



GMS Flash Alert



2018-126 | September 25, 2018

Finland - Advent of Incomes Register Means Reporting Changes for Earned Income

The reporting of earned income in Finland will change as of 1 January 2019, when the new “Incomes Register” (*Tulorekisteri*) will be deployed.¹

The Incomes Register is a national online database that will replace several reports and returns to be submitted up through the end of this year to various bodies. Among the reports being replaced is salary information intended for the Finnish tax authorities and various bodies that manage social security.

WHY THIS MATTERS

Global mobility managers overseeing the tax compliance needs of their assignees, payroll administrators, and tax service providers need to be aware of these changes. The move to an online database – the Incomes Register – and the timing of submissions will mean an alteration in practices and policies around reporting of earned income and payroll information returns.

Employers should start preparing for these changes as they will apply for all earned income from the beginning of January. In general, employers will have to report the required information electronically through a technical interface to the Incomes Register, which requires changes to payroll.

Failure to comply with these changes could result in penalties.

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Changes Arising from Move to Incomes Register

The Incomes Register will replace the annual payroll information returns currently submitted to the Finnish Tax Administration and other parties, such as employment pension funds and unemployment insurance companies. The information required by the various authorities is to be submitted with a single report made to a single, centralized register.

The annual payroll information returns for 2018 will be the last to be delivered to the Finnish Tax Administration.

New Requirements for Employers and Payors

Employers and other payors must report the details of earned income paid after 1 January 2019, to the Incomes Register within five days of payment. Employers' separate reports on matters such as the total amount of an employer's health insurance contributions paid during the month, must be submitted every month, on the fifth day of the following calendar month.

KPMG NOTE

Foreign Employers

The Incomes Register will change reporting duties for both Finnish and foreign employers. The changes may even affect the reporting of foreign employers with no employees in Finland – for example, in situations where a Finnish individual is working abroad but is insured in Finland.

Foreign Companies with No Permanent Establishment

Another important change to note is that foreign companies with no permanent establishment (PE) will have reporting obligations on salaries paid on a monthly basis and, thus, will need to be set up in the Register. This means a larger administrative burden compared to the situation under previous legislation, which only required reporting on an annual basis.

Rules on payroll withholding and on when social security is to be registered and remitted will remain the same.

FOOTNOTE:

1 To see the Governmental proposal (in Finnish): *Hallituksen esitys HE134/2017 vp*, click [here](#).

For the Law: *Laki tulotietojärjestelmästä*, click [here](#).

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Contact us

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