

Period of validity

9 June 2023 – 31 March 2024

Date: 9 June 2023

**Record number of the original
guidance document in Finnish
/in Finnish:**
VH/1008/00.01.00/2023**To:**

The organizations that pay out 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
IT centres providing electronic transmission of data

Nonresident recipients of pension benefits — instructions for direct transfers of withholding data, preassessment year 2024**Table of contents**

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Enclosure: Direct online transfer of withholding data of nonresident recipients of pension /
Specification of the required data format for the 2024 preassessment year

Nonresident recipients of pension benefits — instructions for direct transfers of withholding data, preassessment year 2024

This document discusses the direct data transfer with which the withholding information for non-resident pensioners 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. However, it still has the same structure as previously.

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).

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 pension benefits to receive the withholding rates and other 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 nonresident pensioners. Consequently, if the individual concerned continues to be a tax resident of Finland, the request file must be set up as instructed in "*Finnish resident recipients of pension benefits — instructions for direct online transfers*"; translation into English is available.

2.2 Introduction to the tax assessment of nonresident pension recipients

The nonresident recipients of pensions are individuals who live outside Finland. However, if a Finnish citizen leaves Finland for another country, he or she will continue to be a tax resident of Finland during the calendar year when they left and for three years after the end of that year.

Finnish citizens who have left Finland may request tax treatment as nonresidents 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. "Substantial ties" may refer to a house or apartment in Finland if it is reserved for their own use, or to a wife or husband who continues to live in Finland. Permanent departure from Finland usually means a situation where a pensioner has filed an official notification of moving away from Finland to the Population Register System.

Finnish citizens become tax nonresidents of Finland when three (3) full calendar years have elapsed after the date when they moved away to live in another country.

However, in exceptional cases, due to an official demand by tax authorities, tax residency in Finland can be regarded as continuing longer. Tax authorities are legally required in such a case to present proof that the individual continues to maintain substantial ties with Finland.

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 (DVV) stating that the individual has returned to Finland to live, the payor must again use the request file for residents.

Example 1: After living in Finland and having been a Finnish tax resident, a pensioner left Finland 1 August 2020 to start living in France. He is a citizen of Finland, and he continues to keep an apartment ready in Finland for his personal use. The conclusion is that he will continue to be a tax resident up to the end of the calendar year when he moved away, i.e. end of 2020, and also 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 were to submit a claim for such treatment. Thus, the payor must use the residents' request files for 2021, 2022 and 2023; and move on to using the nonresidents' request file as of 2024 when asking the Tax Administration to provide withholding percentage rates for this pensioner.

If a citizen of another country (who has lived in Finland) leaves, in order to start living in another country, he or she will normally become a nonresident as of the date of leaving. Other nonresidents include all the individuals living in other countries who receive pension from Finnish sources who have never lived in Finland.

Consequently, the payor must use the nonresidents' request file.

Example 2: An individual pension recipient who has lived in Finland moves to Sweden on 1 August 2023. His citizenship is Swedish. The conclusion is that he will be a nonresident starting on the date when he leaves. This means that the payor must use the nonresidents' request files for 2024, and onwards, when asking the Tax Administration to deliver withholding information for him.

The format of the electronic request file designed for nonresidents must match the specification of the required format and be set up as instructed in this document. Similarly, the format of the electronic request file designed for residents must match the appropriate specification of the required format, and be set up as instructed in "*Finnish resident recipients of pension benefits — instructions for direct online transfers of withholding data*"; translation in English is available.

The Finnish legal act governing the tax assessment of nonresident pension recipients has been the act on assessment procedure (Verotusmenettelylaki) as of 2006, i.e. the same legal act governs the tax assessment of both residents and nonresidents. The 2014 amendments of the Act on the Taxation of Nonresidents' Income and Capital (Lähdeverolaki 627/1978) do not concern recipients of pension. The procedure that concerns nonresident recipients has remained the same as previously. The Tax Administration assesses the taxes of nonresident individuals on the basis of the data received from the payors in their Annual Information Returns and on the basis of tax-return information, originating from the individual taxpayers themselves. The earlier requirement to always notify the Tax Administration of address changes and change dates has ceased to be in force in 2013.

