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TAX TRANSPARENCY

FINLAND

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Questions

1. Concept of Tax Transparency and new tendencies

1.1 What is the concept of tax transparency in your country – what are topics discussed under this term?

I.

Tax information is generally subject to secrecy in Finland. The Act on the Public Disclosure and Confidentiality of Tax Information[1] includes detailed provisions on how tax information may be processed. Sec. 4 of the Act lays down the main rule that taxation documents concerning a taxpayer's financial position and any other taxation documents containing information on an identifiable taxpayer are confidential.

The most debated exception to secrecy principle concerns *public information on income and property taxation.* The information referred to in Sec. 5 of the Act concerning individuals' and corporates' taxation data may be disclosed at the beginning of the November following the tax year. The data may be disclosed as valid on completion of the taxation. This data remains public as such despite that possible adjustments or corrections may take place subsequently.

The information concerning income and property taxation which is public in annual taxation consists of the taxpayer's name, year of birth and municipality of domicile. In addition, the (1) earned income taxable in State taxation; (2) capital income and property taxable in State taxation; (3) income taxable in municipal taxation; (4) income and net wealth tax, municipal tax and the total amount of taxes and charges imposed; (5) the total amount of withholding tax; (6) the amount to be debited / the amount to be refunded in the final assessment for the tax year.

In annual taxation, the information concerning corporations and tax syndicates that is public consists of their names, municipalities of domicile and corporate codes. In addition, the following are public information:1) taxable income and property; (2) the total amount of taxes imposed; (3) the total amount of withholding tax; (4) the amount to be levied or refunded in the course of tax collection.

Publishing of tax lists is grounded by the democracy principle. The tax lists generate a lot of envy in the society. A limited scope of public annual taxation information could be more in line with the principle of proportionality and protection of privacy. Tax data of persons in leading positions within the public and private sector could be published in November following the tax year. [2]

1.2 Has there recently been a change of the perception of tax transparency?

Finland's attitude is positive and proactive toward the international and European transparency approach. Finland is alongside with other Nordic countries among the forerunners in the field of international mutual assistance and information exchange. The Nordic countries concluded the first version of the Nordic Mutual Assistance Treaty already in 1972. Lately the Nordic

[1] Lag om offentlighet och sekretess i fråga om beskattningsuppgifter [Act on the Public Disclosure and Confidentiality of Tax Information] 1346/1999.

[2] See more about tax lists in Äimä – Grüssner – Alpua: *Finland* in *Procedural Rules in tax Law in the Context of European Union and Domestic Law*. Editors: Lang – Pistone – Schuch – Staringer. Wolters Kluwer 2010, p. 224-226.

countries have had a joint project on concluding a large number of tax information exchange agreements with tax haven jurisdictions.

Public tax country-by-country (CbC) reporting is discussed pro and contra in Finland. NGOs support that corporates should be under obligation to publicly disclose their CbC reports, whereas business representatives are concerned about protection of business and trade secrets. Finnish state-owned companies have published their tax footprint in line with the guidelines of the Ownership Steering Department of the Prime Minister's Office in the recent years. From a business point-of-view, voluntary disclosure of tax data could work better than mandatory public CbC reporting under the amended EU Accounting Directive.

The impact of digitalization on tax revenue has been raised in public discussion. It is regarded unfair that US large technology companies, such as Google, Facebook, Apple and Amazon pay only a little tax in European countries. The EU Commission's initiative to start taxing US tech companies based on their turnover generated within the EU is however reviewed critically as it is not based on net taxation as income taxation normally. The Commission's approach could lead to a trade war between the US and the EU. Other solutions should be found to tackle this inequality.

Globalized and digitalized economy has also enabled international tax planning. Although, the structures would be legal, international tax planning has brought up corporate social responsibility and tax morality related aspects to the public discussion. Various anti-avoidance measures are already part of the Finnish tax legislation, but still international taxation and base erosion and profit shifting are widely discussed topics. For example, many Finnish listed companies have subsidiaries in Luxembourg and Belgium which act as the group's financing companies. These structures have been widely criticized, and some companies have been blamed for tax avoidance in the media, although the structures would have been approved by the Finnish Tax Administration (FTA) and the administrative courts. Multinational enterprises and their tax planning have been popular subjects of criticism, and legal tax planning is not always distinguished from tax avoidance.

