

Utilizing CARF momentum to raise non-compliance rate in Finland now and in the future

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Amount of crypto-asset users in Finland and their compliance rate

- There are roughly **450 000** Finnish taxpayers who own crypto-assets in 2025
- However, only **50 %** of crypto-asset users of the RCASPs have Reportable Transactions in a given year
 - The potential amount of taxpayers for which we will be receiving CARF information through annual information return or automatic exchange of information is about **225 000** ($450\,000 \times 50\%$)
- Additionally, we have knowledge that only 30 % dispose crypto-assets in a given year
 - This means that the amount of taxpayers who should report something in their taxation is about **135 000** ($450\,000 \times 30\%$)
- Combining all these parameters, we have estimated that only **10 %** of those who should report crypto-asset activities in their taxation actually do it



10 %

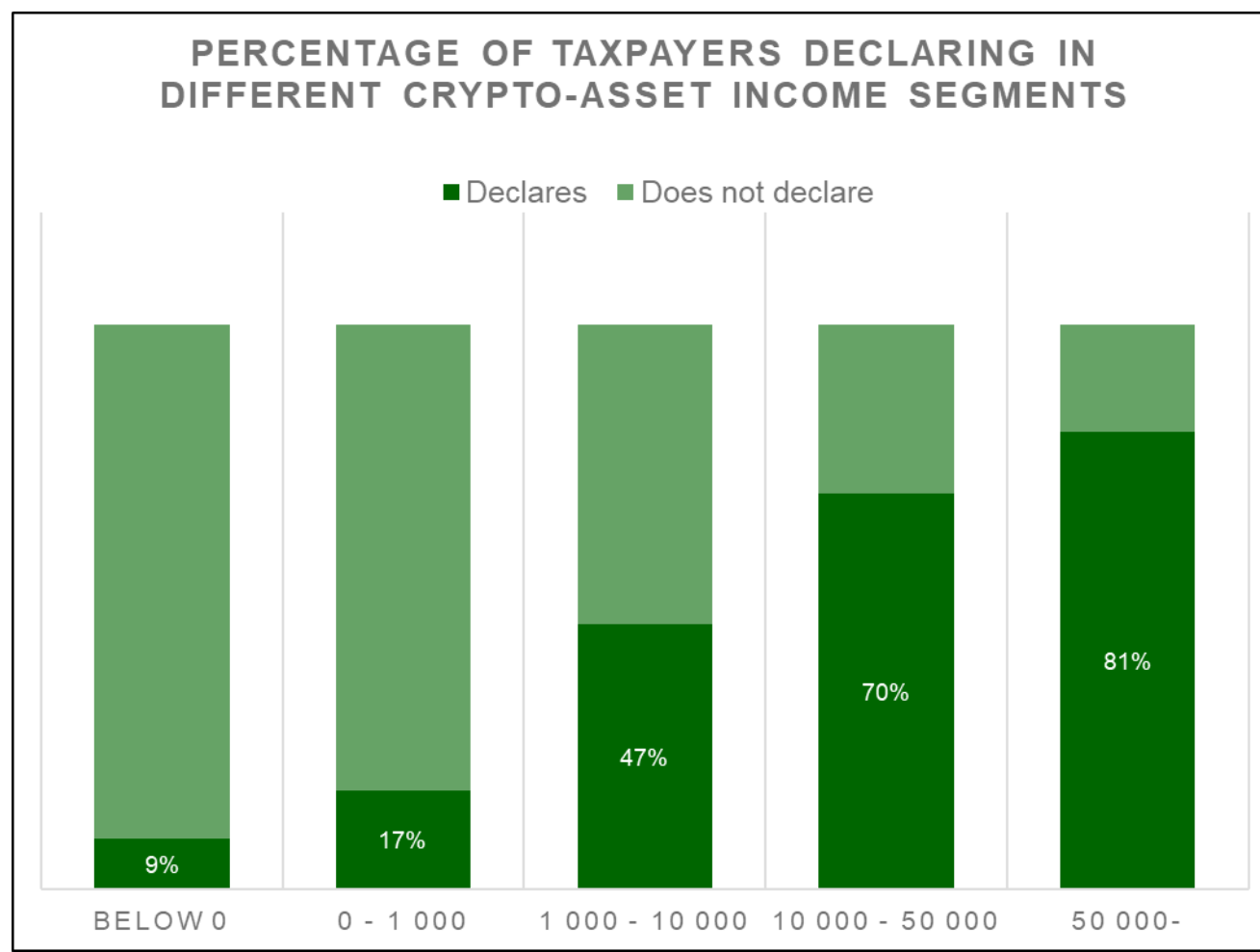
Crypto-asset market in Finland

- Deadline for MiCA applications ended at the end of June 2025
 - As of 26.11.2025, there are only three (3) companies which have granted MiCA-authorisation from FIN-FSA
 - There are still two (2) in the "pipe"
- Customers of RCASPs in Finland are almost solely Finnish
 - One company's business model differs as it has abroad institutional clients
 - Finnish RCASP's have in total about **125 000** crypto-asset users who are actively doing Reportable Transactions
- All this leads to a situation that we do not need to allocate that much resources for example auditing domestic RCASPs as there is now only maximum of five of them
 - Additionally, we will not exchange that much information to other jurisdictions

Measures to improve compliance rate

- As we knew that the compliance rate was (and is) very low, we pondered how we can raise it substantially
- Non-compliance is significantly higher the smaller crypto income figures we go into
 - It's hard to have an impact on taxpayers with smaller amounts because of the sheer amount of them
 - This applies even though if you would have a lot of resources for tax assesment

Third-party audit data from one Finnish RCASP analyzed



Annual information returns as a track record for effective taxation

- We have a long and successful history in setting obligations for companies and other payors to provide necessary information for us to deliver the taxation
- Delivery of the taxation is done through annual information returns
 - Some of them are annual, such as dividend income and other distribution of profits
