

**Authorisation regulation**

The Withholding Tax Act, Sections 8 and 10, Subsection 1  
The Act on Tax Procedure (1558/1995) Section 17, Subsections 8 and  
11

The Act on the public disclosure and confidentiality of tax information  
(1346/1999)

Section 17, Subsection 1, Paragraph 1

**Validity**

8 May 2018–31 March 2019

**Replaces the norm (no., date)**

A38/200/2017 31.8.2017

**Recipient**

Employers

IT service providers Service provider for electronic data transfer

**Date**

1 August 2018

**Registration number**

A61/200/2018

**Direct transfers of withholding data on wages in 2019**

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# THE TAX ADMINISTRATION IN- STRUCTION

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7 More information on withholding ..... 10

Enclosures: Direct transfer of withholding data / the data file specification for the prepayment  
year 2019.



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## Direct online transfer of 2019 withholding data for payments of wages

This instruction concerns the 2019 withholding data for tax cards. The answer files that the Tax Administration sends back to the employers contain information for basic tax cards. The percentage rates displayed are the withholding rates to be applied to wage income. They can be applied to other types of earned income as well. This requires that the provisions of the Prepayment Act, the Prepayment Decree and the Official Decision of the Finnish Tax Administration on the methods and rates of withholding are followed.

### 1 CHANGES ON THE PREVIOUS YEAR

We have made a great number of changes to the instruction and data file specification. Among other things, the appearance of the data file specification has changed, and data formats have been redefined. Changes have also been made to the data to be transferred.

#### 1.1 Key changes:

No distinction between monthly and hourly pay (position 50); the value of the position has been changed from 0 to → 3. This means that the values of the position may be one of the following:

- 1 = monthly pay
- 2 = hourly pay
- 3 = no distinction between monthly and hourly pay

In future, the categorisation value of the request in position 51 may be one of the following:

- 1 = request for withholding data on non-seafarer's pay
- 2 = request for withholding data on seafarer's income (shipping companies)
- 3 = request for withholding data on a family caregiver's compensation or a foster care provider's fee and expenses
- 4 = request for withholding data on pay received from work carried out on ferries in the Åland islands (Government of Åland)

With regard to income from a non-seafarer's secondary occupation, the value will be 3, in other words, the same as for a request for withholding data on a family caregiver's compensation or a foster care provider's fee and expenses.

A new value 4 has been added to the data file specification, referring to a request for withholding data on "pay received from work carried out on ferries in the Åland islands" (Government of Åland)

The format of withholding rates and additional withholding rates will be changed to be that of a decimal figure. Previously, percentages were indicated without a separator. For example, 25.5% was indicated as follows: 255. In future, a separator will be used: for example, 25.5.

The withholding rates and additional withholding rates for a family caregiver's compensation or a foster care provider's fee and expenses will also be indicated using a separator.

In deviation from the previous practice, the income ceiling in positions 62–73 will also be indicated using a separator. The previous value will be changed from 11 to 9.2 (11 → 9.2).

The value for the income ceiling of a family caregiver's compensation or a foster care provider's fee and expenses will change from 10 to 8.2 (10 → 8.2).

The following information has been **deleted** from the data file specification:

- Earned annual income (positions 76–85)
- Withholding rate for a freelancer's pay (positions 89–91)
- Withholding rate for a tax card with income scales (positions 108–116)
- Taxation municipality (positions 117–119)

The following information will be added to the end of the data file specification, in positions 129–140: "Details identifying the software that generated the notification".

In position 53, value 1 indicates that the issue involves the payer of benefits.

In position 53, value 2 indicates that the issue involves a personnel fund. In such a case, the personnel fund must report those employers' business IDs in the data file specification named "Employers' ID" (positions 37–49), on whose behalf it pays personnel fund units.

## 2 DIRECT TRANSFER PROCEDURE

### 2.1 Steps of the direct transfer procedure

Direct online transfer of withholding data on wages is a procedure where the Tax Administration delivers the withholding data on employees to the employer, the payer of a benefit or personal fund. The Tax Administration delivers withholding data on employees once a year according to employee-specific requests received from employers, a payer of a benefit or a personal fund. Request formats must comply with the data file specification and they must be submitted to the Tax Administration online. The employer, payer of a benefit or personal fund must complete the request file as specified and give sufficient identification data for each worker.

The Tax Administration will supplement the request files with withholding information, sending them to the employer, payer of a benefit or personal fund via the same service that was used to submit the request.

