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COMMISSION STAFF WORKING DOCUMENT

Mind the Gap Report
Challenges and opportunities for tax compliance and tax expenditure in the EU
Finland

Country fiche: Finland

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **Finland has one of the lowest value added tax (VAT) compliance gaps in the EU.** The VAT compliance gap is estimated at 3% of the VAT Total Tax Liability (VTTL), compared to an EU average of 9.5%. Between 2019 to 2023, Finland's VAT compliance gap has trended downward. Low compliance gaps are a reflection of overall high tax morale in Finnish society.
- **Finland performs corporate income tax (CIT) compliance gap estimation, which points to a very low CIT compliance gap.** According to the latest available figure, the CIT compliance gap for small and medium-sized enterprises was estimated to be 3% of reported CIT in 2021-2022. This estimate is corroborated by the European Commission's own estimate of the CIT gap of Finland which is also very low. Finland has also developed a method to estimate the CIT compliance gap for all businesses. Additionally, Finland has developed methods to estimate the impact of the shadow economy on CIT and PIT revenues.
- **The tax administration provides a very high level of digitalisation and strong customer orientation.** The comprehensive, seamless digital services for tax matters that have been put in place in Finland facilitate tax compliance and minimise compliance gaps.
- **The Finnish tax administration is characterised by its high efficiency.** It has an effective strategy to ensure tax revenues and reduce the size of the grey economy. In Finland, the closing stock of arrears at year-end as percentage of the total revenue collected was 4.3% in 2022, one of the lowest in the EU.

Areas for Improvement

- **Finland currently does not have an institutional framework in place for regular reviews and impact evaluations of tax expenditures.** Finland's budgetary rules provide for robust reporting of tax expenditures. There is a legally recognised definition and annual publication of tax expenditures paired with foregone revenue estimates, both in the budget proposal and in the final accounts. However, the evaluation of whether tax expenditures meet their intended policy objectives does not seem to be systematically embedded in law or practice.
- **While Finland is performing comparatively well in the area of VAT collection, there may be scope for further improvements.** For the registration process of taxpayers for VAT purposes, an increased set of data could lead to an improvement in risk analysis. For instance, it could be assessed whether data such as the identity of the associated entities or the identification of the segment of the taxpayer can contribute to the completeness of the VAT database. In the area of enforcement and debt collection, Finland has a penalty system for failure to submit VAT returns and failure to make payments on time, as well as an IT sub-system to manage VAT arrears. Finland could analyse the effectiveness of its penalty system to identify areas of improvement. There might also be scope to develop well-connected IT

subsystems to identify the origin of VAT arrears and to prioritise cases based on the taxpayer's payment history.

1. Snapshot of Tax System: Tax Revenues and their Sources

The tax burden in Finland was 42.6% of GDP, compared to the EU average of 39.0%, placing Finland among the EU Member States with the highest tax burden in 2023 ⁽¹⁾. Labour taxes are the primary source of Finland's tax revenues accounting for a significant 50.9% of total tax revenues, broadly in line with the EU average of 51.2%. Consumption taxes contribute 30.7% to Finland's tax revenues (EU average of 26.9%), while capital taxes make up 18.4% (EU average of 21.9%). Despite the prevalence of labour taxes, Finland maintains some degree of diversification with substantial revenue intake from other sources. This diversification creates a broad tax base, implying stability for tax collection. Finland is currently facing fiscal challenges. In 2024, the government deficit reached 4.4% of GDP, while the consolidated gross government debt stood at 82.5% of GDP ⁽²⁾ ⁽³⁾. The IMF also emphasised the high fiscal deficit and recommended additional fiscal adjustments to reduce debt levels ⁽⁴⁾.

The tax wedge varies significantly across income levels, indicating a progressive tax system. For a single person earning 67%, 100%, or 167% of the average wage (AW), the tax wedge ⁽⁵⁾ is 35.2%, 41.9%, and 48.5%, respectively. Notably, the tax wedges for those earning 67% of the AW are slightly below the EU average, while the tax wedge for earners at 100% and 167% of the AW is significantly above the EU average (4.5 percentage points in the latter case.). As a result, the difference in the tax wedge between high-income (167% of AW) and low-income earners (67% of AW) is, at 13.3 percentage points, well above the EU average (7.8 percentage points). Such a progressive system supports income redistribution while aiming to preserve work incentives and maintain economic competitiveness. Other indicators confirm that Finland's tax system performs well in terms of fairness. In 2023, the tax and benefit system reduced income inequality (measured as the difference in Gini coefficients before and after taxes and benefits) by 11.3 percentage points, 3.6 percentage points above the EU average ⁽⁶⁾. The resulting Gini index for equivalised disposable income is, at 26.1% in 2024, 3.2 percentage points below the EU average, pointing to a lesser income concentration ⁽⁷⁾. Finally, the share of people at-risk-of-poverty or social exclusion is 16.8%, well below the EU average (21.0%) in 2024 ⁽⁸⁾.

¹ Data on tax revenues are based on European Commission: [Data on Taxation Trends](#), edition 2025 (reference year 2023). The 2026 edition (reference year 2024) will be published in the first quarter of 2026. Preliminary data point to an upwards revision of tax revenue data for 2023 (to 42.8% of GDP), followed by a decrease of total tax revenues to 42.2% of GDP in 2024. https://doi.org/10.2908/GOV_10A_TAXAG

² For further information: <https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-21102025-AP>

³ In 2025, Finland avoided the EU's Excessive Deficit Procedure (EDP) after the European Commission activated the national escape clause due to increased defence spending amid a changing security environment. Source: https://economy-finance.ec.europa.eu/document/download/902a2505-edb3-4c0a-8200-e0b1ec567c04_en?filename=COM_2025_615_1_EN_ACT_part1_v3.pdf

⁴ See IMF (2025), [Finland 2025 Article IV Consultation](#).

⁵ The tax wedge is defined as the sum of personal income taxes and employee and employer social-security contributions net of family allowances, expressed as a percentage of total labour costs (the sum of the gross wage and social-security contributions paid by the employer). Data are based on European Commission, DG ECFIN: [Tax and Benefits Database](#).

⁶ European Commission, DG EMPL calculations based on EU-SILC survey data.

