

Finland

International Estate Planning Guide IBA Private Client Tax Committee

Contact:

Pekka Tuunainen
Pekka Tuunainen Attorneys, Helsinki
pekka.tuunainen@ptlaki.fi

Updated 5/2026

Table of contents

I. Wills and disability planning documents	3
A. Will formalities and enforceability of foreign wills	3
B. Will substitutes (revocable trusts, entities and other arrangements).....	4
C. Powers of attorney, directives and similar disability documents	4
II. Estate administration.....	5
A. Overview of administration procedures and international estates	5
B. Intestate succession and forced heirship	7
C. Marital property.....	8
D. Tenancies, survivorship accounts and payable on death accounts	9
III. Trusts, foundations and other planning structures	9
A. Common techniques.....	9
B. Fiduciary duties (trustees, board members, directors, etc).....	10
C. Treatment of foreign trusts and foundations.....	10
IV. Taxation	11
A. Domicile and residency	11
B. Gift, estate and inheritance taxes	11
1. Inheritance tax	11
2. Calculation of inheritance tax.....	12
3. Gift tax	13
C. Taxes on income and capital.....	13

I. Wills and disability planning documents

A. Will formalities and enforceability of foreign wills

Requirements for a legally valid will are set out in the Inheritance Code. In general, a person must be aged 18 or over to make a will. A person aged 15 or over can make a will of assets that are governed by them; thus, as such a person is a minor, these assets cannot be very substantial.

A will is a private document. It is not possible to prepare a notarial or any kind of public will, and courts or other governmental bodies do not register wills. Will formalities are set out in law and these are enforced strictly by the courts. As a main rule, a will must be in writing; it is valid if it is in paper format either handwritten or written by someone else, usually a lawyer. A will must be signed personally by the testator (except where it is physically impossible); two non-related and non-beneficiary witnesses must be simultaneously in place when the testator signs the will, and they must know that they are witnessing a will. Witnesses must then sign the will document. If an original part of a will is missing, there is a practical rule that the will is revoked if there is no evidence that the will document has just gone missing.

It is also possible to make an emergency will. It can be expressed orally with two witnesses or as a holographic will handwritten by the testator without witnesses. It must be noted that an emergency will expires three months after the compelling conditions when it was made have ended. It is also strictly enforced that there must be evidence that the emergency will is also the final will, not just planning or a general wish.

The notification of a will must be carried out by a beneficiary to a legal heir, or in cases in which there are no beneficiaries/relatives closer than cousins, by the state authority in a way that is possible to prove afterwards if the will is contested. The method itself is free of formalities, but the beneficiary of a will must be able to prove this notification. A court bailiff can be used to serve such a notification. After the delivery of a will, the heir has a period of six months to contest the will, which requires a claim to be made to the court. There are various reasons to contest a will. The most common claim is that either the will is lacking formal requirements or the testator lacked the mental capacity to draw up the will. If nobody contests a will within six months after formal delivery, it gains legal validity, for instance, even if it obviously lacks formal requirements.

A will can be revoked without any formalities. A new will revokes the previous will, but only dispositions that conflict with the new will. A will can also be revoked by destroying the old one. It can be revoked in writing without witnesses. Revoking the will orally is even possible with the (revoked) will document still in existence at the time of death. It is just a question of the burden of proof when a will is claimed to be revoked orally.

Foreign wills are widely recognised in Finland according to the European Union Succession Regulation (EU/650/2012). Finland has also ratified the Hague Convention on Testamentary Dispositions.

There are also specific rules for wills prepared in Scandinavian countries, which allows Scandinavian wills to move freely within states, which still has significance even though Denmark has opted out of the EU Regulation, and Norway and Iceland are not EU Member States. If the applicable law is Finnish law, a will must be delivered according to Finnish requirements as stated above. As wills are a private document in Finland, there are no legal requirements to translate foreign wills into Finnish if the will does not form evidence in some court proceeding.