The impact of use of tax havens has been frequently discussed due to Paradise Leaks and previous leaks concerning tax issues. Tax avoidance and evasion is commonly condemned. A number of misunderstandings prevail. Many journalists indicate that it would a crime to own a holding company located in a tax jurisdiction.[3]

2. Information procurement and data usage by the tax authorities

2.1 Which principle is pursued in your country: self-assessment or assessment ex officio?

The method of assessment differs depending on the type of tax in Finland. We apply self-assessment for VAT, transfer taxes and withholding taxes, whereas assessment ex officio is in principle applied to personal income tax. The assessment for personal income is also moving towards a self-assessment system since the tax returns are not always controlled.

The FTA selects tax returns for a closer review based on automated risk management tests. The assessment for corporate income taxes has been automated a number of years. Only cherry-

[3] See Aima K. – Lyyski H., *Finland in Implementing Key BEPS Actions: Where do we stand?*, at Chapter 1.1. This article has not yet been published. I will provide the bibliographic details later on.

picked returns are subject to manual review. The FTA focuses on significant cases, including transfer pricing adjustments.

2.2 How do the tax authorities obtain information?

2.2.1 From the taxpayer himself

a) Regular tax return and reporting and notification obligations

A taxpayer must file a tax return with the information about the taxpayer's taxable income, deductions, wealth, debts and other relevant information.

Individuals receive an assessment proposal after the end of each fiscal year. The tax administration sends out a pre-completed tax return with data received from third parties. Should the information be correct, the taxpayer need not to do anything. The final assessment is then based on the proposal.

Taxpayers ought to make corrections to the assessment proposal if the third-party tax information is incorrect. The taxpayer must check the data shown in the pre-completed tax return, correct necessary items and send the tax return back to the FTA within the given time period.

The prefilled tax return must be filed in May following the assessment year. The competent tax office is in the district where the taxpayer resided at the end of the preceding year.

The FTA has very broad powers to request information from the taxpayer and third parties under the Act on Assessment Procedure.[4] Information necessary for the assessment must be provided upon the FTA's request. The taxpayer may refuse to provide information based on the right against self-discrimination.

Corporate bodies and partnerships must file – together with the return and the accompanying income statement and balance sheets – an audit report, extracts from the minutes of shareholders' meetings and certain extracts from the business records. The FTA may demand additional information pertinent to the return.[5]

The tax year usually corresponds to the calendar year. If the taxpayer's accounting period differs from the calendar year, the tax year is the accounting period ending during the calendar year preceding the assessment year. The amounts of taxable income must be determined with due care.

The FTA may also request information about foundations and comparable entities. An information request may be directed to the entity itself or a third party.

b) Special procedures

On the side of the regular assessment procedure, the assessment of some large groups of companies is carried out in real time (*enhanced cooperation*). The names of the participating companies are not public. Enhanced cooperation implies surveillance of tax compliance in real time. The companies are encouraged to bring up uncertain tax issues early so that questions can

[4] Lag om beskattningsförfarande [Act on Assessment Procedure] 1558/1995.
[5] Sec. 7 of the Act on Assessment Procedure.

be resolved in real time. The companies should be willing to improve their internal procedures to produce reliable and correct information for the tax administration. The Large Taxpayers' Tax Office aims at providing the corporate groups with transparent and rapid service in real time so that certainty can be guaranteed.

The Finnish transfer pricing reporting[6] requirements[7] have been amended in line with the OECD BEPS Action 13 final report[8]. An obligation to submit both a master file and a local file, as well as the implementation of CbCR requirements as required by the EU Directive 2016/881 have been introduced. The changes regarding submission of the master file and local file apply to accounting periods beginning on or after 1 January 2017, while the CbCR is mandatory for accounting periods beginning on or after 1 January 2016.

