

CREDIT LOSSES DEDUCTIBLE IN FINLAND

The tax deductibility of credit losses has been changed in Finland. From now on Finnish private investors may make tax deductions for credit losses from peer-to-peer loans from taxable returns on investments.

The Finnish tax authorities acknowledge two groups of deductible credit losses; final and expected credit losses. The final credit losses occur in case of death and when it is no longer possible to collect loan claims. Expected credit losses are credit losses for which there are certificates of indigence from the enforcement authorities. Although a certificate of indigence allows the taxpayer to register credit losses, at least according to the Finnish tax regulation, it is important for investors to remember that there generally still is investment cash flow even though a certificate of indigence has been issued.

Because of the new tax regulations in Finland we will change the figures that present credit losses. We will add the expected credit losses that have been approved as deductible in Finnish taxation as new information in the credit loss details.

The impact of the change on your portfolio

Please note that the changed reporting of credit losses will also influence the portfolio value on your investment pages and in your tax report. Due to the change, tax deductible expected credit losses and payments in connection with these will be included in the portfolio value.

Yearly credit loss report

Finnish investors may deduct credit losses in the 2017 taxation but also in the 2012-2016 taxation. Therefore, you also receive a report that includes final and expected credit losses for these years as an attachment. It is your responsibility to find out whether you are entitled to deduct credit losses from peer-to-peer loans in the country where you are a taxpayer.

Best regards,
Fixura Ab Oy