



TULLI
TULL · CUSTOMS

Import customer bulletin 35/2015

Tax exempt imports in value added taxation

customs.fi

Valid as of 1 January 2018

Version 1.7.2021

Tax exempt imports in value added taxation

The Finnish Tax Administration is responsible for the value added taxation of imports by importers who are in the VAT register. This task was transferred from Customs to the Tax Administration on 1 January 2018.

Importers that are in the VAT Register shall declare the import VAT details, i.e. including details on tax-exempt imports, to the Tax Administration by submitting a VAT declaration on their own initiative. In these cases, Customs takes care of the customs clearance as before but, for example, no longer verifies exemption from VAT in the customs clearance decision. All customs procedure codes (e.g. 42xx, 63xx, 45xx), national procedure codes and additional statement codes, must be provided in the import declaration.

Customs is responsible for the collection of VAT from private individuals or from businesses in other parts of the EU that are registered in the Finnish VAT register.

Customs clearances, where the liability to pay tax was incurred before 1 January 2018, and any possible amendments and subsequent taxation aimed at these clearances, are still part of Customs' jurisdiction even after that date.

General information on tax exemption on import

Importation of certain goods is tax-exempt, because the sale of the said goods in the form of business activity in Finland is tax free. Importation of certain goods with relief from customs duty is also tax-exempt based on the Regulation on Relief from Customs Duty (later Duty Relief Regulation), the Union Customs Code or the national Customs Act. However, the tax exemption does not automatically guarantee VAT exemption; but rather, the VAT exemption requires that the exemption from tax is provided by the VAT Act.

The provisions on exemption from value added tax on imported goods are available in sections 94 - 96 as well as 72 h of the Value Added Tax Act. Updated versions of the [Value Added Tax Act](#) (1501/1993) (in Finnish and Swedish) and the [Customs Act](#) (304/2016) (in Finnish and Swedish) are available from [Finlex](#).

Regulation (EC) No 1186/2009 setting up a Community system of reliefs from customs duty (later Duty Relief Regulation) is published in the Official Journal of the European Union L324/2009.

Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code has in turn been published in the Official Journal of the European Union L269/2013.

How is VAT exemption entered in the customs declaration?

Tax exemption on import is to be invoked in connection with the customs clearance of the goods.

The importer declares the VAT exemption with a national procedure code in the customs declaration. [The additional procedure codes \(CL 102\) to be used in the Customs Clearance Service can be found on this page.](#)

National procedure codes (code list 0027) are available on the Customs website: <https://tulli.fi/en/e-services/services/message-exchange/codes>

Instructions for customs clearance regarding goods brought in by private persons are available on the Customs website [Customs clearance](#).

Tax exemption on import based on tax-exempt sales

The importation of the following tax-free goods sold domestically are regulated as tax-exempt:

- 1) Mother's milk, human blood as well as human organs and tissues
- 2) Investment gold referred to in section 43(b) of the VAT Act

[More information on tax-exempt importation of investment gold is available on the Customs website](#)

- 3) Editions of newspapers and periodicals

Editions of imported newspapers and periodicals that arrive at least four times a year to a public interest community that mainly publishes the periodical for its members or shareholders or for member of societies or shareholders in them are tax-exempt. The tax exemption further requires that the society does not trade in or publish newspapers or periodicals in the form of business activity.

- 4) Gold, imported by the central bank.
- 5) An aircraft, its spare parts or equipment imported for use by an entrepreneur operating for reward mainly on international routes.
- 6) Vessels with a maximum hull length of 10 meters or more and which are not primarily designed for recreational or sporting purposes.

The exemption from tax in accordance with the regulation only applies to the vessels in question. However, spare parts and equipment supplied to a vessel in professional international traffic are considered exempt from tax. This interpretation by Customs is based on the Council Directive 2006/112/EC on the common system of value added tax, Article 143(1a) and Article 148 subsection c and on the fact that

the Tax Administration regards the sale of such goods exempt from VAT (Value Added Tax Act section 70(1)(8)).

International professional traffic refers to operating between Finland and another EU country or a third country in such way that the principal purpose of the trip is the transportation of passengers or goods against payment or the completion of a work task.