B. Will substitutes (revocable trusts, entities and other arrangements)

The concept of common law trusts and personal foundations that manage wealth are not part of the Finnish legal system. The closest tool to a trust is a non-profit foundation. As stated, these must be charitable and not for profit. Such foundations can be formed with a will and are generally inheritance tax free. Essentially, these cannot be used to benefit a closed circuit of family members, but with decent planning, this can be achieved, to some extent, although it can lead to unfavourable tax consequences.

In Finland, trusts governed by the laws of other jurisdictions are recognised, and questions usually arise regarding how and when beneficiaries are taxed. As a general rule, trusts are inheritance taxed once on the full value of the trust assets on the day of death of the settler, if the trust has a payment scheme. Payments of capital from trusts are then considered income tax free.

Any agreement regarding future inheritance made while the testator is still alive is held as void by law. The only permissible act regarding the will is the renunciation of an inheritance, but even such an act is limited to the part of the inheritance that relates to forced heirship (50 per cent). After the death of the testator, the renunciation of an inheritance or will can be made in full.

The most popular lifetime tool is a common gift of assets to heirs, usually with the testator's right to the interest on assets, because it has tax benefits. However, this can lead to a long and costly court action if the gifts to some of the heirs were considered to be too excessive compared to the estate assets.

Another popular tool is a life insurance policy payable upon the death of the testator, which is legally handled separately from estate proceedings and apart from the distribution of the estate assets. However, in recent years, the tax benefits of using this tool have been removed and it is no longer an incentive to use these plans. Life insurance with beneficiaries is still an effective tool when delivering assets. One of the key reasons is that it is difficult to contest insurance policies with heirs with the right to forced heirship.

C. Powers of attorney, directives and similar disability documents

If a person loses mental capacity or is, for some other reason, unable to administer and make sound decisions regarding their assets, a legal guardian can be appointed. If a person requests this themselves, a guardian can be nominated by a local magistrate, and in other cases, a guardian will be appointed by the court.

Since 2007, the law has recognised a continuing power of attorney, which is a more flexible option for organising the management of assets than legal guardianship. With continuing power of attorney, a person can prepare in advance for the management of their assets, and even personal matters, such as type of living and form of healthcare, when the donor is lacking capacity to manage their assets and make solid decisions. This is a popular document and is usually prepared at the same time as a will. The person appointed is usually someone close or a relative, but for serious wealth planning, the appointed person is normally an advocate. There have been some minor changes from 1 May 2026 which rationalise the use of continuing power of attorney. For example, the appointed person has the power to sell real property; previously, this had to be mentioned specifically in continuing power of attorney documents.

The law of continuing power of attorney has very modern rules of international private law, and similar foreign power of attorneys are recognised in Finland if the assets are in Finland. Finland has also ratified the Hague Convention on the International Protection of Adults, which extends the use of such

private out-of-state documents in Finland.

What makes a Finnish continuing power of attorney unique is that it allows gifts to be given in the future, which makes it a vital part of estate planning, especially when handing a family business to the next generation in stages. It also helps tax planning because these plans can be executed even if a person loses capacity. It also keeps things private because there is no need to report any action to a government authority, unless otherwise addressed in the document of a continuing power of attorney. It is possible to have official control, but private control is also possible; for example, an audited company can be ordered to check accounts every one or two years.

Preparing a continuing power of attorney has strict formalities similar to a will. It is a private document. It is not possible to prepare one with a notary, or to archive the document at the court. It requires two witnesses; the original document must be presented to a local magistrate who, after reviewing medical documents on the donor's health, can verify the authority of guardianship. It must be noted that a continuing power of attorney loses its power at the time of death, so the only tool to manage a person's assets after death is by a will and, to some extent, insurance policies.

Normal power of attorney is given before the loss of capacity, and is still used and remains valid even after the donor's loss of capacity. As a general rule, normal power of attorney is valid even after death, but, in practice, it can be challenging to use after death. For estate planning, a continuing power of attorney should be used. Foreign powers of attorney are normally recognised, but banks in particular can be reluctant to accept such documents. All real property and apartments should always be specifically named in a power of attorney because it helps the executing powers for such assets.

