Contribution to mandatory funded pension

PRINCIPLES

If a sole proprietor has joined the mandatory funded pension (II pillar), he/she has to pay a contribution to the mandatory funded pension.

The contribution is paid once a year. The Tax and Customs Board calculates the amount of the payment based on the taxable income adjusted by social tax that is declared on the sole proprietor's business income tax return (Form E) and issues a tax notice on the amount to be paid not later than 30 days before the due date (1 October). The payable amount can also be viewed from the information sheet of the income tax return.

Sole proprietors are obliged to transfer the payable amount indicated in the tax notice into the bank account of the Tax and Customs Board not later than by 1 October.

The contributions to the mandatory funded pension paid for sole proprietors themselves are not allowed to be deducted from their business income and indicated on Form E as business expenses, but have to be reflected on Form A in table 9.1 ('Unemployment insurance premiums and contributions to mandatory funded pension').

The tax rate is **2%**.

If a sole proprietor has not received taxable income, the contribution to the mandatory funded pension need not be paid.

Funded Pensions Act