This guide has been prepared by an independent third-party firm.

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FINLAND – TAX CONSIDERATIONS ON SHORT-TERM ACCOMMODATIONS

The following information is a guide to help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in Finland.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Finland, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value added tax (VAT)

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we do not update this information in real time, so you should confirm that the laws or procedures have not changed recently.

We draw your attention to the fact that Airbnb is likely obligated to report income earned by users of the platform to tax authorities. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the tax authorities may ask you questions.

INCOME TAX

When you earn income in Finland, it is likely that you will be required to pay a percentage of the tax on this income to the Finnish tax authority. Below is a brief outline of the tax that may arise on income earned from short-term lettings in Finland and some information on how this tax can be paid over to the Finnish tax authorities.

Finland’s tax year runs from 1 January to 31 December.

Coming within the charge of income tax in Finland.

You are always liable to pay taxes on rental income derived from real property located in Finland. There is no minimum threshold concerning rental income taxation.

For tax purposes, apartments are also regarded as real property and most of the tax treaties Finland has in place allow Finland to tax rental income from apartments (i.e. they are comparable to real property). However, some tax treaties prevent Finland from taxing rental income from apartments in cases where the income is received by a person resident in the other country with which Finland has the tax treaty. This would be determined by the relevant country's treaty.

If you are unsure about how tax should be calculated on your income, you should consider whether it may be appropriate to seek advice from a professional tax advisor or accountant to assist in completing your tax return.

Reporting tax in Finland.

When filing an income tax return in Finland you should declare your rental income online at the Finnish Tax Administration's MyTax -service (website) or with using relevant paper form i.e. 7H or 7K.

Reporting tax - filing deadline.

The filing deadline can be found on the pre-completed tax return form that you receive from the Finnish Tax Administration typically in March or April following the relevant tax year. The filing deadline is usually in May and the deadline is the same for paper and online filing.

Reporting tax - payment deadline.

If your taxes are paid as residual taxes, the due dates for residual tax payments are reported on the final tax assessment that you will receive from the Finnish tax administration after filing the Finnish tax return. The due dates differ between every tax payer depending on when their final tax assessment is issued. The first due dates are between August and December of the assessment year (i.e. in the year following the tax year). If the payable tax is more than €170, there are two installments and the due date for the second installment is typically 2 months from the first installment. Late-payment interest with relief, currently 2%, is added to the tax payments from the beginning of February following the tax year. Normal late-payment interest, currently 7%, is payable after the due dates.

If your taxes are paid as residual taxes, you may also pay the taxes during the tax year. If you have had rental income previously, the Finnish Tax Administration takes the rental income automatically into account in your tax rate or prepayment amount based on the previous year's rental income. Typically, rental income below €7,000 is taken into account in your tax card's tax rate. For rental income above €7,000, Finnish Tax Administration typically imposes separate tax prepayments. You can pay taxes based on the Finnish Tax Administration's assumptions or request a new tax card or changes to prepayments in MyTax – service, if the assumptions are not correct. If you are receiving rental income for the first time, you can ask for a new tax card or request prepayments including the rental income in MyTax-service.

Finland Tax Authority contact details.

The contact details for the Finnish tax authority are outlined below:

Website: www.vero.fi/en/

Phone: 029 497 024

Finnish income tax rates.

Rental income is considered as taxable capital income and is taxed at rates of 30% and 34% (the latter being applicable when the annual taxable capital income exceeds €30,000).

Finland specific rules applicable to income earned in relation to short term lettings.

Income earned from short-term letting would be considered passive rental income, but there are no special tax rules compared to long-term rental income.

Typical expenses that can be deducted from an individual's income in relation to short- term lettings.

As a main rule, expenses incurred in acquiring or maintaining rental income relating to the rental period can be deducted.

In cases where only a part of the apartment is rented out, expenses are allocated and deducted accordingly (i.e., in relation to the area rented out in respect to the total area).

Typical deductible expenses are:

- Maintenance costs,
- Management fees,
- Insurance,
- Cleaning expenses and water.

Mortgage payments are not deductible but interest on mortgage for an investment apartment or house is noted as a deduction on capital income. Please note that interest on mortgage for a permanent residence is not tax deductible in tax year 2023. If an apartment or house has been used for both personal and rental use, interest allocated to the rental time can be deducted from capital income.

Deductions available for tax depreciation (e.g. capital allowances / wear and tear).

If you are renting out a house (not an apartment) which is not used mainly as your own home or holiday home, a maximum depreciation of 4% of the purchase price of the property can be deducted. The depreciation is allocated in accordance with the rental period. Please note that no depreciations can be made on the purchase price of land.

Where either a rented apartment or house is furnished, a deduction of €40 per month (or €1.30 per day) can be applied for rented one room or studios. If the apartment includes at least two rooms, a deduction of €60 (or €2 per day) applies.

Finnish income tax obligation for non-resident individuals.

It is likely that if you are not resident in Finland but own a real property or an apartment there, you will be required to pay tax on this income.

Finnish income tax obligations for a Finnish individual in receipt of foreign rental income.

If you are considered a tax resident in Finland for internal tax purposes, then you are subject to tax on foreign rental income.