II. Estate administration

A. Overview of administration procedures and international estates

When a person dies, an 'estate' is formed *ipso jure*. Assets, debts, and other rights and liabilities are then administered within this entity of a deceased's estate. Compared to some other jurisdictions, assets and debts are not legally transferred immediately to heirs or beneficiaries of the will; this only happens when an estate is dissolved and distributed according to the Inheritance Code. On the one hand, before this distribution of assets according to the Inheritance Code has taken place, heirs or other beneficiaries cannot take the assets of the deceased into their personal possession or register any of the assets into their ownership; but, on the other hand, they are not personally responsible for the deceased's debts.

Estate administration is a private matter and a relatively simple procedure compared to some other jurisdictions. There are no court or notary-initiated probate proceedings. Estate administration is handled by the heirs who informally form the estate 'members'. They must agree on all matters unanimously, and minors must be represented by a guardian; they must obtain a substitute guardian if they are also a member of the estate.

The first thing that must be prepared according to law is an inventory of estate assets and debt. This must be organised by the widow or widower, a member of the estate or someone who otherwise is closest to the deceased. The inventory is presented at a meeting to which all heirs and beneficiaries of the will must be invited. In large and international estates, this can take a significant time – from one to two years – and is normally headed by an attorney hired by the estate. This inventory document is also a tax report, and thus it is sent to the tax authority and inheritance tax is levied based on this document.

After the inventory is prepared, it is the estate administrator's duty to take care of the debts of the deceased and any debts of the estate itself. If the estate is found to be insolvent, an agreement with creditors should be made, and, if this is not possible, estate administration can be handed over to a court-appointed administrator, in practice, an advocate, or to bankruptcy proceedings. In addition, during estate administration, all assets must be made clear and, in disputed cases, this can lead to a normal civil dispute to be decided by the court, where the estate is either a plaintiff or responder. Such proceedings can lead to long delays before any division of assets can be made. In these cases, it is possible to get an extension to the inheritance tax payment, but this must be separately applied for before the tax authority decides on inheritance tax.

After the estate administrator states that all assets, debts, and other rights and liabilities are clear, and the will is validated, the estate can be divided between the heirs and other beneficiaries. Before this stage, the heir must also refuse the inheritance if they so wish. This refusal is also legally effective when it comes to the heirs' creditors if refusal is made before the debtors' rights to the estate assets are seized by an enforcement agency. Refusal must be made in writing and notified to any other heirs; it has no other formalities and is a private document.

If estate members do not agree on matters involved within the administration, and usually on a large estate, even without disagreements, an estate administrator can be appointed. They are appointed by the court on application by anyone who has a relevant interest in the estate. In addition, a creditor can make such a claim if the debt is not secured.

In practice, the administrator is always an attorney, and an important fact is that the testator can nominate this person in their will. If no relevant counter-reasons are found, this person must be appointed as an administrator and this person can also submit the appointment application themselves. An important part of estate planning is to nominate an administrator of an estate in a will. It secures the proper handling of the estate and the division of property in a planned way, and secures the administration of family companies owned by the deceased until the division of assets is executed.

An administrator who is appointed by the court has sole authority over the assets of the estate. They are the only person who is responsible for all estate matters. Their main duties are to fulfil the creditors' claims, and then administer all assets and handle all possible claims made against the estate. As mentioned, they are also responsible for taking care of the owner's role in corporations and other entities owned by the deceased because the administrator solely represents the owner's legal estates in corporations. In cases of an estate with foreign assets, an administrator is usually the only reasonable way to proceed with the division of the estate.

The administrator is obliged to report to the heirs and other beneficiaries without court proceedings or other similar control. The administrator has financial responsibility for all their actions according to the Inheritance Code. Heirs and other beneficiaries may make a claim of damages against an administrator.