### 2.2 e-Services used in data transmission

To transfer data from to the Tax Administration, the sender can use either [www ilmoitin.fi](http://www.ilmoitin.fi) (provided by the Tax Administration) or a service offered by a Tyvi operator can be used. The data cannot be delivered through any other data medium such as a CD-ROM or USB stick. More information on these services is available at [ilmoitin.fi](http://ilmoitin.fi) and [vero.fi / tyvi](http://vero.fi/tyvi).

In order for the data transmission to succeed, the accounting software must be able to create files that comply with the requirements of the specification. It is the task of commercial software vendors to make sure of this. It is the responsibility of the filer or their representative that the e-file is successfully sent either via the Ilmoitin.fi or via Tyvi services.

Commercial software vendors must run the necessary checks (at Ilmoitin.fi > Check) on the files before sending them for the first time. This step will ensure a secure and problem-free transfer of data.

Send your filing to the Tax Administration only once. It is the responsibility of the party submitting the details to ensure that the data are correct.

Electronic filing requires that the employer or the IT service provider obtains an electronic ID or an authorisation from the company they represent. The Tax Administration's e-Services require secure sign-in. For more information, please visit [suomi.fi](http://suomi.fi) or [yrittys.tunnistus.fi](http://yrittys.tunnistus.fi).

The Tax Administration sends back the request file supplemented with withholding information using the same data transfer service that was used for submitting the file. We will start sending back the answer files in mid-December. The withholding data is sent to employers as soon as it is ready.

Separate data file specifications list all the required data elements and explain the structure and formats of the request file.

### **2.3 Deadline for making a direct data request**

Employers must submit their requests by **31 January 2019** to the Tax Administration.

### **2.4 New employer, payer of benefit of personal fund participating in the direct transfer**

New employers, payers of benefits or personal funds participating in the direct online data transfer process need not send any advance notice to the Tax Administration. There is no need to sign any contracts when you participate in the online data exchange with the Tax Administration for the first time. However, participants must closely follow the instructions and the updates made to them by the Tax Administration.

The contact information for the Tax Administration can be found in the data file specification.

### **2.5 Payers of social benefits using the transfer of withholding data**

If you are a payer of taxable social security benefits, unemployment relief, insurance indemnities or comparable taxable benefits, you should give "1" as the value of position 53 – "Payer is". If you are a payer of wages, salaries or nonwage compensation (trade income), you must leave this position blank.

### **2.6 Payers of social benefits by a personal fund using the transfer of withholding data**

If you are a payer of a taxable personal fund unit, you should give "2" as the value of position 53 – "Payer is". If you are a payer of wages, salaries or nonwage compensation (trade income), you must leave this position blank.

A personal fund must also enter in positions 37–49 the employer's business ID on behalf of which the personal fund unit is paid.

### **2.7 Publishing of instructions and data file specifications**

Instructions and Data File Specifications are posted each year at [tax.fi > Information on the Tax Administration > Information on taxation > SoftwareDevelopers > Descriptions of equipment > Direct transfers and other notifications](#).

Instructions are issued on an annual basis as there is some variation from year to year because of the irregularity associated with the withholding rates, their dates of coming into force, and the final dates for the filing of direct transfer requests. Software providers and other parties requesting the transfer should therefore adapt to regularly occurring changes of data file specifications every year.

In 2018, data file specifications will be published as early as 8 May, as the Tax Administration wants to provide all parties participating in direct transfer with as much time as possible to become familiar with the changes taking place.

Ordinarily, the instructions are published in August or September, depending on when tax cards are expected to enter into force and when sufficient information on the legislation for the next year is available.

## **2.8 Who is entitled to request withholding data?**

The Tax Administration delivers withholding data by direct online transfer to employers under section 17 (1), paragraph 1 of the Act on the public disclosure and confidentiality of tax information (1346/1999). Notwithstanding the confidentiality obligation, the Tax Administration may disclose information to employers or other payers on the withholding tax rate and other information required for payment of withholding tax related to taxpayers as specified by the employer/payer.

Employers have the right to collect the data that are needed for withholding and the right to store such data in their payroll accounting systems. The request filing must be limited to cover the individuals who actually work for the employer at the time when the withholding data is in force. If the employer fails to fulfil the requirements of the Personal Data Act (523/1999) when storing personal data, punitive sanctions against the employer and liability to pay indemnities may become applicable.

## **2.9 Confidentiality requirement**

Withholding data delivered through direct online transfer are confidential information. Pursuant to Section 12 of the Act on Public Disclosure and Confidentiality of Tax Information, they may not be used for any purposes other than what is their intended purpose. The only permissible purpose is the withholding of tax.

