

Guide

Becoming an Entrepreneur
in Finland **2017**



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From left to right, Startias Manager Tommi Virkama, Business Advisor Sari Saarikoski, Business Advisor Olav Ny-lund, Business Development Manager Kjell Nydahl and Business Advisor Antti Alasaari help new entrepreneurs.

Starting a Business

We at Vaasa Region Enterprise Agency Startia help you to set up your own business. Our service is confidential and free of charge and it offers you everything you need to start up a business and to go further with it.

We also assist you when you plan to become an entrepreneur by buying an existing business. Business advisors at Startia and at Vaasa Region Development Company VASEK can help you in all stages of the business life cycle.

There are a number of expert organizations working in collaboration with Startia, offering their services and expertise for new entrepreneurs. Startia's clients are given referrals to expert organizations containing information on whom they may turn to and who will provide them with useful advice in the starting phase of their business.

Startia may also, if the beginning entrepreneur wishes, send the entrepreneur's contact information to the expert organizations so that these may take contact and offer their services or expertise to the entrepreneur.

We will help you to:

- define, refine and protect your business idea
- write a business plan
- choose a form of business and register your business
- apply for permits and submit notifications
- find business premises
- apply for business subsidies or a startup grant
- plan your insurances and financial management

Here you can get a good start!

So you are thinking about becoming an entrepreneur. Entrepreneurship allows you to make the decisions that you want. For many people, it's the best way to work and earn a living, and for many people, it's a way of life that would be difficult to abandon. People are attracted to entrepreneurship because of the freedom. You get to be your own boss.

Do you have a business idea or knowhow you could utilize as an independent entrepreneur? You are not alone; an increasing number of people living in Finland will, in the future, earn their living as entrepreneurs. When people have noticed the power of entrepreneurship, they have learned to value it more.

This guide for starting entrepreneurs is meant for people who contemplate starting a business. The guide is also useful for already functioning entrepreneurs as it contains the most recent information and legislative amendments regarding, inter alia, taxation, financing and licenses of a business, employer obligations, accounting as well as the pension and unemployment insurance for the self-employed.

Could I become an entrepreneur?

You need to consider entrepreneurship from many angles. Letting the ideas ripen is part of the useful preparation for entrepreneurship. The start of a business always involves a fundamental change in life. It has an effect on the future, the way your own life takes shape, family relations and friendships, your values, living standard and your way of life.

Entrepreneurship is a great alternative for you to exploit your own knowhow. The freedom of an entrepreneur brings along the increased responsibility for success. Unlike many other professions, entrepreneurship means, without exception, a lot of work, flexibility and often compromising on freetime, holidays and hobbies. It is hard work and requires a strong belief in your own business idea. However, success as an entrepreneur is very rewarding.

It is safe to start with the help of the Finnish Enterprise Agencies

Your nearest Enterprise Agency will provide assistance for developing your business idea. The business advisors and a local network of experts help you to evaluate the functionality of your business idea. You will get guidance and a partner to discuss. The operations are based on assistance by business experts and voluntary work. The service is personal, free of charge and strictly confidential. Most experts are entrepreneurs themselves.

The Enterprise Agency helps you to create a sound business. You will get a good start as an entrepreneur and avoid many of the most common teething problems. Whether your business is big or small, you need associates, networks and customers.

With the help of the guidance from the Enterprise Agency, you can build contacts to experts in various fields. The aim of the Enterprise Agencies is to help businesses at their early stages towards a profitable growth.

Entrepreneur Guide 2017

This guide gives an outlook on entrepreneurship and provides help to the entrepreneur at the early stages. The guide is used at the Enterprise Agencies and in courses for entrepreneurs.



The guide has been drafted in co-operation with the network of Finnish Enterprise Agencies and its member enterprises. We want to express our sincere thanks to all members of the network who have participated in the drafting. We also wish to thank Tuulikki Holopainen for updating the information and Nea Ivars for the graphic design and layout. Special thanks to those member enterprises and institutions who have supported the publication of the guide by advertisements and who provide services to a starting entrepreneur.

We hope that many people who are considering the establishment of a business of their own find this guide. Hopefully, this guide will assist people who want to become entrepreneurs and new entrepreneurs in their path to entrepreneurship.

Entrepreneurship is always an opportunity.

Jari Jokilampi
Managing Director
Finnish Enterprise Agencies



NEW ENTREPRENEUR 2016



Bold distillery entrepreneurs conquer the world

Kyrö Distillery from Ostrobothnia has quickly expanded its market area to different parts of the world and won several awards. What makes the new company so successful?

PHOTOS BY **Kyrö Distillery** TEXT BY **Minna Honkanen**

Market gap the size of a rye distillery

Rye Rye Oy, whose marketing brand is Kyrö Distillery Company, was established in August 2012. The five founders of the company (**Miika Lipiäinen, Miko Heinilä, Kalle Valkonen, Jouni Ritola and Mikko Koskinen**) got the idea to establish a company in a very Finnish way: in a sauna. They noticed that there was a gap the size of a rye distillery in the world, and they started to fill the gap from the very heart of Finland in Ostrobothnia.

Kyrö Distillery operates in Isokyrö, making rye whiskey, gin and a long drink based on the gin, Long Kyrö. Furthermore, the company has established a subsidiary, Kyrönmaan Matkailun Edistämiskeskus (Kyröön Kievari Oy), to run a restaurant. The company employs 11 full-time and five part-time employees.

Sparring at the Finnish Enterprise Agencies

Services of the Vaasa Region Finnish Enterprise Agency was used when the company was being established. The entrepreneurs contacted the Finnish Enterprise Agency to receive assistance in the preparation of their business plan and advice on investments, funding and cooperation with other companies active on the market.

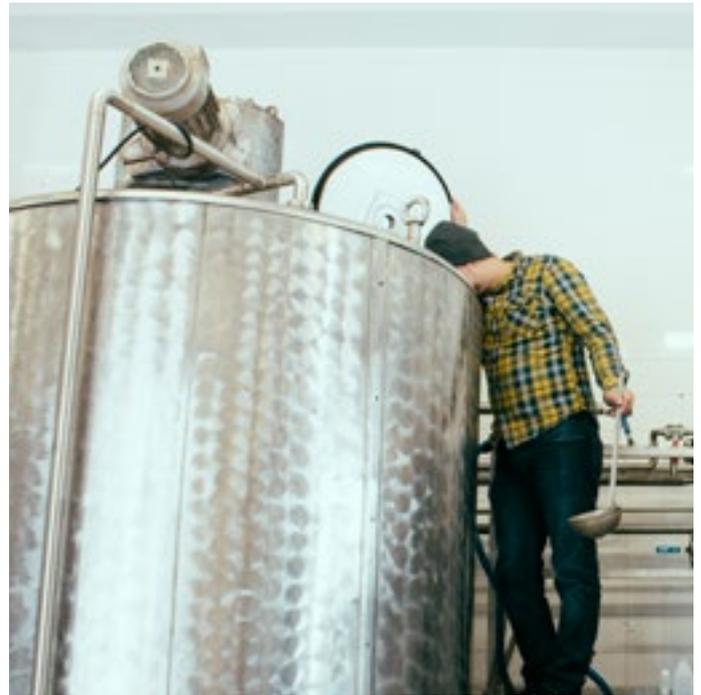
The entrepreneurs of Kyrö Distillery convinced the people at the Finnish Enterprise Agency with their very professional attitude right from the start. **Antti Alasaari**, the business advisor who sparred the entrepreneurs, says that the case of Kyrö Distillery is exceptional:

“In the case of this company, I was surprised at how good calculations they provided right at the start. They offered different scenarios and cash flow calculations for several years right off the bat. Another great thing to notice was the chemistry between these friends, as well as their extremely varied experience and competence, regardless of their age!

Determined to succeed globally

Right from the start, the company's goals have been growth and entry into the international markets. These goals have been reached, because the entrepreneurs have utilised the available services (Visit Finland, FinPro) and understood the significance of networks.

The entrepreneurs have built their networks both in Finland and abroad with care. Kyrö Distillery's products are sold



in many European and Asian countries, as well as in Australia. The goal for 2017 is to launch a product on the United States market.

The company has been very successful in the marketing of its products and the building of its brand. Each product is based on a story and each detail seems carefully considered. The products themselves have also played a key role in the success: they have done well in many competitions of the industry.

One of the company's major achievements is that their Napue gin was selected as the best gin in the world in the Gin & Tonic series of the Wine and Spirits Competition (IWSC) in 2015. IWSC is the industry's oldest competition (est. 1969), and it is considered one of the industry's most important competitions.

Recipe for a successful company

The Finnish Enterprise Agencies named Kyrö Distillery the New Entrepreneur of the year 2016. The jury was convinced by, for example, the company's credible and attractive story and successful branding.

"The entrepreneurs have done business very boldly and professionally developed the idea and increased the size of the company. Entrepreneurship always requires some courage. Even if you do business in a very traditional industry, you can always stand out from among the competition by doing things a little differently," says **Jari Jokilampi**, the Managing Director of the Finnish Enterprise Agencies.

Over the course of their four years in business, the entrepreneurs of Kyrö Distillery have gotten an idea of what a successful company needs:

"You have to find something in which you fervently believe. Then you must listen to all the potential customers and ask all the questions you can think of. Finally, you must find a balance between your passion and the market needs," says **Miika Lipiäinen**, the Managing Director of Kyrö Distillery.

New Entrepreneur of the Year competition

The New Entrepreneur of the Year in Finland is selected from among entrepreneurs whose companies have been in business for two to five years and were established with the help of the Finnish Enterprise Agencies.

Each local Enterprise Agency selects from their area the New Entrepreneur of the Year and submits their name to the nationwide competition.

An entrepreneur whose business has been launched in a controlled and systematic manner and whose company is deemed to have a good opportunity to become profitable will be named as the New Entrepreneur of the Year.

The New Entrepreneur of the Year in Finland is selected by the Finnish Enterprise Agencies, the National Board of Patents and Registration of Finland, Nordea Bank and Varma.

In addition to the award for the New Entrepreneur of the Year, honourable mentions for other successful entrepreneurs are given each year. The jury offers grants to the winner and the persons who were given honourable mentions.

The New Entrepreneur of the Year in Finland is published and awarded at the Summer Day of the Finnish Enterprise Agencies in early June.

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SHOULD I BECOME

AN ENTREPRENEUR?

Before becoming an entrepreneur, you should consider the different options and think about whether you are suited for the job. The Finnish Enterprise Agencies can offer you expert assistance and someone to talk to when thinking about your readiness to establish a company and become an entrepreneur.

"When establishing a company, choose an industry that you love!"

Marika Silvan-Väliharju

Leikkien Group Oy

• Marika Silvan Väliharju established her company that specialises in educational toys, games and books in 2006 via the Tampere Region Finnish Enterprise Agency. The idea was born when Marika tried to find educational toys for her own child and noticed that the stores did not carry such toys.

Read Marika's entrepreneurship story on our website at www.uusyrittyskeskus.fi.

What is entrepreneurship?

More and more entrepreneurs are needed, because entrepreneurship is the lifeline and moving force of society. A huge change has taken place in the general attitude towards entrepreneurship in the past ten years. Now, one in every five Finnish young people are considering entrepreneurship as one option, compared to one or two per cent at the beginning of the 2000s. The enthusiasm among young people can already be seen in the business world. 17 % of all companies established through the Finnish Enterprise Agencies last year were established by people who were less than 25 years of age.

Entrepreneurship is a good career alternative – but not for everyone. Defined in three words only, entrepreneurship is work, work and work but the only reason for starting a business cannot be unemployment. It is not likely that you can find enough people who would become your customers only to employ you. Your business and the products and services it offers must be useful for an adequate

number of customers and they must be willing to pay for them.

First, consider these central questions:

- What is my life situation?
- Do I have what it takes to be an entrepreneur?
- Is my business idea good enough?
- Where do I find my customers?

The aim of a business is that it succeeds and makes a profit. Entrepreneurship, or enterprise, is about identifying the risks relating to a business activity and about preparing for them, i.e. the skill to make a business operation profitable.

Entrepreneurship is also about believing in one's own business idea. Entrepreneurship can be a way of life or a means to provide a livelihood and to employ oneself. Financial motives, i.e., the wish to earn money, are necessary if an entrepreneur wants to support himself/herself and possibly also employ other people.



Defined in three words only, entrepreneurship is work, work and work.

Entrepreneurship means making good use of one's own professional skills, experience and social skills. A good entrepreneurial idea and a functional business idea based thereon combined with an entrepreneur with knowhow usually lead to success.

WHO IS AN ENTREPRENEUR?

The definition of entrepreneur depends on whom you ask. People working with business law and people working with pensions and unemployment issues have a different definition for an entrepreneur. According to one of the definitions, an entrepreneur is a person who, alone or together with others, practices business in a company that aims to make profit. These activities include a degree of risk-taking.

In the case of unemployment benefits, an entrepreneur is a person who works in a company of which themselves or themselves together with their family own a share that is determined by law. Furthermore, a person who works, but is not in an employment or service relationship with the employer company (such as a freelancer or a person who works through an invoicing community) considered an entrepreneur. Just owning a company or a part thereof does not make anyone an entrepreneur.





So could you become an entrepreneur?

Presently, being an entrepreneur is one of the most popular ways of working. Paid employment is no longer as safe a choice as it used to be, and the difference between paid employment and the risks inherent to entrepreneurship has diminished. Entrepreneurship offers an alternative for traditional employment: you can practice your profession independently without the supervision or authority of any superiors.

Do I have what it takes to be an entrepreneur? This question occupies the minds of many unemployed persons and those about to complete their studies. Also many people employed by others think about starting their own businesses. The key to the success of an enterprise is often the entrepreneur himself/herself and his/her person.

A starting entrepreneur usually has know-how or professional skills to which (s) he can successfully link the business idea. Besides preparedness, running an enterprise requires entrepreneurial skills. These include business management, financial administration, marketing and the actual service or production. It is not necessary to be able to do everything by yourself as you can buy services from another entrepreneur. Many do so and buy, for example, accounting services from an accounting firm or marketing help from an advertising agency.

Personal qualities and skills lay the foundation for a successful business. Think about your own strengths. Different fields require different qualities and skills. What do you still have to develop?

A person planning to set up a business must be familiar with the field where (s) he intends to establish the business. In addition, (s)he must also know the bases for financial management, pricing, budgeting and marketing. It is possible to gain or improve such skills and knowledge with the help of training or experts.

It is worth remembering that becoming an entrepreneur does necessarily mean that you have to work as an entrepreneur forever. You can think of this as one phase of your life and as a part of your whole career.

A person who plans to start a business must be familiar with their chosen industry.

Good qualities for an entrepreneur to have include

- hard-working
- creative
- bold, works on one's own initiative
- strives for good results
- determined
- knows how to sell his/her product
- prepared to take risks
- can cope with uncertainty.

Things that motivate people to become entrepreneurs

- you can become your own boss
- you can determine your own work tasks
- you can determine your working hours
- there is the opportunity to make a financial success
- you can fulfil your dreams
- you can employ others.

Challenges in starting up as an entrepreneur

- arranging finance
- lack of expertise and experience
- lack of knowledge of legislation, taxation and setting up contracts
- insufficient skills in the Finnish language
- lack of familiarity with Finnish business culture
- time management (work/study, family/spouse, free-time, etc.).

Where to get the business idea?

Before becoming an entrepreneur, you should consider your own skills as well as the possibilities to exploit them as an independent entrepreneur. Your expertise may be based on your work experience or professional skills, training, personal relations or hobbies, for example. Most successful companies are based on a solid foundation of expertise and competence. You should not establish a company if you do not have enough expertise or competence.

When contemplating the operating idea and the business idea, the most important is to ensure that the personal abilities are compatible with them. A small enterprise should specialize in operations for which the entrepreneur has the best knowledge, skills and financial pre-conditions.

OPERATING IDEA

The operating idea reveals the purpose of the enterprise. What is the task or why does the enterprise exist? The operating idea provides a basic formulation and summary of the intent of the enterprise to both the entrepreneur and the public. A clear operating idea helps the starting entrepreneur to define briefly his/her own business plan and to explain it to outsiders - for example, to financiers.

ESTABLISHING A NEW ENTERPRISE

There are many sources of business ideas. First we discussed an idea based on one's own knowhow and professional skills. It is often the most common and safest way to start entrepreneurship. Another alternative is to buy the idea, either a working enterprise, its business operations or parts thereof. The acquisition of a ready business idea and an operating

model, i.e., a franchising enterprise, is a functional way to start as an entrepreneur. These alternatives do not exclude each other. It is possible to succeed as an entrepreneur, with your own business idea or with an acquired one.

Start with your own business idea

The own business idea may be based on experience or on an idea or invention of the person contemplating entrepreneurship. Business ideas generating from work or professional experience are most typical in the service branch. For example, a hairdresser starts a barber-hairdresser enterprise and a driver becomes an entrepreneur in the transport sector. It is also possible to find new business ideas through hobbies or versatile contacts.

When developing a business idea, it is important to find ways to distinguish from the other entrepreneurs in the same field. Specialization may apply, inter alia, to a product, a service, a line of action or the selection of target customer groups. A new need may arise in the markets as a result of demand, competition situation or a change therein.

Finding new market needs and satisfying them requires active following of the corporate environment and the recognition of needs as early as possible. The entrepreneur who first recognizes a new market gap may base his/her business idea on filling this gap. At its best, the business idea based thereon may provide solutions to problems in the market.

Completely new business idea or invention

A company may be established to commercialise a completely new business idea, product, service or invention. This is the most challenging way to start a business, and it involves the most risks. Obtaining funding may be very difficult at first.

**Better safe than sorry.
Manage Your risks!**

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Unemployment security for entrepreneurs
Service number 09 2535 3100
www.ayt.fi

Existing business idea

The most typical way to start a business is to use an existing business idea but implement it in a new and more competitive way or in a new market area. You may realise your plans by establishing a new enterprise or by acquiring an already working enterprise.