From a Finnish point of view, the estate administration of foreign assets is handled in the same way as Finnish assets, and the same rules apply to such assets and debts. The administration of international estates is now governed by the EU Succession Regulation, and if a Finnish administrator is appointed in Finland by a local court, the administrator has legal powers to access all information and gain possession of global assets according to Finnish legislation. This can be executed within the EU easily via the EU Certificate of Succession. This instrument is sometimes recognised in other countries, especially the United States.

In practice, in international estates, a Finnish administrator needs assistance from a local advocate and, in most cases, outside Finland, probate or similar procedures need to be dealt with to handle foreign assets. If the assets of a foreign resident after their death are in Finland, and no one has the legal powers to access these assets, it is unclear who handles these assets or, if no one is actively handling these assets, a Finnish administrator can, and in practice will, be appointed to administer such Finnish assets. In all international cases regarding the appointment of the administrator of the estate, the Helsinki district court is the valid forum.

B. Intestate succession and forced heirship

Intestate succession has the main rule that the deceased's children inherit all assets in equal shares. It must be noted that a surviving spouse has no right to inherit if there is a child or children. The surviving spouse only has the right to the possession of the last common home, even if it was owned by the spouse, but ownership in these cases is still handed to children. It is strictly the right to use the home; it is not an ownership issue.

If there are no children or grandchildren alive, the surviving spouse inherits everything. They have full ownership of assets, but are not allowed to make a will for the portion of assets inherited from the deceased spouse. After a widow or widower dies, all the estate's assets are divided between the relatives of both spouses. As a general rule, this division is 50/50, but can vary according to marital property rights and if the widow or widower has gained assets or contrary disposed assets, for example, by giving gifts to their own relatives during their lifetime. These rules are complicated, and can lead to lengthy disputes and court proceedings, particularly if the surviving spouse remarries; estate handling and asset division can be very tricky after the death of a surviving spouse. It is important to prepare a will and have a solid estate plan if a person has no children but is married.

A cohabiting partner has no right to inherit. They are only entitled to support from estate assets, but the requirements to such support are quite strict, and it is meant to be only temporary relief.

If there are no children and no surviving spouse, other relatives inherit. Usually these include siblings and their children. Cousins do not inherit; that is, the line of inheritance does not extend to cousins. If there are no closer relatives than cousins and there is no will, the inheritance goes to the state.

There are also rules of forced heirship in Finland; however, this applies only to children and not to a surviving spouse, which can be ruled out of inheritance in all cases by a will. Children have a right to half the amount that they would inherit under the intestacy rules. If this share is not fulfilled due to a will, a child must contest this will on the grounds that it violates their right to forced heirship. This must be done within six months after receiving a certified copy of the will. A forced heirship share to a child can always be paid in money by the will's beneficiary if this is not otherwise stated in the will.

Gifts given to other children can always be claimed and added into the estate asset calculations. If the testator is proven to have given gifts to their children's spouses or grandchildren, to diminish one or more child's forced heirship share, such gifts can also be claimed to be added into the estate asset calculations. Unlike many other jurisdictions, there are no time limits when such gifts were given and then taken into consideration in an estate's value calculation. For example, a gift might have been given some 30 years ago. As a general rule, it must be valued as it was at the time when it was given, but the testator can rule that the valuation of the gift must be calculated at some other moment, such as the time of death, which can significantly affect the estate distribution. These claims of given gifts are a common ground for disputes, and such future claims must be considered when estate planning. The will and gift documents play a large role in these matters.

Nowadays, the EU Succession Regulation determines the applicable law of inheritance, which applies

to forced heirship rules. If there is a possibility to choose some other applicable law, such as place of residence, this can make a significant difference to the division of assets between the children, spouse and beneficiaries of a will. This type of consideration is a vital part of estate planning.

C. Marital property

Marital property rights must be handled and dissolved according to the Finnish Marriage Act before a deceased's assets can be divided between heirs or other beneficiaries. Because of this, a widow or widower is considered as a member of the estate until any marital property has been handled legally – even in the situation in which a surviving spouse is not inheriting anything. Same-sex couples can enter into marriage, and all the property rules are similarly applied to them as they are to heterosexual couples.