⁷ European Commission, Eurostat [\[ilc_di12\]](#)

⁸ European Commission, Eurostat [\[ilc_peps01n\]](#)

2. Monitoring of Compliance Gaps

2.1. Overview

Finland participates in the Tax Administrations EU Summit (TADEUS) project group on developing a common approach to tax gap estimation. The project is financed by the European Commission's FISCALIS Programme. Finland actively contributes to the subgroup on PIT gap estimation ⁽⁹⁾.

Finnish society exhibits exceptionally high tax morale resulting in high levels of tax compliance.

A recent survey conducted by the Finnish tax authorities showed that the vast majority of Finnish taxpayers consider paying taxes to be an important civic duty and that Finnish citizens generally have a positive attitude towards taxes. About 93% of respondents said that paying taxes is an important civic duty while nearly the same proportion said the tax system was necessary in order to finance Finland's social welfare system. Additionally, 85% of respondents felt that evading taxes is always wrong ⁽¹⁰⁾. Tax morale is closely related to perceptions about the fairness of taxation. In a recent Eurobarometer survey, respondents were asked to what extent people pay taxes in proportion to their income and wealth. In Finland, 87% agreed that this was the case to a large or to some extent, the highest value in the EU, providing additional legitimacy to the Finnish tax system ⁽¹¹⁾.

2.2. Monitoring VAT Compliance Gap

The VAT compliance gap ⁽¹²⁾ in Finland was the second lowest in the EU in 2023, estimated at 3% of the VAT Total Tax Liability (VTTL) ⁽¹³⁾ or around EUR 800 million, compared to an EU average of 9.5% ⁽¹⁴⁾. This is in line with estimates by the Finnish Tax Administration ⁽¹⁵⁾. Finland's VAT compliance gap has trended downward with some fluctuations over the period from 2019 to 2023. The VAT compliance gap dropped from ca. 5% in 2019 to nearly zero in 2021 and has since increased again to 3% in 2023. The recent increase in 2023 by less than 1 percentage point remains minor and may partly be due to a small increase in VAT debts, which rose by 4% between 2022 and 2023 ⁽¹⁶⁾. Research

⁹ European Commission (2025), Directorate-General for Taxation and Customs Union, *Towards a common approach to tax gap estimation in the EU – Fiscalis Project Group 008 – Final report*, Publications Office of the European Union, <https://data.europa.eu/doi/10.2778/3068071>

¹⁰ Finnish Tax Administration Bulletin (2025), [A positive attitude toward taxes and a general disapproval of malicious tax avoidance – these are results of a survey that measured public attitudes](#).

¹¹ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>

¹² The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.

¹³ The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.

¹⁴ See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2778/7868422>.

¹⁵ [Finnish Government's Annual report 2024, page 125.](#)

¹⁶ [Appendix 17 from the 2023 financial statement of Finnish Tax Administration](#)

by the Finnish Tax Administration, based on data from random audits, shows that the assessment gap ⁽¹⁷⁾ has not changed significantly between 2022 and 2023.

Reasons for the slightly increasing VAT compliance gap between 2022 and 2023 are multifaceted. Economic challenges, such as high energy costs, supply chain disruptions, and tight labour markets, contributed to sectoral shifts towards a higher share of services in GDP (ca. +2 percentage points), where non-compliance risks are higher. The observed growth in bankruptcy declarations (ca. +26%) also likely contributed to a higher VAT compliance gap by complicating VAT collection procedures ⁽¹⁸⁾.

In 2023, VAT losses due to Missing Trader Intra-Community (MTIC) fraud ⁽¹⁹⁾ were estimated at around EUR 450 million. Despite fluctuations over time, VAT losses due to MTIC fraud increased by around EUR 200 million between 2010 and 2023 ⁽²⁰⁾. However, estimates by the Finnish Tax Administration, based on random and risk-based audit data, suggest a more limited importance of MTIC fraud.

2.3. Corporate and Personal Income Tax Compliance Gaps, and Measures of the Shadow Economy

The Finnish Tax Administration is developing tax gap analysis methods to estimate the CIT and PIT compliance gaps. While CIT compliance gap estimation currently covers a subset of companies, the Finnish Tax administration is developing a method to estimate the CIT compliance gap for all businesses. The method will be similar to the one used by the Finnish Tax Administration for the VAT gap estimation. The first estimates are expected in the coming years. In addition, the Finnish tax administration is developing a method to estimate the PIT compliance gap based on random audits. The first results are expected in 2026.

Finland has published CIT compliance gap estimates since 2024. Tax gap estimates are published only in Finnish and Swedish in the Government's annual report. According to the latest available figure, published in 2025, the CIT compliance gap of small and medium-sized enterprises for the years 2021-2022 was estimated at approximately 3% of declared CIT, based on random audit data ⁽²¹⁾.

¹⁷ Based on the terminology used by the Finnish Tax Administration, the assessment gap is the difference between the VAT amounts declared and the potential VAT amounts that should have been declared. The compliance gap represents the sum of the assessment gap and VAT debts (i.e., the collection gap).

¹⁸ See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2778/7868422>.

¹⁹ Missing Trader Intra-Community (MTIC) fraud is a form of VAT fraud that exploits VAT-free cross-border trade within the EU. Fraudsters purchase goods VAT-free from another Member States, sell them domestically, charge VAT to their customers, and disappear before paying this VAT to the tax authorities.

²⁰ European Commission, CASE, Poniatowski, G., Śmietanka, A., and Skowronek, A., *VAT compliance gap due to Missing Trader IntraCommunity (MTIC) Fraud – Final Report Phase II*, Publications Office of the European Union, Luxembourg, 2024, <https://data.europa.eu/doi/10.2778/6433841>.

²¹ Finnish Government's Annual Report 2024, available at <https://julkaisut.valtioneuvosto.fi/items/2c476056-065a-4065-805c-2c24116cc98d>

European Commission estimates also point to a very low CIT compliance tax gap in Finland.

Based on a methodology developed by the Joint Research Centre which relies on a top-down approach, the CIT compliance gap in Finland was around 3% of collected CIT revenues in 2018, the third lowest figure among available estimates from Member States ⁽²²⁾. This is considerably below the (unweighted) average for the CIT compliance gap of 10.9% of collected CIT revenues based on available estimates for 23 Member States.

