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**To:**

- The payers of pensions (The Social Insurance Institution of Finland (Kela), Pension institutions for retirement from employment and other pension institutions)
- The Finnish Centre for Pensions
- Commercial software vendors, IT service providers and IT centres providing electronic transmission of data

**Finnish resident recipients of pension benefits — instructions for direct online transfers of withholding data, preassessment year 2024****TABLE OF CONTENTS**

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**Enclosure:**

Direct online transfer of withholding data of resident recipients of pension/  
Specification of the required data format for the 2024 preassessment year.

## **Finnish resident recipients of pension benefits — instructions for direct online transfers of withholding data, year 2024**

This translation into English is not official. For official guidance, refer to the original instruction memoranda in Finnish and Swedish, record no VH/1007/00.01.00/2023 .

This document discusses the direct data transfer with which the withholding information for pension recipients can be transmitted for the 2024 year of payment and withholding. The payors or filers who request data transfer will receive the withholding rates in answer to their requests. This information is computed once a year (the information is also known as 'basic tax-card information'). This document does not concern the online transfer of information relating to revised tax cards.

### **1 Changes on the previous year**

A number of annual changes to the specification has been made for the year 2024.

This specification's exact period of validity is as follows: This specification sets out the requirements of file formatting that come into force 26 September 2023 and continue to be in force until a new version of this specification is released.

The last date for direct online transfer requests is 6 November 2023 (which also is the deadline for informing the Tax Administration of the pensioners' income).

The exact start date of payment of pension must now be reported as follows: Enter the start month for pensions that have started in 2022, 2023, 2024 or later if their Type of Payment is 03 or C or CL.

## **2 Description of the direct data transfer procedure**

### **2.1 Introduction**

The procedure discussed in this document is the e-filed request, and the online answer to the request, that enables payors of pensions to receive the withholding information that they will need for each recipient of pension. The requests are made once a year.

This document only describes the request file in the case of **resident** recipients of pensions. If the pensioner is a tax non-resident for purposes of Finnish tax, see the other version on the subject of nonresidents.

Payors cannot combine their request for residents with those for nonresidents. If the direct transfer of withholding information is needed for nonresident pensioners, a separate request file must be prepared. The format requirements are not the same for nonresidents' and residents' request files. The specification of the format for nonresidents is called "Nonresident recipients of pension benefits — instructions for direct transfers of withholding data, prepayment year 2024" — translation into English is available.

## 2.2 Pensioners who have left Finland

'Finnish tax residents' or 'residents' are terms that refer to people living in Finland. 'Nonresidents' are people living in other countries. However, if a Finnish citizen moves from Finland to another country, he or she will continue to be a tax resident of Finland during the calendar year when they left and for three (3) years after the end of that year. Finnish citizens who have left Finland may request for tax treatment as non-residents prior to the close of the three-year period after the calendar year of leaving if they can show proof that they no longer have substantial ties with Finland. If a citizen of another country has lived in Finland and then leaves in order to start living in another country, he or she will normally become a nonresident as of the date of leaving.

**When the individual who leaves is a Finnish citizen and is paid Finland-sourced pensions, the payor must use the request file for residents (not nonresidents) during the three calendar years that follow the date of leaving Finland.** Only in the case that the individual has delivered the payor his or her tax card that requires tax treatment as a nonresident (called *rajoitetusti verovelvollisen muutosverokortti* in Finnish), or alternatively a tax-at-source card (called *lähdeverokortti* in Finnish) for other income types, the payor can use the request file for nonresidents for the purpose of asking for withholding information.

**For the fourth calendar year following the end of a Finnish citizen's year of leaving Finland, the payor must use the request file for nonresidents.** However, if the payor has received information from the Population Register Centre stating that the individual has returned to Finland to live, the payor must again use the request file for residents.

**Example:** An individual pension recipient leaves Finland 1 August 2020 to start living in France. He is a citizen of Finland, and he continues to keep an apartment or house ready in Finland for his personal use. The conclusion is that he will continue to be a tax resident up to the end of 2020 and through 2021, 2022 and 2023. Starting 2024 he will be a nonresident.