MAKING USE OF THE BUSINESS OPERATIONS OF A WORKING ENTERPRISE

For a starting entrepreneur, the acquisition of an enterprise does not, in fact, mean continuing the business operations of the enterprise. It is just one way for a new entrepreneur to best implement his/her plans in the business operations or just “business” (s)he wishes to carry out. Although “business” is not a very Finnish word, it best describes the nature of a corporate acquisition from the point of view of the buyer. The term “working business” contains all the elements required in entrepreneurship i.e. products/services, customers, market position and, first and foremost, turnover.

However, the acquisition of a working enterprise naturally includes risks but it offers a new entrepreneur a simple way to start and a possibility to commence business operations immediately as the customers and turnover already exist. If you buy a company, you should keep in mind that you cannot buy the market. Even the new entrepreneur will have to earn their customers.

The options are:

1. to buy the whole of a working enterprise
2. to buy part of an enterprise (one function)
3. to just buy the enterprise’s business operations
4. to buy part of the business operations.

There are many enterprises in Finland whose present owners are willing to sell them. Some of them are actively for sale but most of them continue their operations silently looking for a buyer. After you have drafted your own business plan, be active in looking for an interesting target enterprise and go ahead and contact its owner irrespective of whether the enterprise is openly for sale or not. You can find details of companies for sale by using the search service of the Federation of Finnish Enterprises at www.yritysporssi.fi, for example. Investment in such an enterprise may be the first step of your entrepreneurship.

If you intend to start your entrepreneurship by buying an existing enterprise or business, or a part of it, make sure you use experts to help you assess the financial situation of the enterprise and the risks relating to its business. The advisor network of the Finnish Enterprise Agencies includes acquisition experts to assist you. Financial management professionals (accountants, auditors and corporate

acquisition consultants) will advise you on whether the business’s operations are profitable and whether its accounting is reliable. Before you sign the contracts and other documents, you should also seek advice from a legal expert.

Generally, buying the business operations alone is a safer option than buying the whole enterprise, because then the old liabilities and debts of the enterprise are not transferred to the new owner.

ANSWERS BY

A BUSINESS ADVISOR



What are the characteristics of a good entrepreneur?

A good entrepreneur is an expert in their field and a person who is able to do profitable work. An entrepreneur must be able to cope with uncertainty, carry responsibility and create networks.

Anu Lehtola, Tampereen Seudun Uusyrityskeskus Ensimetri

The various forms of entrepreneurship

There are many options to be an entrepreneur or work in an entrepreneur-like manner. You can start your entrepreneurship as a self-employed person, a member of a co-operative, a partner entrepreneur, a part-time entrepreneur or a temporary entrepreneur. You need not choose to become an entrepreneur for the rest of your life. Part-time entrepreneurship in connection with studies or hired labour has become clearly more common. Becoming an entrepreneur together with others has also become more common, especially among young people.

ENTREPRENEURSHIP AS A FRANCHISEE

Working as a franchisee allows you to start up a business without having your own business idea. Franchising is a long-term collaborative agreement between two independent enterprises. The franchisor grants to the franchisee (of whom there may be many) the right to use, in return for payment and in accordance with the terms of reference, the business idea that the franchisor has developed and devised, and which it controls.

A franchisor duplicates a concept, i.e., offers it widely for the use of several enterprises. This results in a network of undertakings operating in co-operation and using the same concept, i.e., a so-called franchising chain. Franchising chains operate in very different sectors, for example, in trading and restaurant industries as well as in various enterprise and consumer services. Franchisors are constantly looking for new entrepreneurs. Even at this moment, there are hundreds of openings for entrepreneurs in Finland. Further information is available from website www.ketju.fi and from the Finnish Franchising Association's website, www.franchising.fi.

Finland uses a self-regulating model of franchising operations that is based on a Code of Ethics published by the Finnish Franchising Association. They determine

the good, established practices for franchising. If you are planning to become a franchise entrepreneur, you should keep in mind the fact that all members of the Finnish Franchising Association commit to the franchising Code of Ethics. You should study the code before becoming a franchising entrepreneur.

"LIGHT ENTREPRENEURSHIP"

So called "light entrepreneurship" (in Finnish "kevytyrittäjyys") is a form of employment where a person acquires his/her own work and defines a price thereon. Invoicing and salary calculation have been outsourced to an external billing service, which charges its own service fee from the total amount. The billing service takes care of the "light entrepreneur's" tax withholding, insurances (accident insurance, liability insurance) and other statutory employer contributions (health insurance contribution, pension insurance premium and unemployment insurance contribution as well as group life assurance premium).

PART-TIME ENTREPRENEURSHIP

Starting up a business part-time, for example in addition to a main job or studies, is recommended if the person is not sure whether the business will be profitable – at least to begin with. Working on a part-time basis, you can test first whether there are enough customers and assess how the business will develop and whether there is potential to become a full-time entrepreneur. Your own financial risk will be lower because your income is not totally dependent on the success of the business. The Employment and Economic Development Office (TE Office) may not grant business start-up funds to part-time entrepreneurship. A start-up grant can be granted to anybody who wishes to expand their part-time entrepreneurship into a full-time occupation.

STARTUP ENTREPRENEURSHIP

Startup companies are usually newly created companies in their early stages in

the technology field whose business concept contains something new and different. The operations are financed with risk financing as the company does not yet make profit. The aim is to achieve fast growth and internationalising. Some quickly growing and internationalising startups have been established in Finland.

PARTNERSHIP

Operating as a partner can be a very entrepreneurial activity depending on how the responsibilities and authority are split amongst the partners. For example, in family businesses, the spouse and children may be partners. In small businesses, it may be possible to get key people to commit themselves to the enterprise and its development by transferring stakes in the business to them.

TEAM ENTREPRENEURSHIP

Here, several people who wish to become entrepreneurs establish a business together. All these people are responsible for the success of the enterprise. For example, when two businesses merge, the partners of these enterprises may become partners in the new enterprise. Young people, in particular, like starting businesses together with others. Experts from many different fields may be involved in a company established by young people.

WORK INTEGRATION SOCIAL ENTERPRISE (WISE)

When planning to start a business, one possibility is to start a social enterprise. In addition to profitable business operations, the purpose of a social enterprise is to provide work opportunities for disabled persons and the long-term unemployed as well as to support their future employment. Otherwise, a social enterprise functions just as any other enterprise.

The Finnish Ministry of Employment and the Economy (TEM) maintains a register of work integration of social enterprises. The application form (TEM309) is available in the E-services of Enterprisefinland.fi ("Forms and e-services").

A work integration social enterprise may be a private trader, a general partnership, a limited partnership, a limited liability company or a co-operative. A business to be registered as a work integration social enterprise must fulfill the following requirements:

- **At least 30 %** (percentage of placed employees) of the employees in an employment relationship (excluding the entrepreneur) must be persons whose
 - disability or illness hampers employment
 - who have been unemployed jobseekers for a continuous period of 12 months (or are comparable thereto)
 - who have received unemployment security on the basis of unemployment for a period of at least 500 days. The percentage of placed employees shall always include persons whose disability or illness hampers employment.
- **All employees**, irrespective of their productivity, are paid the pay agreed in the collective agreement of the said line of work payable to a person with full work capacity
- **The working hours** of the persons, whose disability or illness hampers employment, is at least 50 percent of the maximum working hours of the industry, and of others to be included in the percentage of placed employees, at least 75 percent of the maximum working hours of the industry
- **Public subsidies** are less than half of net sales.

A work integration social enterprise may be granted increased pay subsidy for employing a person whose disability or illness hampers employment or a long-term unemployed person.

SOCIAL ENTREPRENEURSHIP

What separates a social enterprise from other enterprises is its primary goal: turnover and profit are made primarily in order to achieve a social goal.

These goals may, for example, be promotion of well-being, employment of the long-term unemployed or of persons whose disability or illness hampers employment, prevention of social exclusion of the young or the elderly, rehabilitation of special groups, recycling or another social/environmental goal.

A social enterprise combines in an interesting and even challenging way the operational models of traditional profit-seeking enterprises and efficacy-seeking organisations.

The social enterprise uses most of its economic profit in furthering the social goal.

Transparency is one of the operational principles. Ethical rules are an integral part of the responsible leadership of a social enterprise. The goal of a social enterprise is that the enterprise is successful. A social enterprise may choose any legal form of incorporation. More information on the social entrepreneurship www.suomalaintyo.fi/en/.

ANSWERS BY

A BUSINESS ADVISOR



What are the characteristics of a good business idea?

A good business idea includes an idea of what products and services will be offered, to whom and how. The idea is always in some way based on the entrepreneur's own expertise.

Sari Söderlund, Vantaan Uusyrityskeskus (YritysVantaa)

Turning an enterprise idea into a business idea



An enterprise idea indicates what the new enterprise intends to produce. The enterprise idea is defined in more detail and gradually shaped into a business idea. The business idea indicates what the enterprise will do and to whom it will sell, how the enterprise will implement these things, and in what markets it will operate. The business idea answers the questions **What? To Whom? How?**

Think about whether your products will be able to succeed in the marketplace? Which markets will you operate in? What is different about your business idea? Make sure you consider your business idea from the point of view of the customer in particular. The product (goods or a service or a combination of these) must be something that the customer is prepared to pay for. Determining customers' needs is important so that it is clear what qualities they value. Is your product or service, for example, more effective, cheaper, of higher quality, more pleasant or simpler than that of your competitors?

You will get the best insight when you test it in practice, for example with a small market survey. The most genuine feedback about your product will come from your potential customers. Nevertheless, an opinion poll does not always

necessarily tell the whole truth about customers' buying habits. Market research can also be bought from external experts, but then you will have to pay for the survey.

THE BUSINESS IDEA MUST BE VIABLE

Implementation of the business idea requires know-how on the part of the entrepreneur(s) as well as capital that is needed for working capital and initial investments. Know-how and familiarity with the field can be acquired via training, work experience and recreational pursuits. Be realistic in terms of demand for goods or services. You will improve your chances of success with careful planning.

Industry and competitive situation

Industry refers to that field in which the enterprise operates, for example catering (restaurants and cafes), financial services (banks), building or cleaning. In some fields, there are a lot of operators, i.e. there is a lot of competition. In such cases, the opportunities to make a profit are small, because the entrepreneurs must sell their product cheaply. The lower the novelty value and the more established the field, the greater the competition faced. That is greater the number of competitors offering a similar product.

Try to find an innovative business idea! The more unique the product, the less competition you will face. On the other hand, in such cases it is difficult to estimate the profitability of the business or compare the business idea to other operators. In such circumstances, the size of the market and the structure of demand must be estimated, and profitability calculated on the basis of the estimates.

Consider the following:

- **CUSTOMER BENEFIT:** What the customer gets, where the customer uses the product or service, why the customer purchases it?
- **IMAGE:** Why the customer buys from this enterprise, what kinds of mental pictures are associated with the enterprise or its products?
- **PRODUCTS:** What is produced or supplied, how does it differ from the competitor's products, what is the price, what kind of packaging is used and how is the product delivered, is advice required via the internet, for example?
- **CUSTOMERS/CUSTOMER GROUPS:** Who are the customers, where are they and how many are there, how are they reached, how much are they prepared to pay, how will they pay?
- **MODE OF OPERATION:** Will products be created in-house or will their production be subcontracted, how will products be marketed, how will they be sold?
- **RESOURCES:** How can you get: business premises, machines and equipment, capital invested, know-how, as well as experience of the entrepreneur and the employees?

BEFORE ESTABLISHING A COMPANY

To establish a company, you will have to prepare a business plan, acquire funding and plan your marketing, sales and pricing, for example.

Everybody has ideas, so the most important thing is being persistent and believing in what you do!"

Joni AlWindi

Edvisto (DiSEL21 Oy)

- Joni AlWindi became a startup entrepreneur in 2015. Since the end of the first year of operations, he has used the advice services of the Helsinki Finnish Enterprise Agency. The company's product EdVisto (Educational Video Storytelling) is a video storytelling platform and method for learning at school.

Read Joni's entrepreneurship story on our website at www.uusyrityskeskus.fi



Business plan

WHAT IS A BUSINESS PLAN?

Business plan refers to a written plan for the business. It describes how the business idea will be implemented in practice: the operating environment of the enterprise, and its working practices and objectives. It is a comprehensive and detailed presentation with a specified timescale. The business plan also includes longer-term objectives and quantitative targets in the form of profit budgets and cash-flow statements.

The plan goes through the features of the product, the customer groups, the competitive environment in the marketplace, and training and expertise of the entrepreneur(s) as well as how the enterprise intends to market its products. The business plan also estimates, with the aid of calculations, profitability and the sum of money that is needed for starting up the business's operations (investment requirement).

A good plan also highlights the risk factors that may affect the success of the business.

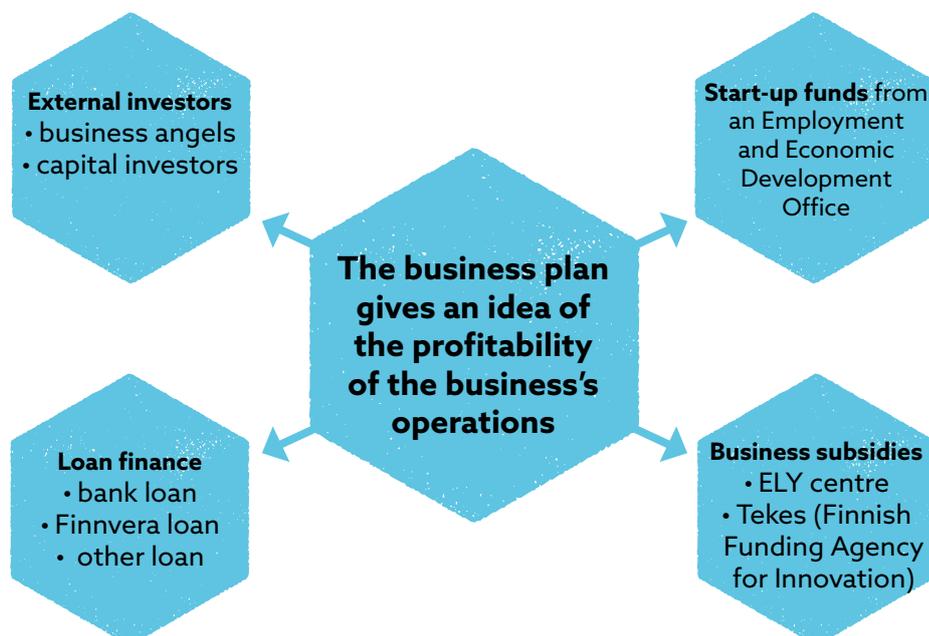
In addition, the business plan is a tool that enables entrepreneurs to plan, and it can also be used in negotiations with

possible investors, business partners, lessors or suppliers, for example. With the help of the business plan, the entrepreneur can prove that the enterprise will succeed when, for example, financial-statement data is still not available. A well prepared business plan gives an idea of the profitability of a business and its future prospects, and it helps in sourcing finance.

A business plan is also needed when start-up funds are applied for from the

Employment and Economic Development Offices, when business subsidies are applied for from the centres for Economic Development, Transport and the Environment (ELY) or loan finance.

Create a business plan using the handy online service at www.enterpriseinland.fi, www.business-plan.fi, www.onnistuyrittajana.fi.



ELEMENTS OF THE BUSINESS PLAN

MODEL PLAN:

1. Description of the business idea:

The business idea says what the business will do, to whom it will sell its products, and how the business will implement these things. What is the novelty value of your business idea (i.e. what is new about it) and why would customers be interested in your product? A SWOT analysis should also be included in this section, see page 22.

2. Description of expertise:

Expertise among the entrepreneur and the employees must support the business's operations. List their educational backgrounds, their work experience and their strengths and weaknesses.

3. Description of the product:

Describe the product critically from the customer's point of view. Explain the product's features compared to the competitors': pricing, advantages, uses and weaknesses.

4. Customers and customer requirements:

Describe who your customers are, how many there are, where they are, on what basis they decide to make a purchase, what customers value in your product. What is the customer problem or requirement for which you have a solution?

5. Industry and competition:

Describe your industry and the competitive environment. Will you bring innovation (something new) to the industry? Or will you offer the same as your competitors? Try to stand out from the competition. Are you able to set up, for example, an organic hairdresser's instead of a conventional hairdresser's? Analyse the strengths and weaknesses of your key com-

petitors, and compare your own business idea against them.

6. Scope and development of the market:

Give details of the number of customers in your product's market, the competitive environment and the prospects for growth. Explain which markets you are targeting: a certain area, the domestic market, Europe or the global market. Could your business possibly be extended to new markets later on? How would this happen? Explain what obstacles there may be for entry to the marketplace: regulations, constraints, customs duties and other risk factors.

7. Marketing and advertising:

Write down what marketing measures you would use to reach your customers and inform and con-

vince them of the benefits of your own product. Also, pay attention to how your customers will find you, for example via the internet. How will you direct your advertising at specific customer groups? Consider what the look and name of your enterprise, amongst other things, say to the customer and what your enterprise's brand comprises. How do they stand out from the competitors? How do you arrange your sales work?

8. Risks:

A business's activities are subject to all kinds of risks. Analyse the business's risk factors in the short-

It is worth
revising and
updating the
business plan on
a regular basis.

ANSWERS BY

A BUSINESS ADVISOR



What are the characteristics of a good business plan?

A good business plan tells the reader what the company will sell, how and to whom. It includes calculations that show how the company will be made profitable.

Tommi Virkama, Vaasanseudun Uusyrityskeskus Startia (VASEK)

and the long-term. How will you get a key person to commit to your business and what will happen if (s) he decides to leave? Can your business idea's features be copied? And how sensitive is your business idea to fluctuations in the economy? Risks can not be completely eliminated, but with effective planning they can be reduced.

9. Intellectual property rights:

Plan for the safeguarding of your key ideas in accordance with legislation on intellectual property rights. This will help you reduce the risk from copying. Do

you need, for example, a patent for a technical invention (which lasts 20 years), utility-model protection (i.e. a four-year "small patent"), trademark protection (an identifying mark for a good or service that is registered for a specific area, such as the Apple trademark) or a design right that protects the appearance of an item? Only copyright protection does not need to be applied for separately. Non-disclosure agreements are one way to prevent a customer or collaborative partner from telling others about your unprotected business idea.