The Grey Economy Information Unit estimates the impact of shadow economy activities on CIT and PIT ⁽²³⁾. Companies operating within the shadow economy distort part of their business results, for example by concealing income or declaring unjustified expenses. For small companies with less than EUR 10 million turnover, the estimated impact on CIT caused by shadow economy activities was estimated in the range of EUR 100–140 million in the period 2019–2022. This figure amounted to between 4.2%–5.9% of the collected corporate tax in that time frame ⁽²⁴⁾. The Grey Economy Information Unit has also estimated the size of undeclared work, which is an important part of the PIT compliance gap. In particular, the Unit estimated that undeclared work caused losses of taxes and social insurance contributions totalling EUR 300–480 million. Estimates are based on different methods using tax audit data as well as data compiled and collected by the Finnish Statistics Authority. Four separate reports have been published in Finnish language ⁽²⁵⁾.

In addition to the analysis presented above, estimates suggest that the size of the shadow economy in Finland is decreasing. Moreover, the size of the shadow economy in Finland is well below the EU average. In 2022, the shadow economy in Finland was estimated at about 10.8% of GDP (Schneider and Asllani 2023, for the European Parliament) ⁽²⁶⁾. While still having considerable economic weight, the shadow economy has been constantly shrinking for the past 20 years from 17.6% of GDP in 2003 to 10.8% in 2022. This is 6.7 percentage points below the EU-27 unweighted average. The analysis referenced considers indirect taxes, PIT and unemployment among the main contributing factors to the size of the shadow economy.

²² European Commission: Directorate-General for Taxation and Customs Union (2025), *The Corporate Income Tax Gap, A European approach to measuring losses in corporate tax revenues*, Publications Office of the European Union, <https://data.europa.eu/doi/10.2778/0541549>. The JRC has recently developed a novel approach to estimate the CIT gap based on National Accounts and existing data on the undeclared economy, providing approximations of the CIT gap for a majority of EU Member States including the Netherlands. JRC's estimations are based on the ratio of the exhaustiveness adjustments over the declared part of the Gross Operating Surplus (GOS), that national statistical offices perform to account for non-observed economy in order to obtain the gross national income (GNI). The JRC approach does not capture CIT gaps associated with tax avoidance and (international) profit shifting, which would require other estimation methods.

²³ The [Finnish Authorities' English website](#) informing on the fight against the grey and shadow economy.

²⁴ See the Grey Economy Information Unit website on [Quantifying the shadow economy - Harmaa talous and talousrikollisuus](#). It is noteworthy that Finland provides information also in English language, accessible to multiple stakeholders across the EU's single market.

²⁵ The full reports in Finnish are available at the Grey Economy Information Unit website on [Quantifying the shadow economy - Harmaa talous and talousrikollisuus](#).

²⁶ [European Parliament \(2022\), Taxation of the informal economy in the EU.](#)

2.4. Other Compliance Gaps

Finland has estimated the tax gap arising from cryptocurrencies. The estimate was computed in the context of a legislative amendment to implement the DAC8 Directive, which would allow the Finnish Tax Administration to automatically receive information from virtual currency exchanges on the trading activities of their Finnish customers. The change would increase tax revenue by an estimated amount of EUR 20–50 million per year ⁽²⁷⁾.

3. Monitoring of Policy Gaps

3.1. Tax Expenditures

Finland publishes annual Tax Expenditure (TE) reports containing a comprehensive list of tax expenditures ⁽²⁸⁾. The tax expenditure report is part of the government's budget proposal to Parliament. The annual reporting of tax expenditures is supported by a steering group appointed by the Ministry of Finance, which monitors, evaluates and develops tax expenditure reporting. The exact amounts of many tax expenditures cannot be precisely calculated and are based on estimates using tax authority and national statistics data. It has not been possible to provide euro-value estimate to about one-third of the identified 189 tax expenditures. The report uses a static calculation method based on a normative tax system described in detail in a 2009 preparatory report by the Government Institute for Economic Research ⁽²⁹⁾. While tax expenditure reports are published in the Finnish language only, there is an English translation feature on the website of the Ministry of Finance. This website summarises the Finnish approach to tax expenditure reporting and measurement, increasing transparency in an EU context to some extent ⁽³⁰⁾.

The tax expenditure report covers tax expenditures across all major tax types but does not aggregate TEs or compare them across time. TEs are reported for personal and corporate income tax, VAT, and other taxes. Local government tax expenditures can also be included. Each tax expenditure is listed with details such as the legal basis, intended objective, (when possible) an estimate of the revenue forgone and information on the calculation method and the benchmark tax system. Tax expenditures are categorised by tax base, purpose, and type of measure. However, Finland does not aggregate tax expenditures across different types of taxes and does not compare tax expenditures across years ⁽³¹⁾.

²⁷ <https://www.vero.fi/tietoa-verohallinnosta/uutishuone/lehdist%C3%B6tiedotteet/2025/hallituksen-esitys-kryptoporssien-ilmoitettava-suomalaisten-virtuaalivaluuttatuloista-verohallinnolle>

²⁸ Tax expenditures are referred to as tax subsidies. Finnish tax authorities provide an [overview of TE reports](#). The latest [Finnish TE report](#) provides information for 2024-2026.

²⁹ [Report in Finnish language from 2009](#) defining the benchmark for TE analysis. Changes made to the benchmark system and the calculation of TEs after 2009 are reported in individual reports in the Ministry of Finance's TE web site.

³⁰ Based on the website of FI authorities <https://vm.fi/en/tax-expenditures> (accessed on 7/07/2025).

³¹ The Finnish authorities reject aggregation and comparison of tax expenditures for a variety of reasons, including the interplay and possible overlaps between tax expenditure items or the impossibility of calculating euro-value for a large amount of tax expenditure items. Finland also considers that multiple factors hinder cross-time comparisons, such as legislative amendment of the tax treatment of the activity under the tax expenditure in

There are detailed impact assessments of tax expenditures in Finland, but no established procedure for regular TE assessments beyond the annual TE reports could be identified. The euro amount of foregone revenues of tax provisions does not directly measure their effectiveness or impact. Proper evaluation requires empirical research to understand who benefits, how, and whether the subsidies achieve their objectives without conflicting with other policy objective. Systematic evaluation of tax subsidies is currently limited. In 2023, Finland published a detailed tax survey laying out the foundation of a wide set of the most important taxes and discussing the impact and effectiveness of related tax expenditures. There are also several topic-specific evaluation reports and impact assessments available online. In addition to those evaluations carried out either by the Ministry of Finance (MoF) or the VATT Institute for Economic Research, the National Audit Office of Finland (NAOF) ensures that state funds are used cost-effectively according to Parliament's decisions and in compliance with laws and regulations. While NAOF reviews fiscal policies in general, it does not publish analysis on TEs specifically ⁽³²⁾. However, it has issued a recommendation in 2018 to improve the information available on the appropriateness of TEs through regular impact assessments ⁽³³⁾.

