Making corrections to e-filed submittals of information returns, reporting year 2016

1 INTRODUCTION

If a previously e-filed computer file contains errors and omissions, you must follow a new method of making corrections: send us a replacement file to replace the previous one. This guidance discusses the new method.

Chapter 4 of this guidance lists the information returns for which any errors and omissions are put right using the old method, involving deletions and additions of entire filings. The old method continues to be in force for some return types.

The time schedule for making corrections to annual information filings is "as soon as possible". This means that when an error has been detected you must take action without delay.

We recommend making corrections through the same electronic channel system that you had used in the first place. However, if you filed the return on paper, we recommend that you send us corrections electronically, not on paper.

2 USING THE NEW METHOD

The old method involving deletions and additions is being phased out. The new method is to submit a new itemization that automatically replaces the previously submitted one. Concerning the 'summary' part of the annual information return that contains the payer's identity and contact information, the new method is no different from the old method: as previously, when an error has been detected and corrections must be made, the method is to submit a new summary that automatically replaces the previously submitted one. The general rule is that only the part must be corrected where the errors and omissions are, both regarding the recipient-specific itemizations and payer-specific summaries. The year of payment that you enter into the corrective filing must be the same year as that of the original filing.

The new method concerns the following annual information returns for the 2016 taxable year.

VSPSERIE VSPSVYHT	7801	Employer Payroll Report (Annual information return summary and itemization)
VSPSERIK, (new return type)		Employer Payroll Report (itemization of beneficiaries; no expense reimbursement)
VSPSKUST, (new return type)		Employer Payroll Report, expense reimbursements paid to employees
VSRAERIE	7809	Annual notification—payments to recipients with limited tax liability (to nonresidents)

VSOSERIE VSOSVYHT	7812	Annual information return on paid dividends
VSOKERIE VSOKVYHT	7816	Annual information return on profit surplus of a cooperative society
VSTVERIE VSTVVYHT	7805	Annual information return on payments of interest and aftermarket bonuses as governed by the Income Tax Act
VSKTVYSL	7815	Annual information return concerning paid interest as governed by the Act on Tax Withheld at Source on Interest
VSELERIE VSELVYHT	7803	Annual information return, specification of pension benefits, social benefits (Data format specification in Finnish)
VSPUERIE VSPUVYHT	7807	Annual information return on prices paid for timber (Data format specification in Finnish)

2.1 How the new method of making corrections affects annual information reporting

The Tax Administration requires that filers add up the totals paid to a single beneficiary, reporting each Type of Payment separately for the entire year.

When making corrections, you re-enter the data elements that had been right all the time, and you enter the data elements with the errors and omissions corrected. <u>It is important to include the information you filed previously on e.g. payments to the same beneficiary, representing the same Type of Payment, originating from the same payer</u>.

Illustration 1 — original filing was made January 2017 – corrected in March 2017:

- The payroll clerk of Construction Company X files an Employer Payroll Report in January 2017 covering 5 wage earner beneficiaries itemized, indicating gross cash wages, tax withheld, and worker-paid premiums of pension insurance and unemployment insurance.

  000:VSPSERIE
084:P
058:2016
010:1234567-8
083:121234-1234
085:Thomas Carpenter
114:34789,56
115:12300,67
116:1234,56
014:6606611-7_PP
999:1

- In March 2017, the clerk detects an error in Thomas Carpenter's 'tax withheld' amount. To solve the problem, she files a new itemization where the error is put right: she enters the data element with the error corrected and also reenters the data elements that had been right all the time (gross cash wages, worker-paid insurance premiums).

000:VSPSERIE
084:P
058:2016
010:1234567-8
083:121234-1234
085:Thomas Carpenter
114:34789,56
115:12345,67
116:1234,56
014:6606611-7_PP
999:1

You can still file Employer Payroll Reports and other returns mid-year, however, when filing the most recent one you are now required to re-enter the data elements that concern the entire year.

Illustration 2 — Wages paid to workers in January, February and March 2016 are first reported on an Employer Payroll Report. In addition, wages paid in October and November 2016 are reported on a second Employer Payroll Report filed in December 2016

- Tina engages the services of a nanny for three months i.e. January to March. After the contract is over, she wants to file an Employer Payroll Report immediately. The wages she paid to the nanny amounted to €1,200. The new reporting procedure and the Tax Administration's guidance on it require just one report for a wage earner. Tina follows this rule and proceeds to file the report quickly because she hasn't planned that the employment contract is going to be resumed later.