- 7) Bank notes and coins, which are legal tender, with the exception of banknotes and coins the selling price of which is determined by their value as collector's items or their metal value.
- 8) Dental prostheses sold by dentists, dental technicians or special dental technician. Tax-exempt are also dental prostheses imported by corporate dentists, dental technicians or special dental technicians. The import is tax exempt also when the dental prostheses are bought from outside the EU from a seller who is a dentist, dental technician or special dental technician.

Goods exempt from customs duty, by virtue of the Duty Relief Regulation

According to certain articles of Council Regulation (EC) No 1186/2009 setting up a Community system of reliefs from customs duty, goods free from customs duty are free of value added tax. These tax exemptions are laid down in section 94(1) subsections 12 and 14 – 17a of the Value Added Tax Act.

Instructions on relief from customs duties for goods, '**Relief from customs duty by virtue of the Regulation on reliefs from customs duty**,' are available on Customs' website under [Relief from customs duty](#).

The following duty free goods can be imported free of tax:

- 1) Importation of duty-free goods as provided by the regulation on reliefs from customs duty articles 3–22, 54–56, 59, 60–65, 74–103, 106, 112 and 113. Free of import duties are also goods in accordance with articles 107-111 of the regulation on relief from customs duty, with certain restrictions in article 48 of the Customs Act. These articles are reviewed in the instruction: '**Relief from customs duty by virtue of the Regulation on reliefs from customs duty**,' which is available on Customs' website under [Relief from customs duty](#).
- 2) Annex II(B) of the Duty Relief Regulation, states which articles are free of customs duty by virtue of Article 43 of that regulation. The importation of collector's pieces and works of art of an educational, scientific or cultural character is free of import duties if the importer is a museum, gallery or other institution, which Customs has approved for the purpose of duty-free admission of goods. The customs duty exemption and therefore the tax exemption, requires that the collector's pieces or works of art are not intended for sale.

The following additional requirements for tax exemption regarding duty-free goods are laid down in the Value Added Tax Act:

3) Low-value gifts

The importation of duty-free non-commercial small consignments referred to in articles 25 - 27 of the Duty Relief Regulation, are tax-exempt. Gift consignment sent from a third country by a private individual to another private individual living in the customs territory of the EU shall be admitted free of import duties, provided the value does not exceed 45 euros.

The tax exemption is not applied on cigarettes, cigarillos, cigars, pipe tobacco or cigarette tobacco, alcohol or alcoholic beverages.

Additional restrictions to the quantitative restrictions in the VAT Act apply to coffee, coffee extract and coffee essence, as well as tea, tea extract and tea essence. Coffee and tea contained in a gift consignment are exempt from value added tax only up to the following quantities:

- 500 grams of coffee OR 200 grams of coffee extract and essence
- 100 grams of tea OR 40 grams of tea extract and essence.

[More information on the taxation of gift consignment on this Customs webpage.](#)

4) Laboratory animals and biological or chemical substances intended for research

Article 53 of the Duty Relief Regulation provides for the relief from import duties on laboratory animals and biological or chemical substances intended for research. Relief from import duties is granted, if they are acquired free of charge and are meant for public establishments principally engaged in education or scientific research or for the use by private establishments approved by Customs, and if they are principally engaged in education or scientific research.

5) Miscellaneous documents and articles

In accordance with article 104 of the Duty Relief Regulation, free of import duties are duty-free goods if they are imported free of charge to authorities, communities or organisations.

6) Ancillary materials for the stowage and protection of goods during their transport

Free of import duty are various materials such as rope, straw, cloth, paper and cardboard, wood and plastics, which are used for the stowage and protection of goods during their transport from a third country to the customs territory of the EU. The exemption from import duties concerns protective material that is normally not reusable.

An additional condition for relief from import duties is that the remuneration paid for the goods, in accordance with article 105 of the Duty Relief Regulation, is included in the taxable amount on import of the transported goods.

Relief from customs duty by virtue of the Union Customs Code

By virtue of the Union Customs Code, the following duty-free goods can be imported free of tax:

1) Returned goods

Instructions on importing returned goods can be found on Customs' webpage [Import of returned goods](#).