According to Sec. 14d of the Act on Assessment Procedure, the CbCR must be prepared if the annual consolidated group revenue during the immediately preceding tax assessment year exceeds EUR 750 million. The Finnish CbCR rules follow, in all relevant aspects, the OECD BEPS Action 13 final report as required by the Directive 2016/881. The ultimate parent entity of a multinational enterprise (MNE) group is required to file the CbCR if the group has at least one Finnish constituent entity and if the aforementioned group revenue threshold is exceeded. Provisions on secondary filing and surrogate parent filing are also in line with the BEPS Action 13 final report. The CbCR must be submitted within 12 months after the end of the accounting period for which the report is being prepared. Finland has signed to the OECD multilateral competent authority agreement on the exchange of CbC reports.

The FTA has to be provided with a notification of the identity of the reporting entity. The notification has to be submitted by any Finnish constituent entity of the MNE group[9]. The notification has to be filed no later than at the end of the accounting period for which the CbCR should be filed.

All MNE groups with Finnish group members must both notify the FTA of the reporting entity and submit the CbCR within the given timelines. The FTA has issued further guidance on the form and content of the notification and the submission procedure[10]. The CbCR obligation requires a more detailed analysis of intra-group financing transactions and transactions concerning intangible property.

Finland does not have mandatory disclosure rules. The Act on the public disclosure and confidentiality of tax information applies to documents concerning individual taxpayers which are submitted to or prepared by the FTA (*taxation documents*) and the information contained therein (*taxation information*).[11] Taxation documents concerning a taxpayer's financial position and any other taxation documents containing information on an identifiable taxpayer are according to the main rule confidential. The Act contains certain exceptions from the

[6] The OECD transfer pricing guidelines have not been implemented in Finnish law. The Supreme Administrative Court of Finland has ruled in KHO 2014:119 that the wording of the Finnish domestic transfer pricing adjustment rule could not be interpreted broadly in light of the OECD TPG. Such interpretation would have been contrary to the principle of legality in Sec. 81 of the Constitution of Finland. See more above at Chapter 2.
[7] Regeringsproportion 142/2016.
[8] Transfer Pricing Documentation and Country-by-Country Reporting (CbCR).
[9] Either a tax-resident company or a Finnish permanent establishment.
[10] The Finnish Tax Administration: Land-för-Land-rapport för beskattningen. N:o A240/200/2016.
[11] The provisions concerning the taxpayer in the Act apply to other persons required to report information, and also to joint tax corporations.

confidentiality rule, such as publication of list of taxpayers' annual income and the amount of collected income taxes on November 1 when assessment for the previous tax year is finalized.

The FTA has made a preliminary proposal that *corporate taxpayers should report upfront certain mergers and acquisitions, financing structures and transfer pricing related issues to the FTA.* There are no official documents to enact an upfront reporting obligation for corporate taxpayers. Such information would be subject to the secrecy rule in Act on the public disclosure and confidentiality of tax information. The FTA is not entitled to disclose taxation information protected by the Act for third parties. Securities market laws may require listed companies to disclose tax risks which may have an impact on the market value of the company in question.

2.2.2 From other sources

a) Third-party reporting obligations

The FTA has very broad powers to request information from third parties under the Act on Assessment Procedure.[12] A third party may not refuse to provide information which concerns a financial position of another taxpayer and which has an effect on the taxation of that other taxpayer. The Act sets forth when[13] third parties, (e.g. banks, other financial institutions, employers, insurance companies) are obliged to disclose information for tax purposes and to file information spontaneously to the tax administration. The FTA's broad powers to obtain information are enhanced by that third-party obligation to give information that is necessary for taxation, but also concerns other authorities.

Every person must provide the tax administration with the necessary tax information on monetary payments and the grounds for such payments. A bank must provide all information about taxable interest paid and assets held in its accounts.

Credit institutions must provide classified information to prosecution and pre-trial authorities, as well as to other authorities that are entitled to receive such information. The obligation of third parties to submit information is quite extensive. The use of bank or other financial information as evidence in tax law cases is facilitated by the duty of third parties to submit information to the tax administration. Bank secrecy[14] is limited by the obligation to submit information.

