



Finnish Tax Administration  
PL 30  
00052 VERO  
FINLAND



Budapest Aircraft Service KFT  
Box 175  
H1675, Budapest  
HUNGARY

REQUEST

1 (3)

26.7.2016

Reference  
091 2669284-2 59 12

ÉRKEZETT 2016 JÚL 29.

## FURTHER INFORMATION REQUIRED ON WHETHER YOU HAVE A PERMANENT ESTABLISHMENT

According to our information you have conducted business in Finland during the 2015 tax year. We have not received your tax return or description of business activities for the year 2015. In order to resolve whether your company has a permanent establishment in Finland, we require the following details from you by 9.8.2016:

### Details on your company's operations

1. What goods or services do you sell?
2. To whom do you sell them?
3. How high percentage of total turnover derives from business conducted in Finland?
4. How is your business in Finland different from your business in your resident country?
5. Description of the operation in Finland (including information on who is or who are in charge):
  - a) Contacting new prospects in order to create customer relationships
  - b) Sales transactions
  - c) Orders of goods and services
  - d) Having an order accepted by the head office in your country of residence
  - e) Customer service including pre- and after-sales services.
6. How do you maintain contact with your Finnish customers, and from where do you do it?
7. Describe the business premises available to you in Finland and in your country of residence:
  - a) Street address of the offices/premises
  - b) Purpose of use of the premises
  - c) Number of people who work there, descriptions of their work
8. If your company has no business premises in Finland where business can be conducted, from where do your employees work?

### Details on your employees

1. How many employees do you have in Finland? What type of work is done? Please enclose copies of their employment contracts.
2. How many employees do you have in other countries? What type of work do they do?
3. Who is in charge of maintaining contacts with your customers in Finland (employee's name, job title, explanation of salary basis)? Can these employees receive orders or make binding business contracts for the

company?

4. Are the exact terms, conditions and prices of an order subject to negotiation – or do the employees in Finland only work according to a price list and standard commercial terms and conditions? If they are subject to negotiation, who is the one who contacts the customer in order to negotiate and make changes?
5. If your sales effort in Finland is not arranged through a local agent, please describe how you take care of your sales in Finland?
6. Is it the job of your employee who is located in Finland to sell your products? Do your employees participate in product sales or distribution in other ways?
7. Describe the situations where your employees in Finland are in contact with your customers?

#### Details on the directors, managers, board members

1. Please give us details on where your company directors etc. live: Name, Job Title, and Address.
2. Enclose proof of where they live (rental contracts etc.) and an explanation of their family status.
3. Start dates and end dates of the directors' etc. presence in Finland.
4. Who is or who are the people making important decisions in your company (concerning hiring employees, concerning purchases, sales etc.)?
5. Who is in charge of the daily management work?
6. Where are the company's main business decisions made (please indicate the address)?
7. Where are the meetings of the Board of Directors held? Where are Annual General Meetings held? Please enclose a copy of the minutes of an Annual General Meeting.

If we don't receive the information that we ask for by 9.8.2016, you will be charged a punitive tax increase unless you can cite an acceptable reason for neglecting to submit the information to us.

If your business is deemed to have a permanent establishment in Finland, you must submit a Finnish income tax return in order to report its profits.

Address your response to me and quote the reference code above. Please contact me if you need further guidance.

Noora Riekkinen  
Senior Tax Clerk  
tel. +358295122289  
Uudenmaan yritysveroimisto

#### Applied legal norms:

§ 7–11, 26 and 32, Act on Assessment Procedure

Articles 5 and 7 of the Treaty between Hungary and Finland for the avoidance of double taxation

#### Additional information

Bilateral tax treaties between Finland and other countries contain provisions on the circumstances constituting a permanent establishment.

'Permanent establishment' means a fixed place of business through which the company conducts some or all of its operations. To be held as a permanent establishment, the place of business must be fixed in terms of its geographical

location and duration. However, operations of preparatory and auxiliary character do not constitute a permanent establishment even if a fixed place of business were available to the company.

A company is invariably treated as having a permanent establishment in Finland if the fixed place in Finland is where its management and business administration are. Additionally, the activity of a dependent agent may constitute a permanent establishment even if the company did not have a fixed place of business. In this case, a dependent agent must have the authority to enter into contracts or to receive orders.

Sites where a construction, installation or assembly operation is performed may also be regarded as 'permanent establishments'. Such a site constitutes a permanent establishment if it lasts longer than what the applicable tax treaty has defined as the time limit.

Nonresident foreign companies normally must pay Finnish taxes on their Finnish-sourced income only. However, if a company has a permanent establishment in Finland, it must pay tax on all the income that can be attributed to the permanent establishment.

Permanent establishment in Finland and related obligations:  
[tax.fi](#) > Companies and organisations > Foreign business in Finland > Permanent establishments in income taxation

Filing a tax return:  
[tax.fi](#) > Companies and organisations > Foreign business in Finland > Income tax returns from foreign companies

Tax treaties:  
[tax.fi](#) > Precise information > International situations > Tax treaties

