

**ANNUAL INFORMATION
RETURN ON PAYMENTS OF CAPITAL
REFUNDS, TAXABLE AS GAINS
(VSPAOPAL)
DATA FORMAT SPECIFICATION 2018**

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Change history

Date	Version	Description
2.1.2018	1.0	First release concerning the 2018 taxable year.

1 INTRODUCTION

This guidance explains the structure of the required inbound file and the check procedures that follow. For more information, see [tax.fi > About us > Information and material on taxation > IT developers > e-Filing guidance > Electronic filing of information returns](#) General description.

2 DESCRIPTION OF THE INFORMATION FLOW AND SUBMITTAL OF FILES

For more information on how filers must identify themselves electronically, on the requirements on Katso ID and Katso Role, and on the information flow's check routine for authorizations, click [here](#).

To pay out refunds of corporate capital means that shareholders receive a distribution of the funds that have accumulated in the equity. In balance-sheet accounting, refunds may either show as reductions of the reserves of retained earnings or as reductions of other reserves pertaining to restricted corporate equity such as the reserve fund of received share premiums (ylikurssirahasto in Finnish) or the other reserve fund called vararahasto. More information on capital refunds deemed as sale or transfer is to be found in [tax.fi guidance Arvopaperien luovutusten verotus \(Capital gains from the selling of securities, in Finnish and Swedish\)](#).

The tax treatment of a distribution from the reserves of retained earnings is usually the same as that of dividends. If the distributing company is not stock-exchange listed, the distribution is treated as a disposition of assets, on the condition that a certain set of requirements are met.

The VSPAOPAL annual information return is only for the refunds that are taxable under the rules that govern disposals of securities and the capital gains derived from them.

Starting 2014, all distributions of retained earnings by **companies that are listed** on a stock exchange are taxed as dividends, and the rules governing dividend tax are applied accordingly. They must be reported on the information return on dividends (VSOSERIE, VSOSVYHT), with 04 as the Type of Payment (dividends paid out of retained earnings).

Distributions of retained earnings by **non-listed** companies are taxed as dividends and the rules governing dividend tax are applied accordingly. However, refunds of capital are taxed **in the same way as capital gains**, inasmuch as the shareholder-beneficiary has reported the following facts and information:

- It must be proven that he is getting back the investment of capital he has made to the same company, and
- no more than 10 years has elapsed since his investment.

The same conditions are applied on situations where an estate of a deceased shareholder has received a refund of capital.

Distributions by non-listed companies must be reported on the information return on capital refunds (this return) only if they actually are refunds, taxable under the rules that govern disposals of securities (capital gains). This treatment requires that the

money being refunded is what the shareholders had invested in the company. When working out the capital gain, the amount to be subtracted is the same euro amount as was received as a refund, however, not more than the acquisition cost of the shares.

Some retained earnings may be booked in the balance sheet account called 'invested retained earnings' (sijoitetun oman pääoman rahasto) and other similar accounts going by various names. Whenever a distribution is made from such reserves, it is taxed as receipts of dividends.

If the transaction is not taxable as a disposal (i.e. disposition, conveyance or sale, resulting in capital gains), any distributions by non-listed companies out of retained earnings are taxed as dividends and must be reported on the appropriate information return (VSOSERIE, VSOSVYHT) as dividends paid out of retained earnings.

In the case of capital refunds resulting in a taxable gain, the amounts of the gain must be computed separately for each share held by the shareholder so that the acquisition cost of each share (its purchase price or similar) is deducted from the capital refund paid on it. However, the maximum amount to be deducted in this way cannot be higher than the refund itself. There can be no capital loss.

All distributions of retained earnings made 1 January 2016 or later are taxed as dividends under the general rule. If the beneficiary shows proof of having received back an investment that he or she made into the same company during the 10 years that precede the date of the refund, the transaction is taxed as a disposal and the rules governing capital gains are applied.

Note: Other forms of distributions to the shareholders – such as share buyback and share redemption – are not discussed in this memorandum.

For more information (in Finnish and Swedish), a specific guidance is available at the tax.fi website, "Distributions of profits from an unrestricted reserve of retained earnings", dated 11 Dec 2015 — Vapaan oman pääoman rahaston varojenjako verotuksessa, 11.12.2015.

Cooperative societies must report their distributions of profit surplus and of retained earnings, not taxable as capital gains, using the specific annual information return format for the purpose (VSOKERIE and VSOKVYHT). Receipts of a distribution (of profit surplus) from a non-listed cooperative society is held as a disposal (capital gains) under the same requirements and conditions as in the case of a limited liability company. Read more in tax.fi guidance Osuuskunnan ja sen jäsenen verotuksesta (Taxation of cooperatives and their members, in Finnish and Swedish).