10. Estimates: Funding, Profitability and Sales

A. INVESTMENT CALCULATION:

This is used to show the sources of funding and the expenditure requirements for the business in its initial stages. Expenditure requirements include those investments that must be made in order to launch the business's operations. Among other things, initial stock purchases, machines required for production, registration fees and security deposits as well as working capital for a 3-month period (for instance) would be included in expenditure requirements. In the working capital provision, an estimate is made of those fixed costs (wages and salaries, rental, insurance, bookkeeping, etc.) that must be paid even when the business does still not generate sufficient sales to cover costs. For this reason, working capital is added to investment requirements for the initial stages. In addition, in the funding calculation, the sources of funding are shown for an amount equal to the investment sum; the sources of funding must cover the expenditure requirements. The sources of funding may comprise shareholders' equity and property given as a capital contribution, loans, business subsidies and external equity investments. Remember that business start-up funding should not be regarded as one of these sources of funding as it is intended for the entrepreneur's own subsistence!

**EXAMPLE OF AN INVESTMENT CALCULATION
(an enterprise in the cleaning service industry, private trader)**

EXPENDITURE REQUIREMENTS	EUR	SOURCES OF FUNDING	EUR
Cost of establishing the business	110	Equity	
Means of production	2 000	Share capital	
Equipment installations	500	Personal cash investments	4 400
Computers and software	1 500	Property given as a capital contribution	500
Car		Loans from shareholders	
Phone/tax/internet	200	Loan capital	
Office supplies	300	Bank loans	6 000
Property given as a capital contribution (existing machines, work tools and supplies)	500	Finnvera loans	
Marketing investment	800	Other loans	
Initial stock purchases	1 000	TOTAL SOURCES OF FUNDING	10 900
Working capital	3 200		
Cash reserve (for example premiums, bookkeeping costs, travel expenses, etc. before the customers have started to pay their invoices)	790		
TOTAL EXP. REQUIREMENT	10 900		

B. PROFITABILITY CALCULATION:

The profitability calculation is used to estimate where the break-even position (critical point) arises for a given price level and profit margin, as sales volume is varied. This can be used to analyse whether a sales target is realistic. The sales target (net sales) can also be calculated as a monthly, weekly or hourly sales target. Alternatively, it is possible to analyse whether it would be worthwhile changing the margin and sales price, if the sales volume seems unrealistic. Thus, a simple sensitivity analysis can be created, showing how big an effect there is on the profit forecast if the price is changed.

EXAMPLE OF A PROFITABILITY CALCULATION (private trader)

	Monthly EUR	Annual (12 months) EUR
= Target profit (net) (Own salary goal of a private entrepreneur as private withdrawals)	1 500	18 000
+ Loan repayments	100	1 200
INCOME AFTER TAXES	1 600	19 200
+ Taxes around 22 % see site 73	451	5 415
= Funding requirement	2 051	24 615
+ Loan interest (+ any salary guarantee fees, etc.)	27	324
A. OPERATING MARGIN (required)	2 078	24 939
+ Fixed costs (net of VAT)		
the YEL premium of an entrepreneur is 18.798 %* (the annual income of EUR 12,564)**	197	2 362
Insurance (the Self-employed Persons' Voluntary Accident Insurance and other insurance for entrepreneurial activities)	100	1 200
Wages and salaries		
Indirect remuneration costs		
Costs relating to premises		
Repairs and maintenance	30	360
Leasing payments		
Communication costs (phone, internet, etc.)	80	960
Office expenses	20	240
Travel and car expenses, daily expense allowance	500	6 000
Marketing expenses	200	2 400
Bookkeeping, auditing, tax returns, etc	100	1 200
Unemployment fund, trade association, etc.	30	360
Other costs (the Trade Register's handling fee, work clothes ja tools etc.)	100 e	1 200 e
B. TOTAL FIXED COSTS	1 357	16 282
SALES MARGIN REQUIRED (A+B)	3 435	41 221
+ Purchases + materials and supplies (net of VAT)	425	5 100
NET SALES REQUIRED	3 860	46 321
+ VAT 24 %	926	11 117
TOTAL SALES/INVOICED SALES REQUIRED	4 786	57 438

* The YEL insurance premium is 24.10 % of the YEL earned income for entrepreneurs between the ages of 18 and 52 or over the age of 62 and 25.60 % of the YEL earned income for entrepreneurs between the ages of 53 and 62 A new entrepreneur will receive a discount of 22 % of the YEL insurance premium for the first 48 months. Thus, the insurance premium for new entrepreneurs between the ages of 18 and 52 and over the age of 62 is 18.798 %, and for new entrepreneurs between the ages of 53 and 62 it is 19.968 % of the YEL earned income (in 2017).

** Entrepreneur's unemployment benefit, minimum annual income.

C. SALES CALCULATION

In the sales calculation, the minimum invoiced sales target indicated by the profitability calculation can be apportioned among the various customer groups. This

makes it easier to assess the importance of the customer relationships; any discounts and variable costs for products being sold shall be taken into account.

EXAMPLE OF A SALES CALCULATION (MONTHLY)

Product	Cleaning (daily)	Cleaning (evenings and weekends)	Window cleaning	Floor waxing	Spring cleaning	Other work	TOTAL
							VAT 0 %
Sales price	24 e	30 e	35 e	40 e	120 e	28 e	
Costs	3 e	3 e	4 e	10 e	9 e	0 e	
Margin	21 e	27 e	31 h	30 e	111 e	28 e	
Sales quantity	70 h	25 h	8 h	8 h	8 h	8 h	127 h
Total sales	1 680 e	750 e	280 e	320 e	960 e	224 e	4 214 e
Total purchases	210 e	75 e	32 e	80 e	72 e	0 e	469 e
Margin							3 745 e

According to the profitability calculation, the business would have to generate a sales volume of €3,860 per month or €46,321 per year (12 months). As the entrepreneur needs to ensure that they will not burn out, sufficient resting times should also be taken into account in the calculation. That is why the calculation takes into account one holiday month during which no invoices will be sent.

Thus, the annual required sales volume of €46,321 is divided with 11 months, or 46,321/11 = €4,211 per month. The cleaning industry entrepreneur would have to send invoices totalling at least €4,211 per month (plus VAT) in order to save up the funds required for the holiday month.

In the sales calculation example, the monthly net sales are roughly that, €4,214.

Share of purchases

Supplies to be purchased are “variable expenses”. The more you clean, the more detergents and other supplies you will need. Their amount is linked to the work done and thus also the sum invoiced.

In the profitability calculation, the share of purchases is €425 per month or €5,100 per year. €425 is 11.0 % of the net sales or 100 x 425/3,860 (of the required monthly net sales) = 11.0 %.

In the sales calculation example, the share of purchases (469) is 11.1 % of the total sales volume of €4,214, excluding VAT (i.e. from the corresponding net sales), 100 x 469/4,214 = 11.1 %. In other words, the percentage is roughly the same (around 11 %).

Margin

According to the profitability calculation, the required sales margin is 12 months x €3,435 or €41,221 per year. As the holiday month must be taken into account, the required margin must be compared with the monthly margin according to the sales calculation example (€3,745) and a calculation for eleven months must be completed: 11 months x €3,745 = €41,195 (the required sales margin per year).

€41,195 per year is roughly the same as the target figure of €41,221 per year (the required sales margin in the profitability calculation).

In the sales calculation example, the percentage share of purchases (11.1 %) is slightly higher than the share of purchases in the profitability calculation (11 %), which explains the difference. The figures are of roughly the same magnitude, however.

Invoiced hours

In the sales calculation, the cleaning entrepreneur has thought about

how many hours they would have to be able to invoice in order to reach the target net sales per month. The time it takes to get to the site to be cleaned, during which no work to be invoiced will be done, must also be taken into account. Depending on the situation, the entrepreneur will be able to charge travel expenses from the customers, provided that the travel expenses were included in the offer. In the case of specific industries and long distances, charging the travel time may also be possible, but in such cases the charge will be lower than the normal hourly rate and it must be separately discussed with the customer.

The invoiced hours in the sales calculation example are 127 hours per month. This means that the entrepreneur would have to clock in 127 h/4 = 31.75 hours, or roughly 32 hours per week. The daily invoicing requirement is 32 h/5 days = 6.4 hours, or roughly 6.5 hours per day.

Time must also be put aside for the acquisition of new customers and the necessary paperwork, but these cannot be invoiced from any one customer. These hours will add to the actual length of the working day. The hourly invoicing price must be high enough to reach the required margin in the calculation. This has been taken into account in the hourly prices of the sales calculation example.

WHAT WOULD THE WORLD BE LIKE WITHOUT ENTERPRISES?



Entrepreneurs innovate, create, and keep Finland going. They are hard-working and enterprising. Entrepreneurs create jobs and pay a large share of all taxes. They deserve any income they might have after all this. Entrepreneurs are used to making it on their own. But everyone can use some help, support and networks every now and then. Become a member of the Federation of Finnish Enterprises at www.yrittajat.fi/liity

 **Yrittäjät**
Promoting entrepreneurship.

SWOT analysis

The SWOT four-field analysis is a simple and widely used technique for analysing business operations. A SWOT analysis shows the Strengths, Weaknesses, Opportunities and Threats for the business idea, the entrepreneur and the enterprise. It is suitable for use in all forms of enter-

prise. The review may concern either the whole business or just part of its operations in greater detail.

The top row of the table shows the current situation and issues within the business. The bottom row represents the future and external matters. The left

side shows positive factors, while the right side shows negative factors.

The analysis helps with examining how the strengths can be developed, how the weaknesses can be eliminated, how the opportunities can be exploited and how the threats can be countered.

EXAMPLE OF A SWOT ANALYSIS:

Strengths

- strong expertise
- experience
- knowledge of the industry
- innovative product
- international contacts

Weaknesses

- insufficient personal funds
- no experience of working as an entrepreneur
- family situation
- weak language skills

Opportunities

- globalization
- potential for growth
- new products/services
- new market areas

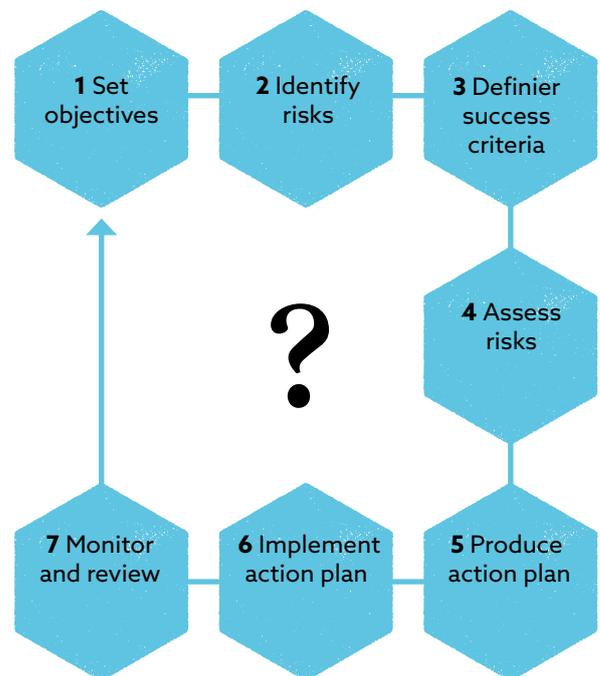
Threats

- entrepreneur's ability to run the business
- increasing competition
- changes to legislation
- political situation

Risk management

There are many ways in which an enterprise may be harmed or suffer losses, i.e. the business is exposed to various risks. However, risk in a business may also be an opportunity. The entrepreneur must be prepared to take risks in order to succeed. Risks must be identified, prepare for them and protect itself against them. In other words, the risks must be managed.

The risks in a business may be, for example, business risks, personnel-related risks, contract and liability risks, data-security risks, product risks, environmental risks, risks from interruptions to operations, and risks from crime and fires. Good risk management is anticipatory, it takes all the available information into account, and it is systematic and well organised. Further information about risk management is available from www.pk-rh.fi.



Start-up grants and adjusted unemployment benefit

A start-up grant is a discretionary allowance that can be granted to a person who is becoming a full-time entrepreneur at the startup and establishment stage of the business. A start-up grant may also be granted to a person who plans to expand their part-time entrepreneurship into a full-time occupation. The start-up grant makes it easier for the entrepreneur to cope during the time the business is picking up speed. Start-up grants can be granted at the same time to several entrepreneurs who are working in the same start-up business. Start-up grants are taxable income, i.e. tax is payable on them.

It is worthwhile for someone considering setting up a business to contact their local Employment and Economic Development Office (TE Office) www.te-services.fi in good time before starting their operations and to establish the possibilities for obtaining start-up grants. Operations must not be commenced before the Employment and Economic Development Office has made a decision on the start-up grants.

Start-up grants can be paid for a period of up to 12 months. A decision on the start-up grant is always made for a fixed period of time. The first period is always six months. After that period, the entrepreneur may apply for a continuation of the start-up grant for a maximum of another six months. The continuation application for a start-up grant must be delivered to the TE Office during the ongoing start-up grant period at the latest, approximately one month before the termination of the start-up grant period.

Some TE Offices offer development services free of charge to entrepreneurs who have received a start-up grant to boost sales. The entrepreneur can choose the expert services from among the alternatives offered by the TE Office.

An application for a start-up grant must be accompanied by the business plan, as well as profitability and funding calculations. The business advisors of the Finnish Enterprise Agencies can assist in completing them. A further requirement is a certificate of the payment of taxes/tax debt certificate, i.e., a statement on whether the applicant has outstanding taxes to pay. A certificate may be ordered via the website of the Finnish Central Tax Administration www.vero.fi/verovelkatojistus, for example, or one may be collected from a tax office.

The start-up grant corresponds to the basic unemployment benefit in compliance with the Unemployment Benefit Act, excluding the increase part. In 2017, the basic grant is €32.40 per day. The start-up grant is paid for at the most five days in a calendar week.

The start-up grant is paid once a month retroactively on the basis of an application for payment submitted by the grant receiver. The application for payment shall be submitted to the Development and Administration Centre (KEHA Centre) of ELY Centres and TE Offices within two months from the close of the payment period.



CONDITIONS FOR GRANTING SUPPORT

Start-up grants can be granted if the entrepreneur is able to establish profitable business and (s)he has experience as an entrepreneur or has business training. The support must be necessary for the entrepreneur's subsistence. The entrepreneur must work in the business full-time.

The Finnish Enterprise Agencies provide statements to the TE Offices on the prerequisites and profitability of the planned business to support the TE Office when making the start-up grant decisions.

The conditions for granting a start-up grant are that

- the applicant has or (s)he will obtain adequate readiness for the intended business and that
- the intended business is of full-time nature and it is estimated to meet the requirements of continuous profitable operations.

A start-up grant is not granted if

- the intended business is estimated to secure a reasonable income for the applicant at the start-up and stabilizing stages of the business operations
- the start-up grant is estimated to distort competition between the providers of same products or services to more than a minor extent
- a private person who applies for a start-up grant has started full-time entrepreneurship before the decision on the grant was made.

- the person who applies for the start-up grant or the company involved has materially neglected their obligations to pay tax or other statutory payments, or the person or company has experienced material civil law default of payment, unless the TE Office considers the granting of the start-up grant appropriate.

A start-up grant cannot be paid if the income of the new entrepreneur has been secured in another manner, such as by wages, some form of support or benefits. For more information on the start-up grant, please visit www.te-services.fi. The barriers for the granting of a start-up grant are governed in more detail in the Act on Public Employment and Enterprise Services.

ADJUSTED UNEMPLOYMENT BENEFIT

The term “adjusted unemployment benefit” refers to an unemployment benefit paid to a person who is working part-time. A person who is a part-time or short-term entrepreneur may also be entitled to receive the adjusted unemployment benefit. The adjusted unemployment benefit will only be paid to an entrepreneur if the person has been deemed a part-time entrepreneur by the TE Office or if the entrepreneurship will last for a maximum of two weeks.

Person who is a part-time or short-term entrepreneur may also be entitled to receive the adjusted unemployment benefit.

No unemployment benefit will be paid to a person who is a full-time entrepreneur for more than two weeks.

According to the Unemployment Benefit Act, a person is deemed a part-time entrepreneur if the workload required by the business operations is so low that it does not prevent the person from accepting a full-time job. The workload required by the business is the decisive factor; the income from the business operations or the lack thereof does not usually influence the decision.

The TE Office will make a decision on the prerequisites for the paying of the unemployment benefit and issue a statement that is binding on the party who will pay the benefit (the unemployment fund or the Social Insurance Institution of Finland). The TE Office will request a report on the business operations from the applicant before making the decision.

The amount of the adjusted unemployment benefit will be calculated by deducting half of the income exceeding the €300 protected portion from the daily unemployment benefit. If the person receives less than €300 per month from part-time or short-term business operations, it will not influence the benefit.

For more information on the adjusted unemployment benefit for entrepreneurs, please visit www.te-services.fi.

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just in few minutes
www.holvi.com

Entrepreneur, stop searching

With Holvi's business current account you can run your business easily and efficiently. So you can concentrate on the things that really matter. Holvi combines everything you need in one nifty package:

from banking to invoicing and from an online store to paperless bookkeeping.

1

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Besides the payment features of a traditional bank account, the Holvi account has everything you need to run your business.

2

Invoicing

You can send invoices with few clicks and see all your payments at a glance - straight from the account or the mobile app.

3

Your own online store

You can also easily start direct sales with the built-in online store.

4

Paperless bookkeeping

Your Holvi account saves all receipts and other bookkeeping material and creates automated reports out of them, for example VAT-reports. Even the bookkeeper's job gets easier.



HOLVI

Funding for a new business start-up

In the initial stages of a business, money is almost always needed to start up operations. The amount of money initially required depends on the business idea, and it fluctuates greatly depending on the industry. If operations are based on selling the entrepreneur's expertise as a service and the use of his/her time (for example, in interpreting and translation work), the initial investment required is much less than if a restaurant or a company manufacturing goods is being established. The initial investment enables establishment of the enterprise and the start up of operations. When the business is profitable, future investment requirements can be covered by the income generated by the business's operations.