A further requirement for tax exemption is that goods used in Finland in a way that entitles to reduction according to articles 203-207 of the UCC, have not been sold tax free to a country outside the EU or that goods entitled to a reduction based on their use in Finland, have not been sold outside the EU.

Statement regarding returned goods

[Customs form 348e](#)

2) Products of sea-fishing and other products taken from the sea

Articles 208 and 209 of the Union Customs Code concern sea-fishing products and other products taken from the territorial sea of a country or territory outside the customs territory of the Union by vessels solely registered or recorded in a Member State and flying the flag of that State. The import of these is free from customs duty. Duty-free are also goods produced from the products in question on board factory ships.

An additional condition for relief from import duties is that the products are not sold before they are imported.

Relief from customs duty by virtue of the national Customs Act

The following duty-free goods can be imported free of tax by virtue of the national Customs Act:

1) Diplomatic goods

The tax exemption applies to duty-free goods in accordance with section 44(1) paragraphs 1 and 2. The duty exemption and therefore also the tax exemption, applies to the acquisition of goods and services purchased for official use by embassies, for other missions of a similar status and by the offices of career consuls of foreign powers active in Finland. This includes goods exclusively for the

personal use by foreign administrative and technical members of the staff, as well as members of their household acting in Finland.

The prerequisites for exemption from taxes requires a so called French paper with which the Ministry of Foreign Affairs confirms the diplomatic relations based on the Vienna Convention on Diplomatic Relations (Finnish Treaty Series 4/1970) or the Vienna Convention (Finnish Treaty Series 50/1980). This does not apply to diplomatic courier consignments.

2) Victuals, ship's fuels and lubricants

Exemption from taxes on goods intended for victualling as well as fuels and lubricants is provided for in section 94(1) paragraph 21 of the Value Added Tax Act.

Victualling means replenishing a vessel's supplies. Goods intended for victualling are goods intended for consumption by the vessel, its crew or passengers during an ongoing voyage. Victuals can also be goods sold during the voyage to passengers in order to be brought along in luggage.

Goods, intended for normal victualling, as well as fuels and lubricants, of a vessel or aircraft in professional international traffic shall be tax free. Goods, intended for normal victualling, as well as fuels and lubricants, shall be tax free also in the case of a foreign vessel used by an authority and visiting the customs territory of Finland. Goods, intended for normal victualling, as well as fuels and lubricants, of a Finnish vessel used by an authority and departing, according to a confirmed visiting plan, for an official representational trip outside the customs territory of Finland shall also be tax free. Exemption from tax on imports applies to goods brought into the customs territory of Finland by the vessel, or supplied for its own use in the customs territory of Finland. Exemption from tax also applies to goods consumed on board a vessel in the customs territory of Finland.

Exemption from tax on imports also applies to goods, sales of which are made on an intra-EU voyage in order to be brought along in luggage. Their sale to the passengers is taxable. An intra-EU voyage is a voyage, which is carried out without stopping outside the customs and fiscal territory of the EU.

Articles 107 - 111 of the Duty Relief Regulation provide for the duty exemption on fuel and lubricants present in land motor vehicles. Section 94(1) paragraph 17a of the Value Added Tax Act provides that importation of goods, which are duty free by virtue of Articles 107 - 111 of the Duty Relief Regulation, is tax-exempt. Fuel contained in the standard tanks of private and commercial motor vehicles and motor cycles and special containers entering the customs and fiscal territory of the EU as well as fuel contained in portable tanks carried by private motor vehicles and motor cycles, with a maximum of 10 litres per vehicle shall be admitted free of import taxes. The relief shall also apply to the lubricants present in the motor vehicles and required for their normal operation during the transport in question. However, a restriction has been laid down regarding this. The fuel contained in the fuel tank of a commercial vehicle arriving by road from outside the European Economic Area to the customs and fiscal territory of Finland shall be duty free only up to 400 litres,

and the fuel contained by the fuel tank of a special container up to 200 litres per journey.

Other cases of VAT-exemption

The following tax exemptions are only laid down in the Value Added Tax Act.

