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Value added tax by Maxwood

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Value added tax is added to prices of most of the products and services which are sold in business purpose. In Finland the tax rate is currently 23 percent for most of the products and services, 13 percent for groceries and such and for most of the cultural services 9 percent.. Value added tax is paid only once from each product or service, and the seller takes care of the billing and paying the tax. But since the tax is paid only once, companies can deduct the value added tax from their costs and purchases in taxation. For self-employed small business owner this means that all receipts related to the profession and working are worth saving and that vigilant and organized monitoring of incomes is needed.

The company doing business and selling products or services is entitled to notify the Tax Administration and join the value added tax register. The company must do monthly value added tax announcements for Tax Administration, and pay monthly value added tax from the sales into the tax account. Every company has its own tax account into which the payments are made. The account is balanced annually according to tax announcement. Making records and keeping all organized with the value added tax can be time consuming task, and bookkeeping can take several hours from the monthly working hours, depending on the size of the business and the amount of the financial transactions. For example electronic accounting (in Finnish=sÃ¤hkÃ¶inen kirjanpito) tools are good help for saving this time for the professional work.

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