

# Finland

## Transfer Pricing Country Profile

Updated May 2019

		SUMMARY	REFERENCE
<b>The Arm's Length Principle</b>			
1	Does your domestic legislation or regulation make reference to the Arm's Length Principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Article 31 of the Assessment Procedure Act  <a href="https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenettelyst%C3%A4#L4P31">https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenettelyst%C3%A4#L4P31</a>
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. 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.) <a href="https://www.finlex.fi/fi/esitykset/he/2006/20060107">https://www.finlex.fi/fi/esitykset/he/2006/20060107</a>  Government Bill (142/2016 vp.) <a href="https://www.finlex.fi/fi/esitykset/he/2016/20160142">https://www.finlex.fi/fi/esitykset/he/2016/20160142</a>  KHO 2013:36 <a href="https://www.kho.fi/fi/index/paatoksia/vuosikirjapaatokset/vuosikirjapaatos/1365150274729.html">https://www.kho.fi/fi/index/paatoksia/vuosikirjapaatokset/vuosikirjapaatos/1365150274729.html</a>
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  Parties are related according to the Act On Assessment Procedure, § 31.2, if taxpayer has an ownership interest exceeding 50% of either the shares and 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.	Article 31.2 of the Assessment Procedure Act  <a href="https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenettelyst%C3%A4#L4P31">https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenettelyst%C3%A4#L4P31</a>

## Transfer Pricing Methods

4	<p><b>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</b></p>	<p><input type="checkbox"/> Yes  <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; margin: 10px 0;"> <thead> <tr> <th style="width: 15%;">CUP</th> <th style="width: 15%;">Resale Price</th> <th style="width: 15%;">Cost Plus</th> <th style="width: 15%;">TNMM</th> <th style="width: 15%;">Profit Split</th> <th style="width: 20%;">Other (<i>If so, please describe</i>)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><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><b>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</b></p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods  <input checked="" type="checkbox"/> Most appropriate method  <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><b>If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.</b></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.  <input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)  <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 isn't any 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

7	<p><b>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></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>	
8	<p><b>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</b></p>	<p><input type="checkbox"/> <b>Yes</b></p> <p><input checked="" type="checkbox"/> <b>No</b></p>	
9	<p><b>Does your tax administration use secret comparables for transfer pricing assessment purposes?</b></p>	<p><input type="checkbox"/> <b>Yes</b></p> <p><input checked="" type="checkbox"/> <b>No</b></p>	
10	<p><b>Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></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. Finnish Tax Administration recommends applying the inter-quartile range as an arm's length range in published guidance on Transfer Pricing Documentation.</p>	
11	<p><b>Are comparability adjustments required under your domestic legislation or regulations?</b></p>	<p><input type="checkbox"/> <b>Yes</b></p> <p><input checked="" type="checkbox"/> <b>No</b></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. There aren't any requirements to apply any comparability adjustments.</p>	

## Intangible Property

12	<b>Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<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>	
13	<b>Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard to value intangibles (HTVI)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
14	<b>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

## Intra-group Services

15	<b>Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<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>	
16	<b>Do you have any simplified approach for low value-adding intra-group services?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<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>	
17	<b>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

## Cost Contribution Agreements

18	<b>Does your jurisdiction have legislation or regulations on cost contribution agreements?</b>	<input type="checkbox"/> Yes <input checked="" 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.	

## Transfer Pricing Documentation

19	<b>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If affirmative, please check all that apply:</i> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</li> <li><input type="checkbox"/> Other (specify):</li> </ul>	<p>For transfer pricing documentation: Articles 14a-14c of the Assessment Procedure Act</p> <p>For CbCR: Articles 14d-14e of the Assessment Procedure Act</p> <p><a href="https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenetelyst%C3%A4#L2P14a">https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenetelyst%C3%A4#L2P14a</a></p>
20	<b>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</b>	The taxpayer should present the documentation 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 written in English, Finnish or Swedish is accepted.	Articles 14a-14c of the Assessment Procedure Act

21	<b>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>  Penalty for non-compliance with the requirement to submit documentation could be charged up to EUR 25.000.	Article 32 of the Assessment Procedure Act  <a href="https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenetelyst%C3%A4#L4P32-2">https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenetelyst%C3%A4#L4P32-2</a>
22	<b>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</b>	According to the recommendation of the Commission (of 6 May 2003, 2003/361/EC) regarding the definition of small companies and SMEs 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, 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.	
<b>Administrative Approaches to Avoiding and Resolving Disputes</b>			
23	<b>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</b>	Please check those that apply: <input checked="" type="checkbox"/> Rulings <input checked="" type="checkbox"/> Enhanced engagement programs <input checked="" type="checkbox"/> Advance Pricing Agreements (APA) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Unilateral APAs</li> <li><input checked="" type="checkbox"/> Bilateral APAs</li> <li><input checked="" type="checkbox"/> Multilateral APAs</li> </ul> <input checked="" type="checkbox"/> Mutual Agreement Procedures <input type="checkbox"/> Other ( <i>please specify</i> ):  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 guidance concerning specific issues which are published.	Articles 85 and 85 a) in the Assessment Procedure Act  <a href="https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenetelyst%C3%A4#L8P85">https://www.finlex.fi/fi/laki/ajantasa/1995/19951558?search%5Btype%5D=pika&amp;search%5Bpika%5D=Laki%20verotusmenetelyst%C3%A4#L8P85</a>

### Safe Harbours and Other Simplification Measures

24	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	
25	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	

### Other Legislative Aspects or Administrative Procedures

26	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>	
27	Does your jurisdiction make secondary adjustments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

### Other Relevant Information

28	Other legislative aspects or administrative procedures regarding transfer pricing		
29	Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire)		