A recent study by the Commission indicates that TEs for PIT in Finland are progressive ⁽³⁴⁾. TEs related to PIT, as defined in the study, reduce total PIT revenues by about 18% (for 2023). Finland's PIT-related TEs that were analysed amount to around 2.3% of GDP, the second highest value in the EU. The measures which mostly focus on employment related items, increase average disposable household income by almost 7% (fourth highest increase of disposable income for PIT measures in the EU) and decreases income inequality (Gini goes down by 4%, third largest reduction in the EU). The measures are also mostly progressive with more additional income for lower earning households.

3.2. VAT Policy Gap

VAT is an important source of revenue for Finland. The statutory standard VAT rate in Finland is 25.5%, the second highest in the EU. VAT revenues contribute 21.5% of all tax revenues, compared to 18.3% in the EU. Since a given VAT exemption will create a higher VAT exemption gap ⁽³⁵⁾ when the tax burden/rate is higher, the VAT policy gap for Finland has to be seen in the context of its relatively high VAT rate. The VAT rate increase from 24% to 25.5% only became effective in September 2024, so its full impact on the VAT policy gap ⁽³⁶⁾ will only materialise in 2025.

question, a legislative amendment to the benchmark tax, a change in the tax base, or a change in the calculation method or updated data.

³² Consult NAOF website for more details. <https://www.vtv.fi/en/naof/> (accessed on 7/07/2025).

³³ NOAF [Audit Report 19/2018: Impact assessments of tax changes and tax subsidies](#)

³⁴ Based on EUROMOD a number of tax provisions are analysed. Comparisons across countries are possible since the modelling approach implicates a common benchmark. See Turrini et al., 2024, [Tax Expenditures in the EU: Recent Trends and New Policy Challenges](#).

³⁵ The VAT exemption gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of VAT exemptions on selected products.

³⁶ The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.

The VAT policy gap in Finland was estimated at around 51% of the notional ideal revenue ⁽³⁷⁾ in 2023, equal to the EU average ⁽³⁸⁾. It was the 8th largest VAT policy gap among EU Member States and amounted to around EUR 27 billion. It increased by 2.5 percentage points compared to 2022 and represented a 1.5 percentage point increase when looking at a longer time horizon since 2019.

The VAT exemption gap was higher in Finland compared to the EU estimate in 2023. It amounted to around 43% of the notional ideal revenue (ca. EUR 22 billion), while for the EU-27 overall it was 38%. This constitutes an increase compared to 2022 (ca.+3.5 percentage points). The VAT exemption gap has fluctuated slightly over time, with an overall increasing trend since 2019 (+2.5 percentage points).

The VAT rate gap ⁽³⁹⁾ in 2023, which amounted to EUR 4.5 billion, was estimated at around 9% of the notional ideal revenue, below the EU average of 12%. It has decreased by 1 percentage point compared to 2022 and has also decreased since 2019 (-1 percentage point). The temporary reduction in the VAT rate for electricity consumption from 24% to 10% between late 2022 and spring 2023 is reflected in the higher portion of the VAT rate gap attributable to utilities.

Reduced VAT rates play a limited role for the overall VAT policy gap in Finland but represent a non-negligible amount of revenues foregone. Finland has two reduced VAT rates—14% and 10%—for essential goods and services such as food, transport, and publications. While contributing only 17% to the overall VAT policy gap, these preferential rates reduce VAT revenues by around 18%, approximately 1.1% of GDP.

The national policy-driven VAT exemption gap ⁽⁴⁰⁾ of EUR 4 billion, was estimated in 2023 at around 8% of the notional ideal revenue, below the EU average of 11%. This represents an increase compared to 2022 (+1.5 percentage points), but a stabilisation compared to 2019.

Microsimulations suggest that the distributional effect of Finland's reduced rates are moderately regressive, providing similar or greater benefits to higher-income households compared to lower-income ones ⁽⁴¹⁾.

³⁷ The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.

³⁸ See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., *VAT gap in Europe – Report 2025*, Publications Office of the European Union, Luxembourg, 2025, <https://data.europa.eu/doi/10.2778/7868422>.

³⁹ The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

⁴⁰ The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on VAT exemptions. In practice, it consists of revenue forgone from services falling under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations.

⁴¹ Turrini et al., 2024, [Tax Expenditures in the EU: Recent Trends and New Policy Challenges](#)

4. Effectiveness of Tax Collection and Recovery Systems

4.1. VAT Collection

In general, the Finnish tax administration operates well, although there are still some areas for improvement.

In respect of the registration process of taxpayers for VAT purposes, Finland performs generally well, but an increased set of data could lead to an improvement in their risk analysis. For instance, it could be assessed whether data such as the identity of the associated entities or the identification of the segment of the taxpayer can contribute to the completeness of the VAT database and to efficiency gains.

In the same field, Finland carries out systematic legal and ID checks based on risk indicators prior to registration. Following the recommended practices in the Commission's Ninth Report on VAT registration, Finland now keeps a record of applicants to whom registration has not been granted and Finnish VAT registration database is cross-checked against third-party information sources as a way to improve its accuracy ⁽⁴²⁾. As regards the VAT Information Exchange System (VIES) database, Finland has also improved its fight against the cross-border VAT fraud removing the VIES registration number of those taxpayers involved in cases of VAT fraud. As Finland has reported the 'E-commerce, as part of retail trade' to be an economic sector with a significant number of unregistered businesses in its territory, it could keep records of the taxpayers engaged in e-commerce. Finally, on the VAT One Stop Shop (OSS) ⁽⁴³⁾, Finland has recently established a dedicated information channel for taxpayers. However, it still does not carry out 'ex officio' deregistration of inactive taxpayers to maintain the accuracy of the OSS database.

In the area of compliance risk management, Finland could explore a better use of the data to improve its performance in the sector of e-commerce. This could be done, for example, by gathering and analysing the data of the income paid by internet platforms to Finnish taxpayers.