Provisions on non-disclosure and prohibition of information misuse are found in Section 22 and Section 23 of the Act on the Openness of Government Activities (621/1999). Anyone processing the information must keep it confidential under the provisions of the legislation. They must not use it for their personal benefit or for the benefit of another, nor to the detriment of any third parties.

Whoever handles individual taxpayers' withholding data must also consider the obligations of the Controller of a database within the meaning of Personal Data Act (523/1999), including the obligation to adhere to the agreed purposes of use, the obligation to protect the data and the obligation to inform the individuals whose data is being stored.

Unnecessary information must be deleted from the system (the Data Protection Decree 681/2010).

The confidentiality requirements under the Personal Data Act concern all those who handle withholding data at employer companies, accounting firms or IT service providers.

The database of the Tax Administration makes a log of the users who send in request filings and of the employers (and others) who have been given the withholding data.

### 3 GUIDELINES FOR REPORTING

#### 3.1 One income ceiling

In 2019, the income ceiling for the income period will be discontinued (alternative A). This being the case, all tax cards will be cards with a single income ceiling. Positions 62–73 include a single income ceiling for the period of validity of the tax card.

#### 3.2 Withholding rates and additional withholding rate

The withholding rates and additional withholding rate are indicated using a decimal figure. Previously, the rates were indicated without a separator; however, in future, a separator will be used.

E.g. 25.5

#### 3.3 Identifiers for IT service providers/employers; needs to differentiate between many employers or units

All requests must contain both the Business ID of the party that requests the information and the Business ID of the employer. Both identifiers are mandatory. Only officially issued Business IDs can be used as identifiers. **Any party requesting data transfer** must give their Business ID or sub-accounting unit ID. They cannot identify themselves using a personal identity code. **Employers** either give their Business ID, their sub-accounting unit ID or their Finnish personal identity code. However, the primary identifier for all employers is the Business ID. The use of a Finnish personal identity code is only permitted if no Business ID has been issued to the employer.

If the employer has not engaged the services of an IT service provider, they must have a Business ID. In this case, the employer's Business ID must be entered twice: first as the party asking for data transfer and then as the employer.

The Tax Administration uses the identifier (a Business ID or a sub-accounting ID) when answer files are being compiled and sent back, in order to make sure that all requesters receive the right sets of data.

An IT service provider can make use of the employers' Business IDs when they pass on the data to each employer. Filers may enter any other pertinent data for the purposes of differentiation in position 50 (hourly = 1 and monthly pay = 2), in positions 52 or 54–61. The Tax Administration does not use or alter the data content of these positions.

**Example 1:** The employer asks for withholding data without engaging the services of an IT service provider. The employer enters their company Business ID as the 'party requesting data transfer' i.e. the filer (positions 24–36). The employer must also enter their company Business ID as 'Employer's Business ID' (positions 37–49).

Entries:

Positions 24–36 0333333-2 (company Business ID)

Positions 37–49 0333333-2 (company Business ID)

**Example 2:** An IT service provider transmits withholding information for many employers. The service provider enters their company Business ID as the 'party requesting data transfer' i.e. the filer (positions 24–36). They then enter their client employers' Business IDs as 'Employer's Business ID' (positions 37–49) according to who the employer of the employee being requested is.

Entries:

1. employer:

positions 24–36 0123456-2 (company Business ID)

positions 37–49 0333333-7 (the Business ID of employer no 1)

2. employer:

positions 24–36 0123456-2 (company Business ID)

positions 37–49 0444444-2 (the Business ID of employer no 2).

### **3.4 How to differentiate between hourly pay and monthly pay**

Employers who want to differentiate between employees paid on an hourly basis and on a monthly basis can use the reserve space in the request file. In this case, the Tax Administration will only send one answer file, which either the employer or IT service provider must then sort out between the different employees.

### **3.5 Tax cards for pensioners who receive wage income**

The Pensioner's tax card for wages shows the basic rate and an additional rate for wages and seafarer's income. The income ceiling is the same for both. When making the request, the employer either asks for withholding data for pay from principal employment for non-seafarers (1) or for seafarer's income (2).

In the answer file, the Tax Administration delivers the withholding data for the type of income requested. In the answer file, the withholding data in the tax card for a pensioner's wages are delivered in positions 75–78 and 86–89.

### **3.6 Tax card information for foster care providers (perhehoitajat)**

Municipalities that pay compensation to foster care providers (foster care provider's fee + reimbursement for expenses) can submit requests for withholding data with the categorisation value '3' (position 51) "Request for withholding data on a family caregiver's or a foster care provider's compensation".

