating transfer pricing documentation requirements and in the Government Bill (188/2021 vp.) updating transfer pricing legislation. In addition, the Supreme Administrative Court has referred to OECD TPG as an interpretation source in several decisions (e.g. KHO 2013:36).</p> | Government Bill (107/2006 vp.) Government Bill (142/2016 vp.) Government Bill (188/2021 vp.) KHO 2013:36 |
| 3 | Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the definition contained under your domestic law or regulation. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Parties are related according to the Act on Assessment Procedure, § 31.4, if a taxpayer has a direct or indirect ownership interest exceeding 50% of either the shares or votes of another enterprise, or has direct or indirect rights to nominate more than half of the members of the board of directors of another enterprise, or is having disposal rights in respect of the other enterprise due to other circumstances.</p> | Section 31.4 of the Assessment Procedure Act |

Transfer Pricing Methods

| 4 | <p>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</p> | <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">CUP</th> <th style="padding: 5px;">Resale Price</th> <th style="padding: 5px;">Cost Plus</th> <th style="padding: 5px;">TNMM</th> <th style="padding: 5px;">Profit Split</th> <th style="padding: 5px;">Other (<i>If so, please describe</i>)</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> <td style="padding: 5px;"><input type="checkbox"/></td> </tr> </tbody> </table> <p>The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue.</p> | CUP | Resale Price | Cost Plus | TNMM | Profit Split | Other (<i>If so, please describe</i>) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
|--------------------------|--|---|--------------------------|--------------------------|---|------|--------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|
| CUP | Resale Price | Cost Plus | TNMM | Profit Split | Other (<i>If so, please describe</i>) | | | | | | | | | | |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | |
| 5 | <p>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</p> | <p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue.</p> | | | | | | | | | | | | | |
| 6 | <p>If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.</p> | <p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>Finland's legislation does not contain specific legal reference on commodity transactions. In addition, there is no specific guidance by the Tax Administration on commodity transactions. Please note that the OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant also with regard to this issue.</p> | | | | | | | | | | | | | |

Comparability Analysis

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| 7 | Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| | | The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue. | |
| 8 | Is there a preference in your jurisdiction for domestic comparables over foreign comparables? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 9 | Does your tax administration use secret comparables for transfer pricing assessment purposes? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 10 | Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Guidance on Transfer Pricing Documentation |
| | | The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue. Finnish Tax Administration recommends applying the inter-quartile range as an arm's length range in published guidance on Transfer Pricing Documentation. | |
| 11 | Are comparability adjustments required under your domestic legislation or regulations? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| | | Finland's legislation does not contain specific legal reference on comparability adjustments. The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue. | |

Intangible Property

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| 12 | Does your domestic legislation or regulations contain guidance specific | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
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| | to the pricing of controlled transactions involving intangibles? | Finland's legislation does not contain specific legal reference on transactions involving intangibles. The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue. | |
| 13 | Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard-to-value intangibles (HTVI)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | HTVI Implementation Questionnaire |
| 14 | Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| Intra-Group Services | | | |
| 15 | Does your domestic legislation or regulations provide guidance specific to intra-group services transactions? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Finland's legislation does not contain specific legal reference on intra-group services transactions. The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue. | |
| 16 | Do you have any simplified approach for low value-adding intra-group services? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue. | |
| 17 | Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |

Financial Transactions

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| 18 | [NEW] Does your domestic legislation or regulations provide guidance specific to financial transactions? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Finland's legislation does not contain specific legal reference on financial transactions. The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue. The Finnish Tax Administration has given a statement on OECD guidance on financial transactions regarding domestic case law. | Finnish Tax Administration's statement |
| 19 | [NEW] Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of financial transactions? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Finland's legislation contains provisions that restrict deductibility of interest payments in specific circumstances. There are also provisions related to hybrid mismatch arrangements that may among other things apply to financial transactions. All of the before mentioned rules are outside transfer pricing rules. | For interest deductions: Sections 18a-18b of the act on the taxation of business income For hybrid mismatch arrangements: Act on taxation of certain cross border hybrid mismatch arrangements |

Cost Contribution Agreements

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| 20 | Does your jurisdiction have legislation or regulations on cost contribution agreements? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Finland's legislation does not contain specific legal reference on cost contribution agreements. The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue. | |
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Transfer Pricing Documentation

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| 21 | <p>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG <input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG <input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG <input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return) <p><input type="checkbox"/> Other (specify):</p> | <p>For transfer pricing documentation: Sections 14a-14c of the Assessment Procedure Act</p> <p>For CbCR: Sections 14d-14e of the Assessment Procedure Act</p> |
| 22 | <p>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</p> | <p>The taxpayer should present master file and local file within 60 days of the request by the tax authorities. However, the annual set of documentation for the tax year is not required earlier than 6 months after the end of the accounting period. Documentation in English, Finnish or Swedish is accepted.</p> <p>Finland's legislation follows the OECD model legislation for CbC reporting. The qualifying taxpayer has to file the CbC report within one year after the closing of the fiscal year that is covered in the CbC report and CbC notification no later than the last day of the fiscal year that is covered in the CbC report. CbC reports and notifications may be filed in English, Finnish or Swedish.</p> <p>Explanation of Transfer Prices (form 78) is filed as an annex of the corporate income tax return which must be filed within 4 months from the end of their accounting period. The form 78 may be filed in English, Finnish or Swedish.</p> | <p>Master file, local file and CbCR:</p> <p>Sections 14a-14e of the Assessment Procedure Act</p> <p>Form 78</p> |
| 23 | <p>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Penalty for non-compliance with the requirement to submit documentation could be charged up to EUR 25 000.</p> | <p>Section 32 of the Assessment Procedure Act</p> |
| 24 | <p>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</p> | <p>Small companies and SMEs (in accordance with the definition of the recommendation of the Commission of 6 May 2003, 2003/361/EC) are not required to prepare transfer pricing documentation. In addition, if the total amount of the taxpayer's arm's length transactions in relation to each of its related party do not exceed EUR 500 000, there is no requirement to submit a master file. In addition,</p> | |