 - Some of them are to be given more frequently, such as from salaries 5 days from the actual payment
- We have also one for securities
 - It was taken as a layout for one for crypto-assets

National extension as part of the cure

- In order to convince politicians, Ministry of Finance requested our Customer Relations Unit to provide us a tax gap analysis separating:
 - Alternative 1: Implement CARF/DAC8 as they are
 - **Alternative 2: Implement CARF/DAC8 as they are + Implement national extension for capital gains and other income**
 - As the numbers for alternative 2 were much more better, Ministry of Finance got the permission to proceed
- In the next phase, Ministry of Finance interviewed domestic RCASP's as part of the legislative process
 - RCASPs showed green light, and told that they could already calculate gains and losses for about **60 %** of their Finnish customer base
 - Tax Administration then made a draft version of the national extension xml and user guide which was then circulated to domestic RCASP's

National extension as part of the cure

- In the parliament the Alternative 2 was chosen as a way to go
- We will receive the following annual information returns from our domestic RCASP's (January 31 after the end of the reportable calendar year):
 1. CARF/DAC8 (aggregated)
 - Wider approach+, identifying and reporting on domestic and foreign tax residents irrespective of whether they come from a Reportable Jurisdiction
 2. FICARF (transaction-by-transaction)
 - a) For domestic tax resident individual crypto-asset users
 - b) Information necessary to calculate capital gains and losses and other income
 - c) from disposals and other income transactions of reportable crypto-assets
 - d) to the extent that the RCASP has the information

Shock reaction as a method

- FICARF tries to fully automate taxation of about two thirds of the customer base of Finnish RCASP's
 - Estimated to be about **45 000** $((70\ 000 \times (2/3))$
- What do we intend to do for the rest (25 000), for which the Finnish RCASP's do not have cost basis information?
 - As the information is transaction-by-transaction, and contains disposal prices, we will pre-fill disposal prices for the individual taxpayers' pre-completed tax return
 - Taxpayers need to react, as otherwise they will face back taxes where the only "deduction" given out for them by the administration is the deemed acquisition cost (20 %) from the disposal price of the crypto-assets
 - E.g. disposal price 10 000 euros, deduction 2 000 euros, gain 8 000 euros, tax about 2 400 euros

➤ All this will hopefully create a shock reaction and even further raise the compliance rate