Third parties must also provide information about other taxpayers on the basis of identifying data. The tax administration has a right to request information that may be necessary for the taxation of another taxpayer. A third party must provide the requested information unless the third party has the right to refuse to testify.[15]

b) Information obtained from courts and other branches of administration

[12] Lag om beskattningsförfarande [Act on Assessment Procedure].
[13] Sec. 15-22 of the Act on Assessment Procedure.
[14] Bank secrecy is included in Sec. 14 of Ch. 15 of the Act on Credit Institutions (*Kreditinstitutslag* 160/2014). Bank employees and members of bank boards may not disclose any information about a customer's business to third parties. Bank secrecy covers all matters concerning the financial position of the customers and all information concerning the private personal circumstances of an individual, such as family relationships and business secrets.
[15] Federation of Finnish Financial Companies, *Guidelines on Bank Secrecy 2009*, at 1, 21-25.

The FTA may request information from other authorities and courts when the information is needed for taxation purposes. Confidential taxation information disclosed under the Act on the Public Disclosure and Confidentiality of Tax Information may be used and processed only for the purpose for which they have been disclosed, unless otherwise provided elsewhere in the Act.

c) Information from private stakeholders

In 2016, the Supreme Administrative Court ruled that data (originally stolen) from LGT Bank that was received via exchange of information could be used as a basis for tax assessment. The Court stated that the data could be used despite "possible" criminal actions in the chain of information exchange preceding the Finnish tax administration. The reasoning of the judgment is surprising. Finnish civil servants are bound by the legality principle. A criminal act performed by foreign tax officials did not prevent using the data. Had the Finnish tax administration (instead of the German counterpart) issued payment, the data could not have been used.[16] Due to the tax administration's broad information powers, the issue of stolen information was not earlier discussed. The tax administration has never been offered stolen information for sale or for free. If the tax administration were offered illegally obtained information, it could not pay for it.[17]

There are no official whistle-blower programmes. The tax administration receives tips regarding tax avoidance via its website, where private parties may anonymously submit information.

2.3 International exchange of information

Finland is actively engaged in automatic exchange of tax information. The FTA has not yet published information about first experiences with applying the new standards for AEOI. Finland signed a FATCA agreement with the United States on 5 March 2014 which has been in place since 20 February 2015. The FATCA agreement is based on the Model I Intergovernmental Agreement.

The automatic exchange of information on certain income types under the EU Directive 2011/16/EU become mandatory as from 2015. Finland also applies Directive 2014/107/EU as from January 2016. Each year, Finland automatically sends tax information to its treaty partners corresponding to income types listed in the relevant tax treaty. Finland has committed itself to apply the Common Reporting Standard (CRS) as from 1 January 2017. Finland also automatically sends information as defined under the VAT Regulation.[18]

Finland exchanges tax rulings with the other EU member states based on the Directive 2015/2376/EU and is also committed to the spontanoues exchange of information of tax rulings under the OECD BEPS initiative.

Directive 2016/881/EU concerning country-by-country reporting has been implemented in Finland. Finland is also a member of the CoE/OECD Convention on Mutual Administrative

[16] Supreme Administrative Court, 28 June 2016, HFD 2016:100.
[17] A. Johansson, *International Fiscal Association Exchange of information and cross-border cooperation between tax authorities* (2013) 26, at 298-300.
[18] Johansson, *supra* n. 16, at 294.

Assistance in Tax Matters and is committed to Country by Country Multilateral Competent Authority Agreement (CbC MCAA). Finland changes CbC reports with 40 jurisdictions starting from 1 January 2016 based on the Directive or the multilateral CbC MCAA. Exchange with the US is based on a bilateral CbC CAA. Exchange with Brazil, Chile, Israel, Liechtenstein, Singapore and Uruguay cover CbC reporting periods as of 1 January 2017. CbC reports are exchanged between Finland and Malesia and Switzerland starting from 1 January 2018. See more about CbC reporting above at Chapter 2.