The fact that a place to live remains in Finland is a substantial tie that would make it impossible before 2024 to consider the pensioner a nonresident even if he or she were to submit a claim for such treatment. Thus, the payor must use the residents' request files for 2021 through 2023, and move on to using the nonresidents' request file as of 2024 when asking the Tax Administration to deliver withholding data for this pensioner.

## 2.3 Description of the stages of the direct transfer procedure

We send back the answer files with withholding data in response to the specific request files that the payors have submitted. The requests include specific references to individual recipients of pensions. The request files discussed in this document must comply with the data transfer requirements outlined in the Specification. They must be set up as instructed. To facilitate accurate computations of withholding rates, the information in the request files must include payor-submitted estimates of annual gross pension incomes along with other facts as specified.

## 2.4 e-Services used in data transmission

To send the data to us, use the ilmoitin.fi gateway maintained by the Tax Administration, or use a service offered by a Tyvi service provider. Filings via any

other data medium such as a CD-rom or a USB memory device are not accepted. More information on electronic filing is available at [ilmoitin.fi](http://ilmoitin.fi) and [tyvi.fi\\_en](http://tyvi.fi_en).

In order for the data transmission to succeed, the payor's accounting software must be able to create files that comply with the requirements of the Specification. It is the responsibility of commercial software vendors or system administrators to make sure of this. It is the responsibility of the filer or his representative that the e-file is successfully sent either via 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.

To sign in securely to the e-Services, the payors of pensions or the IT service centre must obtain a User ID and/or authorisation from the company they represent. Tax Administration e-Services require secure sign-in. For more information, please visit the [suomi.fi](http://suomi.fi) website.

We send back our answer files to payors using the same data transfer service as they had used. We respond to the requests no later than two weeks in advance of the effective date of the new withholding rates. The payors receive answer files complete with withholding data. However, this requires that the payor-submitted request file had arrived on time and was free of errors.

Specifications are on a separate memorandum, listing all the required data elements and explaining the structure and formats of the request file.

#### **2.4.1 The new Vero API interfaces “Reporting pension data and benefits payment data” and “Payer-specific pensions and benefits changed withholding data”**

As an alternative to the online direct-transferred request files and answer files described in this document, the payors of pensions and benefits can send information through the new APIs “Reporting pension data and benefit data” and “Payer specific pensions and benefits changed withholding data”. These API interfaces can replace the direct transfer of information.

After secure login, an authorised payor or their representative can use the API to inform the Tax Administration of amounts and any new pensions and benefits, and search the recipients' withholding rates before each payment is made, receiving information relevant to both basic and revised tax cards.

If you use the “Reporting pension data and benefits payment data” API, you must also use the “Payer specific pensions and benefits changed withholding data” API to obtain the withholding percentage rates of your recipients' basic tax cards. The Tax Administration's direct-transfer process of withholding rates will not cover the recipients for whom the payors have sent information through the API interface.

For more information on Vero API, see our API guides on [tax.fi](http://tax.fi).

## 2.5 Deadline date for request files

The deadline for submittal of electronic files to request the withholding information is **6 November 2023**.

The deadline has been set to match the usual yearly schedule where the effective date of individual taxpayers' 2023 withholding rates is 1 February 2024. The deadline also satisfies the requirement that the Finnish Tax Administration must have enough pension income estimates available before its annual computer runs in which the following year's withholding rates are determined.

## 2.6 New payor of pensions, participating in the online data transfer

There is no need to sign a contract with the Tax Administration when you participate in the online data exchange with request-and-answer files. However, participants must follow the instructions and their updates closely.

The Finnish Business ID is the identifier of the payor, filer – i.e., of the pension institution. **The Business ID that you submit must be the currently valid one.** Based on the Business ID information, the system will print the payor's name on the letters that the Tax Administration will send to the pensioners. The letters both show the withholding rates to be applied, and contain explanations of the principles of withholding calculation. Accordingly, it is very important that all pension institutions and other payors of pensions always keep the Tax Administration up to date.

This means that any address changes or business name changes should be reported to us promptly and in writing.

The Finnish Tax Administration's contact information can be found in the specification of the required data format.