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. These individuals must have Finnish personal identity codes. 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, and sent to the Tax Administration over an online connection. The request files that concern nonresidents cannot be combined with residents' request files. 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 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 task of commercial software vendors or system administrators to make sure of this. It is the responsibility of the payor or his representative, in charge of submittals, 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, fast and reliable transmission 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, visit the suomi.fi website.

We send back our answer files to payors using the same data transfer service as they had used. The Tax Administration will respond to the requests no later than two weeks in advance of the effective date of the new withholding rates. The payors will 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](https://www.vero.fi).

2.5 Request file deadline dates

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’ 2024 withholding rates is 1 February 2024. The deadline also satisfies the requirement that the 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 pension benefits 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 for the first time. 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 pension recipients. They both show the withholding rates to be applied and contain explanations of the principles of

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 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, the dates when new tax cards and withholding rates come into effect, 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 materials on taxation > IT developers > e-File > 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 EU General Data Protection Regulation 2016/679 (GDPR) and the Finnish Data Protection Act (1050/2018), it is regarded as a punishable offence involving 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 requirement of transparency, the obligation to minimize the extent of stored information, to adhere to exactness, restrictions of storage times, integrity and confidentiality.

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

The confidentiality requirements and the additional requirements of the above legal acts concern all those who work with withholding information 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 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 zeroes. The value of position 42 – unit of currency must be '1' (the euro).

3.2 Types of Payments and the withholding rates contained in the answer files

One request file (or one set of data) can only include one Type of Payment. The answer file will contain the withholding percentage rate to be applied to that Type of Payment. The types of pension that fall into the same Type of Payment must be added together and combined, if the other request file data are the same. There are many different Types of Payment, and as a result, there may be many different withholding rates on the answer file.

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

As for the pension categories related to the reform that came into force on 1 January 2017, the “years-of-service pension” (työraeläke) and the “partial early old-age pension”, the choice of the code of Type of Payment depends on what kind of work had been done by the individual concerned – codes B1, B2 or B5.

3.3 Citizenship

The pension recipient's citizenship and second citizenship must be reported in accordance with the records made by the payor. No more than two citizenships can be entered. The Tax Administration uses the country-of-citizenship information for investigating any entries where data seems to be missing. However, the Tax Administration's primary source of information is the Population Register Centre.

This is a required field. If you do not know the pension recipient's country of citizenship, the value XX – Other, or ZZ – Unknown must be entered in position 454–455, and nothing entered under "country name of citizenship spelled out in words".

3.4 Country of residence

The payor must also report the pension recipient's country of tax residence as it is recorded. The Tax Administration uses the country information for investigating any entries where data seems to be missing. However, the Tax Administration uses its own database as the primary source of information.

This is a required field. If you do not know the pension recipient's country of tax residence, the value XX – Other, or ZZ – Unknown must be entered in pos. 417–418, and nothing entered under "country name".

3.5 Payments of voluntary retirement pensions and payments derived from long-term savings contracts

When pension benefits are paid out for a voluntary contract they must be reported under B0, B4, B8 or B9 Types of Payment, and when payments derived from long-term savings contracts are paid out, they must be reported under P4, P5, P6 or P7 Types of Payment. The amounts on the request file must always be unadjusted even in cases where the payor is aware that the payments will be increased for tax purposes.

4 The dates when 2024 withholding rates come into force

As it has been planned, the effective date of 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 a nonresident individual has changed their withholding rate and submitted a revised tax card to the payor, the payor must withhold tax according to the rates on that card. The effective date is stated 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.

5 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. This is usually an indication of a revised tax card being in force. The payor of pensions will receive the revised tax card from the local tax office soon.

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