

Information for nominee registered foreign shareholders on withholding tax

In 2020 the Finnish Tax Administration has taken a stricter approach to withholding tax (WHT) process. This may result in changes to withholding tax to most nominee registered foreign shareholders, especially if it has been under 15%.

Finnish Tax Administration guidance is reflected in this <https://www.vero.fi/en/About-us/newsroom/news/uutiset/2020/granting-tax-benefits-at-source-for-dividend-income-paid-on-nominee-registered-shares/> We wish to highlight the following text: *“However, an adjustment to the withheld amount can be made during the year of payment (as a “quick refund”), if the beneficiary shows the custodian sufficient proof that the rate can be reduced. The proof that the rate can be reduced may consist of a tax-at-source card that has been applied for after the dividends were paid. In this case, the application for such a card must indicate that the beneficiary needs a revised tax-at-source card for an amount of income that has already been received, and the application must also indicate all the details and information that are necessary for the tax authorities to make a decision on the matter.”*

There is a self-correction “quick refund” procedure that can be utilised during the same year:

- Reclaim is made directly to the account operator
- Reclaim shall be made during the year of dividend payment
- The procedure enables expedited tax refund if all conditions for reduced withholding tax are met (e.g. Tax Administration's written confirmation on application of reduced withholding tax rate (WHT card) issued to the shareholder
- After the payment year a withholding tax refund application can only be filed to the Finnish Tax Administration (except longer processing time)

A link to the application page of the tax-at-source -card is available here: <https://www.vero.fi/en/About-us/contact-us/forms/descriptions/Foreign-corporations-tax-at-source-card-application-for-dividend-interest-and-royalty-income-6211e/> Please note that many attorneys' offices and tax consultants in Finland can help in the application. After you have received the WHT card, contact your account operator / custodian as stated above.