## 2.7 Releases of instructions and specifications of the required data format

Instructions and Specifications are posted each year at [tax.fi > About us > > Information and material on taxation > IT developers > Data\\_format\\_specifications > Direct data transfers and other e-filings](#).

Instructions are issued in new versions every year because there is some variation from year to year due to the irregularity associated with withholding rates, their dates of coming into force, and the deadline dates for the filing of direct-transfer requests. Commercial software vendors, payors of pensions and all other preparers of request files should therefore adapt to regularly occurring changes of data formats every year. Ordinarily, the updates of instructions and guidance are published in August or September.

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](#).

## **2.8 Rules on the disclosure of information and data confidentiality**

The Tax Administration delivers withholding data by direct online transfer to payors under section 17 (1), paragraph 2 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 payors on the withholding tax rate and other information required for payment of withholding tax related to taxpayers as specified by the payor.

Payors have the right to collect the data that are needed for withholding, and the right to store such data in their accounting systems. The request filing must be limited to cover the individuals who actually are paid pensions at the time when the withholding data is in force. If any organisation or individual maintains a register in such a way that neglect is evident with respect to the protection of personal information of natural persons within the meaning of the GDPR, the General Data Protection Regulation 2016/679 EU, and the Finnish Data Protection Act (1050/2018), it is regarded as a punishable offence entailing an obligation to pay damages.

The withholding data transmitted to the payors are confidential. Pursuant to § 12 of the Act on Public Disclosure and Confidentiality of Tax Information, they may not be used for any other purposes 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 § 22 and § 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 the Decree on personal data and the 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 captured.

When any information becomes obsolete and unnecessary, delete it from the system.

The confidentiality requirements and the additional EU requirements of the GDPR 2016/697 concern all those who handle withholding data at pension institutions, accounting firms or IT centres.

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

## **3 Guidelines for reporting**

### **3.1 How to report annual pension income estimates**

The euro amount of the pensioner's 2024 annual income must be written as a straight string of numbers with no separator characters between the euros and the cents. If necessary, pad the figure with leading zeros. The value of position 42 – unit of currency must be '1' (the euro).

### **3.2 Pensions of different Types of Payment, paid by the same payor**

If a payor of pensions has paid more than one type of pensions, the payor must report them separately in order to differentiate between the Types of Payment concerned. Accordingly, each pension type will give rise to the preparation of a request file. For a list of Types of Payment, see section 9 of the Specification.

### **3.3 Payments of “pension assistance”**

Starting June 2017, individual recipients who would otherwise receive “labour market support” are entitled to a social benefit called “pension assistance”, subject to specific terms and conditions. The tax rules that apply on “pension assistance” are those that apply on pension income.

If you pay this benefit, enter Type of Payment “AB” as the value of positions 53 to 54.

### **3.4 Payments of part-time pension and "partial early retirement pension”**

Fill in Type of Payment '24' as the value of positions 53 to 54 to report part-time pensions including "partial early retirement", and '25' to report partial disability and rehabilitation pensions. This will ensure that the Tax Administration system will not disregard the individual's wage income, if any. Instead, the system will calculate two withholding rates: one for pension income, another for wage income.

### **3.5 Payments of “years-of-service pension” (työuraeläke)**

Report Type of Payment '03' if the pension is of the "years-of-service pension", effective from the beginning of 2017. Report old-age pension, disability pension, unemployment pension, veteran’s pension and early old-age pension and rehabilitation subsidy in positions 53 to 54.

### **3.6 Payments of voluntary retirement pensions and payments derived from long-term savings contracts**

Report Type of Payment '14' if pension benefits deemed as capital income and based on voluntary pension contracts are paid, and Type of Payment '13' if pension benefits deemed as earned income and based on voluntary pension contracts are paid. However, if pension benefits deemed as capital income are to be taxed with a 20-percent increase, the Type of Payment must be reported as 'V1'. Note: if pension benefits deemed as capital income are to be taxed with a 50-percent increase, the Type of Payment must be reported as 'V2'.