3. Protection of the taxpayer

3.1 Constitutional law

The *rule-of-law* principle is guaranteed in Sec. 2(3) of the Constitution of Finland[19]. The exercise of public powers shall be based on an Act. In all public activity, the law shall be strictly observed. The Constitution protects both fundamental and human rights. Sec. 22 lays down that the public authorities shall guarantee the observance of basic rights and liberties and human rights.

Both individuals and legal persons are covered by the protection of fundamental rights under the Constitution. *Everyone's property* is protected by Sec. 15. The Constitution requires that provisions on the expropriation of property, for public needs and against full compensation, are laid down by an Act.

Some of the fundamental rights are more directed to individuals. Sec. 18 of the Constitution guarantees *the right to work and the freedom to engage in commercial activity*. Everyone has the right, as provided by an Act, to earn his or her livelihood by the employment, occupation or commercial activity of his or her choice. The public authorities shall take responsibility for the protection of the labor force.

The Administrative Procedure Act[20] regulates more in detail *standards of good administration*. The principle of proportionality is an important principle in Finnish administrative law. Sec. 6 of the Act includes legal principles of administration, including proportionality. An authority shall treat the customers of the administration on an equal basis and exercise its competence only for purposes that are acceptable under the law. The acts of the authority shall be impartial and proportionate to their objective. They shall protect legitimate expectations as based on the legal system.

3.2 Tax secret

Tax information is subject to secrecy under the Act on the Public Disclosure and Confidentiality of Tax Information. The Act applies to documents concerning individual taxpayers which are submitted to or prepared by the tax administration (*taxation documents*) and the information contained therein (*taxation information*). The provisions concerning the taxpayer in this Act apply to other persons required to report information, and also to joint tax corporations. This Act also applies to documents which are submitted to or prepared by an appeal authority or other authority and contain the information referred to above.

[19] Finlands grundlag [Constitution of Finland] 731/1999.
[20] Förvaltningslag [Administrative Procedure Act] 434/2003.

Cooperation between public authorities is quite extensive. Other law enforcement authorities must provide the FTA with information needed in taxation. The only exception is that the authorities need not give information subject to a ban on testimony. This exception mainly applies to priests and doctors.

The FTA is bound by a confidentiality obligation, but provides information to *other authorities upon request*. Other authorities are, in turn, bound by the confidentiality obligation when they receive classified information from the tax administration. According to the Act on the Public Disclosure and Confidentiality of Tax Information, the FTA must disclose classified tax information to certain authorities.[21] Confidential tax information disclosed may be used and processed only for the purpose for which it has been disclosed, unless otherwise provided elsewhere in the Act.[22]

Exchange of information between the authorities is bound by the *rule-of-law principle*. Information may be passed on to other authorities only based on law for their legal duties. In a case concerning gift taxation and the issue of a tax penalty, the Supreme Administrative Court ruled that the tax auditors were not allowed to utilize information received through exchange of information in criminal matters, in a tax audit[23] because Luxembourg had given the information to be used only in criminal matters.

The FTA has the right to disclose information *spontaneously to certain authorities*. The disclosure may be necessary for investigating a criminal act. The disclosure may be necessary to a state or municipal authority, or other corporation performing public functions to fulfil their supervisory duties if it is suspected that a party has committed a crime for which the most severe imprisonment exceeds six months. The FTA may also disclose tax information if it is suspected that a taxpayer has committed a crime when receiving grants.[24]

The disclosure may be necessary to an authority responsible for the provision of statutory pension security or accident insurance, a pension insurance company or an accident insurance company if it is suspected that the employer or other party has neglected the obligation to pay. The disclosure may be necessary to authorities in charge of prosecution or pre-trial investigations of tax information required for pre-trial investigation, bringing charges and court proceedings related to a tax offence or an accounting offence. Confidential information may be passed on for criminal investigations and criminal charges. The information must be destroyed when no longer needed.