  000:VSPSERIE
  084:P
  058:2016
  010:111280-1000
  083:131052-000T
  085:Mildred Nanny
  114:1200,00
  115:450,22
  116:72,33
  014:6606611-7_AP
  999:1

- As it turns out, Tina hires the same nanny again for October and November 2016 and pays her €600. In December 2016, Tina is filing her Employer Payroll Report.

- It is important for Tina to remember that she must re-enter the January-to-March wages although she already included them in her first Employer Payroll Report.

  000:VSPSERIE
  084:P
  058:2016

010:111280-1000
083:131052-000T
085:Mildred Nanny
114:2000,00 (1200,00+600,00)
115:750,22 (450,22+300,00)
116:120,36 (72,33+48,03)
014:6606611-7_AP
999:1

- If Tina were to report only the €600 paid in October and November, as the most recent Employer Payroll Report replaces any previously filed one, the nanny's pre-completed tax return information would be wrong: it would only show that amount and not the €1,200 she received for January, February and March.

2.2 Identity details will determine which data elements must be replaced

The filing you make last replaces any previous filing as long as the identity details are the same. Every annual information return has its own identity details and they are encoded with 'T' and they are in the 'T' column of the data file. Recurring identity details are Payer's ID, beneficiary's ID, year of payment and Type of Payment.

Making corrections to identity details

If you made a filing that has an error in its identity details, the procedure you must follow is to first delete it:

- Enter the identity details in the same way as you did when you submitted the original.
- Enter 082 and set 'D' (deletion filing) as its value.
- Leave all the other fields and data elements blank. Click Submit.
- Submit a new filing with the identity details corrected.

Similarly, if you entered a wrong beneficiary's ID code in the original, you must submit a filing where all the identity details are re-entered, giving 082 and 'D' as filing code. Leave all else blank. Now that you deleted the wrong-beneficiary filing, you are ready to submit a new filing with the beneficiary's identity corrected.

Illustration 3 — Deleting the entries of an Employer Payroll Report specifying the wrong person; wages paid for the worker's main occupation

The original filing concerned wages from main occupation P (110), year of payment 2013 (058), employer’s business ID 1234567-9 (110), worker's personal identity code 131052-000T (083), amount of wages 1,200 euros and 00 cents (114), withholding 450 euros and 22 cents (115) and collected pension and unemployment contributions 72 euros and 33 cents (116), benefit arising from employment-related stock options 58 euros and 77 cents (135); and the sequential number for the Information on the payor is 1, and 1 will therefore be the value of the final code (999).

The name-value filing giving all the above facts looks like this (**identity details are in bold**):

000:VSPSERIE
084:P
058:2016

010:1234567-9
083:131052-000T
114:1200,00
115:450,22
116:72,33
135:58,77
014:**6606611-7_AP**
999:1

The original (above) had an error in the beneficiary's personal identity code: it should have been 230367-931K.

To solve the problem, you must submit a filing where all the identity details are re-entered, giving 082 and 'D' as filing code in order to delete the original. Leave all else blank.

000:VSPSERIE
082:D
084:P
058:2016
010:1234567-9
083:131052-000T
014:6606611-7_AP
999:1

After you successfully deleted the wrong beneficiary, you are ready to re-submit:

000:VSPSERIE
084:P
058:2016
010:1234567-9
083:230367-931K
114:1200,00
115:450,22
116:72,33
135:58,77
014:6606611-7_AP
999:1

2.3 Name of the software that produced the file – Data element 014

This data element (014) is mandatory, for purposes of identification, in the VSPSERIE, VSPSERIK, VSPSKUST, VSRAERIE and VSPSVYHT annual information flows.

In the future, the entry in 014 must contain the Business ID of the software provider company and two additional control characters. An underscore is required between the Business ID and the control characters. For the Business ID, it is mandatory to follow the exact format. The control characters are intended for the software provider company, so they can identify their software product according to their own needs.

The format of the name of software (014) data element is the following:

Y-TUNNUS_AN2 (12 characters in total)

Example:

The provider of the "AccountingPro" software application has 6606611-7 as its Business ID. The provider not only sells "Accounting Pro" but also another application called "PayrollPro".

The entry in this data element should be:

014: 6606611-7_AP (Accounting Pro)

014: 6606611-7_PP (Payroll Pro)

If the software company does not have a Finnish Business ID, the dummy value 0000000-0 is permitted, for example, you can enter: 0000000-0_U1.