Finland's audit system performs very well in general. Compared to 2022, Finland has put in place an adequate internal audit process for the accounting system to ensure alignment with tax laws and accounting standards.

Regarding enforcement and debt collection, Finland has a penalty system for failure to submit VAT returns and failure to make payments on time, as well as an IT sub-system to manage VAT arrears. However, Finland could analyse the effectiveness of its penalty system. There may also be scope to develop well-connected IT sub-systems to identify the origin of VAT arrears and to prioritise cases based on the taxpayer's payment history.

⁴² Commission's Ninth Report on VAT registration, collection and control procedures following Article 12 of Council Regulation (EEC, EURATOM) No 1553/89, [EUR-Lex - 52022DC0137 - EN - EUR-Lex](#). / Answers to the survey sent to the Member States in June 2025 in view of the Tenth Report on the same subject matter.

⁴³ This is an optional scheme that allows you to account for VAT - normally due in multiple EU countries - in just one EU country.

4.2. Tax Recovery

Finland has a tax recovery strategy and carries out different actions for efficient tax recovery.

These actions range from sending payment reminders to taxpayers, granting payment arrangements, and campaigns influencing taxpayer's behaviour to enforcement measures like imposing penalties ⁽⁴⁴⁾, seizing taxpayer's assets ⁽⁴⁵⁾, performing cross-border tax recovery or public disclosure of the tax debt ⁽⁴⁶⁾. The Finnish Tax Administration chooses the most appropriate measures as the guidance and control measures, ranging from lighter preventive measures to tax audits, according to the nature and significance of the tax risk ⁽⁴⁷⁾.

Finland applies the same recovery rules and practices for different taxes owed by the same debtor. The recovery of such taxes falls within the competence of the same authority. All this contributes to the efficiency of the tax recovery procedure. However, the Finnish Tax Administration does not have enforcement power to collect the overdue taxes. It is the task of the Finnish Enforcement Authority.

Finland has specific legislation on cooperation between the administrator of insolvency proceedings and tax recovery authorities. This allows the tax recovery authorities to exchange information with the administrator of the insolvency proceedings concerning assets that could be used for the recovery of the unpaid claims. This exchange of information includes also information obtained by the tax authorities from other Member States. In relation to tax recovery assistance, Finland has an internal control on the timely and effective execution of assistance requests received from other Member States and respects the deadlines for acknowledgements of receipt and replies.

The tax administration monitors how much taxes are paid on time and is developing a report on the effectiveness of different debt recovery measures. The recovery rate for VAT, personal income tax and corporate income tax in Finland has been increasing during the period 2022-2024. The average time needed at administrative level to make a decision on contestations of tax claims is reasonable, which contributes to the efficiency of the recovery procedure.

Tackling the grey economy is one of Finland's key objectives to ensure tax revenues ⁽⁴⁸⁾. In 2024, Finland carried out 612 grey economy tax audits. The accuracy of the audit targets was high: around 88% of the audits led to imposing taxes and around 80% were forwarded for the consideration of a report of an offence. Finland prevented unjustified registrations in the prepayment and VAT registers and removed inappropriate entries: in 2024, there were 2 760 such cases ⁽⁴⁹⁾.

In Finland in 2023, 92.2% of the CIT payments due, 76.5% of the PIT payments due and 90.1% of the VAT payments due were paid on time ⁽⁵⁰⁾. The closing stock of arrears at year-end as

⁴⁴ <https://www.vero.fi/en/individuals/property/transfer-tax/instructions-for-filing-and-paying-transfer-tax/if-your-transfer-tax-return-or-your-payment-is-overdue/>

⁴⁵ <https://ulosottolaitos.fi/en/index/informationonenforcement/informationfordebtors.html>

⁴⁶ <https://www.vero.fi/en/individuals/payments/financial-difficulties/>

⁴⁷ <https://vero.fi/en/About-us/finnish-tax-administration/finnish-tax-administrations-year/fair-taxation/>

⁴⁸ See also Section 2 above in relation to the Finnish Grey Economy Information Unit.

⁴⁹ <https://vero.fi/en/About-us/finnish-tax-administration/finnish-tax-administrations-year/ensuring-tax-revenue/>

⁵⁰ Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: VAT/PIT/CIT "payments received on-time as a percent of payments due", <http://isoradata.org>

percentage of the total revenue collected was 4.7% in 2023 ⁽⁵¹⁾, one of the lowest in the EU. This percentage suggests that the Finnish Tax Administration is able to collect the taxes owed. The share of arrears that the Finnish Administration considers collectible has increased from 49.6% in 2019 to 50.4% in 2023 ⁽⁵²⁾ of closing stock arrears at year-end.

The Finnish Tax Administration aims to create a positive customer experience in tax management by offering taxpayer-driven services in multiple languages to make tax transactions as simple and easy as possible and to ensure tax revenues. Its services range from the vero.fi website and MyTax (main electronic service channel) to telephone and in-person services. Communication channels, in addition to the above, include newsletters and social media ⁽⁵³⁾. The Finnish Tax Administration is working on streamlining tax payment processes for businesses in 2025, aiming to make voluntary compliance easier and more transparent ⁽⁵⁴⁾.

4.3 Use of Directive on Administrative Cooperation (DAC) ⁽⁵⁵⁾ Instruments and Data ⁽⁵⁶⁾

Finland makes thorough use of DAC1 ⁽⁵⁷⁾ and DAC2 ⁽⁵⁸⁾ data for assessing taxation on individuals. DAC1 (categories of income) ⁽⁵⁹⁾ and DAC2 (financial accounts) data is currently used for domestic risk assessment analysis ⁽⁶⁰⁾, tax assessments and audits that may focus on specific categories of incomes or capital. Data is mainly used in the field of personal income tax, inheritance or wealth tax (assets and properties taxes), social security contributions and other use where relevant, leading to substantial increase in tax revenues.

⁵¹ Source: ADB, CIAT, IOTA, IMF, OECD, International Survey on Revenue Administration, Indicators: "Closing stock of arrears at year end as percentage of total revenue collected." and "Closing stock of collectable arrears as percentage of closing stock of arrears", <http://isoradata.org>

⁵² Ibid.

