

Finland Tax Knowledgebase

Employee personal income tax

Tax residence

You are fully liable to pay tax in Finland as a resident taxpayer if either of these 2 descriptions match your circumstances:

- You live in Finland. In other words, Finland is where you have your primary place to live – your permanent home.
- You do not have your permanent home in Finland, but you have stayed here for more than 6 months consecutively. For tax purposes, your stay is considered consecutive and ongoing, even if you leave Finland from time to time. No importance is attached to the reason for your presence.

Being a resident individual taxpayer, you pay tax to Finland on all the income you receive from sources in Finland and other countries. For example, if you receive income from employment as you work in Finland, you need a Finnish tax card. Read more here:

https://www.vero.fi/en/individuals/tax-cards-and-tax-returns/arriving_in_finland/work_in_finland/

If you are a citizen of a foreign country, you cease to be a resident in Finland as soon as you leave the country.

Conditions for the obligation to file the PIT

In Finland, individuals must file a Personal Income Tax (PIT) return under the following conditions:

- **Self-employment or business income:** Required for those engaged in self-employment or business activities.
- **Foreign income:** Must file if receiving income from abroad, even if taxes were already paid in the foreign country.
- **Income not taxed at source:** Income like capital gains, rental income, or dividends must be reported.
- **Significant changes:** If there are substantial changes in income or deductions (e.g., large bonuses, selling property).
- **Non-residents with Finnish income:** Non-residents earning Finnish income (e.g., salary, rental income) must file.

Tax report in question (Form name)

Tax report depends on the type of income. All forms can be found here:

<https://www.vero.fi/en/About-us/contact-us/forms/>

Tax year

The tax year in Finland is the calendar year: January 1 to December 31.

Tax rates

Individual taxable income is subject to progressive national rates ranging from 12.64% to 44.25%, municipal taxes ranging from 4.70% to 10.90%, an optional church tax of 1.0% to 2.25% for church members, and a health insurance contribution of 1.06% on earned income.

Tax returns and payment of tax

- **Tax returns:** Most individuals receive a pre-completed return in March (for the previous year). If no changes are needed, no action is required. The deadline for corrections is usually in April.
- **Filing status:** Spouses file separately; no joint filing or income splitting allowed. Non-residents usually don't file, unless they have untaxed Finnish income (e.g. rental income).
- **Tax payments:** Income tax is generally withheld at source. If not, individuals may need to make monthly estimated payments.

Residual tax (underpaid tax) accrues interest (6.5% in 2025) if unpaid after January. Voluntary early payments reduce this interest. Refunds are issued between August and December.

Personal deductions (salary)

1. **Deduction for the production of income when costs are less than €750:**
Amount: €750 (Cannot exceed the sum of wage income for the year).
2. **The employment income credit for 2025:** offers a maximum credit of €3,225, with individuals aged 65 or over qualifying for €4,425; the credit is calculated at a rate of 18% of qualifying income, but it reduces by 2.22% if net taxable earned income exceeds €24,250 and by 3.44% if it exceeds €42,550, with additional increases of €50 per child under 18 in custody, and doubled for single parents.
3. **The basic allowance for 2025:** offers a maximum deduction of €4,115, which is reduced by 18% for income exceeding this amount, with no partial deduction available if net taxable earned income exceeds €26,976.

Tax allowances

1. Accommodation: If your employer provides housing or pays for a dwelling you rent, you receive an accommodation benefit, calculated based on the dwelling's size, location, and heating costs (but not electricity costs). The value of this benefit varies by municipality and postal code, especially in Helsinki.

2. Garage: The value of a heated garage or an indoor space in a parking structure is €91.00 per month in the 'Helsinki 1 to 4' districts, in Espoo, Kauniainen and Vantaa and €60.00 elsewhere in Finland. An unheated garage or indoor parking space is valued at €60.00 per month in the 'Helsinki 1 to 4' districts, in Espoo, Kauniainen and Vantaa and at €49.00 per month elsewhere in Finland.

3. Meals: Employer-provided meals are valued at €8.60 per meal if the employer's direct costs, including VAT for providing this benefit, are at least €8.60 but not more than €13.70. If direct costs, including VAT, are less than €8.60 or more than €13.70, the valuation of this benefit must reflect the actual costs, including VAT.

For additional tax allowances in Finland, visit here:

<https://www.vero.fi/en/detailed-guidance/decisions/47380/in-kind-benefits-fringe-benefits-2025/>

Additional tax reliefs (not mentioned above)

1. The pension income deduction for 2025: provides a maximum deduction of €11,030, with a reduction of 51% for income exceeding €11,030 and 19.6% for income exceeding €22,500.

2. The disability credit in the Åland Islands offers a maximum credit of €440, available to individuals with a permanent disability ranging from 30% to 100% due to illness, injury, or similar causes.