Furthermore, indicate Type of Payment '14' if payments deemed as capital income are made as based on a “PS” long-term savings contract (within the meaning of the Act no 1183/2009 governing long-term savings). Indicate Type of Payment '13' if payments deemed as earned income are made as based on a long-term savings contract. However, if payments deemed as capital income are to be taxed with a 20-percent increase, the Type of Payment must be reported as 'V3'. Note: if such receipts of payments are to be taxed with a 50-percent increase, the Type of Payment must be reported as 'V4'.

Use payment type 13 also for pensions (when the requirements of EU regulations are not met), taxable as earned income, paid to EU officials based on voluntary pension



insurance contracts. The new F1 Type of Payment is designed for the payments of pension (not based on Regulations) to retired officials of the EU due to voluntary pension insurance contracts, which are taxed with a 20-percent increase.

For a list of Types of Payments, see section 9 of the Specification.

As provided in the Official Decision of the Tax Administration, the computations on withholding must in these cases artificially increase the tax base by 20%. However, payors and filers must report the actual amounts to be paid and not include the 20-percent increase. The Tax Administration will include the increase. The payor must withhold the correct amount as instructed by the Tax Administration. In this case, the amount will be raised. This equally concerns the taxable pensions that are treated as earned income, and also the taxable pensions that are treated as capital income.

**Example:** The receipts of pension based on a voluntary contract are taxed as 20% higher. In 2024, the total annual pension payment is €2,000. The payor must report it as €2,000 in the request file and specify 'V1' as Type of Payment. The individual pensioner has reported a deductible interest cost amounting to €200 related to a loan he had taken for the production of income. The calculation to work out his estimated tax liability is  $30\% \times (\text{€}2,000 + (\text{€}2,000 \times 20\%) - \text{€}200) = \text{€}660$ . The withholding rate to be applied to the individual's income is thus  $\text{€}660 / \text{€}2,400 = 27.5\%$ . The answer file will contain the rate of 275 = 27.5%. The payor must withhold 27.5% of the artificially increased income amount i.e., of €2,400.

### 3.7 Finnish-sourced pensions paid to recipients abroad, subject to healthcare contribution only

Indicate Type of Payment '15' for payments of Finnish-sourced pension benefits, related to the private sector or to businesses operated by public organisations. These pensions are only subject to Finnish healthcare contributions. Sometimes they involve no withholding at all. Examples of these pension types include private-sector pension benefits – and pension relating to past employment with a public organisation that conducts business – payable to a Finnish tax resident living in a foreign country if the bilateral tax treaty prevents the levying of Finnish tax on them. Such pensions fall outside Finland's taxing rights, but the Finnish healthcare contribution is chargeable if Finland is responsible for financing the individual's healthcare costs.

You can only have '15' as the Type of Payment if the pension payments meet the following conditions:

- a) There is a revised tax card, received by letter, with the words “Concerns the withholding of health insurance contributions”—“Tämä verokortti koskee sairausvakuutusmaksun perimistä” instructing the payor of this pension benefit, or
- b) there has been a direct data transfer of revised tax-card information showing code 060 (card for healthcare contributions), value '1' (yes) to instruct the payor, or
- c) there has been Type of Payment 15 displayed in the answer file that you received last year regarding last year's withholding data.

The instruction to send separate request files for Type of Payment 15 has been withdrawn for 2022 and later years. Separate request files are no longer needed

because the pensioner may have asked the local tax office to calculate a revised tax card that concerns Type of Payment 15 combined with another payment. It should also be noted that at present, payors submit information to the Incomes Register, i.e., they no longer submit annual information to the Tax Administration on this type of payment.

### 3.8 How to report family pension

The request files must include estimates of the 2024 pension income. These estimates must be made so as to reflect any upcoming changes that the payor or filer is aware of. This includes situations where the end date is known for a pension payable to a child. If such an end date falls in the coming year, the payor/filer should only report the amount that will accrue up to the end date.

Under § 40 of the Act governing old-age pensions (Act no 568/2007), the family pension payable to a child can only be paid during ages 18 to 21 and to children who pursue studies. This means that if the child were to discontinue his or her being a student, they would also lose their right to receive the family pension. Because it is impossible for the payor/filer to anticipate continued or discontinued academic studies, payors/filers must report the estimated pension amount for the entire year. However, if it is known that the child will turn 21 during the coming year, the payor/filer must only report the amount that will accrue up to the 21<sup>st</sup> birthday.