⁵³ <https://vero.fi/en/About-us/finnish-tax-administration/finnish-tax-administrations-year/positive-customer-experience/>

⁵⁴ <https://vero.fi/en/About-us/newsroom/changes-in-taxation/improvements-to-the-payment-process-of-business-taxes-in-2025/>

⁵⁵ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, as subsequently amended

⁵⁶ Source: Yearly Assessment 2025; EU AIAC Statistics 2024 – Subject to confidentiality clause on DAC art. 23a

⁵⁷ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC

⁵⁸ Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

⁵⁹ Income from employment, Director's fees, Pensions, Immovable properties

⁶⁰ Risk assessment: tax risk assessment is a key element of modern tax administration. It allows tax authorities to identify indicators that suggest specific taxpayers or arrangements may pose an increased risk to their jurisdiction and require further actions in terms of compliance. In general, EU tax authorities use automated methods based on domestic data and information received from other jurisdictions. Yet, a manual element may remain, as (i) tax authorities vary in terms of whether tax risk assessment is conducted centrally by a specialist risk assessment team incorporating input from the compliance function, or locally by the compliance team (or tax inspector); (ii) some data types remain challenging to be automatically processed, e.g. literal summaries.

DAC data matching rates concerning individuals ⁽⁶¹⁾ are high as Finland aims to have no unmatched data and may use manual matching to complement the identification of taxpayers concerned. For the year 2024, the average matching rate measuring success in identifying taxpayers with DAC data is 92% for DAC1 ⁽⁶²⁾, and 98% for DAC2, the EU-average being at 84% and 87% respectively.

Finland uses DAC3 ⁽⁶³⁾ (rulings) and DAC4 ⁽⁶⁴⁾ (country-by-country report) data for risk-analysis purposes in the field of corporate income taxation. The percentage of reports identified successfully in 2024 is very high: 100% for DAC3, 100% for DAC4, leading to particularly efficient use of information. In accordance with the goals of DAC3, all reports available in the central directory are analysed to detect possible tax risks. Similarly, DAC4 reports are systematically processed to feed the national database for risk analysis. The reports including DAC3 and DAC4 data are used for assessing risks on transfer pricing, base erosion and profit shifting matters, economic and statistical analysis, and audits limited to specific categories of transactions (e.g. transfer pricing).

DAC6 ⁽⁶⁵⁾ data is matched automatically to identify taxpayers concerned. Then the data is used for risk assessment, following the same rationale as for DAC3 and DAC4 reports.

Finland makes targeted use of the advanced instruments provided for in DAC to facilitate cooperation on specific cross-border issues, such as simultaneous audits. The synergies between participating Member States derived from these coordinated activities usually lead to an increase of the tax assessed and therefore contribute to reducing the tax gap. Looking at the past three years, Finland initiated 2 simultaneous audits and was involved in 2024 in 4 other cases initiated by other Member States. It must be highlighted that Finland has also an extensive use of PAOE (presence in administration offices and participation in administrative enquiries) as 27 of these specific actions were launched over the past three years by its administration.

In conclusion, Finland uses the data obtained from the automatic exchange of information in coherence with the objectives of the DAC, based on a thorough approach in terms of risk analysis, coupled with a robust approach to data relating to both individuals and companies. Finland needs to continue its efforts to (a) improve the use of DAC6 data, to enhance the impact of information available in terms of revenues, and (b) monitor the outcome of the use of data, to estimate the increase in tax assessed more precisely ⁽⁶⁶⁾.

⁶¹ The matching rate indicates to what extent a Member State has been able to identify their taxpayers in their national tax databases with information received from other Member States under the DAC. Such matching is necessary to ensure that the data can be used for tax compliance purposes. The matching rates mentioned in this report are based on the metrics approved by the tax authorities in the TADEUS meeting of December 2024

⁶² Average rate for Income from employment, Director's fees, Pensions, Immovable properties

⁶³ Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

⁶⁴ Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

⁶⁵ Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements

⁶⁶ Since September 2023, the Finnish Tax Administration has received support under the European Commission's Technical Support Instrument to identify possibilities for improving the quality of the outgoing AEOI data, to

5. Digitalisation and Compliance

5.1. Digital Transformation, Skills, and Culture

Finland is among the most advanced countries in Europe when it comes to digitalisation, ranking first in the digital economy and society index (DESI) ⁽⁶⁷⁾. 92% of Finnish internet users engage with e-government services, compared to about 65% EU-wide ⁽⁶⁸⁾. Finland scores among the best in the EU for the digitalisation of public services for citizens (90.6 in FI, 79.4 out of 100 in the EU) ⁽⁶⁹⁾. Access is based on secure e-ID and authorities strive for full implementation of the once only principle, which is well developed. Finland is further developing its digitalisation in the Real Time Economy project which enables the once only principle within Finland's digital ecosystem, particularly for business reporting and tax compliance, by standardising APIs and data flows. The project is supported by the RRF ⁽⁷⁰⁾.

5.2. Front-end Digitalisation

5.2.1 Pre-filling

Finland is pre-filling tax returns for Personal Income Tax (PIT) also using third party information. The Finnish tax authority automatically pre-fills PIT returns with both income and expense/allowance information, in principle allowing taxpayers to approve their returns without modifications. The data used for pre-filling comes from various providers, including taxpayer accounting systems, online financial platforms (such as for stock trading), private entities like banks and insurance companies, other government agencies, and even foreign jurisdictions. Finland has not simplified its tax rules specifically to enhance the pre-filling process. There is no pre-filling for CIT or VAT returns ⁽⁷¹⁾. According to a recent Eurobarometer survey, 72% of citizens find it very easy or fairly easy to complete their tax return, placing them 3rd among EU Member States ⁽⁷²⁾.

5.2.2 E-filing

Finland offers a comprehensive and highly automated e-filing environment for all major tax types. Finland has established a highly digitalised and user-friendly e-filing system for taxes, centred around the national MyTax portal. Through MyTax, individuals and businesses can handle nearly all tax-related activities online, including filing of PIT, CIT and VAT returns. The system uses secure electronic

better use the received from other Member States DAC data, and to implement a performance monitoring and evaluation system for implementation of DAC.

⁶⁷ For details refer to the [DESI website](#).

⁶⁸ See https://en.wikipedia.org/wiki/Telecommunications_in_Finland?utm

⁶⁹ [EU Digital Decade](#) country report for Finland.