There is special legislation in relation to cohabitants, but they do not have any inheritance rights. However, a cohabitant can have a monetary claim of excessive inputs into the other cohabitant's assets, but this is a question that is solved during estate administration.

As a main rule, during marriage, each spouse has total individual rights to their assets and is liable for their personal debt. Spouses can, of course, have jointly owned property, but this is by agreement, not marriage. When the marriage ends, either due to the death of a spouse or divorce, the general rule is that all assets after the deduction of debts are equally divided between the spouses. By law, this division includes all global assets, all assets owned and all profits gained, even before the marriage. Further, this also includes all assets inherited or received as gifts if the testator or donor has not ruled this out in a will or deed of gift, which is an act that is an important part of estate planning.

Since the 1980s, a surviving spouse has had a choice to deny this splitting of assets. The division of marital property and a surviving spouse's wish to keep their own assets is a crucial part of estate proceedings if the surviving spouse is wealthier. This does not apply to the estate of the deceased spouse, so heirs are obliged to divide assets between the surviving spouse if the estate is wealthier. In addition, this does not apply after the death of the surviving spouse, so sometimes the division of marital property must be carried out urgently. Previously there were no time limits on when this marital property division had to be done, so the status quo could last for decades. This created many practical and legal problems. New rules apply from 1 June 2026: marital property division must be claimed within ten years of divorce. This rule does not apply if a marriage ended due to the death of a spouse.

In all cases, the division of marital property can be agreed freely, and the splitting of assets does not need to be followed. Gift taxation can come into play only if one of the parties transfers more assets to the other party than they would have been required to do by law.

Spouses may also enter a marital property agreement (prenuptial agreement) either before they marry or at any time during the marriage. This is a popular tool because the Finnish marital property regime covers all assets, even before the time of marriage.

Spouses can freely agree on property rights, and this can be used as an effective tax planning tool because all transactions under the marital property regulations and agreements are tax free. Such an agreement must be made with the formalities required by law, but it is still made privately. It is not possible to have a notarised prenuptial agreement. Apart from wills, marital property agreements must be registered with the local magistrate in order to be valid. After the agreement has been registered, a marital property agreement is a public document that can be obtained from the register by anyone.

A marital property agreement is fully binding after the death of a spouse, making it an important estate planning tool, and it can create protection for the surviving spouse, which is important because spouses do not inherit from each other if there are children. As mentioned, such agreements can also have a

role in estate tax planning. It should be noted that such an agreement is quite strictly enforced, and although an adjustment of such an agreement is possible by law, it is very seldom done in favour of a surviving spouse, which makes Finnish law a favourable choice regarding marital property rights in this respect.

International marriages and choice of law is governed by the EU Regulation (2016/1103) on Matrimonial Property Regimes, which Finland has entered into, and which has been effective since 29 January 2019. This regulation determines applicable law, choice of law and jurisdiction. It must be noted that, according to Article 4, the courts that have powers by virtue of the EU Succession Regulation also have the power in cases of marital property rights caused by the death of a spouse.

International couples usually have a variety of choice of laws regarding their marital property rights, and this must also be taken into account when considering estate planning. Careful plans should be made when choosing different applicable laws to marital property rights and inheritance.

D. Tenancies, survivorship accounts and payable on death accounts

Finnish legislation does not recognise such instruments and agreements. As mentioned above, agreements *mortis causa* do not have effect and are void by law. The only valid instrument is a will. When estate planning, this might raise the question of whether any transfer of assets or debt payments relate to the death and moment of death. In such cases, estate planning must be performed very carefully to avoid having a null estate plan.

