

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3389/Corr.1

19 May 1970

Limited Distribution

## CONSOLIDATED DOCUMENT ON THE EXAMINATION OF PRACTICES OF CONTRACTING PARTIES IN RELATION TO BORDER TAX ADJUSTMENTS

### Corrigendum

The Permanent Mission of Finland has forwarded to the secretariat the following corrections with regard to the information on taxes in Finland contained in the consolidated document.

Page 83: With regard to tax on motor-cars and motor cycles, item (b) under column "unit" should read as follows:

According to the Law on taxation of motor vehicles the taxable value for domestically-produced motor-cars and motor cycles is the price of the motor vehicle determined on the basis of production costs at the place of manufacture.

Page 84: The answers to questions 2 and 4 are to be replaced by the following:

Question 2. All products subject to excise taxes were manufactured domestically on an industrial scale.

Question 4. The valuation used for border adjustments was, where needed, done on the basis of the normal price in accordance with the Brussels definition of value. If the tax on the goods in question was defined on the basis of value, the taxable value included the costs paid for insurances, freights, customs, etc. Excise taxes were levied similarly on domestically-produced and corresponding imported goods.

Page 174: The answer to question 13 should be replaced by the following:

Buildings may be depreciated only by the declining balance method. Maximum rates varying with the main building material used and the type of the building are provided in the law.

Some examples are:

- 10 per cent of remaining book value for wooden industrial buildings, power stations, workshops, warehouses, etc.
- 9 per cent of remaining book value for similar buildings made of brick.

./.

- 6 per cent of remaining book value for wooden dwelling houses and offices.
- 5 per cent of remaining book value for brick dwelling houses and offices.
- 20 per cent of remaining book value for buildings used exclusively for research purposes.

For machinery and equipment normal depreciation is allowed on a collective basis, i.e. on the total book value of all assets at the end of the previous tax year, less the price of assets sold and plus the cost of assets acquired during the year. The maximum rate of depreciation is 30 per cent. Different rules apply to motor-cars.

Items of machinery and equipment whose estimated useful life does not exceed three years may be fully written off in the year of acquisition.

Patent and other rights with a limited life may be written off under a straight-line method, over a period of ten years, or so much less as their economic life.

Mines and quarries etc. may be written off (straight-line) over their estimated useful life, or over forty years if their estimated useful life exceeds forty years.

Accelerated depreciation is at present available for ships over 19 register tons ordered by shipping enterprises during the years 1966-70 to be built in Finland, or obtained second-hand (but not older than fifteen years) abroad during the years 1966-1968; they may be depreciated at will, provided that in so far as total depreciation taken in a year exceeds normal depreciation it may not amount to more than 60 per cent of annual profit after normal depreciation in 1966-68, and 40 per cent in 1969-73.

For factories, workshops and power stations which are brought into use during 1958 or later years, a maximum of 30 per cent of the acquisition cost may be written off during the first four years. There is no annual maximum.

Investments made during the years 1966-70 in legally designated development areas and being either new industrial undertakings or extensions of existing enterprises, or modernizations of machinery and equipment resulting in an increased capacity or in the ability to manufacture goods to a further stage of production, may be depreciated at will during the year the investments are put into service and the nine subsequent years.