At the initial stage, the financing calculation helps in establishing the financing requirements and the financing sources. The size of the financing requirement is usually clarified in connection with the drafting of the business plan. The business plan and a performance plan needed as attachments to the application for financing can be drafted, for example, with the electronic tools of My Enterprise Finland service (www.enterpriseinland.fi) or in the address www.business-plan.fi.

EQUITY CAPITAL

Entrepreneurs may invest in the business their own money or other assets that they own and possess (property given as a capital contribution). The entrepreneur's own savings, work tools or machines are referred to as self-financing. Generally, lenders (i.e. banks) require that around 20 % of the finance provided comes from the entrepreneur before they consider granting a loan.

Equity capital can also be invested in the business by the entrepreneur's friends, family members and acquaintances. As a result, they can gain a share of ownership in the business.

EXTERNAL LIABILITIES

Normally, an entrepreneur needs, in addition to equity, external capital, i.e. loans. Interest is paid on a loan, which may be linked to the Euribor reference rate, for instance. In addition, the finance provider must obtain a return for itself, i.e. an interest margin, and a handling fee for the loan. The loan repayment terms vary depending on the finance provider. Often the banks require a real security for the loan capital, such as the pledging of a home or other assets. You should always ask many different banks for quotes on loans.

Also, funds from other external investors, such as acquaintances or family members, may be capital in the form of a loan that must be paid back with interest. It is always worth agreeing in writing on loans and their associated interest and repayment terms.

It is worth the entrepreneur remembering that short-term financial aid can also be obtained by paying for supplies later (supplier credit), leasing, bank accounts with overdraft facilities, and credit cards. Leasing finance is long-term rental where the item for which finance is provided acts as security.

However, in the cases mentioned above, the entrepreneur must pay attention to the annual interest rate, which may be substantially higher than a normal bank's interest rate, i.e. the loan will be more expensive.

Finnvera

Loan financing is mainly granted by the commercial banks and the special financing company, Finnvera www.finnvera.fi. Finnvera can act as the only provider of funding of an enterprise to be founded if the funding of Finnvera does not exceed €50,000. If the entrepreneur needs a guarantee for his/her bank loan, Finnvera may issue a guarantee for the loan. A start guarantee is available for enterprises entered in the Trade Register no more than three years earlier.

With regard to the start guarantee, the financing is negotiated directly with one's own bank and the bank shall apply for the start guarantee on behalf of the enterprise.

Finnvera offers funding also for various financing needs of internationalizing enterprises. Loans and guarantees may be used to cover the working capital needs in export projects or to finance the business operations abroad of a Finnish parent company. Export guarantees as well as export credit and interest equalization services can be used to hedge against risks relating to the foreign buyers, banks and countries involved in the export trade as well as to aid the arrangement of financing for export projects.

CAPITAL INVESTMENTS

A capital investor (business angel or capital-investment company) invests money in a target business in return for a share of ownership (typically less than 50 % of the shares). Capital investors take a significant risk when they make an investment, and therefore they expect a significant return from the investment as compensation. The terms of the investment will be specified in detail in the shareholders' agreement.

Crowdfunding is becoming increasingly popular. Different kinds of options are available. The types of crowdfunding that are best suited for companies are crowdfunding based on equity and debt as well as on advance sales.

PUBLIC FINANCING

A starting enterprise may receive support for the development of the enterprise inter alia from the ELY Center (www.ely-keskus.fi/en/) and from Tekes (www.tekes.fi/en/). Especially the internationalization and growth of enterprises are subject to support.

You must reserve working capital to start a business because you will have more expenses than income at first.

Tekes funding

Tekes provides funding for enterprises aiming at export and international growth, especially small and medium-sized enterprises with the ability and will to succeed. The funding may be a grant or a loan and it is sought for a project, part of the costs of which will be covered by Tekes funding.

With the help of Tekes funding, starting enterprises may, for example, examine the customer needs of their products or test their product concept with potential customers. In addition, Tekes may grant funding for the development and piloting of products, services and processes.

Enterprises may utilise the Tekes programmes also to expand their own know-how and networks as well as use the expert services in the development, commercialization and protection of their innovations.

Business development aid

The ELY Centre (www.ely-keskus.fi/en/) may grant SMEs development aid for development measures and investments. Development measures shall mean the development of the enterprise's business operations, internationalization, products and production methods, preparation of projects as well as other comparable significant business development.

The aid is directed at projects which are estimated to have a significant effect on the enterprise with regard to its

1. launching, expansion or renewal
2. innovations or improvement of knowhow
3. growth or internationalization
4. productivity
5. energy or material efficiency.

The enterprise must finance at least half of the costs of the development project.

No more than 50 percent of the expenses linked to the development measures and forming the grounds for support may receive funding. Such expenses are wages, consulting, travel expenses, participation fees and corresponding expenses. Investments included in the project may be supported depending on the size and location of the enterprise by 10–35 percent of the expenses forming the grounds for support.

The business development aid must be applied for prior to commencing the project. It is advisable to contact the ELY Centre expert before submitting the application for support to clarify the possibilities for the financing of the project. The enterprise shall draw up a project plan for the development project, which shall include the planned measures with schedules and costs as well as the results aimed at by the project.

The aid shall be paid subject to a separate application as the project progresses. An enterprise which receives aid must have the preconditions for profitable operations.

AGRICULTURAL ENTERPRISE SUPPORTS

In rural areas, the ELY Centre may grant establishment support and investment support for entrepreneurial activity outside farming as well as for investment feasibility study. If the founder of the enterprise has already been granted a start-up grant, the establishment support cannot be granted.

The establishment support may be used to implement an enterprise start-up plan, such as for acquiring guidance preparing for business operations, product

development projects, piloting of production, drawing up of a marketing plan or for other consulting or expert services. Support may also be granted to an existing enterprise if it takes up a completely new entrepreneurial activity.

The maximum establishment support is €35,000. For a trial, the maximum amount of support is €10,000.

Investment support may be granted to starting and expanding enterprises, inter alia, for

1. acquisition or construction of production facilities
2. acquisition of new machinery or other fixed assets
3. immaterial investments, such as acquisition of software, patents or manufacturing rights.

The investment shall be of material significance to the establishment, growth or development of the enterprise.

The amount of the support varies, depending on the line of business and the objective area, between 20 to 40 percent of the costs.

Prior to launching the investment, the enterprise may apply for support for the clarification and planning of the preconditions of the investment. The support is meant for the acquisition of expert services and it can be granted to cover 40–50 percent of the approved costs. The support for this feasibility study does not require implementation of the investment.

Team Finland internationalisation services

Team Finland (www.team.finland.fi) maintains a list of internationalisation services for businesses that are funded by the state of Finland. Services for different stages of internationalisation are available, ranging from advice and market information to funding and surveying of international partners.

Several parties included in the network offer funding services of different types. Centres for Economic Development, Transport and the Environment (ELY Centres) can also grant subsidies for small and medium-sized enterprises to develop their operations. The Finnish Funding Agency for Technology (Tekes; www.tekes.fi/en/) and Finnvera support the growth of companies at different stages. Tesi (Finnish Industry Investment Ltd, www.industryinvestment.com) makes capital investments in promising Finnish companies during their growth and internationalisation. Finnfund (www.finnfund.fi) grants long-term funding for the establishment or expansion investments of Finnish companies or their partners that operate in developing countries. Finnpartnership (www.finnpartnership.fi) offers business partnership support for the design, development and training of long-term commercial cooperation in companies that aim to do business in developing countries.

For more information on the Team Finland services, please visit www.teamfinland.fi/en/services/. You can contact Team Finland by filling out a contact form at www.tekes.fi/en/teamfinland-contact/.

PLEASE NOTE!

Funding options

- **Own funding:** shareholders' equity and securities
- **Loan funding** (from a bank or Finnvera, for example): in return, you will pay interest
- **Investments** (such as business angels or other venture capitalists): in return, you will offer the investor a partnership or dividends
- **Public funding** (such as the ELY Centre or Tekes): a subsidy or loan for starting your business, internationalisation, growth and investments; in return, you will pay interest (Tekes)
- **Rural business subsidy** for business operations outside agriculture.

ANSWERS BY

A BUSINESS ADVISOR

**How can I assess how much funding I will need?**

When assessing your funding needs, you must take into account the costs from your place of business, the necessary tools, the goods to be initially purchased in stock and a sufficient budget for marketing at the beginning. You will also need working capital to cover the costs of the business when the costs are still higher than the income. The working capital should be flexible, as you are bound to be faced with unexpected costs when starting a business.

Timo Lehmusmetsä, Kouvolan Seudun Uusyrityskeskus (Kinno)

Marketing, sales and advertising

WHERE CAN I FIND CUSTOMERS?

Before establishing an enterprise, you must research markets and find out what the markets are like for your potential enterprise. Based on this information you can decide whether it is sensible to establish an enterprise. You can also plan the marketing of your enterprise better. A starting entrepreneur can seldom afford to waste his/her marketing euros.

When developing your business idea, you have determined who your potential customers are and how many are there in the operating area of your business. You must also check your competitors and their strengths and weaknesses. Figure out why your business would be better than theirs and where would you be the underdog. It is also useful to find information on the product and service ranges and pricing of your competitors as well as of their strategies.

Market research and sharpening of your business idea

Market research is a way to gather information about markets, customer needs and opinions, competition structure or about the opinions of different customer groups on a certain product or service, business or business idea.

The most important questions you need to ask are the following:

- Who are my potential customers?
- How many are located in the area of my choice?
- Which groups (segments) can the customers be divided into?
- How can I reach my customers?
- How much are the customers willing to pay for a product or service?
- Why would a customer rather buy from my business than from a competitor?

If your customers are private consumers, you can gather background information



from the various databases and indexes in the Internet or from the various social media platforms. Information sources also comprise the municipal economic development offices and other authorities as well as Statistics Finland.

You can get information on the market trends, competitors and corporate customers from the business advisors and experts of the Finnish Enterprise Agencies, the ELY Centres (www.ely-keskus.fi/en/), entrepreneur federations, the Chambers of Commerce, federations of industries, the registers of the Statistics Finland, the PRH (www.prh.fi/en/) (the Finnish Patent and Registration Office) as well as from undertakings maintaining various data services.

If such desk research is still not sufficient, you can receive answers directly from your potential customers by sending an E-mail or web questionnaire or by interviewing them either by phone or by meeting them in person. In a market survey directed at consumers, the consumers are asked what they anticipate needing in the future or, even more commonly, what is their present consumption like. There are several electronic tools available for making the surveys.

The results may be used in the planning of marketing and sales or in product development. It is crucial for a starting entrepreneur to find out whether a business idea has what it takes to succeed or not.

ENTREPRENEURSHIP IS SALES WORK

Success as an entrepreneur and the continuance of business operations both depend on sales. If the customers are not interested in buying, your path as an entrepreneur will be very short even if your product or service were the best. An entrepreneur receives his/her income from customers and therefore it is most important to take care of your sales and the cash flow of the undertaking. Sales must also generate adequate gross margin so that you can pay the fixed and variable expenses of your enterprise.

Sales abilities play a key role in the success of an entrepreneur. The entrepreneur must be able to sell his/her own knowhow as well as the products or services (s)he offers. Good sales skills are a way to differ from the competitors. Efficient sales work helps to convince the customers and gives rise to a functioning interaction between an enterprise and a customer.

Sales work is based on identifying your customers

The most important aspect in sales work is to recognize the needs and expectations of the customer. It is important to clarify the starting point of the customer and therefore it is important to create smooth interaction. Trust between the customer and the seller is essential for successful sales and the maintenance of the customer relationship. The creation and strengthening of trust are the basic elements of sales work.

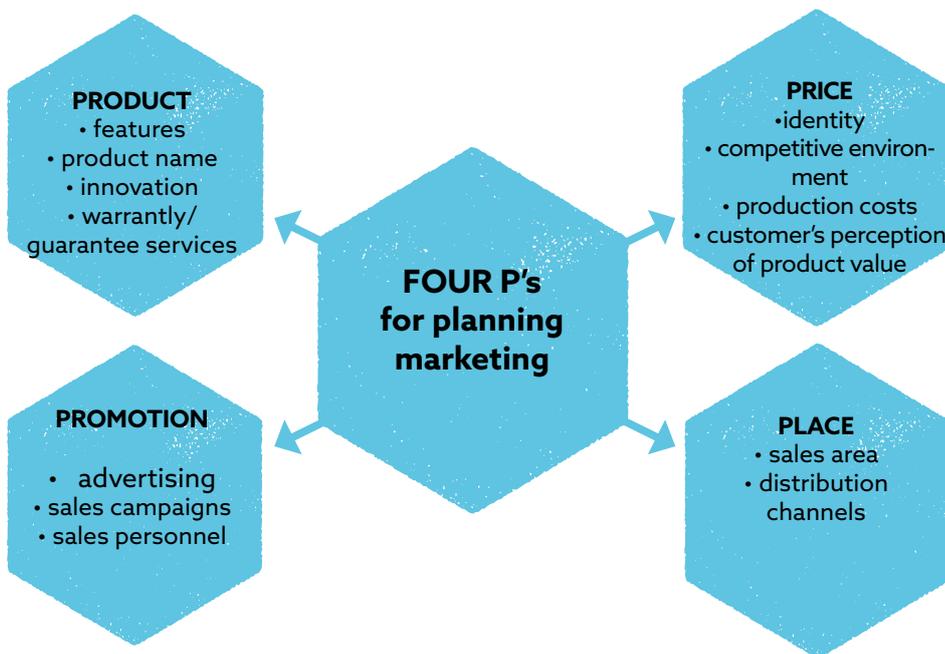
A sales process may take from a few minutes to even years depending on the products or services offered. It includes many phases from the initial contact and the making an offer to contractual negotiations and the finalizing of the sale. Sales should be planned ahead: use of time, acquisition of customer information, tools to follow up the sales as well as the necessary support material.

Sales skills can be learned and help for sales can be bought

Even a starting entrepreneur may sometimes acquire help for sales as an outsourced service from another entrepreneur, a professional in sales – especially if one is uncertain in sales work. Some people think that sales work requires certain personality traits and social skills but sales skills can also be studied and developed.

Courses and training in sales are an easy and efficient way to improve one’s own sales abilities. Sales work and the development of sales skills improve the negotiating skills that are important for an entrepreneur, his/her self confidence and goal orientation as well as develop his/her social skills and discretion. Sales training varies from short courses of a few days to longer training courses leading to a diploma.

Every entrepreneur must do sales work. A good seller sells himself/herself first and then (s)he can sell his/her products and services. It is important for an entrepreneur to learn to understand the wishes and behavior of customers. In customer-oriented sales work, the entrepreneur fulfills the needs and expectations of a



Source: Kotler Philip (1980) Principles of Marketing. Prentice Hall.

customer in order to achieve the best possible outcome.

FIRSTLY, IT IS GOOD TO KNOW THE DIFFERENCE BETWEEN MARKETING AND ADVERTISING

With advertising, the business strives to directly influence the purchasing decisions of the consumer and to make the product well-known. A satisfied customer will come back readily. But if the advertising does not provide the right information about the product’s features, it may be that the customer will not return.

In marketing, a business strives to influence the behaviour of consumers. The aim of marketing is to create, maintain and develop customer relationships. Maintaining customer loyalty is important, because acquiring new customers is often much more expensive than keeping old ones. Loyal key customers also usually create the majority of sales volume.

Marketing includes all the actions that aim to promote sales. A good work-tool to help plan marketing is the so-called “marketing mix” model. It comprises the 4 P’s based on the corresponding English words: **Product, Price, Place** and **Promotion**. From these, you can choose the marketing mix desired according to your customer target

group, and you can focus on using these in the marketing of your enterprise.

PRODUCT: The goods or services and their features, the product name, guarantees/warranties, novelty value and how the goods/services stand out from competing products.

PRICE: The monetary or other compensation paid by the customer for the product. The determining factors include the competitive environment in the marketplace, market share, the customer’s perception of the product’s value, production and material costs as well as discounts.

PLACE: The location where the product may be bought. Often, the term “distribution channel” is used. This refers to both concrete business locations (i.e. stores) and virtual business locations on the Internet, such as an online store.

PROMOTION: All means of communication via which the marketer, i.e. the enterprise, can promote its product. This includes, amongst other things, advertising, communication at the point of sale or on the internet, sales campaigns, public relations and the information passed between customers via word-of-mouth.

The marketing plan for the business will help make the marketing coherent and clear. Using the plan, you can monitor fulfilment of the objectives and develop marketing in the future. It is worth reviewing both the marketing mix and the customer groups at regular intervals. For example, you can consider the following questions: have you achieved what you wanted with the measures implemented? Or should you make changes or adapt your style of marketing or advertising? Has the key customer group changed its purchasing behaviour (changed requirements)? Who are your customers now, and who do you want as customers in the future? And what are your competitors doing?

COMPETITIVE WEAPONS IN MARKETING

Success in the markets requires good knowledge of the business environment and the competitors as well as distinguishing oneself from the competitors. Marketing is the tool for influencing the consumer's impression and experience of the goods or services offered by a business – “we are better than our competitors”. Marketing is indeed an important part of the planning work of an enterprise.

The starting point of marketing is customers: to whom you sell determines your marketing approach. What you sell, i.e., your products and services, come only second in the order of importance. The customer buys the value (s)he can gain therefrom, not, for example, technical features or technological frills. Always concentrate on the customer and his/her needs, do not get too engrossed by the features of your product or service.

The marketing of a starting entrepreneur is mainly personal sales work. Most often the question is how to sell one's own work. As very little money is usually available, own time must be invested in sales work. The initial contact is most often made by phone. The next step is to grab the suitcase and meet the customers.

A business strives to influence the behavior of customers through marketing.

The aim of marketing is to create, maintain and develop customer relationships. It is important to maintain customer loyalty as the acquisition of new customers is often far more expensive than keeping the old ones. Loyal key customers usually generate most of the sales volume. For many, the basis of entrepreneurship is a well-maintained group of regulars who also bring new customers through recommendations.