As mentioned, insurance plans with beneficiary orders at the time of death can be used. These are outside estate administration and are dealt with separately between the insurance company and beneficiary. However, money paid into such insurance plans can, in some cases, be calculated as part of the estate assets when defining the value of the forced share of a child. In rare cases, the beneficiary of an insurance policy must return these insurance payments to cover the forced share of siblings. It must be noted that it is a question of money paid into the policy, not the amount that was paid out of the policy when a testator dies.

Generally, spouses have joint bank accounts, but this does not mean that, after the death of a spouse, the surviving spouse has the right to the whole account. The assets of bank accounts are kept separate as estate money and surviving spouse's money. If not otherwise proved, money is owned in 50/50 shares by spouses, and would be divided according to marital property rights and inheritance rules.

III. Trusts, foundations and other planning structures

A. Common techniques

The trust concept, as it is known in common law jurisdictions, is not known in Finnish legislation, nor are there similar instruments.

A foundation is a separate legal entity. It has its own board of directors and can also have a managing director. On the one hand, the board of directors is personally responsible for the assets of a foundation, but, on the other hand, it has very wide decision-making powers. Asset usage guidelines are usually set in the lifetime gift that sets up a foundation or in a will. A foundation's main function is to be a charitable foundation. Foundations can have significant assets and business operations, but such operations will be taxed as any other business entity.

Foundations can be set up by a lifetime gift or by a will. The testator can give orders as to how to set

up a foundation and give specific purposes to the foundation. It is possible to create a foundation to benefit a certain family or its members. Doing this has no tax incentives; rather the opposite, in fact, which makes a foundation an unattractive option from this perspective. But for philanthropic purposes, a foundation set up in a will is a relatively good and secure vehicle. The minimum capital of a foundation is €50,000. To set up a well-functioning foundation, the initial minimum assets should be at least €500,000.

One quite basic but popular estate planning tool is renunciation of inheritance. When this is done, an asset will pass to the next generation and inheritance tax skips to this generation. Intestacy inheritance can be forwarded only to a legal heir as described in law, otherwise this would result in double taxation. Using a will, this can be avoided, and the renunciation of legal effects, also tax effects, can be administered by a will in much more detail.

Other less popular tools include loans between a testator and their heirs; they can be tax effective, especially when using bullet loans with long repayment periods without interest. In addition, separating ownership, and a right to income and usage of a property can also be beneficial in taxation, but, in the long term, such separation can lead to conflict between the owner and a person who has the right to income and physical usage of the property.

B. Fiduciary duties (trustees, board members, directors, etc)

If a minor or incompetent adult receives assets, their legal guardian (normally the parents of a minor) has a duty to govern these assets according to relevant legislation for legal guardians. In a will or deed of gift, it is possible to limit full rights to assets until a person has reached a certain age, for example, 25 years of age. A forced share of a child, however, cannot be limited in this manner if full ownership is requested by the child right away. However, it must be noted that such a request of a child applies only to the forced share; that is, 50 per cent of the legal share.

In a will, a legal guardian (parent or guardian named by the court) can be excluded from their duties as a guardian for inherited assets and a specific guardian can be named. This is mainly used in cases when significant assets are transferred to minors or in cases when parents as legal guardians are deeply insolvent.

In a will or deed of gift, guardians can be given specific instructions on how these assets are to be governed, and those instructions overrule rules set out in law. These instructions are an important addition in estate planning because they make asset management much more flexible than it would be if the laws of guardianship applied.

C. Treatment of foreign trusts and foundations

Such entities are normally recognised in Finland as legally valid entities. However, there are no benefits in using such arrangements, especially when it is a question of taxation. Assets are either taxed as inheritance or gifts. Ultimately, the beneficiary of a trust would be income taxed on the trust payments if inheritance or gift tax had not been levied. As within civil law, a real beneficiary would, in most cases, be considered to be the real owner of the trust assets if such an owner should be named.