⁷⁰ [Presentation by Finland](#) in the Tax Good Governance Platform in 2023. Also see a related [policy paper on digitalisation of taxation](#) and a [recent presentation by Finnish authorities to the Commission](#).

⁷¹ See the [OECD Inventory of Tax Technology Initiatives for Finland](#).

⁷² European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>.

authentication via online banking credentials or mobile ID and supports third-party authorisations through the Suomi.fi platform. For individuals, most personal income tax returns are pre-filled and available in MyTax each spring, while self-employed persons and companies are required to submit returns electronically within specific deadlines.

Finland has e-filing rates for CIT returns above the EU average. In 2023, Finland reported an e-filing rate of 98.1% for CIT, higher than the EU average of 97.1% ⁽⁷³⁾. This represents an increase of 7.6 percentage points from 2018.

The e-filing rates for PIT returns (97.7%) is also above the EU average (87.1%) in 2023 ⁽⁷⁴⁾. This figure has increased by 2 percentage points since 2018. High e-filing rates for PIT contributes to reducing the burden of tax compliance for individual taxpayers which also encourages voluntary compliance.

Finland had e-filing rates for VAT returns of 98.5% in 2023, slightly below the EU average (99.2%) ⁽⁷⁵⁾. This figure has increased by 3.4 percentage points since 2018 and despite being below the EU average, it is still relatively high.

Ongoing reforms will result in e-filing being supported by application programming interfaces (APIs) and direct data transfer options (via Ilmoitin.fi), allowing seamless integration with taxpayer accounting systems and software providers. XML-based submissions ⁽⁷⁶⁾ are standard for corporate reporting. Paper-based returns are already largely obsolete and accepted only in rare cases. This digital infrastructure not only simplifies compliance but also aligns with broader OECD goals for modern tax administration, such as real-time data use, automation, and user-centric service delivery. Finland's approach places it among the most advanced countries in the EU in terms of tax digitalisation ⁽⁷⁷⁾.

5.2.3 Provision of other online Services

Finland is at the forefront of digital tax administration in terms of accessibility, automation, and user autonomy. Beyond a comprehensive and highly automated e-filing environment for all major tax types, taxpayers can request deadline extensions, arrange payment plans, submit objections, handle correspondence, and upload data entirely online. Most processes are integrated with a wider government online registration framework, and when certain criteria are met, actions such as registration, return processing, and requests for extensions or payment arrangements are completed automatically. Overall, the Finnish tax administration offers a secure online interface for confidential inquiries and data exchanges, enabling a streamlined digital experience for most taxpayer needs. According to a recent Eurobarometer survey, 58% of citizens in Finland believe that support for filing

⁷³ International Survey on Revenue Administration data.
https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Extensible Markup Language (XML) is a markup language and file format for storing, transmitting, and reconstructing data.

⁷⁷ For more details the related [Finnish tax administration website](#). The Finnish approach to Tax Administration 3.0, the real time economy and economy wide interoperability are set out in a [recent presentation by Finnish authorities to the Commission](#).

tax returns provided by the tax administration is either fully adequate or mostly adequate, placing them 4th among EU Member States (⁷⁸).

5.3. Back-end Digitalisation

5.3.1 Use of Artificial Intelligence by the Tax Administration

The Finnish tax authorities strategically employ AI to ensure tax revenue, fair tax assessment, and positive taxpayer experience. Finland's Tax Administration has integrated artificial intelligence (AI) and automation across several core functions to improve efficiency, accuracy, and taxpayer service. AI is used for tasks such as document digitisation through optical character recognition (OCR), fraud risk assessment using machine learning, and customer service via chatbots like "Virtanen," which independently resolves most routine queries on the MyTax portal. The administration also employs robotic process automation (RPA) for internal tasks and uses AI-driven testing tools to ensure the reliability of its digital systems. Finland places strong emphasis on ethical governance. All AI applications operate under strict legal and ethical frameworks that guarantee transparency, human oversight, and the right to appeal. Fully automated decision-making is limited to rule-based systems, and taxpayers must always be informed when AI is involved in decision-making processes. This balanced approach positions Finland as a leader in responsible and effective AI use within public sector tax administration (⁷⁹).

Finland has the digital tax administration integrated within a wider e-governance approach. The Tax Administration maintains an enterprise-wide data management system that enables secure, cross-functional access to taxpayer information. It shares and receives bulk data with other government entities, supported by interconnected national databases such as the population, property, business, and vehicle registers. This seamless data exchange enhances service delivery, reduces administrative burden, and supports automated taxpayer registration and deregistration based on third-party data. In addition, the Finnish Tax Administration shares individual taxpayer data—both automatically and, in some cases, with taxpayer consent—with entities such as employers, withholding agents, tax intermediaries, and financial institutions. Anonymised data is also made available for research and statistical analysis. Underpinning these services is a comprehensive data governance framework that includes rigorous data quality assessments, ethical oversight, cybersecurity, and AI-enabled monitoring for unauthorised access. Advanced analytics and big data tools support fraud detection, compliance improvement, revenue forecasting, and policy design (⁸⁰).

⁷⁸ European Commission: Directorate-General for Taxation and Customs Union and Directorate-General for Communication, *Citizens' attitudes towards taxation – Eurobarometer report*, European Commission, 2025, <https://data.europa.eu/doi/10.2778/6066713>

⁷⁹ The Finnish authorities provide an [overview over their AI use even in English language](#). An EU wide overview is provided by the [TaxAdmin.ai repository](#).

⁸⁰ See the [OECD Inventory of Tax Technology Initiatives for Finland](#).

5.4. Compliance Risk Management

5.4.1. Compliance Risk Management Strategy

While Finland strategically manages compliance risks, it puts a strong emphasis on service orientation, information and collaboration with taxpayers. Finland's Tax Administration does not appear to publish a standalone "Compliance Risk Management Strategy" as a single document ⁽⁸¹⁾. Instead, its approach is embedded and described within its annual reports, operational frameworks and strategic action plans. This is supported by ISORA data which indicates that a comprehensive compliance risk management strategy is in place. The strategy formalises compliance risks and covers return filing, payment, collection, verification and taxpayer services and is regularly published ⁽⁸²⁾.

