

TAXATION

The below overview is based on Finnish tax laws, as in effect and applied at February 2022. Applicable taxation practice and guidelines issued by the Finnish tax authorities, as available and in force at February 2022, has been taken into consideration in the overview. Changes in tax laws, taxation practices and guidelines issued by the Finnish tax authorities may change the conclusions set out in the overview and may also have a retroactive effect on the taxation.

The below overview is not exhaustive and does not address the tax laws of other countries than Finland. The below overview is applicable to Finnish tax resident private individuals and Finnish limited liability companies only.

Each prospective investor should consult its own tax adviser as to the Finnish or the tax consequences under foreign laws resulting from the trading of CFDs.

Finnish tax resident private individuals

There are no specific provisions regarding the taxation of CFDs in the Finnish Income Tax Act. Based on established court and taxation practice, CFDs that are not subject to public trading on a regulated marketplace, are not subject to the rules on derivatives in the Finnish Income Tax Act. Therefore, income (profits) on CFDs is treated as taxable capital income for individuals (but does not qualify as capital gains). Losses on CFDs may, in turn, not be set off against or deducted from any other capital income received by the individual, neither does it qualify as a tax-deductible capital loss. Accordingly, Finnish tax resident private individuals trading CFDs, can lose the entire capital that they have invested and still be liable to pay tax for any profit (capital income) they make on CFDs.

Currently, all capital income of individuals is taxed at a rate of 30 % and 34 % for capital income exceeding € 30,000 annually.

Finnish tax resident private individuals must ensure that profits on CFDs for each calendar year are appropriately reported in their pre-filled income tax return (which should be corrected/amended when necessary).

Finnish limited liability companies

The following applies only to such limited liability companies that are subject to tax under the Finnish Business Income Tax Act.

Limited liability companies established under the laws of Finland are generally liable to tax in Finland on their world-wide income. The corporate income tax rate is currently 20 %.

Any profits on CFDs constitutes part of a limited liability company's taxable income. Similarly, a loss related to CFDs should result in the recognition of the loss as a tax-deductible expense, assuming that the company is engaged in revenue-generating activities.

Transfer tax

CFDs and the payment of the associated cash position (settlement price) is not subject to any Finnish transfer tax.