1) Goods brought in by a foreign airline company

Ground equipment, safety devices and instruction materials used by a foreign airline company in international air traffic, spare parts and accessories for these goods, as well as related documents and forms.

2) Goods acquired for official use by institutions of the European Union

Goods brought into official use by the European Union or a body of the European Atomic Energy Community referred to in Article 129, subject to the conditions and restrictions agreed in the Protocol or Agreement referred to in Article 129, provided that the taxable amount plus VAT is at least EUR 80. The restrictions and conditions were agreed on in the Protocol on the Privileges and Immunities of the European Union of 8 April 1965 and the agreement of its implementation or in the host country agreement.

3) Goods imported by an international organisation and its staff

Goods, imported by an international organisation and its staff recognised by and situated in Finland, are exempt from tax based on the agreed conditions and restrictions in the organisation's founding treaty or in the host country agreement. An additional precondition is that the selling price, excluding tax, of the goods, or of the group of goods, is not less than EUR 170. The importer must present a written confirmation by the Finnish Ministry of Foreign Affairs confirming whether the importer is entitled to tax exemption based on the treaty of establishment or the host country agreement and on the intended use of the goods.

4) Electricity, gas delivered via a natural gas grid or via a network connected to such natural gas grid, gas fed in from a vessel transporting gas into a natural gas grid or any upstream pipeline network as well as heat or cooling energy delivered through heating or cooling networks.

5) Special computer program

The importation of a data carrier and a special computer program stored on it is tax free when the importer is a trader or a legal person entered in the VAT register. As of 1 January 2018, importers registered for VAT declare the details on imports exempt from tax to the Finnish Tax Administration on their own initiative.

The definition of entrepreneur in the said provision is not bound to whether the entrepreneur is registered for VAT in the VAT register or not. Thus, this regulation on relief from import taxes also applies, e.g. in a situation where the declarant is an entrepreneur with small-scale business who is not entered in the VAT register.

6) the transport of the imported goods ends in another Member State

According to section 94b of the Value Added Tax Act, importation is exempt from tax when the transport of the imported goods ends in another Member State and if the goods are exempt as an intra-Community sale and the importer is an entrepreneur. Since the application of this regulation in practice means that in the UCC the importer, i.e. the declarant or in indirect representation the principal, must be entered in the Finnish VAT register, these importers will declare their tax-exempt imports to the Tax Administration on their own initiative. As mentioned previously, the customs procedure codes 42xx and 63xx must still be entered concerning these imports.

More information is available in the instructions on application of section 94b in imports:

- [instruction 41/2015: Application of section 94b of the Finnish Value Added Tax Act in import procedure 42xx \(pdf\) \(in Finnish and Swedish\)](#) and
- [instruction 43/2015: Application of section 94b of the Finnish Value Added Tax Act in import procedure 6321, 6322 \(pdf\) \(in Finnish and Swedish\)](#)

7) Passenger imports

A traveller who arrives in Finland from a place outside the EU may exempt from tax bring in goods in his or her personal luggage in accordance with the maximum amounts laid down in sections 95a–95e of the Value Added Tax Act. The goods can be treated as duty free on condition that the import is non-commercial.

Import is not considered commercial when

- the import is occasional
- the imports only include goods intended for the personal use of the travellers or their families, or as gifts
- the goods cannot be considered commercial imports due to their nature and quantity.

[More information on the quantitative restrictions for the customs duty exemption of tobacco products and alcohol on Customs' website.](#)

In addition to products under restrictions of quantity, an air or sea passenger can import other products tax-exempt for a maximum value of 430 euros. The maximum value limit for travellers using other modes of transport is 300 euros. The 300-euro limit is applied also when a passenger arrives in Finland aboard an aircraft or boat, which is in recreational use.

These limits do not include

- 1) personal luggage temporarily imported by the traveller
- 2) personal luggage brought back by travellers after temporarily taking the luggage out of the country
- 3) personal medicines that are necessary for the traveller.

The fuel in the regular tank of a motor vehicle (including water vessels) and in a portable container is free from VAT when brought in as passenger import. A quantity of fuel not exceeding 10 litres contained in a portable container in a means of motor transport is free of VAT if it is of the same kind as the fuel used by the means of transport involved.