SEGMENTATION OF CUSTOMER GROUPS AND SELECTION OF A TARGET GROUP

It is good for a business to investigate which product group it wishes to sell a product to. Even though acquiring a large group of customers is tempting, it is worth focusing on the most important customer group that generates the greatest sales for the enterprise with the least effort. Marketing to a certain segment (i.e. group) will reduce the number of customers, but at the same time it will increase the effectiveness of marketing. There are various ways of specifying a certain segment. For example, age, place of residence or purchasing power, i.e. how much money customers have available, can be used. When advertising children's toys for instance, it is worth focusing on areas where there are lots of families with children or on a baby magazine that is read by new parents.

It is worth segmenting a market if:

- the market has enough potential customers
- a group's customers have common features and requirements
- the customer groups differ from each other
- marketing will reach the chosen segments economically and effectively.

SELECTION OF ADVERTISING MEDIA

It is worth looking for those media for your business that you can use to get a message, i.e. your advertisement, across to the desired recipients as economically

Starting point of marketing is customers: to whom you sell determines your marketing approach.

and effectively as possible. An entrepreneur who is just starting up their business rarely has time or money to invest in massive marketing campaigns. The web offers versatile and cost-efficient opportunities to market your products and services. Many customers are already online, so entrepreneurs should be too.

Nowadays, people almost exclusively search for information about products and companies online. Up to 80 % of consumers will study a product online before making a decision to buy it. Even a small company should meet its customers online in addition to its small store or other traditional sales channels.

Web visibility can take the form of ready-made media space on chargeable internet search services, the company's own website or an online store. In the case of all visibility, you should regularly update the information and make sure that it can be viewed with all devices, including a mobile phone and a tablet. An online store, like other websites, is a good way to collect information and build a customer register. You must always tell the customers what you are using the data for and how they can prevent its use for purposes other than that desired by them.

Familiarise yourself thoroughly with the main features and prices of the various advertising media. The prices may vary strongly depending on the media.

Take some time to study the key features and prices of different advertising media.

The various media include

- newspapers, local and free papers, and magazines
- the Internet (among other things display, blogs, virtual world, social media)
- television
- outdoor advertising and business advertising media
- radio
- films (including product placement)
- mobil.

Direct marketing is one common way to reach customers. For example, a pizzeria entrepreneur may distribute adverts him/herself to letterboxes of residents in the neighbourhood. All brochures, business cards, etc. to be distributed directly to people either in person or electronically are forms of direct-marketing media. However, in direct marketing, you must take account of authorisation issues, i.e. whether you need customer authorisation for marketing or, in the case of minors, parent/guardian authorisation, if you use e-mail for example.

A really important marketing channel is communication among people, i.e. so-called word-of-mouth. Customers often tell each other about their good and bad experiences, so information about a product spreads on Facebook, for example. In marketing, it is also worth paying special attention to how you treat a customer in a service situation. For example, are you able in a sales situation to provide added value for a product, which creates a positive image (amongst other things, appearance of packaging, discounts, home delivery, items thrown in for free)? Or how, for example, will you deal with complaints?

SOCIAL MEDIA IN THE MARKETING OF AN ENTERPRISE

For a starting entrepreneur, the social media is a cost-effective way to reach potential customers. However, presence in the social media requires time and a systematic approach from the enterprise to achieve the desired results.

An enterprise need not be present in all social media channels so the first step is to determine which channels the potential customers of the enterprise favor. The use of the different social media channels varies inter alia by age.

Presence in social media requires that you are continuously active. Furthermore, you must have the willingness and time to be in social media. So, consider with care what you can do and increase your social media presence within these limits. Social media is primarily a communications channel and therefore one should avoid direct advertising. It is worthwhile to produce useful and/or entertaining social media contents that are pleasant to follow and easy to share. Social media offers a possibility to invest in a positive and

capable image; when a customer needs products or services from the field of the enterprise, the enterprise will be the first in his/her thoughts.

Instructions and tips for social media communications are available, for example, in printed and electronic guides as well as from blogs. One way to learn more of social media usage is to follow it. By following the social media communications of other enterprises, one can learn what is working and what is not.

ANSWERS BY

A BUSINESS ADVISOR



How can I reach my customers?

This is one of the key questions in business. Thinking logically and using common sense will assist you in answering it. Try not to think in an overly complicated manner: first name your customer groups and then think about where they are and what the best way to approach each group is. You will be able to sell products if you listen to your customers. Common sense is the key also in this case.

Valentin Babitzin, Helsingin Uusyrityskeskus (NewCo Yrityshelsinki)



Pricing

Before you price your products, consider whether your service is better or of higher quality than the competitors'. Thus, will you sell your products at a higher or lower price than your competitors? What added value are customers prepared to pay for? Will they pay, for instance, for the image, product quality, good customer service, a warranty/guarantee or location?

Think carefully about the price level, and set it so that it is in line with the product image. A quality, i.e. high-priced, product requires a high-quality setting. When you have started to offer a product, negotiate on its price and then sell it at a certain price, it is very difficult in the future to raise the price. Also remember that many customers will expect there to be "room for negotiation" on the price.

The pricing of expert services can be based on time required. However, the hourly rate does not tell the customer the total price, because they will not know how much time will be required for the work. Use a pricing model as an aid in which you give details of the work contents and the time used for the work.

In pricing, you can also use devices such as introductory offers, contract prices, "fast purchase" offers and special-offer periods (for example during a quiet period). With these devices, you can set your basic tariff at the level you desire. Examples of pricing models are restaurant lunch prices or early booking rewards

at travel agents. There are also customers who want to pay the price specified by the tariff without any negotiations or bargaining.

Always keep your prices on view to your customers. A good price list tells the customer both the product price and what the price includes. The consumer will only be interested in the final price, including VAT. The corporate customer will be interested in the price net of VAT, because VAT on purchases can be deducted from VAT on sales.

SALES MARGIN

Carefully consider what the correct price for your product is. Your company must retain some of the product's sales price

as the sales margin. If you sell products at a high price (i.e. margin), you don't have to sell a large number of products to make your business profitable, but if you sell products at a low margin, you will have to sell a lot of them. So check how large of a sales margin you will receive for each product sold. Is the margin sufficient when taking into account the number of products sold?

Example: You sell a product that costs €28 to produce. Your competitor sells the same product to customers at a price of €55 (incl.VAT). Look what effect it has on the profit margin if you sell the product at a price that is 20 % lower than your competitor's.

EXAMPLE ON PRICING	Competitor's price EUR	Price that is 20 % lower EUR
Sales price	55.00	44.00
- VAT 24%	-10.65	-8.52
Price net of VAT	44.35	35.48
Purchase price (VAT 0%)	-28.00	-28.00
Profit margin	16.35	7.48

EXAMPLE OF THE CALCULATION OF SALES PRICE	
Total costs of the product	150.00
+ Target sales margin (35 %)	80.77
= sales price net of tax	230.77
+ VAT 24 %	55.38
= sales price including tax	286.15

Licensed industries

In Finland, there is freedom of trade. This means that here you may engage in business operations that are lawful and in accordance with good practice without requiring a licence from the authorities. However, for certain industries, you do need a licence for the sake of the community, the environment and consumer safety. In other fields, you must notify the authorities of your operations, even though an official licence is not required.

Licences are granted by local authorities (municipalities and cities) and regional administration offices along with government departments, local environmental-protection authorities and other licensing authorities.

Before operations are commenced, it is always important to check whether a special licence or declaration is needed for the business and what else is required from a trader in this field. To acquire a licence the applicant must generally be professionally competent and qualified to enter into legal contracts and have a good reputation. Also, the applicant's financial situation will have an impact on whether (s)he can obtain a licence. The licences required by businesses that provide a service are shown on the webpages www.enterpriseinland.fi.

A licence is generally for a fixed period, and it can be revoked if the person does not comply with the provisions of the licence. Application for a licence is usually subject to a charge. In some cases, a licence is needed from many different authorities. For example, in the catering industry, hygiene certification and licences to serve food and alcohol are required, and declarations must be made to the health inspector, the rescue services, building-regulation departments, amongst other things.



LICENCES FOR SOCIAL AND HEALTH CARE PROVIDERS

The National Supervisory Authority for Welfare and Health in Finland, Valvira (www.valvira.fi/en/) grants the right to carry out work in the healthcare profession in Finland to healthcare professions trained abroad, subject to application. Such people include doctors, nurses, dentists, qualified chemists, midwives, speech therapists and psychologists. A healthcare professional working as an independent

practitioner is required to submit a notification of his/her activity to the Regional State Administrative Agency (AVI, www.avi.fi/en/).

Provision of private social welfare services requires a notification of the services and an application for a licence with regard to round-the-clock services. The licence shall be granted by AVI when the service is produced in the area of one AVI; in other cases by Valvira.

The National Supervisory Authority for Welfare and Health (Valvira; www.valvira.fi/en/) can grant, by application, the right to practice a social welfare profession either as a certified or a licensed professional in Finland. Social welfare professionals include social workers, Bachelors of Social Services, geriatric nurses, practical nurses, home aids and nurses for the mentally handicapped.

FOOD ESTABLISHMENTS

Food establishments, such as restaurants, shops and kiosks must file a written notification to the local food control authority before the beginning of operations or any substantial change in operations. The beginning of operations does not require an inspection by the control authority.

However, if a facility where foodstuffs are handled is used to process animal-based foodstuffs before selling them to retail customers, an approval for the facility must be sought from the local food supervision authority before starting the business operations or making a material change in the nature of the operations. Such facilities for which an approval is necessary include meat preparation plants, dairies and egg packaging plants, for example.

The Finnish Food Safety Authority (Evi-ra, www.evira.fi/en/) approves slaughterhouses and meat industry plants in connection with slaughterhouses. However, the approval of reindeer slaughterhouses and plants in connection with them is done by the Regional State Administrative Agencies (www.avi.fi/en/).

NOTIFICATION UNDER THE HEALTH PROTECTION ACT

The approval procedure specified by the Finnish Health Protection Act concerns, amongst other things, hairdressers' and barbers' salons, beauty or foot-care premises and tattoo businesses. The local health protection authority is responsible for approving such businesses.

When establishing or introducing operations which may cause health hazards to

customers or residential use and the operations take place in a residential building or a residential neighbourhood, the operator shall submit a written notification in accordance with the Health Protection Act to the municipal health protection authority. The notification need not be submitted if the activities require an environmental permit in accordance with the Environmental Protection Act.

The licence for the sale of tobacco products shall be granted by the municipal health inspector (www.localfinland.fi).

LICENCES FOR THE USE OF COPYRIGHT PROTECTED MATERIAL

For playing music (radio, TV, CDs, live music) in public places, such as a business's customer premises, it is necessary to pay a fee to the copyright organisations. If music is played, for example, from a computer or an mp-3 player, a separate reproduction remuneration shall be paid. Streaming services such as Spotify, which are meant for private use, may not be used in entrepreneurial activity. The Finnish Composers' Copyright Society Teosto (www.teosto.fi) collects fees payable to composers and lyricists, and the Copyright Society of Performing Artists and Phonogram Producers, Gramex (www.gramex.fi/en/), collects fees due to musicians, singers, conductors and producers of recordings. All licences required to play background music to customers can be bought at www.musiikkiluvat.fi.

Licences for photocopying or printing out from the Internet material protected by a copyright, such as books or magazines, as well as for scanning journals in the enterprise shall be obtained from Kopiosto Copyright Society (www.kopiosto.fi). The annual sticker of Kopiosto shall be attached to the printer to indicate the licence.

A license to use an image of a work of visual art in websites, the brochures, posters and annual reports of an enterprise must be obtained from the artist, photographer or the holder of their rights.

Kuvasto (www.kuvasto.fi) grants licences for images of the artists' work. Free image banks are available in the Internet.

In the municipality or the city, there may be different regulations concerning outdoor advertising and sales, for instance.

Import-related licences are granted by Authorization Centre of the Finnish Customs (www.tulli.fi/en/).

PLEASE NOTE!

Before establishing a company, study the following:

- Will you need a business licence, or do you have to make a notification or register the company?
- Will the business operations require an approval from an authority or special professional qualifications?

For industry-specific permits and licences and professional qualifications, please visit www.entrprisefinland.fi > [Permits](#).

INDUSTRIES REQUIRING A LICENCE OR NOTIFICATION

Industry	Licence/notification/registration	Organization/authority
Beauty parlours, hairdresser-barbershops	Notification pursuant to section 13 of the Health Protection Act	Municipal health protection authority (www.localfinland.fi)
Brokerage of real estate	Notification of the commencement of brokerage of real estate	Regional State Administrative Agencies (www.avi.fi/en/)
Brokerage of rental apartments	Notification of the commencement of brokerage of rental apartments	Regional State Administrative Agencies (www.avi.fi/en/)
Companies that assess the aptitude of employees and handle recruitment	Notification of operations	Office of the Data Protection Ombudsman (www.tietosuoja.fi/en/)
Companies that practice credit business	Notification of operations	Data Protection Ombudsman (www.tietosuoja.fi/en/)
Driving schools	Driving school licence	Trafi (www.trafi.fi/en/)
Electrical works (electrical installations and repair of electrical appliances)	Notification of electrical work	Tukes (www.tukes.fi/en/)
Exploration	Reservation notification/exploration permit/gold panning permit	Tukes (www.tukes.fi/en/)
Facilities where animal-based foodstuffs are handled before selling them to retail customers	Application for the approval of a facility where foodstuffs are handled	Municipal food control authority (www.localfinland.fi)
Food establishments (grocery stores, restaurants, kiosks)	Notification of a food establishment	Municipal food control authority (www.localfinland.fi)
Garage operations	www.trafi.fi >Road> Licenses and approvals > Garages	Trafi (www.trafi.fi/en/)
Gold panning	Gold panning permit	Tukes (www.tukes.fi/en/)
Goods transport	Domestic goods transport license/Community license	South Ostrobothnia Centre for Economic Development, Transport and the Environment (www.ely-keskus.fi/en/)
Grocery stores	Notification of a food establishment/retail trade license for alcohol/retail trade license for nicotine products	Municipal food control authority (www.localfinland.fi)/Regional State Administrative Agencies (www.avi.fi/en/)/municipal authority (www.localfinland.fi)
Import of alcoholic beverages (holders of licences for serving and retail sales of alcoholic beverages)	Import notification	Valvira (www.valvira.fi/en/)
Industrial handling and storage of (dangerous) chemicals	Licence for plants dealing in large-scale industrial handling and storage	Tukes (www.tukes.fi/en/)
Installation and maintenance of fire alarm systems	Notification of operations	Tukes (www.tukes.fi/en/)
Insurance agents and brokers	Registration as an agent • registration as an insurance broker	Financial Supervisory Authority (www.finanssivalvonta.fi/en/)
Laboratories	Laboratory approval	Finnish Food Safety Authority Evira (www.valvira.fi/en/)
Land extraction	Land extraction permit • notification on the hearing of neighbours • notification pursuant to section 23 a of the Land Extraction Act (Other possible)	The municipal authority in charge (www.localfinland.fi) (www.ymparisto.fi)
Lift maintenance and repairs	Notification of electrical work	Finnish Safety and Chemicals Agency, Tukes (www.tukes.fi/en/)
Manufacture and import of chemicals	Chemical notification Environmental permit	Tukes (www.tukes.fi/en/) Municipal environmental protection authority (www.localfinland.fi)
Manufacturers and sellers of precious metals	Application for responsibility mark	Tukes (www.tukes.fi/en/)
Mining	Reservation notification • mining permit/ mining safety permit Environmental permit	Tukes (www.tukes.fi/en/) Regional State Administrative Agencies (www.avi.fi/en/)

Operation of debt collection (on behalf of another)	License for a collection business/notification of operations	Regional State Administrative Agency of Southern Finland (www.avi.fi/en/)/Data Protection Ombudsman (www.tietosuoja.fi/en/)
Operation of taxi services	Taxi license/notification of commencement of taxi services	Centres for Economic Development, Transport and the Environment (www.ely-keskus.fi/en/)
Opinion polls and market surveys	Notification of operations	Data Protection Ombudsman (www.tietosuoja.fi/en/)
Pharmacies, pharmaceutical industry, pharmaceutical wholesalers	Pharmacy and subsidiary pharmacy licences • medicinal product manufacturer's licence and pharmaceutical wholesale licence	Finnish Medicines Agency Fimea (www.fimea.fi)
Private health care services	Application for licence to provide private health care services	Operations within the region of one AVI Agency: Regional State Administrative Agencies (www.avi.fi/en/), operations within the region of two or more AVI Agencies: Valvira (www.valvira.fi/en/)
Private security services (private security companies, security stewards and security officers)	Private security company licence	National Police Board, supervision of the security sector (www.poliisi.fi/en/)
Private social welfare services (round-the-clock)	Licence to provide round-the-clock social welfare services	Regional State Administrative Agencies (www.avi.fi/en/)
Private social welfare services (other than round-the-clock)	Notification of the provision of social welfare services	The municipality where the service is provided (www.localfinland.fi)
Production of alcoholic beverages for commercial purposes	Licence to produce alcoholic beverages	Valvira (www.valvira.fi/en/)
Professional waste carriage and brokerage	Application for approval of activity in a waste management register	Centres for Economic Development, Transport and the Environment (www.ely-keskus.fi/en/)
Public transport services in Finland and the EU	Public transport licence • Community licence for passenger transport	South Ostrobothnia Centre for Economic Development, Transport and the Environment (www.ely-keskus.fi/en/)
Refrigeration and fire extinguisher operators	Notification of operations	Tukes (www.tukes.fi/en/)
Retail sales of alcoholic beverages	Retail trade licence	Regional State Administrative Agencies (www.avi.fi/en/)
Sales along the roads	Permit for sales as well as signposts for the seasonal sales operations	Centres for Economic Development, Transport and the Environment (www.ely-keskus.fi/en/)
Serving of alcoholic beverages	Licence to serve alcoholic beverages	Regional State Administrative Agencies (www.avi.fi/en/)
Slaughterhouses and facilities connected thereto as well as game processing facilities	Approval of a food establishment as a facility	Evira (www.evira.fi/en/), reindeer slaughter facilities: Regional State Administrative Agencies (www.avi.fi/en/)
Technical inspection of vehicles	Technical inspection license of vehicles	Finnish Transport Safety Agency (www.trafi.fi/en/)
Telecommunications, programmes, video-on-demand ja pay TV services	Telecommunications notification/Program broadcasting notification/VOD notification/ Pay TV service notification	Finnish Communications Regulatory Authority (viestintavirasto.fi/en/)
Tour operators and retailers	Registration of a travel agency	Finnish Competition and Consumer Authority (www.kkv.fi/en/)
Trust and company services, foreign exchange transactions	Registration application of trust and company services as well as register application for foreign exchange transactions	Regional State Administrative Agency of Southern Finland (www.avi.fi/en/)
Undertakings engaged in web server renting	Notification of operations	Data Protection Ombudsman (www.tietosuoja.fi/en/)
Wholesale of alcoholic beverages	Alcoholic beverage wholesale licence	National Supervisory Authority for Welfare and Health, Valvira (www.valvira.fi/en/)