Compliance risk management emphasises data-driven decision-making, automation, and proactive intervention. The approach includes an enterprise-wide risk register and a tiered framework for compliance activities—from soft nudges to full audits—tailored to taxpayer risk profiles. High-risk areas such as VAT fraud and the grey economy receive focused attention, supported by advanced analytics. A dedicated function for combatting the grey economy flags anomalies. The annual reports of the past years point to a mature, modern compliance strategy that integrates technology, policy foresight, and targeted enforcement. It is noteworthy that Finland provides all this material also in English (besides Finnish and Swedish) providing clarity and transparency also to foreign taxpayers ⁽⁸³⁾.

5.4.2. Audit Types

Finland's tax administration conducts a range of audit and control activities as part of its compliance strategy, emphasising risk-based targeting and efficient resource use. Audits performed include desk audits, limited scope audits, single issue audits and comprehensive audits. In 2024, a total of 4,354 different types of control measures were completed, compared to 5 372 in 2023. Higher numbers in 2023 are explained by a control project carried out using a high number of lightweight control measures. There was a total of 1 429 tax audits (2023: 1 371) ⁽⁸⁴⁾. A dedicated grey economy unit focuses on combating the grey economy ⁽⁸⁵⁾. A total of 19 100 customers were removed from the VAT registers, for approximately 5 000 customers registration for VAT was prevented on initiative of the authorities. Operators not meeting the criteria for VAT registration were blocked and removed from the prepayment and VAT registers. There were 2 760 such cases (2023: 2 437).

Control and enforcement activity creates substantial additional revenues. In 2024, Finland imposed a total of EUR 296 million in taxes on the basis of the control measures (2023: EUR 163 million). The figure for 2024 included individual cases with high significance in euro terms that had no

⁸¹ In line with a generally transparent approach, the [Finnish tax administration's strategy](#) comprising a mission statement, related cornerstones, underlying values and the implied vision is available online in English language.

⁸² ISORA provides an [international overview of compliance risk management approaches](#).

⁸³ The tax administration's annual report is framed as a sustainability report: [The Finnish Tax Administration in 2024](#), [The Finnish Tax Administration in 2023](#), [The Finnish Tax Administration in 2022](#).

⁸⁴ See annual report [The Finnish Tax Administration in 2024](#).

⁸⁵ See Section 2 for a more detailed description of the Finnish Grey Economy Information Unit.

equivalents completed during the comparison year 2023. Grey economy audits alone accounted for EUR 125 million of this total, and VAT return reviews added another EUR 19.8 million. Overall, Finland's audit system combines advanced data analytics, collaboration with law enforcement, and a strong focus on high-risk areas, underpinning a highly effective compliance enforcement model ⁽⁸⁶⁾.

5.4.3. Staff Dedicated to Audit, Investigation and Other Verification Functions

While Finland seems to have recently added resources to compliance enforcement, the overall strategy emphasises a collaborative approach with high levels of transparency and comprehensive taxpayer services. In 2024, Finland employed 4 767 people (year-end), detailed information by function however has not been publicly disclosed ⁽⁸⁷⁾. According to 2023 ISORA data, 42.5% of full-time equivalents (FTEs) are employed in audit and compliance enforcement related activities, with the share nearly doubling compared to 2018, when 23% of FTEs were reported active in this area ⁽⁸⁸⁾. The annual report of the Finnish tax administration for 2022 indicates that compliance enforcement has indeed become more holistic and comprehensive. This is however due to increased automation, dramatically increasing compliance enforcement potential. It is suggested that an additional 2000 FTEs would have been required to achieve the current compliance enforcement capacity without automation ⁽⁸⁹⁾. Given the importance of automation, the additional increase in the share of FTEs allocated to audits and compliance enforcement as indicated by ISORA data is probably resulting from a different framing and tagging of activities, rather than a profound organisational shift.

5.4.4. Additional Revenue from Audits as a Share of Total Revenue

While audits and other control measures pay for themselves and are important for tax fairness, additional revenues are miniscule compared to overall taxes collected. In 2024, Finland collected EUR 81.7 billion in taxes 93% of which were paid on time, compared to EUR 81.6 billion in 2023. As indicated under Section 5.4.2 on audit types, Finland created additional tax revenues of EUR 296 million based on control measures in 2024 (vs EUR 163 million in 2023). This implies additional revenues of less than 0.38% resulting from audits and other control measures in 2024, compared to 0.2% for 2023. ISORA data indicates additional revenue from audits of 0.41% as a percentage of total net revenue for 2023 while no values are reported for 2018 in the dataset ⁽⁹⁰⁾. The Finnish tax authority's annual report indicates about 0.27% additional revenues for 2018. The tax authority's annual report however specifies that these are additional revenues from all control activities. In 2023, a control project was carried out during, which used a higher number of control measures that were much more lightweight than tax audits ⁽⁹¹⁾.

⁸⁶ Finland also provides information on the impact of audits on a [dedicated website on the shadow economy](#), again in English language.

⁸⁷ General information in the [Tax administration annual report 2024](#).

⁸⁸ Own elaborations based on ISORA data

⁸⁹ Labour saving potential of automation and the legal basis for it are discussed in the [tax administration annual report 2022](#).

⁹⁰ Own elaborations based on ISORA data

⁹¹ Tax authority's annual report [2018](#), [2022](#) and [2024](#).

5.5 Tax Complexity

Finland ranks 2nd out of the 27 Member States in the Tax Complexity Index ('TCI') ⁽⁹²⁾, where a higher rank corresponds to lower tax complexity. The TCI is based on the Global MNC Tax Complexity Project, a joint research project of Deborah Schanz (LMU Munich) and Caren Sureth-Sloane (Paderborn University). The TCI 2024 places Finland 2nd among the Member States with regards to Tax Framework Complexity, and 4th with regards to Tax Code Complexity. This suggests a strong performance of the country with regards to the tax processes carried out by the tax authorities (notably in terms of statutory tax rate and additional taxes, according to the authors), and the tax regulations (particularly in the area of audits, according to the authors).

⁹² See: <https://www.taxcomplexity.org/> The aim of the Global MNC Tax Complexity Project is to identify the determinants of tax complexity, to develop and maintain an index measuring the level of tax complexity across countries [Tax Complexity Index, TCI] and to examine the effects of tax complexity. The Tax Complexity Index measures the complexity of a country's corporate income tax system as faced by multinational corporations. The closer a country is to the first position of the ranking, the lower level of complexity it exhibits, and vice versa.