Using foreign trusts and similar structures has become more popular in Finland; however, taxation is a key issue when structuring assets with such vehicles. Supreme Administrative Court case KHO 2024:100 answered some of the tax implication questions around forming trusts. This case concerned a discretionary trust established in Guernsey, where the settlor planned to transfer shares of a limited company into the trust for the benefit of his descendants. The Supreme Administrative Court ruled

that the trust constituted a corporate entity for tax purposes, meaning the transfer triggered capital gains taxation; logically, transfer tax should apply as well. Notably, if only cash is transferred into an irrevocable discretionary trust, this taxation should not arise.

The ruling also raises two significant questions, which were left unanswered. First, could the trust, now treated as a corporate entity, benefit from reduced withholding tax rates on dividends typically available to foreign corporations, including treaty rates? Second, could it invoke tax treaty protections more broadly, and if so, which country would issue a certificate of residence, and on what basis (the trustee's domicile or the place of establishment)?

Trust assets cannot be used to overrule forced heirship rules. In most cases, it is possible for the settlement of assets into a trust to be regarded as a gift, which gives children the right to claim forced heirship calculated with trust assets included into estate assets. As a last resort, a child can claim assets from the beneficiary of the trust to get their full forced share.

Foreign trusts can create difficulties when registering Finnish assets into trust ownership. Usually, these problems can be solved by forming a Finnish limited liability company that is owned by a foreign trust. Tax benefits are usually lost in these schemes.

IV. Taxation

A. Domicile and residency

If a person has a permanent home in Finland or spends more than half a year in Finland, they are essentially considered to be liable for tax in Finland and have unlimited tax liability there. If this is not the case, the person is only liable to pay tax on income generated from Finnish sources. Tax agreements can limit double taxation, in many cases.

Tax residency is considered separately and on different grounds from civil law residency. This sometimes makes tax planning difficult as a person can be determined as living abroad quite easily when it comes to civil matters, but the tax authority regards them as a Finnish (tax) resident.

B. Gift, estate and inheritance taxes

In Finland, there is no estate tax regime. Inheritance is taxed for individuals who inherit property and they are responsible for this tax personally. It is not uncommon that inheritance tax is levied and must be paid before any inheritance is received in disputed cases. The tax authority usually grants a payment extension, but it carries a hefty interest rate (currently 7 per cent).

Private persons or entities do not pay wealth tax. This tax was abolished in 2006.

1. INHERITANCE TAX

Inheritance tax is payable on the worldwide assets of a dead person if the deceased was a resident (taxwise) of Finland or if the inheritor is a resident of Finland. If neither the deceased nor the inheritor lived in Finland, only housing apartments and real property located in Finland are liable for inheritance tax in Finland.

If inheritance tax is paid to a foreign country on the same assets that were inheritance-taxed in Finland according to the above rules, this foreign tax can be deducted in Finland upon application, but only when the applicant has residency in Finland. In practice, Finnish housing apartments and real property could therefore be inheritance-taxed in two jurisdictions.

Finland has only a handful of inheritance tax treaties, which are all unique, but usually lead to the result that tax is not paid in Finland at all if the deceased person had residency in these tax treatment countries or tax is paid only partly in these cases. It is important to have knowledge of these agreements and their interpretation. The tax treatment countries are Denmark, Iceland, the Netherlands, France, Switzerland and the United States (federal tax). Whenever these countries are involved in some way with a Finnish inheritance case, tax treaties must be considered.

2. CALCULATION OF INHERITANCE TAX

Estate assets are valued at a fair market price at the time of the testator's death and any gift made three years before death is added to the taxable estate. In addition, all gifts, depending on the time of giving, are added to the estate assets if gifts are to be taken into consideration when calculating a forced share.

Inheritance tax is a progressive tax, and it is calculated separately for all heirs and other beneficiaries as personal tax.

There are two tax classes: class I and class II. The children's line, parents' line and spouse are in class I. In addition, inheritors in the direct line of the decedent's spouse or former spouse are taxed in class I. Class II comprises all other relatives and non-relatives, including entities. All inheritance under €30,000 is always tax free.