Refund of the cooperative membership fee, received upon termination of membership, is considered a transfer liable to tax. Also, when a member of a cooperative society receives a distribution from the unrestricted-equity reserve instead of receiving a refund of their paid-in membership fee, it is treated being subject to tax, up to the amount that corresponds to the paid-in membership fee. It is not obligatory for the cooperative to file an annual information return on refunds of cooperative membership fees, taxable as gains, and corresponding distribution of funds, but the cooperative may report them on the annual information return for payments of capital refunds (VSPAOPAL). Filers can use the Type of Refund 6 = Unknown financing method of the refund. When this entry is made, the automatic checks do not prevent the reporting of a refund more than 10 years old. If the distribution from the unrestricted equity fund exceeds the cooperative membership fee entered in the share capital, the exceeding part of the distribution is filed on the profit surplus return (if the surplus is taxable) or capital returns annual information

return, type of capital return = 7; distribution of retained earnings (if taxable as transfer).

As provided in § 15, Act on Assessment Procedure, everyone who has either made payments or acted as an intermediary of payments is concerned by the information-reporting requirement. And pursuant to § 17, subsection 10, Act on Assessment Procedure, it specifically concerns account operators or agents who possess information on transactions with securities, purchases and shares of corporate stock, because this information is necessary for computations of a taxpayer's taxable capital gains or capital losses.

The extent of the information-reporting requirement has been defined in the Official Decision of the Finnish Tax Administration on common obligations to submit tax-related information where it is specifically noted that account operators or agents, within the meaning of the Act governing the Book-Entry System (Laki arvo-osuusjärjestelmästä 826/1991), are required to report any capital refunds to the Tax Administration if they have handled them when utilizing the book-entry system when managing their clients' shares and holdings. This way, because account operators and agents possess information on taxpayers' transactions, they must report it to the Tax Administration so as to facilitate the computations necessary for determining a taxpayer's taxable capital gains or capital losses. Account operators and agents are expected to report all the information that they have. Joint-stock companies with limited liability (abbreviated as 'Oy' or 'Ab') are also required to report their capital refunds as instructed by the Official Decision of the Finnish Tax Administration on common obligations to submit tax-related information. However, if an account operator or agent has reported the information the joint-stock company is not required to do it. **As a result, in order to avoid duplication, only one report must be submitted for one refund of capital paid to a taxpayer.**

The information-reporting requirement is restricted to only concern beneficiaries who are Finnish tax residents.

There is no requirement to report any capital refunds paid to Individual Retirement Accounts (within the meaning of the Act governing long-term savings) in situations where the account holder owns shares that are deposited in the account.

It is normal that shareholder-taxpayers have acquired their shares in several acquisitions, not just one. Capital refunds may be payable to the entire holding of shares. If this is the case, each acquisition and each capital refund must be reported separately (and separate itemizations must be filed). If you are not aware of how many acquisitions your client has made when he or she obtained the shares on which capital refunds are paid, you can simply file only one itemization. Reporting entities must be especially careful not to file two data sets with identical identifiers, because only one of them will remain in Tax Administration use. For example, if a person acquires two equal amounts of shares on the same day, and these receive capital refund, they must be reported as a sum total, because two separate data sets would have identical identification data.

If payment was made in another currency, not the euro, you must make a foreign-exchange conversion: use the European Central Bank rate of the date of payment to convert the amount to €.

3 MAKING CORRECTIONS

For more information, see the article called Making corrections to submitted annual information (tax.fi > About us > Information and material on taxation > IT developers > e-Filing guidance > Making corrections to e-filed submittals of information returns).

4 PERIOD OF VALIDITY

This specification sets out the requirements of file formatting that come into force 29 January 2018 and continue to be in force until a new version of this specification is released.

Submit the annual information for the 2018 calendar year by 31 January 2019.

5 CHANGES ON THE PREVIOUS YEAR

Version	ID	Data element	Description
1.0	9/084	Document type	ID removed
	9/082 172-206/085 207-241/041 242-276/042 277-311/048 312-323014	Deletion Beneficiary's name Name of the contact person Telephone number of the contact person Software application that produced the file Name of the software that produced the file	Added as a new data element
	113-123/080	Account operator's business id	Data format changed TIHOYHTEISÖ→YTUNNUS2
	48-55/244 147/251	Date of commencement of the payment → Date when the capital refund has become cashable. Deductible acquisition price is known / is not known → Data on acquisition price to be deducted	Data description changed
	10/121	Type of company, valid on the date of company decision to distribute the capita refund	Maximum allowed has been changed 0 → 4
	22/241	Type of refund	Muutettu sallittu arvo 0 → 6
	147/251	Deductible acquisition price is known / is not known	Muutettu sallittu arvo 0 → 2
	23-37/242 38-47/243 56-69/245 132-146/250 148-157/252	Amount refunded Foreign tax withheld at source The quantity of shares (pcs) for which refund was paid Deductible acquisition price Deductible transaction expenses relating to the acquisition	Muutettu tiedon muodot +N15 → R12,2 +N10 → R7,2 ja P/V → V +N14 → +D7,6 +N15 → R12,2 +N10 → R7,2
	148-157/252	Deductible transaction expenses relating to the acquisition	Changed P → V
			Length of data set with fixed length has been changed 171 → 323