PROFESSIONAL APPROVALS AND QUALIFICATIONS

Person(s)	Approval/qualification	Organisation/authority
Accountants	HT examination as well as KHT and JHT qualification examinations	Accounting supervision (www.prh.fi/en/)
Driving instructors	Driving instructor permit	Trafi (www.trafi.fi). Service provider Ajovarma Oy (www.ajovarma.fi/en/)
Employees of several companies working at a shared worksite	Occupational safety card	www.tyoturvallisuuskortti.fi
Goods inspectors (HTT)	HTT examination	Goods Inspection Board of Finland Chamber of Commerce (www.kauppakamari.fi/en/)
Health care professionals	Application to practice as a licenced professionals/use a protected occupational title	Valvira (www.valvira.fi/en/)
Hot work professionals	Hot work card	Finnish National Rescue Association SPEK (www.spek.fi)
Letting agents (LVV)	LVV examination	Board of Examiners for Real Estate Agents (www.kauppakamari.fi/en/)
Person acting as the responsible manager or his substitute in licenced premises	License to serve alcohol (alcohol passport)	Educational establishments offering the alcohol passport examination (www.valvira.fi/en/)
Persons who handle unpackaged perishable foodstuffs in their work	Food Hygiene Proficiency Certificate (Hygiene passport)	Proficiency examiners (www.evira.fi/en/)
Private health care service providers	Notification of private health care service provision	Regional State Administrative Agencies (www.avi.fi/en/)
(Private) persons working in the (private) security sector	Approval as a security guard (security guard licence) • approval as a security officer (security officer licence) • approval as a security steward (security steward licence)	Municipal police department (www.poliisi.fi/en/)
Professionals in Building, HVAC and Real Estate sector	Qualification of Professionals in Building, HVAC and Real Estate sector	FISE Qualification of Professionals in Building, HVAC and Real Estate sector (www.fise.fi)
Property valuers (AKA and KHK)	AKA and KHK examination	Property Valuation Board of Finland Chamber of Commerce (www.kauppakamari.fi/en/)
Real estate agents (LKV)	LKV examination	Board of Examiners for Real Estate Agents (www.kauppakamari.fi/en/)
Social welfare professionals	Application for licensing / a protected occupational title	Valvira.fi (www.valvira.fi/en/)
Supervisors of electrical work and lift work	Certificate of electrical and lift qualification	Henkilö- ja yritysarviointi SETI Oy (www.seti.fi)
Taxi drivers	Taxi driver licence	Applications to Ajovarma Oy (www.ajovarma.fi/en/) Trafi (www.trafi.fi/en)
Transport of dangerous goods	ADR licence	ADR training organisations (www.trafi.fi/en/)
Other permits and notifications		
Abnormal transport	Abnormal transport permit	Pirkanmaa Centre for Economic Development, Transport and the Environment (www.ely-keskus.fi/en/)
Work carried in the road area	Permit for work carried in the road area	Centres for Economic Development, Transport and the Environment (www.ely-keskus.fi/en/)

Permits and registrations of foreigners

The nationality of a foreigner decides which permits or registrations (s)he needs to engage in entrepreneurship when moving to Finland.

Anyone moving to Finland must submit a notification of the move to the Local Register Office (www.maistraatti.fi) if the stay in Finland is to exceed three months. The notification must be submitted within a week of the move.

Citizens of EU/EEA Member States must register in Finland at a service point of the Finnish Immigration Service (www.migri.fi/en/) if they will be staying in the country for more than three months.

Those moving from outside the EU/EEA need, as a main rule, a residence permit granted by Finland in order to work or to engage in a trade in Finland. If the permanent place of residence or municipality of residence is outside the EEA, a permit of the National Board of Patents and Registration of Finland may be needed

for establishing a business or for holding a managerial position in a business.

Moving from another Nordic country

A citizen of another Nordic country (Sweden, Norway, Denmark, and Iceland) moving to Finland shall register at the local register office, if the intended stay is to exceed six months. For this purpose, the person must visit the Local Register Office of his/her place of residence in person. A passport/identity card is needed to verify one's identity. In addition, a notification of the move must be submitted to the Population Information System (www.vrk.fi/en/). The moving notification can also be made with a form available at all post offices and local register offices.

Citizens of EU/EEA Member States

A citizen of an EU Member State, Switzerland or Liechtenstein who plans to stay in Finland for more than three months to work or run a business must register at a service point of the Finnish Immigration Service. A separate residence permit is not required. At the local register office, the person to be registered shall fill in and sign in person the registration form for foreigners as well as the notification of move for the Population Information System. The stay in Finland will be deemed permanent if the person will reside in Finland for at least twelve months. A person can request for temporary registration if they will be living in Finland for less than 12 months. An identity card (with a photo) or a passport is needed to verify your identity.

Moving to Finland from outside the EEA Member States

A person moving to Finland from outside the EEA Member States needs a residence permit for a self-employed person in order to engage in trade in Finland. A person shall be deemed a self-employed person if (s)he is engaged in trade or practices a profession in his/her own

name (a self-employed person) or is subject to comparable corporate responsibility. In most cases, entrepreneurs carry out a trade as a private trader, in a general partnership or as a general partner in a limited partnership. If a person acts as a silent partner in a limited partnership and works in his/her own undertaking, (s)he will need a residence permit for an employed person.

If the immigrant has a limited liability company (oy or oyj), whose shares (s) he owns and where (s)he works, (s)he will need a residence permit for an employed person. A residence permit is not granted only on the basis of ownership of shares but the person must also work in the company and the work must be performed in Finland.

As a main rule, a residence permit shall be applied for prior to entry into Finland from the Finnish embassy of the country where the person lives or resides legally.

The first temporary residence permit and the new fixed-term residence permit (continuation permit) will be granted by the Finnish Immigration Service.

The handling of the application for a residence permit for a self-employed person is a two-stage process. First, the Centre for Economic Development, Transport and the Environment (www.ely-keskus.fi/en/) makes a partial decision on the application. It shall evaluate the profitability of the business and the sufficiency of income. The profitability of business is evaluated on the basis of various accounts received in advance, such as a business plan, binding preliminary agreements and financing. When the partial decision is made, the Finnish Immigration Service or the police shall process the application and make a decision.

A municipality of residence or a temporary address must be registered for a person moving to Finland and they must get a Finnish social security code.



The residence permit must be valid for at least twelve months. At the local register office, the person to be registered must fill out and sign in person a registration form for foreigners as well as a notification of the moving for the Population Information System. As a general rule, you need a passport to prove your identity.

With regard to the registration of a municipality of residence, the registration is subject to i.e. the residence permit of the person (permanent or temporary) as well as to the grounds based on which the permit was granted. Under the law, if a person has a temporary residence permit for one year, an employee is required to have, in addition to the residence permit, employment for at least two years in Finland in order to receive a municipality of residence in Finland.

A foreign national may also receive a Finnish personal identity number already when applying for a residence permit with Finnish diplomatic missions or the Finnish Immigration Service. A precondition is that the applicant is granted a residence permit and (s)he himself/herself requests a personal identity number. In that case, very concise personal information and postal address in Finland or abroad shall be registered on him. The registration as a permanent resident in Finland (full personal information and familial relationships) takes place only at the local register office on the basis of a personal visit. For further information, contact a local register office.

PERMITS TO PERSONS RESIDING ABROAD

Whether a person from outside the EEA, who is establishing a business in Finland, needs a permit of the National Board of Patents and Registration of Finland (NBPR) depends on the corporate form. Also holding a managerial position in a business may require a permit of the NBPR.

The permanent place of residence of a private entrepreneur must be located in the EEA; in other cases, the permit of the NBPR is required to establish a business.

In practice, permits have been granted only to people who have a permanent residence in Switzerland, i.e. a country that has signed the Lugano Convention.

At least one partner of a general partnership and the general partner of a limited partnership shall have his/her place of residence or, if the partner is a legal person, its domicile, in the EEA. In other cases, the permit of the NBPR shall be applied for to all partners in a general partnership and to all general partners in a limited partnership. The silent partners of a limited partnership are not required to have their places of residence or domicile in the EEA.

The founders of a limited-liability company or a co-operative may also come from outside the EEA. However, at least one member of the Board of Directors of a limited-liability company or a co-operative shall have his/her place of residence in the EEA; otherwise the permit of the NBPR is required for all members of the Board. The same requirement of place of residence applies also to deputy members of the Board. The situation is calculated separately with regard to the ordinary members and the deputy members.

The managing director of a limited liability company or a co-operative (and their deputy, if any) must have their place of residence in the EEA or else a permit of the NBPR is required. An exemption to people living elsewhere can be granted if the Board of Directors includes at least one person who lives in the EEA (or Switzerland). A conditional permit will be granted to citizens of the US or Finland living in countries other than Switzerland or the United States in such a manner that the permit will be valid as long as there is at least one ordinary Board member who lives in the EEA (or Switzerland). Additional information on permits to persons from outside the EEA is available at www.prh.fi/en/.

PLEASE NOTE!

- **Citizens of a Nordic country:** if you are going to stay in Finland for more than six months, you must register at a local register office. A visit to the local register office in person is required. You must also submit a notification of your move to the Population Register (www.vrk.fi/en/).
- **Citizens of EU/EEA Member States:** if you are going to stay in Finland for more than three months, you must register at a service point of the Finnish Immigration Service and then at the local register office. A visit to the local register office in person is required.
- **People moving to Finland from a non-EU/EEA country:** as a general rule, you must apply for a residence permit before coming to Finland from the Finnish embassy at the country whose legal resident you are. The residence permit will be granted by the Finnish Immigration Service. You must visit a local register office to register as a person permanently living in Finland. A visit to the local register office in person is required.
- **People who permanently live outside the EEA:** in some cases, a permit from the National Board of Patents and Registration of Finland to establish a company or run one may be required. Your citizenship is not the decisive factor here, but your permanent place of residence. See www.prh.fi/en/.



ESTABLISHING

A COMPANY

Your company will exist once it has been registered. Before registering the company, you must make a decision on the company form.

"Anything is possible as long as you believe in it and work for it. Anything."

Rebekka Lalli

CrossFit Kirkkonummi Oy

- Rebekka Lalli, who has previously been a police officer and a professional soldier, had to choose a new career because of a difficult medical condition involving her vertebrae. In 2014, she established her own crossfit gym for the love of the sport. When establishing the company, Rebekka was sparred by the Espoo Region Finnish Enterprise Agency.

Read Rebekka's entrepreneurship story on our website at www.uusyrittyskeskus.fi!

Stages of establishing a company



You can submit a limited liability company notification (and establish the company) online or with a paper form; notifications on other company forms must be made with paper forms. As of the beginning of March 2017, private entrepreneurs can also submit their notification of establishment online. Limited liability companies and co-operatives can submit their establishment documents with the establishment package available at www.ytj.fi/en/, provided that they only need to submit the standard documents. Please fill in the forms in Finnish or in Swedish.

With the same declaration, you can also enrol in the registers of the Finnish Central Tax Administration, comprising the register for collection of tax at source, the register of employers and the register for those liable to VAT.

Private entrepreneurs, general partnerships and limited partnerships can also submit the information needed to determine their advance tax on the establishment form.

Personal data must be submitted to the Trade Register with a separate personal data form.

PATH TO ENTREPRENEURSHIP

1. **Test and record your business idea.**
What, for whom, how?
2. **Draw up a business plan** as well as a cash flow statement, profitability calculation and sales
3. **Check whether the business is subject to a licence.**
Any licences may be granted only after the enterprise has been registered and it has a Business ID.
4. **Choose the company form and trade name.**
5. **Arrange financing.**
Please note: If you apply for a start-up grant
 - Contact your local TE Office before applying for the start-up grant
 - Do not register the company before the TE Office has made a decision on the start-up grant
6. **Prepare the establishment documents**
 - General partnership and limited partnership: partnership agreement
 - Limited liability company: Memorandum of Association, Articles of Association, Minutes of the meeting of the Board of Directors (where necessary)
 - Co-operative: Memorandum of Association, Rules of the co-operative, Minutes of the meeting of the Board of Directors (where necessary)
7. **Register the company**
 - In the Trade Register (Start-up notification, personal data form, establishment documents)
 - Registers of the Finnish Tax Administration (Prepayment register, VAT register and Employer register, if necessary)
 - Fill out the shared start-up notification form of the National Board of Patents and Registration of Finland and the Tax Administration. You have to enclose the establishment documents and and personal data form.

For instructions on how to submit the notifications, the forms and templates, please see the Business Information System at www.ytj.fi/en/.
8. **Find suitable premises for your business.**

Forms of enterprise

In Finland, it is possible to carry out business operations in the following forms of enterprise: private trader, general partnership, limited partnership, limited liability company, co-operative, branch of a foreign enterprise. The following forms of enterprise are less common: *Societas Europaea*, European co-operative society and European Economic Interest Grouping (EEIG).

When determining the most suitable form of enterprise for you, the business advisors and experts of the Finnish Enterprise Agency will help you.

Factors affecting which form of enterprise is selected:

- number of people establishing the business
- the need for capital and its availability
- responsibilities and decision making
- operational flexibility
- continuity of operations
- attitude of finance providers
- profit sharing and covering losses
- taxation.

PRIVATE TRADER (OWN FIRM)

An individual with permanent domicile in the European Economic Area (EEA) may operate as a private trader in Finland. A person who lives outside the EEA needs a licence from the National Board of Patents and Registration of Finland www.prh.fi/en/ for establishing a business.

Operating as a private trader means that the person carries out business operations alone or together with their spouse. Even though the couple set up the business together, the business is registered only in the name of one person.

The entrepreneur him/herself makes decisions, and (s)he is fully liable for the business's commitments (concerning loans, for example) means all his/her assets are at risk. Thus, the entrepreneur is personally liable for the business's losses, but (s)he will also receive any profits made from the business's operations.

The firm will not have a Board of Directors or a Managing Director, and audits are not required.

The entrepreneur may invest money in the business, but this isn't compulsory either. The entrepreneur is not able to pay a salary to him/herself, to his/her spouse or to his/her children under the age of 14, but money may be withdrawn from the business account as so-called personal drawings. Tax is paid annually based on the business's result for the period.

Even though the entrepreneur owns the firm, his/her personal finances must be kept separate from the business's finances with the help of bookkeeping.

Private trader entrepreneurs can be divided into professionals and traders, both of whom do work on their own account. A self-employed person is an entrepreneur who can operate in his/her profession without a permanent

workplace and without external manpower. A self-employed person may be, for instance, a seamstress, carpenter or interpreter.

A trader is an entrepreneur who has a permanent workplace or who can employ other staff.

Establishing your firm

Establishing the firm is simple. Separate documents are not necessary. However, you must notify the Finnish Trade Register and the Finnish Central Tax Administration of commencement of your operations. This is done using the Y-3 form available from the website www.ytj.fi/en/. In addition, a personal data form shall be filled in. There is a charge for registration, and for the year 2017 this is €110. You may begin operating immediately once you have notified these organisations, unless your trade requires a licence or you are applying for business start-up funds.

As of the beginning of March 2017, private entrepreneurs can also submit their notification of establishment online, see www.ytj.fi/en/.

Who is a firm suitable for?

A firm is easy to establish and the simplest of the forms of enterprise to establish. Often, a firm suits a small-scale entrepreneur who is just starting off.

PARTNERSHIPS: GENERAL PARTNERSHIP AND LIMITED PARTNERSHIP

To establish a partnership, you need at least two partners (i.e. people). Generally, these are natural people, but a partner can also be a legal person (an enterprise or organisation). There are two types of partnership: general partnerships and limited partnerships.

In general partnerships, at least one partner, and in limited partnerships, at least one general partner must have permanent residence, or if the partner is a legal



person, domicile, in the EEA area. If they do not, for all partners that are not in the EEA area, a licence must be sought from the National Board of Patents and Registration of Finland (www.prh.fi/en).

The partners invest a contribution in the partnership, and this will consist of money, assets or work. In a general partnership, a contribution in the form of work from partners will suffice as an investment. In a limited partnership, money or other assets are required from a silent partner as a contribution. However, the law does not specify how large this contribution must be.

In a general partnership, all the partners are fully liable for the partnership's commitments, meaning their personal assets are at risk, and they decide together on issues relating to the partnership unless agreed otherwise.

In limited partnerships (ky), there are two kinds of partner: active and silent. In a limited partnership, there must be at least one active and one silent partner. General partners are fully liable for the partnership's commitments, meaning their personal assets are at risk, and they decide together on issues relating to the partnership.

Silent partners invest money or assets of monetary value in the partnership, and they receive agreed interest on the earnings. A silent partner does not have the right to participate in the partnership's decision-making, and they are not liable for issues relating to the partnership, unless otherwise specified in the articles of association.

Establishing a partnership

The partners shall draw up a written partnership agreement, which, in accordance with the law, shall specify the trade name of the partnership, the place of registered office in a Finnish municipality, the line of business and the partners. The partnership agreement of a limited partnership shall also state which partners are general partners and which are silent partners as well as the contri-



bution of the silent partner in euros. It is also possible to agree in the partnership agreement on, for example, who has the right to represent the partnership, conveyance of the partnership share, resignation from the partnership, distribution of profit as well as on the manner of termination or cancellation of the partnership agreement.