The FTA may, upon request, disclose tax information to authorities in charge of prosecution and pre-trial investigations in order to prevent and investigate crimes and to bring criminal charges.

Information may be disclosed for investigations related to the imposition of a ban on business operations, and to the police for supervision of compliance with a ban on business operations. Authorities in charge of prosecution and pre-trial investigations and courts of law may request tax information to decide units of a fine based on the income of the perpetrator.

[21] Sec. 19 of the Act on the Public Disclosure and Confidentiality of Tax Information.
[22] Under the Act, information may be disclosed by means of an electronic interface only if the recipient of the information has presented acceptable evidence that the information will be properly used and protected.
[23] Supreme Administrative Court, 21 Nov. 2000, HFD 2000:61.
[24] Sec. 18 of the Act on the Public Disclosure and Confidentiality of Tax Information.

The National Administrative Office for Enforcement is the central administrative office and is responsible for the administrative management, guidance and supervision of the enforcement service. The FTA may, upon request, disclose to law enforcement authorities, identifiers related to an employer or other payer and tax information required for enforcement or other execution.[25]

As a derogation to the classification principle, the tax administration must make certain information public. Information on any *outstanding taxes* imposed on the applicant for the subsidy or grant which have fallen due or necessary for processing a subsidy or grant matter, may be disclosed to authorities, public bodies and other corporations granting subsidies and grants.[26]

Many authorities may request information from the FTA. The FTA may disclose to the *registration authorities* in order to check information in the population data system and identifiers related to the taxpayer, information on a person's address, identifiers related to a building and information on the identity of the owner of a building/apartment and whether a residential apartment is used by the owner.

The *State Treasury* may be given information on the income and assets of a recipient of a loan, interest subsidy or state guarantee, or an applicant for exemption from payment if the information is required for the payment and collection of loans, interest subsidies and state guarantees and for waivers of payment, and on any outstanding taxes imposed on the party which have fallen due.

The FTA may disclose information on lotteries and any lottery tax to the authorities to process a licence application for arranging a *lottery*.[27]

The FTA may disclose information on a taxpayer's income and property to a *municipal board* if required for the board's statutory functions or by the board as a tax recipient. The municipal board may pass the information on to other authorities in the municipality.

Upon request, the FTA may disclose information on the *taxation of real estate* to authorities of the municipality. Information on the tax value of a property and the taxpayer's identity may also be disclosed.

The FTA may, upon request, disclose to authorities of the *Evangelical Lutheran* and *Greek Orthodox* parishes information for decisions on tax relief.[28]

The FTA may disclose to the *Ministry of Finance* tax information required for the drafting of tax legislation and for the preparation of the Annual Budget of Finland.[29]

The FTA may disclose to an employer information required for payment of withholding tax related to taxpayers and to a payer of pensions or benefits, information on the withholding tax rate and other information required for payment of withholding tax related to taxpayers.[30]

[25] Sec. 20 (1) of the Act on the Public Disclosure and Confidentiality of Tax Information.
[26] Sec. 20 (2) of the Act on the Public Disclosure and Confidentiality of Tax Information.
[27] Lotterilag [Act on Tax on Lottery Prices] 491/1965.
[28] The Evangelical Lutheran and Greek Orthodox parishes are the only state churches in Finland.
[29] Sec. 16 of the Act on the Public Disclosure and Confidentiality of Tax Information.
[30] Sec. 17 of the Act on the Public Disclosure and Confidentiality of Tax Information.

The FTA may disclose to the Social Insurance Institution, to an unemployment fund or to an insurance company information on the taxable social benefits of Finnish tax residents receiving benefits or insurance indemnities. The necessary information for withholding consists of the personal identity number, personal withholding rates and the annual income threshold. An electronic interface can be used for the transmission.

The FTA may transmit the tax information necessary for payroll withholding to an online tax payment system for small employers.

The FTA may disclose information contained in a *deed of estate inventory* to a party requiring such information to safeguard his or her interests or rights or fulfil his or her obligations.