6 DATA FORMAT SPECIFICATION

Position	ID	P/V	T	L/T	Description	Format	Values
1-8	000	P	T		Identifier	AN8	VSPAOPAL
9	082	V			Deletion	A1	D
10	121	P	T		Type of company, valid on the date of company decision to distribute the capita refund	N1	1, 2, 3, 4

					1 = stock-exchange listed company (§ 33a.2, Income Tax Act.) 2 = other type of company, not publicly listed 3 = cooperative society 4 = do not know		
11-21	083	P	T		Business id or personal id of beneficiary	YTUNNUS HETU	
22	241	P	T	*	Type of refund 7 = distribution of retained earnings (Type of company cannot be 1 = Stock-exchange listed company) 8 = distribution through decreasing the value of the share capital 9 = distribution from the share-premium or reserve funds of the balance sheet 6 = unknown financing method of the refund	N1	6, 7, 8, 9
23-37	242	P		*	Amount refunded	R12,2	
38-47	243	V			Foreign tax withheld at source	R7,2	
48-55	244	P	T		Date when the capital refund has become cashable This date must fall on the calendar year of reporting.	PPKKVVVV	2018
56-69	245	P			The quantity of shares (pcs) for which refund was paid	+D7,6	
70-71	127	P	T		Security type code 01 = Finnish share 51 = foreign share Report the shares listed at the Helsinki Stock Exchange as Finnish, other listed shares as foreign.	N2	01, 51
72-101	020	P/V	ET	*	Name of company paying the refund of capital	AN30	
102-112	010	P	T	*	Business id of the company	YTUNNUS	
113-123	080	P/V	ET		Account operator's business id If the filer of this information return is an account operator acting on the payor's behalf this is a mandatory field.	YTUNNUS2	
124-131	249	P	T		Date of acquisition If you do not know the date of acquisition, fill the entire field with zeros.	PPKKVVVV	
132-146	250	P		*	Deductible acquisition price	R12,2	
147	251	P		*	Data on acquisition price to be deducted 2 = you know the acquisition price 1 = you do not know it	N1	2, 1
148-157	252	V			Deductible transaction expenses relating to the acquisition See Virhe. Viitteen lähdettä ei löytynyt. Virhe. Viitteen lähdettä ei löytynyt.	R7,2	
158-171	198	P			Software-generated timestamp	PPKKVVVV HHMMSS	
172-206	085	V/P	ET		Beneficiary's name	AN35	
207-241	041	V			Name of the contact perso	AN35	
242-276	042	V			Telephone number of the contact person	PUHELIN2	
277-311	048	V			Software application that produced the file	AN35	
312-323	014	P	T		Name of the software that produced the file	Y-	

						TUNNUS_AN 2
	999	P			Final identifier	+N8

7 AUTOMATED CHECK PROCESSES

New/ Chan ged	ID	Description of rule
	241 121	Filer Role (121) must not be stock-exchange-listed company if the capital refund is of type 7 (241). #967; If the capital refund is of type = 7, Filer Role cannot be 1 (stock-exchange-listed company).
	242 250 252	The sum of Acquisition cost (132-146/250) and Acquisition expenses (148-157/252) cannot be higher than Refund of capital (23-37/242) #499; The sum of Acquisition cost (132-146) and Acquisition expenses (148-157) cannot be higher than Refund of capital (23-37)
Chan ged	251 250	If the value is not known for the Deductible acquisition price (251:1), its value to be deducted against the refund of capital (250) must be 0.00. #1336; If the value is not known for the Deductible acquisition price (251:1), its value to be deducted against the refund of capital (250) must be 0.00.
	010 020	Distributing company's name (020) is a mandatory field because you entered a dummy identity code in the Business ID (010) field #1108; Distributing company's name is a mandatory field because you entered a dummy identity code in the Business ID field
	244 249	If the Type of refund is 7 = Distribution of retained earnings, the time that has elapsed cannot be more than 10 years between Date of commencement of the payment (244) and the Date of acquisition (249). #1281; Type of refund is 7 = Distribution of retained earnings, and the time elapsed between Date of commencement of the payment (244) and Date of acquisition (249) is longer than 10 years. If more than 10 years have elapsed, you must use the annual information return for Dividends for reporting (the VSOSERIE and VSOSVYHT flows)
	010 083	IDs (010 ja 083) must not be the same. #1308; IDs must not be the same (010 ja 083).
New	010 080	If the Business ID of the Company (010) is a dummy ID, you must enter the Account operator's Business ID (080). #1394; If the Business ID of the Company (010) is a dummy ID, you must enter the Account operator's Business ID (080).
New	083 085	Beneficiary's name (85) is a mandatory field because there is a dummy identity code in the Personal ID or Business ID (083) field. #1337; Beneficiary's name (85) is a mandatory field because there is a dummy identity code in the Personal ID or Business ID (083) field.

8 MESSAGES

New/ Chan ged	ID	Description of the message
Ny	250 251	If the acquisition price to be deducted from the capital refund (250) is 0.00, and the deductible acquisition price is known, (251) is 2 #1338; Are you sure the acquisition price is €0.00?