The partners may also draft a separate partner agreement in writing in connection with the founding of the partnership. The partner agreement may contain an agreement on the administration of the partnership, the decisions requiring unanimity of the partners, the non-competition clause and the handling of disputes. The agreement also aims at regulating the liabilities of the partners for the debts and commitments of the partnership. Such restriction shall not, however, be binding on a third party.

The partner agreement shall not be enclosed to the start-up notification. The agreements shall be made with great care with the help of a legal expert.

The partnership agreement must be registered in the Finnish Trade Register and with the Finnish Central Tax Administration. This is done using the Y2 form. In addition, a personal data form shall be filled in. These are available from the website, www.ytj.fi/en/. Notification of the partnership must be accompanied by the original partnership agreement. There is a charge for registration, which

is €240 for the year 2017. The partnership must be reported for registration within three months from signing the partnership agreement, or else the formation of the partnership expires. A partnership can be established by registering it in the Trade Register.

When are partnerships suitable?

Partnerships are suitable for family enterprises. You must remember that, in a general partnership, the partners and, in a limited partnership, the general partners are liable for the partnership's commitments together equally. If one partner makes a commitment, the others are also liable for it. Therefore, there must be a very high level of trust among the partners. However, the liability of the partners can be limited in the partnership agreement.

LIMITED LIABILITY COMPANY (OY)

A limited liability company may be established by one or more people or organisations. When the company is being set up, the founders register all the company's shares. In a private limited liability company, the share capital must be at least €2,500. The Finnish Companies Act does not specify anything about the residence or domicile of the shareholders, i.e. the founding shareholders of a limited liability company may also be from outside the EEA area.

The shareholders are liable for the company's commitments only to the extent of the capital that they have invested in the company, unless they have guaranteed loans on behalf of the company.

Issues relating to a limited liability company are decided on by the shareholders. A person who has more shares also gets more decision-making power (and more voting power). A limited liability company must have a board of directors that the shareholders appoint. The board takes care of management of the company, and it represents the company. The board may elect a managing director for the company, who takes care of its day-to-day management. However, the appointment of a managing director

is optional. The managing director shall be indicated in the Memorandum of Association, if the limited liability company has a managing director.

If the board of a limited liability company comprises less than three ordinary members, at least one deputy member must also be appointed. At least one of the board ordinary members and one of the deputy members (calculated separately) must have permanent residence in the EEA area. If they do not, a licence must be sought from the National Board of Patents and Registration of Finland for all ordinary members or deputy members who are from outside the EEA area (www.prh.fi/en/).

Establishing a limited liability company

In order to establish a limited liability company, a Memorandum of Association is created, to which the Articles of Association are appended. The Articles of Association comprise in their minimal form three items: the name of the business, its domicile (municipality) and the line of business. The line of business may be shown as general commercial activities, which includes all lawful business operations (i.e. you do not have to indicate a specific line of business).

The Memorandum of Association of a limited liability company shall always state the date of the contract, all shareholders and the quantity of shares subscribed for by each shareholder, the price to be paid to the company for each share, the time when the shares are to be paid and the members of the Board of Directors of the company. The financial period shall be determined either in the Memorandum of Association or in the Articles of Association.

The Memorandum of Association shall also state, where necessary, the Managing Director, the members of the Supervisory Board and the auditors of the company. The chairman of the Board of Directors may also be named in the Memorandum of Association.



A limited liability company must be registered with the Finnish Trade Register before it becomes legally valid. This is done using the Y1 form and its appendix. In addition, a personal data form shall be filled in. There is a charge for registration, and in 2017, this is €380, €330 online in the Finnish Business Information System (BIS). The Trade Register must be notified within three months of signing the Memorandum of Association, otherwise the establishment of the company will become null and void. The notification of establishment can be submitted in electronic format at www.ytj.fi/en/ or with a paper form. The necessary forms are available from the website www.ytj.fi/en/. Notification of foundation must also be accompanied by the original Memorandum of Association and a duplicate copy of the Articles of Association, if these do not form part of the Memorandum of Association.

Before registration of a limited liability company, the share capital must be paid to the bank account of the new company. If shares are paid for using non-cash assets, there must be a term in the Memorandum of Association stating that the share subscriber has the right or duty to pay the subscription price using non-cash assets. Also, in the Memorandum of Association, there must be a description of the non-cash assets. In the Finnish Trade Register, there must be an auditor's statement on the description of

the non-cash asset capital contribution and on whether the assets had a financial value to the company that was at least equivalent to the price. This statement may be given either by a chartered accountant (KHT or HT) or a chartered auditing firm.

If the company has more than one founding member, it is worthwhile creating a written shareholders' agreement. A shareholders agreement is a contractual agreement between the shareholders of the company regulating the mutual relationships between the shareholders and their rights and obligations in the company.

The shareholders agreement may provide, for example, for the division of tasks, the restriction of the circle of shareholders or the arrangement of operations of the company. Also the redemption of shares in cases, where a shareholder conveys them to a third party, may be agreed upon if the Articles of Association do not contain a redemption clause. Also the distribution of profit, the non-competition clause as well as what happens to shares upon the death of a shareholder may be agreed upon in the shareholders agreement.

A company may also be a party to the shareholders agreement; the agreement may also provide for the mutual relationships between the company and

the shareholders. In that case, the company must also decide on matters subject to the shareholders agreement in its appropriate bodies.

A shareholders agreement should be prepared carefully and prudently. Amending the agreement after the commencement of operations may be very difficult if disputes have arisen, as an amendment thereto requires a unanimous decision of all the parties to the agreement.

When is a liability company suitable?

All types of business are suited to being a limited liability company.

The limited liability company can be established by a single person. In this case, a second person is required as a deputy member of the board. An advantage of limited companies is the limited liability, which is restricted to the shareholder's capital holding, unless a guarantee has been given on behalf of the company.

For large enterprises, a public limited liability company is a suitable form of enterprise. For this, the minimum possible share capital is €80,000. With public limited companies, their shares are offered to the public and traded on the stock markets.

CO-OPERATIVE

A co-operative is an association, which has one or more members. The members may be private individuals, undertakings or other associations.

Founding of a co-operative does not require a minimum capital. A co-operative is a flexible form of business where the number of members may increase or decrease during the operations as required. The co-operative shall decide on its participation shares in its rules. The participation share need not have a nominal value and its subscription price may vary. The payment may be made in cash or as a capital contribution if capital contributions are provided for in the rules. The co-operative shall refund the participa-

tion share if a member resigns or is dismissed from the co-operative.

The members decide on issues relating to the co-operative, and each member generally has one vote. The members elect the board of the co-operative. The board takes care of management of the co-operative, and it represents it. The co-operative may elect a managing director for the co-operative, who takes care of its day-to-day management. However, the appointment of a managing director is optional.

As an independent legal person, the co-operative is liable for its debts. The liability of a member of a co-operative is limited to the amount invested in the co-operative (participation share). When borrowing, the members may, where necessary, be required to give an absolute guarantee the same way as shareholders of a limited liability company if other collateral is not sufficient.

The net assets and the surplus belong to the co-operative. The rules may provide for its distribution and the basis for distribution. It may be, for example, a payment of interest on the co-operative capital or a refund to the members in proportion to the services used by them. However, the main goal is not to produce a surplus.

Establishing a co-operative

In order to establish a co-operative, a Memorandum of Association is created to which the Rules of the co-operative are appended. The rules must specify, as a minimum, the name of the co-operative, its domicile (municipality), the line of business. Model rules for a co-operative are available in the address perustajanopas.pellervo.fi.

The Memorandum of Association of a co-operative shall always state the date of the incorporation, all incorporators and the shares devolving on the incorporators, the amount payable to the co-operative of a share, the payment period of a share and the members of the Board of Directors of the co-operative. The financial pe-

riod shall be provided for in the Memorandum of Association or in the Rules.

The Memorandum of Association shall state the Managing Director, the members of the Supervisory Board, the auditors and the performance auditors if such an organ exist in the co-operative. The Memorandum of Association may name the Chairman of the Board.

The internal affairs of a co-operative should not be included in the rules but they should be entered in a separate membership agreement. The membership agreement may provide, i.a., for the administration of the co-operative, the division of tasks, the responsibilities as well as for the handling of disputes. Use the help of a legal expert when drafting the rules and the member agreement. The member agreement shall not be enclosed to the start-up notification.

The co-operative must also be registered in the Finnish Trade Register. Notification of the co-operative must be made within three months of the Memorandum of Association being signed, otherwise the establishment of the co-operative will become null and void. This must be done using a Y1 form and its Appendix 2. In addition, a personal data form must be filled out. The forms are available at www.ytj.fi/en/. The original Memorandum of Association and a copy of the rules must be enclosed with the notification of establishment. There is a charge for registration, and in 2017, this is €380. A co-operative can be established by registering it in the Trade Register.

For whom is a co-operative suitable?

A co-operative is at its best when the members have genuinely committed to the goals and are active actors.

A co-operative is especially suitable in situations where the members change and when there is a need to ensure continuous mutual equality. A co-operative is an association of members, new members will be decided on together and the membership and the voting rights tied thereto cannot be bought or sold.

A co-operative is also a flexible form of business. Matters, rules and tasks can be defined together. Any costs arising from work and operations as well as the operating facilities may be divided and acquisitions made in a sensible manner. Each member, with his/her own input, can influence both his/her own salary and the share of the co-operative.

BRANCH OF A FOREIGN ENTERPRISE

A branch of a foreign trader shall mean the part of a foreign organisation or foundation that runs a continuous business or trade from a permanent place of business in Finland in the name and for the

benefit of a foreign organisation or foundation. The name of the branch must include the name of the foreign trader in the registered form together with an addition that indicates it is a branch office. The addition can be, for example, “sivuliike Suomessa” (branch in Finland), “filial i Finland” or “filial”.

When a branch is established, notification of this must be sent to the Finnish Trade Register. This is done using a Y1 form and its appendix 3. In addition, a personal data form shall be filled in (www.ytj.fi/en/). In addition, a personal data form shall be filled in. The appendices to the notification cf. www.prh.fi/en/.

Notification must be given before operations commence. There is a charge for registration, and in the year 2017, this is €380.

If the foreign organisation or foundation is from outside the EEA area, a licence must be sought from the National Board of Patents and Registration of Finland to establish a branch in Finland (www.prh.fi/en/).

PLEASE NOTE!

	Minimum number of founders	Minimum capital	Supreme decision-making body	Statutory decision-making bodies	Responsible for the company's commitments
Private trader	Only the entrepreneur. The entrepreneur's spouse may also be involved in the business.	None.	The entrepreneur herself or himself.	The entrepreneur herself or himself.	The entrepreneur herself or himself.
General partnership	Two.	No monetary investment; only work input.	The partners together or in the manner laid down in the partnership agreement.	None.	The partners (also for each other's commitments).
Limited partnership	Two, of which one is the active partner and the other is the silent one.	The silent partner will have to make a monetary investment or an investment in the form of other assets.	The general partners together or in the manner laid down in the partnership agreement.	None.	The general partners (also for each other's commitments). The silent partner is only responsible to the extent of the capital invested.
Limited company	One.	€2,500	The shareholders in the annual general meeting. The annual general meeting must be held within six months of the end of the accounting period.	Board of Directors with at least one ordinary member and one deputy member.	The shareholders in relation to the capital they have invested, unless they have given securities.
Co-operative	One. The number of members may vary.	None. Changing capital.	The members in the co-operative meeting. The annual general co-operative meeting must be held within six months of the end of the accounting period.	Board of Directors with at least one ordinary member and one deputy member.	The members with the capital they have invested (usually the co-operative payment), unless they have given securities to cover the co-operative's loans.

Registering a company

FINNISH TRADE REGISTER

The Finnish Trade Register (www.prh.fi/en/ > [Trade Register](#)) is the official, public register for information about enterprises. Generally, all businesses must enrol in the Finnish Trade Register.

The mandatory registration does not apply to private entrepreneurs who do not practice any business for which a permit/licence is required, who do not have any business premises outside their own home and who do not employ any people outside their own family. In addition, entrepreneurs who practice agriculture or fishing do not have to register in the Trade Register.

Registration of a company in the Trade Register is subject to a charge.

With the same declaration, you can also enrol in the registers of the Finnish Central Tax Administration, comprising the register for collection of tax at source, the register of employers and the register for those liable to VAT. There is no charge for enrolment in these registers.

Business ID

The business and organisation ID is a unique ID that the authorities give to businesses and organisations. The business ID is provided once the foundation of a business is recorded in the Finnish Business Information System www.ytj.fi/en/. A business ID consists of seven numerical digits, a hyphen and a check digit, for example 1234567-8. The business ID is required on invoices and contracts, and when using the Finnish Trade Register or dealing with the Finnish Central Tax Administration, among other things.

Name of the enterprise

It is essential to choose a good name for the business. The name must be sufficiently individual. The name can not just contain general words or a service description and the names of people or places. The name must differ sufficiently

Registration fees for businesses in 2017

Private trader **€110***

General partnership and limited partnership **€240**

Limited liability company, co-operative, branch, European Economic Interest Grouping (EEIG): **€380**

Limited liability company, online in the Finnish Business Information System (BIS) **€330**

* As of the beginning of March 2017, private entrepreneurs can also submit their notification of establishment online. See www.prh.fi/en/.

from other names and trademarks that are in the register. Using your own name or place name in the name of the business will help ensure that it is individual. Registering the name of the business gives the exclusive right to that name throughout the country, i.e. no-one else may use this name.

The form of enterprise is also apparent from the name of the business. A private trader may use the identifier “tmi” or “toiminimi”, but this isn’t mandatory. Limited partnerships use the abbreviation “ky”. The identifier for a limited liability company is “oy” and for a public limited liability company, “oyj”. The identifier for a general partnership is “avoin yhtiö” – the abbreviation “ay” may not be used. The name of a co-operative shall include the term “osuuskunta”, a part of the term in a compound “osuus” or the corresponding abbreviation “osk”. The name of a branch will include the term “sivuliike Suomessa” (branch in Finland), “filial i Finland” (in Swedish) or “filial”.

The name is registered either in the Finnish language or the Swedish language. The name may include, in addition to the Finnish- or Swedish-language identifier for the form of enterprise, identifiers in other languages, for example, Ab Finntex Oy or Oy Finntex Ltd. The name may also include parallel business names in different languages, i.e. translations of the Finnish- or Swedish-language name. The possible parallel business names for a limited liability company must be included in the articles of association. The parallel business names for a general partnership or a limited partnership must be included in the articles of association, and those for a co-operative must be included in its regulations.

Auxiliary business name

An entrepreneur may carry out part of their operations using an auxiliary business name. This is convenient when the same enterprise has operations in completely different fields. The industry of the auxiliary business name must be included in the industry of the company, however, meaning that the business done under the auxiliary company name may not be the sole industry of the business. For example, the owner of “Jokinen’s florist’s” may run cleaning operations under the name “Näppärä”. There is a charge for registration of an auxiliary business name, and this name can only be used for those activities that it is registered for. Several auxiliary business names may be used. However, an auxiliary business name cannot be used for the operations of the whole business. Thus, by using auxiliary business names, the same enterprise may comprise different operations with different business names. This can help with operations and marketing. However, there will only be one set of accounts and one business ID for all of the enterprise’s operations. Contracts concluded by the enterprise cannot be signed using the auxiliary trade name alone. If the auxiliary trade name is used upon signing a contract, also the actual trade name must be mentioned.

Line of business

The line of business of an enterprise is always declared when the enterprise is registered with the Finnish Trade Register and the Finnish Central Tax Administration. It is also possible to register so-called “general commercial activities” with the Finnish Trade Register, meaning that the business may engage in all kinds of lawful business activities that are accordant with good practice. However, it is advisable to state the line of business explicitly so that the nature of the business’s operations is clear.

It is also possible to include the following type of declaration in the Finnish Trade Register: “yleistoimiala” (general commercial activities), including repair, servicing and trade of motor vehicles, amongst other things. In this case, the customers will understand more easily which areas the business operates in.

However, you must notify the Finnish Central Tax Administration of your main line of business. The enterprise may have only main line of business, and this must clearly describe what field the enterprise operates in along with the form of the operations: for example, repair, servicing and trade of motor vehicles. It is not possible to record a main line of business in the register that is too general.

PREPAYMENT REGISTER

Starting up business operations generally requires that the business enrolls in the Prepayment register maintained by the Finnish Tax Administration (www.tax.fi). A company that only sells goods is not obligated to register, but registration is recommended in case the operations will be expanded to services. You can enroll in the Prepayment register using the same form that is used for notifying the Finnish Trade Register of your new business. When a business is in the Prepayment register, the business commissioning work does not need to withhold tax from the remuneration paid by it. A business that is in the Prepayment register takes care of its taxes itself by paying tax levied in advance. Prepayment registration is available if the enterprise or its



responsible persons have no history of neglect of tax.

TAX PREPAYMENT

A starting enterprise pays tax prepayments on the basis of the taxable income estimated by the enterprise for the first financial period. A self-employed person and a partnership may present an estimate of the taxable income in the start-up notification. A limited liability

company and a co-operative shall request calculation of taxes to be prepaid using a separate form available in the website of the Tax Administration www.tax.fi.

The Tax Administration shall calculate the tax prepayment for a new enterprise on the basis of its own estimate and send the decision on the tax prepayment as well as the bank transfer forms thereto.

It is advisable to follow the income development and to request adjustment to the prepayments if the estimate differs materially from the actual income. If the profit/loss for the year shows that the amount of prepaid taxes is too low, it is possible to pay supplementary prepayment of taxes. The tax prepayment and the supplementary prepayment shall be observed in the final taxation for the financial period.

REGISTER OF EMPLOYERS

The Register of Employers is maintained by the Finnish Central Tax Administration www.tax.fi.

The business must enrol in the Register of Employers, if it has:

1. at least two permanent employees during the calendar year, or
2. at least six temporary employees at the same time.

If payment of salaries and wages is temporary, or these are paid to only one employee, the business does not need to enrol in the Register of Employers.

VAT REGISTER

Businesses that are subject to VAT enrol in the Finnish Central Tax Adminis-

tration's register (www.tax.fi) via their declaration of foundation. At the same time, such businesses also state the date of commencement of their operations that are subject to VAT. It is possible to enrol in the VAT register even when the business is not liable to charge VAT based on the law, for example if sales for the accounting period are less than €10,000. A business that is in the register may deduct the VAT included in the business's purchases from the VAT payable on sales.