Tax is calculated as follows for class I (effective 1 January 2026):

Value of inheritance (€)	Tax at the minimum threshold (€)	Tax rate on the exceeding portion (%)
30,000–40,000	100	7
40,000–60,000	800	10
60,000–200,000	2,800	13
200,000–1,000,000	21,000	16
1,000,000+	149,000	19

Tax is calculated as follows for class II (effective 1 January 2026):

Value of inheritance (€)	Tax at the minimum threshold (€)	Tax rate on the exceeding portion (%)
30,000–40,000	100	19
40,000–60,000	2,000	25
60,000–200,000	7,000	29
200,000–1,000,000	47,600	31
1,000,000+	295,600	33

When inheritance tax is calculated, there are deductions for the spouse and minor children. The deduction is €90,000 for spouses and €60,000 for minor children. This means that the spouse has €120,000 of tax-free inheritance and a minor child has €90,000.

Foundations and associations that have common-good and non-profit purposes do not pay inheritance tax. In addition, local communities, educational institutions and religious institutions are exempt from inheritance tax. This applies to Finnish and EU/European Economic Area entities, and can extend to other countries if such an institution or entity has close links to Finland.

There are substantial tax reliefs for persons who inherit a family business or agricultural farm, which can also include a valuable forest as an asset. Minimum requirements are that the inheritor continues the business activities as a board member or entrepreneur and receives at least a 10 per cent share of ownership of the business. Claims for such tax relief must be presented to the tax authority before inheritance tax is levied. Tax savings can be substantial and the payment period can stretch up to ten years. On the other hand, the inheritor must be committed to the business. If the inheritor sells their part of the business or otherwise withdraws from business activities within five years, full tax must be paid, together with penalty fees. Due to tax reasons, these cases usually involve active estate planning, the execution of which has started during the lifetime of the business owner.

3. GIFT TAX

Gift tax is levied on all global gifts if the donor or recipient is resident in Finland. If either one of them is not a Finnish resident, then gift tax is levied only on housing apartments and real property located in Finland. Otherwise, essentially all that has been discussed above on inheritance tax also applies to gift taxation. The only difference is that the gift taxation calculation starts at €7,500 compared to inheritance at €30,000. Tax classes and tax amounts and exemptions are similar to inheritance tax (the spouse and minor children do not have deductibles on gifts). All gifts within a three-year period are calculated as one gift.

The gift tax exempt amount is €7,499 per three-year period.

C. Taxes on income and capital

The income tax rate for corporations is a fixed rate of 20 per cent (this will be lowered to 18 per cent from 1 January 2027). When a limited liability corporation pays dividends to other limited liability corporations, there is no tax on this dividend, which is typically the reason for wealthy private persons to have a holding company that owns all significant personal and family assets.

Personal income tax is progressive and capped at 52 per cent. For an income of €400,000, it is 49.4 per cent; as income increases, the tax rate is progressive until it reaches the 52 per cent cap. These high-income tax rates were reduced at the beginning of 2026: previously, the highest tax rate was 56.5 per cent.

Capital income tax is 30 per cent for the first €30,000 and 34 per cent thereafter: it is therefore attractive to have capital income rather than personal income. There are numerous exemptions that make it difficult for business owners and entrepreneurs to convert business profits to capital income instead of personal income (salary). In general, an owner of a limited liability company with a large positive balance can benefit from tax planning, and income can be regarded as capital income rather than a regular salary.

Capital gains are taxed as capital income, that is, 30 per cent/34 per cent. If inherited assets are to be

sold soon after they were received as an inheritance, it is advisable to have those assets taxed on possible sale price values. The value that was used as the base for inheritance tax is also the cost base value (purchase price) when calculating capital gains tax. When children or a spouse is the inheritor, the amount of inheritance tax is always less than capital gains tax.

The transfer of stocks (exempt for publicly listed companies) attracts a transfer tax of 1.5 per cent. A housing apartment has a transfer tax of 1.5 per cent and real property has a transfer tax of 3 per cent. If a transfer is made due to inheritance or marital property rights, transfer tax is not levied.