Fuel contained in the standard tanks of passenger cars and motor cycles as well as fuel contained in portable tanks with a maximum capacity of 10 litres, shall be admitted free of import duties based on section 94(17a) and article 107 of the Regulation on relief from customs duty. Therefore, there is no need to find out whether it is a question of passenger import.

8) Goods imported by crew of a means of transport

A crewmember on duty on a means of transport that provides professional transportation between Finland and a country or territory outside the EU, can **in a calendar month** import the same quantity of goods free of tax as passengers can from one trip. That is, in addition to products under restrictions of quantity, an air or sea crewmember can import other products tax-exempt for a maximum value of 430 euros in a calendar month.

However, a crewmember on a means of transport in road traffic can only import other tax-exempt products than the ones under restriction of quantity, for a maximum value of 300 euros. However, in a calendar month the value limit is the same as for crewmembers in air or sea traffic, i.e. no more than 430 euro.

To obtain the tax exemption the importer must enter the goods in the customs clearance carnet upon their import. [More information on the customs clearance carnet is available on this customs' webpage.](#)

9) Low-value consignments

Low-value consignments worth no more than 150 euros are duty free, but VAT must be paid for all consignments.

10) International agreements

The importation of goods is exempt if the exemption has been established in an agreement concluded with a foreign State and binding upon Finland upon the entry into force of the present Act.

The Value Added Tax Act (1501/1993) came into force on 1 June 1994. After this, the application of a tax exemption that differs from the concluded international agreement requires that the agreement has been brought into force by legislation.

11) Tax warehousing procedure

According to section 72h(1) subsection 2 of the Value Added Tax Act, tax is not payable on importation and sale of goods referred to in section 72i that are transferred to the tax warehousing procedure referred to in section 72j.

Importers declare goods to be transferred to the warehousing procedure with the customs procedure code (45xx or 07xx) and related national code in the customs declaration. In Finland, importers registered for VAT declare the details on imports exempt from tax to the Finnish Tax Administration on their own initiative.

For example, the customs procedure codes must be entered even though import VAT details are declared to the Tax Administration on the importers own initiative. [More information on the tax warehousing procedure in the instructions from the Tax Administration.](#) (in Finnish and Swedish)

The tax exemption for this import only applies to certain goods listed in the Value Added Tax Act. Raw materials and their degree of processing is specified in the VAT Act with commodity codes from the EU customs tariff and with CN codes. As an example, petroleum oils (including propane and butanes; including crude petroleum oils), headings 2709, 2710, 2711 12 and 2711 13. Tax warehousing does not include goods to be used in the warehouse nor can the procedure be applied to goods if they are meant to be sold at the retail stage, i.e. to be sold directly from the warehouse for consumption.

Goods intended for victualling of air and water vessels in international traffic or for sale on such air or water vessels or to be sold in a tax-free shop at an airport, can also be placed under the tax warehousing procedure (VAT Act 72i(2)).

An authorisation for tax warehousing in accordance with section 72k of the VAT Act is granted by the Tax Administration. According to section 72j(2) of the VAT Act (30.12.2010/1392) excise goods are considered to be under the tax warehousing procedure when they are in a warehouse referred to in section 6 subsection 4 of the Excise Taxation Act. Therefore, regarding products in a tax warehouse, for which the provisions on exemption according to the VAT act can be applied, no separate decision is required for a warehouse keeper authorised for excise duty.

On request, the holder of the goods must present in the customs declaration stage a copy of the authorisation decision as well as an account from the warehouse keeper stating that the goods will be transferred to the tax warehousing procedure referred to in section 72j. The account must show the nature of the goods and the quantity as well as information on placing the goods under the tax warehousing procedure (e.g. a copy of warehousing documents and registrations and the reference number of the warehousing in question).

If the requirements for tax exemption are not met, VAT is collected with a customs clearance decision.

More information: [yritysneuvonta.lupa-asiakkaat\(at\)tulli.fi](mailto:yritysneuvonta.lupa-asiakkaat(at)tulli.fi)