Any Kela-paid pension payable to widows, within the meaning of the legislation governing national pensions, must not be included in the estimated amount of the request file. The withholding on these payments must be effected as instructed by the Official Decision of the Tax Administration on withholding, or as specifically instructed by the local tax office (on a revised tax card).

The pension centre-paid widow's pension (before the adjustment known as '*eläkesovitus*' is completed) must be reported for the entire year as equal to the result of the January 2024 amount multiplied by twelve. If any substantial changes were to be made later in the adjustment process known as *eläkesovitus*, the payor or filer must give guidance to the pensioner to turn to the Finnish Tax Administration in order to request a revised withholding rate i.e., a new tax card.

### 3.9 Rehabilitation support

Similar rules apply to rehabilitation support and disability pension benefits. For this reason, recipients of rehabilitation support are entitled to the same deductions for pension income as other pension recipients. Indicate '03' as the Type of Payment in positions 53 – 54, that is, in the same way as in the case of disability pension.

### 3.10 Support for farm closure

The benefits paid to farmers in connection with relinquishing their farm (called *Maatalousyrittäjien luopumistuki* in Finnish) are regarded as pension income entitling the recipient to tax deductions for pension recipients. Enter '54' as the Type of Payment in positions 53 – 54.

### 3.11 Guarantee pension

As of 1 March 2011, some pension recipients have received a pension type known as 'guarantee pension' (*takuueläke* in Finnish). Report 'AA' as the Type of Payment for any payments of guarantee pension.

### 3.12 Pension benefits based on mandatory accident and motor traffic insurance

Report 'C' as the Type of Payment in the case of the pension types falling into the categories of family pensions and accident-insurance pensions, either statutory or voluntary, when the requirements of EU Social Security Regulation are met.

Correspondingly, enter 'CL' as the Type of Payment in the case of payments of disability pension or family pension in situations where the requirements of EU Social Security Regulation are not met.

Indicate '07' as the Type of Payment in the case of family and disability pensions based on third-party insurance contracts, where the requirements of the EU social security Regulation are not met.

For the 'C' Type of Payment, only fill position 53 with the letter 'C' and leave position 54 blank.

## 4 Implementing the new withholding rates

### 4.1 Principles of calculation

The Tax Administration performs the necessary calculations to obtain a single withholding rate for all payments of pension benefits to the recipient. As for Type of Payment 15, the rate can be no higher than the healthcare contribution rate. However, it is rounded up to the nearest half percentage, or the nearest even percentage. For 2023, the officially confirmed rate of healthcare contribution is 1.57 % when applied to pension income. No official confirmation has been made so far for the 2024 contribution level. For the Types of Payment 14, V1 and V3, the rates can be no higher than the increased capital-income tax rate.

When payments of pension benefits are made in 2011 and later within the meaning of the legislation governing national pensions, the applicable withholding rate may be calculated so as to be independent of the amount of pension to be paid. The same principle also applies to other pension types.

### 4.2 The dates when 2024 withholding rates come into force

As it has been planned, the effective date for the new 2024 rates is 1 February 2024. This means that the payors must implement the new rates that they have received on the answer files starting 1 February 2024. In January 2024, the withholding on any pensions paid out will continue to be based on the old withholding rates that were valid 31 December 2023.

In the case that an individual pensioner has changed their withholding rate and submitted a revised tax card to the payor, the withholding rates on such a card must be used, effective from the date printed on the card. This means that if the revised 2024 tax card's effective date is 1 January 2024, the payor must use the card already in January.

If a pensioner has had no withholding rate computed for him or her when the payments begin, the payor must carry out withholding as provided in the Official Decision of the Tax Administration on withholding. In such a case, the pension institution must tell the pensioner to obtain a new tax card designed for pension income.

#### **4.3 Tax card computation prevented**

The failure ID of calculation "5" indicates that the Tax Administration has prevented the computations of the withholding rate for the particular pensioner. In such a case, the Tax Administration will send a revised tax card to the pensioner or nonresident pensioner.

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