

## ***Corporate tax law changes in Finland as of 2014***

- **Corporate income tax (CIT) rate** was reduced from 24.5 % to 20 % for tax years ending in 2014
- **Deductibility of interest expenses for intragroup loans** was restricted to 25% of fiscal EBITDA (previously the limitation was 30% of fiscal EBITDA)
- **Entertainment expenses** are fully non-tax deductible as of tax year 2014
- **Additional tax deduction for costs on education of employees**
- **R&D incentive** was limited to tax years 2013–2014 only (originally 2013–2015)
- **Accelerated depreciations on production investments** were limited to tax years 2013–2014 only (originally 2013–2015)
- **Changes in taxation of dividends received by companies:**
  - **Dividends received by a non-listed company from a listed company shares 100 % taxable income**, if the company owns less than 10 % of the share capital of the distributing listed company (before 75 % taxable and 25 % tax-exempt income).
  - **Dividends distributed by a non-resident company tax exempt income**, if the distributing company is such as mentioned in the Parent-Subsidiary Directive **or** other company resident in an EU or EEA country, which is liable to pay at least 10 % tax for its income. However, dividend is 100 % taxable, if a non-listed company receives dividend distributed by a listed company and recipient's ownership less than 10 %.
  - **Dividends distributed by a non-resident company (other than EU/EEA country) 100% taxable income**. However, tax treaties usually prevent the taxation of certain subsidiary dividends.
- **Major changes in the taxation of dividends received by individuals, too**
- **Distribution from reserve for unrestricted equity is taxed as dividend as of 2014** (exceptions applicable to distributions from non-listed companies) – as regards funds, which were invested into a non-listed company prior to 2014, the new rules apply as of tax year 2016.
- **Applicable withholding tax rate on dividends, interests and royalties paid to a non-resident company was reduced to 20 %** (previously 24.5 %).
- As notified earlier, **public service broadcasting tax (YLE-vero)** for companies entered into force on 1 January 2013.
  - If the taxable income of the company is at least EUR 50,000 the tax is EUR 140 added with 0.35 % of the amount of income exceeding EUR 50,000. However, at most the tax is EUR 3,000 per year (a maximum of EUR 3,000 will be levied, if the taxable income is at least EUR 868,000). YLE-vero is deductible in the taxation of a company.
  - **Should be noted in the tax calculation for tax year 2013.**