



FINLAND - April 2018

MUNICIPAL TAX ON LEISURE PROPERTY IN FINLAND HAS TRIPLED SINCE 2000 1

Municipal tax on leisure property in Finland has tripled since 2000

Summer cottage owners in Finland's most popular holiday areas now pay up to 800 euros annually in real estate tax to the municipality that hosts them, as rates continue to rise dramatically.

Finland's real estate tax on leisure properties varies widely, depending on the municipality in question. The average rate paid for Finland's 500,000 summer cottages has grown three-fold since 2000, as many municipalities grapple with economic difficulties.

An analysis from public broadcaster Yle has found that municipalities in Finland have steadily raised the property tax on summer cottages and second homes over the last 18 years. A simultaneous increase in the tax value of real estate has also played a part.

The arrival of Tax Administration slips with the annual real estate tax payment due may be an unwelcome surprise for many cottage owners this year, as the sums can be as high as 836 euros in the capital region city of Espoo, 610 euros in the popular south coast cottage community of Raseborg, and 520 euros in the metropolitan suburb of Porvoo, for example. Rates in each of these three cities have risen some ten percent in the last four years alone.

In the popular cottage location of Savonlinna, in the heart of picturesque Lake Finland, leisure property taxes rose 39 percent since 2014, and farther north in Jyväskylä the increase was 25 percent in that same short four-year period.

Average annual tax on cottages: 243 euros

The average tax for leisure properties across the board in Finland in 2018 came in at 243 euros, once all of the country's 300-plus municipalities were included.

"I think 200 euros a year is an adequate tax on a summer cottage. It represents the amount of local services holiday residents might use. Anything beyond that is just milking people of their money in the name of saving the municipal economy," says Erkki Virtanen, deputy chair of Finland's association of holiday home owners.

Taxes on leisure properties in Finland have brought three times more revenue to municipalities since the year 2000. Cities that host large numbers of holiday homes can stand to earn millions. Naturally it can be argued that the money is used to maintain services that the cottage owners also benefit from, such as libraries, fitness areas and health centres.

Investing in holiday residents

Some cities are investing the windfall in making specific improvements to the seasonal residents' amenities.

"Here in Raseborg, we are extending the water and sewer networks. We acquired a water co-op for a million euros and modernized it to the tune of 300,000 euros. We run a marina for small boats so cottage owners can moor the vessels they use

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to get to the islands. We have also strengthened fibre optic access to broadband in one village where there are many holiday homes," says Raseborg's Mayor Ragnar Lundqvist.

Erkki Virtanen spends most of his time at his cabin in Tammela now that he is retired. He expects the property tax increase to continue far into the future.

"Municipalities are already in financial straits, and after the social and health care reform their problems will grow even greater. I would bet money that real estate taxes on homes and cottages will continue to grow at a moderate rate," he says.

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