If the software is developed independently by the payer reporting the annual information, enter the Business ID of the payer company in this field. Add control characters as appropriate.

2.4 How the new method and procedure affect your IT systems, software applications, services

When your organisation (or your client) migrates from one IT system to another, you must convert legacy data into the appropriate format in order to make sure that Employer Payroll Reports and other annual information can be produced correctly.

Your software development and HR service development must take into consideration that payments to employees on your payroll have to be added up for the entire year. If your new software cannot include the wages paid during the first months of the year automatically, you must have capability to enter them manually. For example, you are an employer company and you start using a new payroll accounting system in the middle of the calendar year. On the one hand, it is important that you are able to save the details on the amounts paid and taxes withheld in your old system, and on the other hand, able to enter them into the files of your new system. The data conversion for bridging the old system with the new one requires some preparation.

When the user of an accounting system (accounting service) moves on to use another system or service, you must make sure that you give them appropriate instructions in order to prevent that no more than one Employer Payroll Report is filed for the year.

The instructions should e.g. contain the following words:

"Dear service recipient,

You have the obligation to provide annual payroll information to the Tax Administration. If you are going to handle your payroll accounting in a new system after ending your contract with the current system, you must include the information stored in the current system when preparing your Employer Payroll Report for the tax year. You must add up the itemizations by Types of Payment, and only file one Employer Payroll Report for the entire year."

3 SCHEDULE

The time schedule for making corrections to annual information filings is "as soon as possible". This means that when an error has been detected you must take action without delay.

You are required to complete your corrections by March in order to ensure that they arrive to the Tax Administration on time for the pre-completed tax returns that are mailed to all individual taxpayers in Spring. In the case of annual information regarding Securities and Derivatives trading, you should complete your corrections by February.

Later in the year, another deadline for corrections is August. Corrections completed by August can still be entered into the revised Tax Decisions. If you complete your corrections after August, there is a necessity to prepare and send multiple versions of the Tax Decision for the individual.

A final last-minute deadline for corrections is around 15 October. If you complete your corrections by that date, we are still able to include the corrected information in the ordinary, regular tax assessment process instead of having to resort to an appeal process.

Schedules with exact dates are on Tax.fi – Precise information – Electronic filing - IT Developers – Timetable.

4 OLD METHOD OF MAKING CORRECTIONS — DELETING AND ADDING

Making corrections with the old method, by adding a new entry that replaces the entire old one, remains in force for 2016 for the following Annual Information Returns:

VSATMAKE	Payments of trade union fees, of premiums to unemployment insurance funds
VSTAKELE	(Data format specification in Finnish)
VSOSLAIE	Annual information on shareholder borrowing, treated as capital income in the shareholder's hands, repayments of such loans (Data format specification in Finnish)
VSLAINAE	Information on loan principal and loan interest (Data format specification in Finnish)
VSAPURAE	Information on payments of grants (Data format specification in Finnish)
VSVMAKSE	Insurance indemnities paid to business operators and farmers (Data format specification in Finnish)
VSKORVPV	Annual information on the days of unemployment qualifying for payment of unemployment relief (Data format specification in Finnish)
VSELVAKE	Premiums of individuals' voluntary pension insurance contracts and deposits to 'PS' individual retirement accounts

VSAPUUSE	Purchase and sale itemization for securities and derivatives, specification of data records.
VSAPPSPS	Long-term savings (PS): Itemization of sales and purchases of securities and derivatives
VSOMHOIE	Reporting of asset management fees
VSULKOSE	Annual information return concerning transferred foreign dividends
VSPAOPAL	Annual information return capital refunds
VSJTUETE	Annual information on public subsidies paid out (Data format specification in Finnish)
VSTYONTE	Annual information on work income for purposes of insurance (Data format specification in Finnish)
VSLAHVAH	Annual information on deductibility due to received donations from individuals (Data format specification in Finnish)
VSOPLLYH	Annual information on repayments of student loans (Data format specification in Finnish)
VSOPLOIK	Annual information on the student loans that give the borrower the right to deductions (Data format specification in Finnish)
VSARVOSE	Annual information on book-entry securities (Data format specification in Finnish)
VSAOVARE	Annual information on owners/beneficiaries of book-entry securities (Data format specification in Finnish)
	Annual information return as required by FATCA (Data format specification in Finnish)

For more information on making corrections to recipient-specific itemizations, see other guidance articles.