The FTA must disclose to a widow(er), a spouse, an estate administrator appointed by a district court, an executor of a deceased person's estate and parties to the estate, tax information required for the administration and partition or distribution of the estate.

The FTA must also disclose to a trustee of a bankrupt's estate, tax information required for administration of the estate. However, sensitive personal data covered by protection of privacy and referred to in the Personal Data Act may not be disclosed to a trustee.

4. Transparency of the tax administration

4.1 Publication habits of the tax administration

The FTA's guidelines about tax assessment and on the interpretation of substantive tax rules are published in Finnish and Swedish at the website. A lot of information is also provided in English.

The principles and methods applied in the FTA's risk management on a general level are public. Details of the risk management procedure are not disclosed to the public.

The Central Tax Board issues advance rulings in cases with precedential value. According to Sec. 22 of the Act on the Public Disclosure and Confidentiality of Tax Information, the Central Tax Board may publish an advance ruling issued by itself in the original wording or in an abridged form which does not reveal the taxpayer's name or information on a natural person which might make identification of the taxpayer possible. If the tax ruling is appealed before the Supreme Administrative Court, also the ruling issued by the Court may be published.

Tax rulings issued the FTA are not published. The FTA's tax rulings are more of technical nature than the Central Tax Board's rulings. The FTA does not either publish the results of mutual agreement and arbitration procedures.

The Ministry of Finance issues regularly a list of the tax treaty states in which the income tax paid by corporations is considered to differ essentially from the corporate tax paid by Finnish companies. The list is applied in connection with Finnish CFC rules.

4.2 Transparency towards the taxpayer

According to the main rule, everyone has the right to obtain information on a public taxation document in the possession of the tax administration as provided by the Act on the Openness of Government Activities[31].

The scope of public tax information is however limited. Tax information is generally subject to secrecy principle. An important derogation applies to the party concerned whose right of access is broader than the main rule. A petitioner, an appellant and any other person whose right, interest or obligation is concerned in a matter (a party) shall have the right of access, to be granted by the authority which is considering or has considered the matter, to the contents also of a document which is not in the public domain, *if the document may influence or may have influenced the consideration of his or her matter*.

Usage of information towards the public

Transparency is the main rule applied to official documents under the Act on the Openness of Government Activities. One of the main derogation to the transparency principle applies to tax information governed by the Public Disclosure and Confidentiality of Tax Information.

Sec. 20 of Act on the Public Disclosure and Confidentiality of Tax Information deals with disclosure of information to other authorities. Notwithstanding the confidentiality obligation, the FTA may, upon request, disclose to authorities, public bodies and other corporations granting and supervising subsidies and grants to business, trade, employment and agriculture, and other public subsidies and grants, information on any outstanding taxes imposed on the applicant for the subsidy or grant which have fallen due, with identifiers related to the taxpayer, necessary for processing a subsidy or grant matter; the information may also be disclosed by means of an electronic interface without the consent of the party concerned.

Sec. 15 of Act on the Public Disclosure and Confidentiality of Tax Information deals with disclosure of information to decide on tax relief matters. Notwithstanding the confidentiality obligation, the tax administration may, upon request, disclose to authorities of Evangelical Lutheran and Greek Orthodox parishes information required for decisions on tax relief.

The FTA is not allowed to disclose tax information on demand to public interest groups or to competitors. Tax secrecy is the main rule. There are certain derogations from the secrecy principle in the Act on Public Disclosure and Confidentiality of Tax Information. The most important derogation concerns publication of previous tax year's tax lists on the first of November. See more above at Chapter 1.

The FTA may grant permissions for reseachers to use tax information in their research. The reseacrhers are then bound to the secrecy principle. They may not disclose taxpayers' names or other sensitive details.

Sec. 16 of of Act on the Public Disclosure and Confidentiality of Tax Information deals with disclosure of information to the Ministry of Finance. The FTA may disclose to the Ministry of Finance taxation information which is required for the drafting of tax legislation and for the preparation of the Annual Budget of the State of Finland.

[31] Lag om offentlighet i myndigheternas verksamhet (the Act on the Openness of Government Activities) 621/1999.