there are some reliefs as far as the content of the local file is concerned when the taxpayer only has minor transactions with its related party.

Administrative Approaches to Avoiding and Resolving Disputes

25 **Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?**

Please check those that apply:

- Rulings
- Enhanced engagement programs
- Advance Pricing Agreements (APA)
 - Unilateral APAs
 - Bilateral APAs
 - Multilateral APAs
- Mutual Agreement Procedures
- Other (*please specify*):

There is no separate legislation regarding APA in Finland. Finland can conclude an advance pricing agreement with its tax treaty partners (a treaty for the avoidance of double taxation with respect to taxes on income and capital gains). An APA is based on the mutual agreement procedure laid down in the tax treaties between Finland and other states under which international double taxation can be eliminated between the parties to the treaty.

With regard to “Rulings” and “Unilateral APAs” mentioned above, please note that Finland offers advance tax rulings on how a particular tax law will be applied in the described situation concerning a taxpayer’s taxation. The legal framework is laid down in the act on tax assessment procedure (§ 85 and § 85a). The decisions can be appealed by both the taxpayer and the tax ombudsman representing the tax recipient. Finland also provides for published guidance concerning specific issues.

With regard “Mutual Agreement Procedures” mentioned above, please note that in transfer pricing issues the mutual agreement procedure can either be based on the articles of applicable tax treaty (corresponding Article 25 of the OECD model tax treaty), or on the provisions of the EU Arbitration Convention (90/436/EEC), or on the tax dispute resolution mechanisms in the European Union under Directive EU 2017/1852.

The Finnish act on the international tax dispute resolution procedure (Laki kansainvälisten veroriitojen ratkaisumenettelystä (530/2019)), effective as of 30

[Act on the international tax dispute resolution procedure](#)

[Sections 85 and 85a in the Assessment Procedure Act](#)

[Finnish Government Decree on the international tax dispute resolution procedure](#)

[Finnish Tax Administration guidance on international dispute resolution](#)

[Finland's MAP Profile](#)

[Finnish Tax Administration’s information on Pre-emptive Discussion and Cross-Border Dialogue](#)

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| | | <p>June 2019, sets out rules on the MAP both in relation to the competent authority and the taxpayer.</p> <p>There is also guidance issued by the Finnish tax administration concerning tax disputes related to disputes that are also applicable to transfer pricing issues. The MAP profile of Finland also includes further information on these issues.</p> <p>With regard “Other” mechanisms available, please note that Finnish Tax Administration may also engage taxpayers with Pre-emptive Discussion or with Cross-Border Dialogue. The Pre-emptive Discussion aims to provide the taxpayer with guidance to comply with the tax legislation. The Pre-emptive Discussion is part of Finnish Tax Administration's preliminary guidance and is based on authority's obligation to guide the taxpayers. In international tax matters, taxpayer may request for Cross-Border Dialogue. The goal of the Cross-Border Dialogue is to solve the taxpayers' tax matter cross-border. When a Cross-Border Dialogue is launched the participants of such discussions and those solving the matter would be the tax authorities of two or more countries, the taxpayer itself and/or its representatives. The positions of the tax authorities would be based on the interpretation of each country’s domestic tax legislation.</p> | |
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Safe Harbours and Other Simplification Measures

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| 26 | Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
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| 27 | Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
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Other Legislative Aspects or Administrative Procedures

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| 28 | Does your jurisdiction allow/require taxpayers to make year-end adjustments? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| | | <p>Year-end adjustments are allowed.</p> <p>The OECD Transfer Pricing Guidelines are a source of interpretation as far as the tax treaties and domestic legislation are concerned and therefore the guidance that the OECD TPG provide for is relevant with regard to this issue.</p> | |

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| 29 | Does your jurisdiction make secondary adjustments? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| Attribution of Profits to Permanent Establishments | | | |
| 30 | [NEW] Does your jurisdiction follow the Authorised OECD Approaches for the attribution of profits to PEs (AOA)? | <input checked="" type="checkbox"/> Yes <p>Currently none of Finland's tax treaties contain the new version of Article 7. Finland applies the OECD Commentary published in 2008, in which the positions of the attribution report issued in 2008 are reflected, provided that they do not conflict with Article 7 of the applicable tax treaty.</p> <input type="checkbox"/> No | |
| 31 | [NEW] Does your jurisdiction follow also another approach? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| Other Relevant Information | | | |
| 32 | Other legislative aspects or administrative procedures regarding transfer pricing | N/A | |
| 33 | Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire) | N/A | |

For more information, please visit: <https://oe.cd/transfer-pricing-country-profiles>