3. The deduction for study grants in 2025 offers a maximum deduction of €2,600, with 50% of earnings exceeding this amount deducted from the study grant deduction, and no deduction available if net taxable earned income exceeds €7,200.

4. The deduction for seafarers' income in 2025 allows a deduction of 20% of total seafarers' income, up to a maximum of €7,000, with a 5% reduction for income exceeding €50,000, and an additional €170 deduction for each full calendar month spent working cross-trade without visiting Finland.

How to submit the tax return

1. Log in to MyTax: Sign in using your Finnish online banking credentials or a mobile certificate on the MyTax login page.

2. Access your pre-completed tax return: Go to the "Individual income tax" section, select "Pre-completed tax return 2024," and review the information. If this is correct, no action is required. Otherwise, proceed to make changes.

3. Make corrections or add information: Click "Make corrections" and update sections as necessary, such as rental income, capital gains, or deductible expenses.

4. Review and submit: After making changes, carefully review your entries, then click "Submit" to send your tax return. You'll receive an acknowledgement of receipt once your request has been processed.

5. Deadlines: Tax return deadlines typically fall on April 1, 15, 22, or 29. Check your pre-completed return for the exact deadline.

Employee taxation of income (int, div, royalties)

Interest income: Tax rates

Interest income is fully taxable at capital income tax rates: 30% on capital income up to €30,000, and 34% on the portion of capital income exceeding €30,000.

Dividend income: Tax rates

85% of dividends are taxed as capital income at 30% (up to €30,000 of taxable capital income) and 34% on the excess. The remaining 15% is tax-exempt.

Capital gains: Tax rates

Capital income is taxed at a rate of 30% if it is no more than €30,000, and 34% on the portion of capital income exceeding €30,000.

Royalty income: Tax rates

Royalties are classified as capital income in Finland. As of 2025, capital income is taxed at a flat rate of 30% for the first €30,000 of net capital income. Any capital income exceeding this threshold is taxed at 34%.

Withholding

Withholding tax on interest: Rates

- Residents: Withholding tax on interest income is 30%.
- Non-residents: Withholding tax on interest income is 30%, but may be reduced if a tax treaty applies.

Withholding tax on dividends: Rates

- Non-residents: Non-residents are generally subject to a 30% withholding tax on dividends, with a 35% rate for nominee-registered shares; however, they can apply for tax refunds if excessive tax is withheld, and no withholding applies to dividends under €20 or those paid into equity savings or PS accounts.
- Residents: Dividends paid to a resident individual from an unlisted company are subject to a 7.5% withholding tax. If the dividend exceeds EUR 150,000, the withholding tax rate on the excess portion is 28%. A 25.5% withholding tax applies to dividends paid to a resident individual from a listed company.

Withholding tax on capital gains: Rates

Residents: Capital gain income is taxed at a rate of 30% if it is no more than €30,000, and 34% on the portion of capital income exceeding €30,000.

For non-residents, Finland generally applies a 35% withholding tax on capital income unless a lower rate is specified in a tax treaty.

Withholding tax on royalties: Rates

The withholding tax rate on royalty payments to resident individuals is determined by the taxpayer's individual tax card. If the taxpayer fails to provide a tax card to the payer, the default withholding tax rate is 60%.

For nonresident individuals, royalty payments are subject to a withholding tax of 30%. However, this rate may be reduced if a relevant tax treaty applies.

Fees for technical services:

The withholding tax rate on fees for technical services paid to a resident individual depends on the taxpayer's individual tax card. If the taxpayer does not provide a tax card to the payer, the applicable withholding tax rate is 60%. A 30% withholding tax applies to fees for technical services paid to a nonresident individual.

Employee tax - special regimes to apply

Expatriate Law (Working abroad rules)

Non-resident individuals are taxed only on Finnish-source income: 35% on employment income and 30% on dividends, interest, and royalties, unless a tax treaty provides a lower rate. Certain interest income (e.g., bank deposits, bonds) is tax-exempt. No itemised deductions are allowed, but a standard deduction of €510 per month applies.

Native Teams

The foreign expert tax regime applies a flat 32% tax rate on Finnish-source salary income for foreign employees with specialised knowledge, provided their monthly salary is at least €5,800. The regime is available for up to 84 months (as of January 1, 2024) and is not available to those who were Finnish residents in the last five years or are Finnish nationals. Applicants must apply within 90 days of starting work, with extensions available for periods shorter than 84 months.

Digital nomads' tax regimen

Digital nomad visa: Finland does not have a specific digital nomad visa. However, if you stay in Finland for less than 183 days, you are not considered a tax resident and will not be taxed on your global income. If you stay longer or register as self-employed, you will be subject to Finnish taxation.

Double taxation agreements (link website)

You can find a list of the Double Tax Treaties signed by Finland and currently in force on the following website:

https://www.vero.fi/en/detailed-guidance/guidance/49062/tax_treatie/