General property taxes payable.

Property tax is only payable in the case of real estate. Property tax on a residential building varies from 0.41% to 1% and from 0.93% to 2% for recreational dwelling, depending on the municipality.

Property tax is not payable on apartments, however, it is usually embedded in the maintenance fee.

Capital taxes in Finland.

Capital income tax rates are 30% and 34%, with the latter percentage being applicable to the annual taxable capital income exceeding€30,000. If the notification regarding the rental income will be provided to the tax authorities before the end of the taxation for the tax year in question (which is the time when the taxation process of a certain tax year is completed, which is roughly between May and October after the tax year), capital income tax can be prepaid already during the tax year or before the end of the taxation. As presented in the chapter *Reporting tax - payment deadline*, no late-payment interest is payable on taxes paid by end of January following the tax year.

In cases where the notification regarding the rental income will be filed after the end of the taxation for the tax year to the Finnish tax authorities, the tax is payable as residual taxes after receipt of the final tax assessment.

Any gain or loss derived from the sale of a house/apartment that you have used as your home for a duration of at least 2 years, while also owning the house/apartment, is regarded as a non-taxable event. The period of 2 years needs to be continuous and even short-term rental of the house/apartment breaks the continuity (this includes even a one day rental period). However, where you rent a maximum of 50 percent of the area of the house/apartment, it should not be taken into account when calculating the aforementioned continuity as long as the remaining part has been at the individual's continuous use for at least 2 years.

Sample Tax Computation		
Laura owns a 2 bedroom flat in Helsinki. She rents out the spare room during the weekends. In 2023, the apartment was rented out for 73 days and in the remaining time it was in Laura´s own use.		
The total gross rent received for 2023 was €6,000.		
Laura incurred the following expenses in relation to this house in 2023: insurance for the apartment €500, mortgage interest €1,500**, electricity €600, broker's fee €500 and daily consumer goods for the tenants €300.		
		€
Gross rental income		6,000
Less allowable expenses:		
	House insurance (73 / 365)*	(100)
	Electricity (73 / 365)*	(120)
	Broker’s fee	(500)

	Deduction for furnished rentals	(95)
	Daily consumer goods for the tenants	(300)
Taxable rental income		4,885
Deduction from capital income**		
interest on mortgage during rental period, 100% deductible		(300)
Taxable capital income		**4, 585**
** If expenses do not occur purely from renting, they have been divided according to days when the apartment was rented or reserved for renting.*		
*** Mortgage interest for own use is not deductible on the capital income in 2023, however, if an apartment has been rented out, the interest on mortgage is 100% deductible (needs to be allocated according to the days when the apartment was rented out).*		

VALUE ADDED TAX

Value added taxes can be complicated and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in Finland is a tax on consumption. Most goods and services supplied in Finland are subject to VAT.

A person who supplies goods and/or services in Finland may have to charge VAT and pay this to the Finnish tax authority. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in Finland.

If you are currently renting out a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the Finnish tax authorities. As Airbnb is not supplying the rental, it is the responsibility of the host to consider local VAT obligations of the rental charge.

Do I need to collect any VAT from guests if I am letting short-term accommodation in Finland?

In general, individuals who are considered to be in business in Finland need to charge VAT on their supplies, once the criteria for VAT registration is met.

Currently, in Finland, you are required to register for VAT if you are carrying out professional provision of accommodation services, and thus, economic activity for VAT and your turnover exceeds €15,000. As such, when you supply short term accommodation and you breach this threshold, you should register for VAT.

If you are an individual who is not resident in Finland, but your accommodation is located in Finland, then you should also register for VAT, as no registration threshold applies to you, if you carry out business activities outside Finland.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and charge Finnish VAT.

For further guidance on registering for VAT, please see the Finnish tax authorities' website.

VAT applies to me. How do I determine how much tax I need to collect from my guests?

VAT rates differ per country and change periodically. We recommend you to check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the VAT rate applicable to supplies of accommodation (to customers in need of temporary accommodation) is 10% in Finland. If the accommodation is provided for a period in excess of six months, this may be exempt from VAT (i.e. no VAT should be charged).

However, there are other VAT rates currently in force in Finland and changes to the Finnish VAT rates, including increasing the VAT rate applicable to accommodation services are planned, so we recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies.

VAT applies to me. How do I collect VAT from guests?

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a periodic VAT return via MyTax service. In Finland, the VAT return typically covers a monthly period and is required to be filed by the 12th day of the second month following the period end (i.e. the January VAT return is due to be filed by 12th March). The VAT payment is required to be made on the same day that the VAT return is required to be filed. You may apply for a longer tax period if your net turnover per calendar year is below the threshold of €100,000.

Based on the regulations in Finland, the pricing for your supplies of accommodation to private individuals (B2C) should include the amount of VAT due on those supplies.

Some formalities, such as issuing a receipt or an invoice to your guests, may be required. There may also be further requirements around whether you use VAT-inclusive or VAT-exclusive pricing. We recommend that you check your obligations in terms of pricing and the applicable invoice requirements with a local tax advisor.

For further guidance on filing returns, please see the Finnish tax authorities' website.