

Projects in Finland 

Operating and dismantled wind turbines

Projects under planning

Projects under construction

Map

Wind power in Finland 

Wind power in Finland 

About wind power in Finland

How much wind power to Finland?

Offshore wind power 

General about offshore wind power

The costs of offshore wind power are falling rapidly

Why offshore wind power?

Project development of the offshore wind power project

Construction of an offshore wind farm

Environmental aspects of offshore wind power

Property tax 

Property tax on wind turbines in general

Determination of wind farm property tax

Wind energy and employment

Wind power in cold temperatures

Wind power and the national grid

PPA (power purchase agreement) 

What is PPA?

PPA partners (in Finland)

FWPA 

Contact

Members

Become a member 

Company member

Membership benefits

Board of Directors

Association Bylaws

For the developers 

Support scheme for renewable energy

Fingrid's guide for wind power provider

Wind energy in cold climates

The Finnish Defence Forces

Advocacy & consultancy

News 

Statistics

Publications

Press releases

Events

Property tax on wind turbines in general

[Frontpage](#) [Wind power in Finland](#) [Wind power in Finland](#) [Property tax](#) **[Property tax on wind turbines in general](#)**

Property tax on wind turbines in general

Wind power is a significant source of property tax revenue, especially in small municipalities with several wind turbines. According to the study, the total wind power capacity (2000 MW) built in Finland by the end of 2018 will bring municipalities a total of more than EUR 400 million in property tax revenue over its entire 20-year life cycle. The tax revenue received by an individual municipality depends on the construction costs of the wind turbines, the total capacity of the wind farm, and the tax rate determined by the municipality.

If the capacity of a wind turbine is less than 10 megavolt amperes (MVA), the turbine's property tax is determined by the municipality's general property tax rate, which in 2018 averaged 1.06 % in mainland Finland, and in 2020 according to the law could vary between 0.93 % and 2.00 %. The municipal council may impose a separate tax rate on power plants. The power plant property tax rate may not exceed 3.1%.

Mainly power plant property tax rate is used

The power plant property tax rate is used only if the capacity of the power plant is at least 10 megavolt amperes (MVA). Before 2018 the capacity of a single wind turbine was considered when defining if the general property tax rate or the power plant property tax rate will be used. This meant that wind turbines were always taxed according to the general property tax rate as the maximum capacity of a wind turbine in Finland was 5 MW. According to an amendment in the legislation that stepped in force at the beginning of 2018 the total capacity of the power plant is defined in the grid connection point. The amend means that since 2018 the total capacity of a wind farm has been considered when defining whether the general property tax rate or the power plant property tax rate is used.

The taxable property in a wind turbine is the foundations, the tower, and the outer shell of the nacelle (Supreme Administrative Court of Finland 11.11.2004 volume 2887). Machinery and equipment are not subject to property tax. Approximately 30% of the investment costs of an onshore wind turbine are subject to property tax. Due to the more expensive foundations, the taxable value of an offshore wind turbine is much higher than that of an onshore wind turbine and therefore the annual property tax of an offshore wind turbine is about three-fold to that of an onshore wind turbine.

Changes were made to property taxation in 2013 regarding the age reduction and the minimum tax value. Currently, the age reduction of a wind turbine is 2.5%. The tax value decreases by this amount per year until the minimum tax value of 40% is reached. The life cycle of a modern wind turbine is more than 30 years, so the newest turbines have time to reach the minimum tax value in their lifetime. The minimum tax value is reached in the year 24 or 25, depending on the turbine, after which the property tax is paid approximately EUR 15,000 to 18,000 annually, depending on its investment cost.

How much property tax is paid for wind turbines?

A wind turbine that is located in a wind farm accrues more than EUR 400,000 property tax during its life cycle (20 years), if the highest possible power plant property tax rate is in use in the municipality. Most of Finland's wind turbines are in wind farms and are taxed according to the power plant property tax rate.

If the wind turbine is not located in a wind farm, property tax is paid according to the municipality's general property tax rate. The property tax to be paid to the municipality for a single 3 MW onshore wind turbine not located in a wind farm is 6,000 – 11,500 euros in the first year. An individual onshore wind turbine generates approximately 130,000 euros in property tax for the municipality during its life cycle.

The table below shows the six municipalities that received the largest property tax income on wind turbines in 2019. The amount of property tax received by the municipality depends on the size of the wind farms (number of wind turbines, which affects the size of the total investment and the tax rate), age of the turbines, overall investment cost, and the municipality's property tax rates.

Municipality		
The number of wind turbines		
Property tax received 2020		
Kalajoki		
64		
1,59 million €		
Ii		
56		
1,20 million €		
Raahe		
62		
1,13 million €		

Pori (11 offshore turbines)

37

1,05 million €

Simo

37

845 000 €

Pyhäjoki

43

653 000 €

Total

299

6,47 million €

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Suomen Tuulivoimayhdistys ry - Finnish Wind Power Association

Yliopistonkatu 34 B 17

40100 Jyväskylä

tuuli@tuulivoimayhdistys.fi

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