

VAT Refund

A GUIDE TO THE PROCESS

- You can claim VAT refund on a new build property if the purpose of your purchase is for investment.
- VAT rates in Finland vary but we have been advised that the amount of the refund is 10 - 12% of the total price.
- You must apply for this refund within 6 months of the date of completion of the property.
- You are not allowed to use the property for yourself. However we have been advised that you should be able to rent the property from yourself and pay the correct rental fees, which is in effect paying yourself to stay there.
- You must own the property for a minimum of 5 complete calendar years before you are entitled to keep the full refund. You can keep this money only in a secure bank account and would not be allowed to use it for 5 years. You would be able to earn interest on this money. However, if you own more than one cabin, you could use the shares from the housing corporation as a guarantee (with their permission), enabling you to receive the VAT refund to invest in your own bank.
- To obtain the refund you must register yourself for VAT in Finland. This is a straightforward task, but you would have to make monthly VAT returns.
- You would also be able to claim back any VAT spent on furniture and similar items for the cabin.
- In order to claim back the VAT on the commission charges from the letting agent, you will need to inform the agency that you will be VAT registered. If you own one property, you will pay 22% VAT on your rental income and if you own two properties, you will only pay 8%.
- Abovethearctic Ltd can recommend a Finnish accounting firm to assist with the whole procedure. Fees are very reasonable. You should expect to pay about 1,000 euros (plus VAT) per year, for 1 to 2 cabins. This cost covers, VAT registration, monthly VAT returns and tax declaration.
- We strongly recommend that you seek independent advice from a Finnish accountant before you make a financial investment.
- Finnish law and tax authorities determine the terms for claiming back the VAT. These terms may change at any time. Contact an accountant for updates or check with the Finnish tax authority (www.vero.fi)
- For more information visit www.vero.fi