If the answer file contains a withholding rate with an income ceiling and an additional rate, the payer municipality can withhold tax according to these. If the foster care provider presents a revised tax card for the foster care provider's fee, the revised card is to be used. If the system does not return any answer file, the foster care provider must be asked to present their tax card.

### **3.7 Tax-card information of family caregivers (omaishoitajat)**

Municipalities that pay compensation to foster care providers (foster care provider's fee + reimbursement for expenses) can submit requests for withholding data with the categorisation value '3' (position 51) "Request for withholding data on a family caregiver's or a foster care provider's compensation".

If the answer file contains a withholding rate with an income ceiling and an additional rate, the payer municipality can withhold tax according to these. If the family caregiver presents a revised tax card for purposes of withholding taxes on family caregiver compensation, the revised card is to be used. If the system does not return any answer file, the payer will have to ask the family caregiver to present his or her tax card.

## **4 IMPLEMENTING THE NEW WITHHOLDING RATES**

### **4.1 Date of implementation**

The planned effective date of new withholding rates is **1 February 2019**.

Even though the Tax Administration sends back the answer files supplemented with withholding information to employers in advance (e.g. during the previous calendar imonth), before the effective date of the tax cards, the employer must not apply the new rates to any withholding until the effective date. This means that in January 2019, the withholding on any wages will continue to be based on the old withholding rates that were valid on 31 December 2018.

However, employers whose employees have provided revised tax cards that enter into force in January 2019 must withhold taxes according to the revised rates.

### **4.2 Stopping income tracking during the year**

#### **4.2.1 Period of validity of revised tax cards**

Revised tax cards are effective from their issue date to the end of the year. The income limit is monitored from the entry into force of the revised tax card until the end of the year, if the tax card contains an instruction to this effect. For example, if a revised tax card has 1 January 2019 as its effective date, there must be no re-start of the tracking of accrued income on 1 February.

#### **4.2.2 Cumulative income tracking of withholding**

As of 2019, cumulative tracking of income will be discontinued as all tax cards will have only one income ceiling.

#### **4.2.3 Tax cards with income scales**

## **5 TAX CARDS WITH INCOME SCALES WILL BE DISCONTINUED AS OF 2019 PRESENTING THE PAPER TAX CARD IS NO LONGER NECESSARY IN DIRECT TRANSFER**

According to the decree governing tax withholding, employees no longer need to show their paper tax cards to their employers if the employer has received their withholding data through direct data transfer from the Tax Administration. Employers must inform their employees that their withholding data has been received online and that there is no need to show the tax cards.

Starting on the effective date of the year's tax cards, the employer must withhold tax according to the transferred data, unless the employee presents a different tax card (i.e. one that has been revised).

It would be desirable that those participating in direct transfer become familiar with information included in direct transfer well ahead of the payday. If those involved with direct transfer become familiar with information included in direct transfer close to the payday, there will be no time to deliver revised tax cards.

If the employer has not received the withholding data electronically in the direct transfer procedure, the employee must hand over the tax card to the employer. This is the case if, for example, employment begins after the transfer request has been submitted. In that case, the employer must ask the employee to provide a paper tax card.

If no withholding information has been made available, the employer must apply a rate of 60% to the payments going to the employee.

Since the data on wages on revised tax cards is not transmitted electronically, employees must always show their revised tax cards to the employer in the same way as before.

Although the Tax Administration data system saves the details of the party requesting the withholding data and of the party that received the data, the Tax Administration's customer service will not disclose them. For this reason, the employer must notify their employee if they have not received any withholding data on the employee in the direct online transfer procedure. If employees enquire about their details transmitted through direct transfer, these enquiries must not be redirected to the Tax Administration.

## **6 CARRYING OUT THE WITHHOLDING**

### **6.1 Taxation will be based on one income ceiling**

As of 2019, only one method for withholding will be applied, based on a single income ceiling. Alternatively, withholding rates and an additional withholding rate will be used

The employer will apply the withholding rate until the ceiling is reached. After that, the employer must apply the additional rate to all payments exceeding the limit during the rest of the year.

### **6.2 Rules on rounding the amounts**

The amounts to be withheld must be calculated to within one cent. The result is rounded to the nearest cent according to usual practice. If the third decimal is 1–4, the sum is rounded down. If it is 5–9, the last cent must be rounded up.

## **7 MORE INFORMATION ON WITHHOLDING**

More information for employers and for payers of other payments subject to tax withholding is available at [vero.fi](#) > Detailed instructions on taxation > Withholding > [Carrying out withholding](#).

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