A foreign business is subject to VAT in Finland if it has a fixed place of business in Finland. A foreign business is recorded in the register of businesses subject to VAT in the same way as Finnish businesses are. A foreign business may also apply to be subject to VAT in Finland. In some special situations, a foreign business is always liable to charge VAT.

If, in the opinion of the entrepreneur, the business is not subject to VAT, (s)he should mark a cross on the declaration of foundation against "Ei katso olevansa arvonlisäverovelvollinen" (I do not believe I am liable to charge VAT) and (s)he should explain the reasons for this.

PLEASE NOTE!

Registering a new company

- As a general rule, all companies must be registered in the Trade Register. The registration is subject to a charge.
- Registers of the Finnish Tax Administration: advance collection register, value added tax register and employer register (if necessary). The registration is free of charge.
- Social security codes and people's home addresses must be submitted to the Trade Register with a separate personal data form. They may not be included in the other notification forms.
- You can register your company into all the registers with the same notification of establishment form; select the form for your company form (www.ytj.fi/en). Please fill in the forms in Finnish or in Swedish.



Agreements for a new company

As a general rule, companies can enter into agreements with the terms and conditions of their choice.

However, restrictions on the freedom of contract are included, for example, in legislation on labour, consumer protection and environmental issues.

GENERAL INFORMATION ON AGREEMENTS

It is recommended that all contracts be concluded in writing although the law does not usually require written form or predetermined form. The contracts should be drafted so that the terms leave no room for interpretation or commercial practice. In conflicts of interest, the text of the contract is deemed decisive. It is worthwhile to study the contract carefully before signing and turn to a legal expert, where necessary.

Especially when starting a new business relationship, a background check of the contracting partner should be made. Credit ratings can be checked from companies selling credit rating data. Information on the entry of the service provider in the Prepayment Register is available from the BIS (Business Information System) service www.ytj.fi/en.

Before signing, especially when concluding significant contracts and when the other contracting party is a legal entity, it is important to find out who has competence and qualifications to represent the legal entity. The persons authorized to represent the company can be checked from a Trade Register extract. An electronic Trade Register extract is available from the PRH pages www.virre.prh.fi.

A contract should always contain a course of action for conflicts, which the parties



cannot solve in negotiations. The choices are handling in a district court or in arbitration. Arbitration is usually a quicker solution for a dispute than a general court.

LEASE OF BUSINESS PREMISES

The lease of business premises is one of the first contracts of a starting entrepreneur because usually operations are commenced in leased premises. The lease of business premises shall be governed by the Act on Lease of Business Premises. Before signing the lease agreement, it is necessary to check with the municipal building supervision that the premises may be used for the planned business. If such a check cannot be made for some reason, the lease agreement may be added with a term relating to the approval of the premises.

Inspection of business premises

The tenant should conduct a preliminary

inspection in the premises together with the lessor. Any deficiencies and defects shall be recorded at the time. Also any targets requiring immediate repair and the repair schedule shall be recorded. If the tenant himself/herself wishes to make repair and alteration work, they shall also be agreed on as any renovation as well as repair and alteration work require the permission of the property owner. The distribution of costs arising from the repair and alteration work should also be agreed on in this connection.

The inspection record shall be dated and signed and each party shall get his/her own copy which must be kept during the lease until the final inspection.

Validity of the agreement

A lease agreement may be concluded for a fixed period or until further notice. The lease agreement may be made in free form but model forms for lease

agreements are also available and by using one it can be ensured that all material matters are agreed on. A lease agreement should always be made in writing.

If a lease agreement is concluded for a fixed term, it shall always be made in writing. If it is not made in writing, it shall be deemed to be in force until further notice.

Each party to the agreement may give notice to terminate a valid non-fixed-term lease upon expiry of the notice period. The statutory notice period shall be three months when the lessor gives notice and one month when the tenant gives notice on the lease agreement. These may be derogated from by agreement.

A fixed term lease agreement shall be binding on the tenant during its validity and it can not be terminated by giving notice during the lease period but it is terminated upon the end of the duration of the lease agreement without separate measures.

Rent

The rent of business premises may be agreed upon freely between the parties in compliance with the principle of equity. Rent increase may be bound, for example, to the real estate maintenance expense index, i.e., the cost of living index. The expense indices may be checked at the website of Statistics Finland at www.stat.fi.

Usually a tenant is liable to put up a security for the lease in favor of the lessor. It is usually an amount corresponding to three months' rent, for example, a security deposit. The use of a rental guarantee is also possible.

The tenant should establish information and the right to sign of his/her contracting partner prior to concluding the agreement. It is customary that (s)he lessor acquires credit data of his/her future tenant.

LEASING AGREEMENT

Leasing is a long-term lease of movable fixed asset. A financing company buys the

equipment or machine to be acquired and leases it further to an enterprise. Ownership of the target remains with the financing company. The lessee enterprise pays rent items, which are entered as expenses and are deductible. Thus the own assets and guarantees of the enterprise are saved to other acquisitions and current assets. Leasing agreements may be used by an enterprise to acquire almost all movable assets from office furniture to production equipment and vehicles.

The lease period may be optimized in accordance with the economic useful life of the lease target. Usually the duration of the leasing agreement is 2 to 5 years.

HIRE PURCHASE AGREEMENT

A hire purchase is a loan-type form of financing of a specific length. In the purchase, a deposit of approximately 30 percent is usually paid of the acquisition price including VAT. It can be paid in cash or a used machine or equipment may be given in exchange. The seller conveys the object of purchase to the buyer who pays the purchase price in two or more installments. The object of purchase functions as collateral for the loan during the financing.

The financing is arranged either by the seller himself/herself or by a financing company, to which the seller transfers the hire purchase agreement. As a rule, the seller or the financing company retains ownership of the object of purchase until the purchase price has been fully paid. It usually also has the right to repossess the goods if the buyer neglects his/her obligations referred in the agreement.

A hire purchase agreement is governed by the Act on Hire Purchase. In accordance with the Act, a hire purchase agreement shall always be made in writing.

Hire purchase is a suitable form of financing when an enterprise wants payment time for an investment and believes that the equipment to be acquired has a long use value. An enterprise may use hire purchase to finance movable property, such as, inter alia, transport

equipment, vehicles and machinery. The object of purchase may be new or used.

The expenses, interests and depreciations relating to the acquisition are deductible in the bookkeeping of the enterprise. The VAT included in the purchase price may be deducted in one go when the acquisition has been made. The loan period varies between two and five years.

PLEASE NOTE!

Keep the following in mind before signing an agreement

- Companies have the freedom of contract, meaning that they can, as a general rule, sign agreements with the terms and conditions of their choice.
- However, the freedom of contract is limited by legislation in the case of employment contracts, agreements falling under the scope of consumer protection and environmental protection issues.
- All agreements should be made in writing. You should read them thoroughly before signing.
- The background of the contracting party, such as their credit status and right to sign agreements, should always be checked in advance.
- Disputes will be solved in arbitration proceedings or by a public court of law. The agreement text determines this.

Knowledge adds security – protection brings a competitive advantage

TRADE NAME INDIVIDUALISES YOUR BUSINESS

A business is known for its name and therefore it is worthwhile to plan the name with care.

When you have decided on a suitable name, you should check before submitting the registration application to the Trade Register that the name is not already used by another company as a business name, trademark or domain name.

In the name service of the National Board of Patents and Registration of Finland (nimipalvelu.prh.fi), you can study whether the name you are thinking about for your company can be registered. The service is offered free of charge and it is open 24/7.

The National Board of Patents and Registration will not study whether the name you propose can be registered until the processing of your notification has started.

You can check from the website of the Finnish Communications Regulatory Authority (FICORA) at www.viestintavirasto.fi/en/ whether the domain name you want is available.

PROTECT THE CORE EXPERTISE OF YOUR BUSINESS

It is easy to copy ideas. Therefore it is important to plan how to best protect your



own expertise, business idea and outcome of your product development so that the competitors cannot benefit at your cost without your permission.

The basic idea of immaterial legislation is to provide protection for the fruits of intellectual work. Each business has thus possibilities to utilise the existing system and find the means of protection already when planning the business operations. A patent, trademark, utility model and design rights bring competitive advantage when used together and separately. A written plan based on the business strategy of the company for the manage-

ment of the core expertise forms a good foundation for the decisions on protection.

If your business idea includes technical solutions which you want to protect, do not publish them before discussing with an expert. The publication will prevent you, for example, from obtaining patent protection.

TRADEMARK DISTINGUISHES YOUR PRODUCT ON THE MARKET

Trademarks hold the central position in the marketing strategies of businesses

PLEASE NOTE!

Form of protection	Usage	Validity
Patent	Protects a product, equipment or method.	20 yrs, in some cases 25 yrs.
Utility model	Protects a product or equipment.	10 yrs (4+4+2).
Trademark	Distinguishability on the market.	Perpetual, renewal at 10-year intervals.
Design right	Protects the design of a product.	25 yrs (5+5+5+5+5).
Trade name	Protects the name of the business.	Perpetual if business in operation.
Copyright	Protects an intellectual work.	Lifetime + 70 yrs.
Trade secret	Protects information of economic significance.	Until published.

because, as a result of trademarks, the businesses and their products can be distinguished from the competitors.

Trademarks are thus the basis for building a brand.

You should protect your trademarks by applying for their registration from the National Board of Patents and Registration. When you register a trademark, you will have an exclusive right to use it as the identification of your products and services.

A trademark can be a word, a pattern or a combination of the two. It can also be a slogan, a combination of letters or a sound, or any other symbol that can be represented in graphic format.

A trademark granted in Finland will protect your products only in Finland, however. If you want to protect your products abroad, you can apply for the protection using the national or international systems, such as an international registration by virtue of the Madrid Agreement or the EU trademark registration system that covers the EU. For additional information on how to apply for trademarks, please see www.prh.fi/en/.

DOMAIN NAME WILL BRING YOUR BUSINESS WITHIN THE REACH OF CUSTOMERS

A domain name is the verbal form of an IP address. The domain name is used by websites and email addresses, for exam-

ple. The Finnish country code is .fi (other available options include .com, .net and .org, for example). A domain name can contain letters or numbers, or a combination of the two: for example, in www.uusyrityskeskus.fi, the domain name is “uusyrityskeskus”.

The domain name need not be the same as the company name; instead, it can be an abbreviation that describes the products sold which the customers will easily remember, for example. The domain name may not infringe any protected names or trademarks, however. The users of .fi domain names are obligated to ensure from the name and trademark registers that there are no obstacles for registration of the domain name.

A good domain name is part of the company’s brand. It is the same as the company’s registered company name, auxiliary company name or trademark, and it cannot be confused with any other domain name. You can apply for a .fi domain name via a domain name broker. A list of companies that practice domain name brokerage can be found on the website of the Finnish Communications Regulatory Authority (FICORA). Usually, the domain name broker also offers other services for the domain name, such as email, a website or domain name servers. For more information, please see www.viestintavirasto.fi/en/ > FI-domain.

INFORMATION ON COMPETITIVE ENVIRONMENT

When planning a business, the free-of-charge databases of the National Board of Patents and Registration in Finland (www.prh.fi/en/) offer an easy and swift way to check the industrial rights of other actors: trade names, trademarks, design rights, utility models and patents. There you can check inter alia where and what has been protected, is the protection still in force, in other words, are there any obstacles for the manufacture or marketing of your product or service or is the solution invented by you brand new and possibly patentable.



STARTING THE BUSINESS OPERATIONS

"If you aim higher and take risks, you will succeed sooner or later."

Mahmut Tekes

Cafe Il Mondo (Nebes Oy)

- Mahmut Tekes established café-restaurant Café Il Mondo (Nebes Oy) in Hämeenlinna in 2009 via the Häme Finnish Enterprise Agency. Now there is another Café Il Mondo in Lahti. For Mahmut, who grew up in an entrepreneur family, becoming an entrepreneur was a natural choice.

Read Mahmut's entrepreneurship story on our website at [www.uusyrityskeskus.fi!](http://www.uusyrityskeskus.fi)

When you are starting your business operations, you must take out the statutory self-employed person's pension insurance (YEL). An entrepreneur's unemployment insurance policy is recommended but not mandatory.

Starting the business operations

ACTIONS

Arrange the bookkeeping.

Choose your accounting firm.

Take entrepreneurs' pension insurance YEL within six months from the commencement of the business operations.

Join an entrepreneurs' unemployment fund within three months from the commencement of the operations.

Arrange your (entrepreneurs') occupational health care (voluntary).

Take the necessary optional insurances,

such as the self-employed person's voluntary insurance covering the working hours, legal expenses insurance and personal liability insurance.

File your application for inclusion in the advance tax register with the Tax Administration (unless you already did this with the notification of establishment form).

Private trader

Application for prepayment and for change in withholding tax percentage VEROH 5010e or the e-Service "Tax Card Online 2017".

General partnership and limited partnership

Application for prepayment and for change in withholding tax percentage VEROH 5010e or the e-Service "Tax Card Online 2017".

Limited liability company

Income tax prepayment application form/corporate taxpayer VEROH 5017e.

Co-operative

Income tax prepayment application form/corporate taxpayer VEROH 5017e.



Insurance

ENTREPRENEUR'S PENSION INSURANCE (YEL)

The only form of insurance that entrepreneurs must take is entrepreneurs' pension insurance (i.e. YEL insurance). This is available from pension insurance companies. An entrepreneur shall be paid old-age pension and disability pension as well as rehabilitation allowance based on the Self-Employed Persons' Pensions Act. The entrepreneur's work income shall also form the basis for all allowances payable by Kela (the Social Insurance Institution of Finland), such as the sickness allowance and maternity and parental allowances. The YEL work income must match that salary that should be paid to professional individuals for similar work. Also, the entrepreneur's unemployment-fund membership fee and any earnings-linked daily allowance are determined on the basis of YEL work income. YEL insurance also affects dependents' pension security, which is paid to relatives after the death of an entrepreneur.

YEL insurance must be taken from a pension insurance company at the latest when six months have elapsed from the commencement of the business operations.

Just owning a business does not entitle you to a self-employed person's pension. Instead, the pension insurance requires that you actually work as an entrepreneur. Also, the status of ownership and the different forms of enterprise impact on whether the entrepreneur must take YEL insurance

or employees' pension insurance.

People between the ages of 18 and 67 who are entrepreneurs in Finland are included in the scope of the YEL insurance scheme. The entrepreneurship in Finland must last for an uninterrupted period of at least four months. The estimated earned income must be at least €7,645.25 per year (2017 figure). The YEL insurance premium is 24.10 % of the YEL earned income for entrepreneurs between the ages of 18 and 52 or over the age of 62 and 25.60 % of the YEL income for entrepreneurs between the ages of 53 and 62. A new entrepreneur will receive a discount of 22 % for the first 48 months. Thus, the insurance premium for new entrepreneurs between the ages of 18 and 52 and over the age of 62 is 18.798 %, and for new entrepreneurs between the ages of 53 and 62 it is 19.968 % of the YEL earned income.

The insurance premiums can be paid 1, 2, 3, 4, 6 or 12 times per year.

OPTIONAL INSURANCE

Optional insurance includes the following, among others

The entrepreneur's voluntary accident insurance of working hours

- a leisure-time accident insurance may be added
- this is a deductible cost for the business.

Business-interruption insurance

- the aim is to safeguard against a loss of income arising from interruptions to the business.

Personal liability insurance

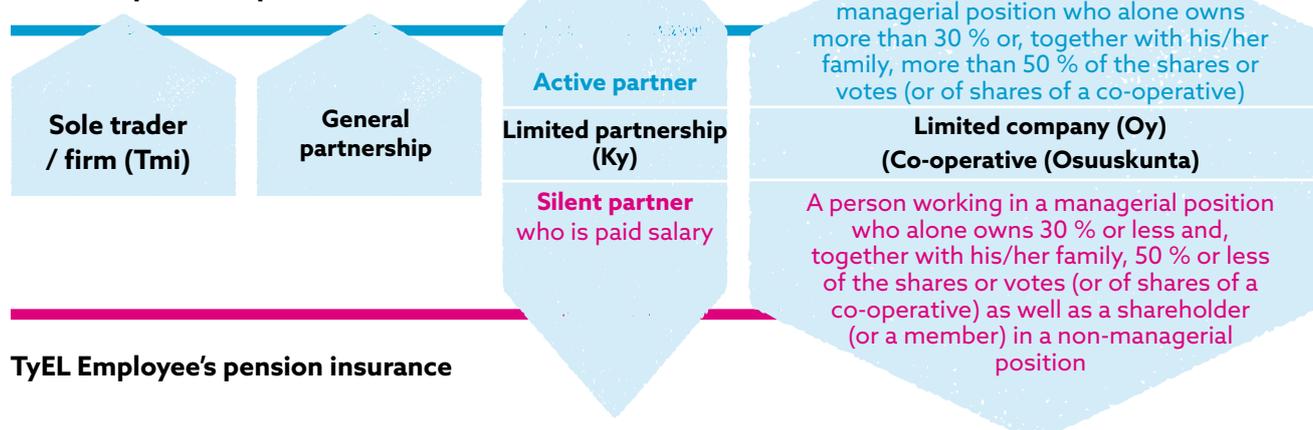
- compensates, with certain conditions, losses caused to a third party as well as rectification of the loss and any legal expenses
- often a customer, for example in the construction and cleaning sectors, will require that the supplier has personal liability insurance.

Legal-expenses insurance

- covers legal expenses that may arise from, for example
 - » supply agreements, sales contracts or piecework contracts
 - » disagreements on the validity of balances payable or receivable
 - » disputes on dismissal of staff or wages and salaries
 - » rental agreement relationships.

It is also good to insure property and business premises against theft, burglaries, fire and water damage. Ask for quotes from various insurance companies, thoroughly familiarise yourself with the terms of their policies and only then make a final decision on what insurance you will take.

YEL Entrepreneur's pension insurance



TyEL Employee's pension insurance

Entrepreneur's unemployment benefit

WHO IS AN ENTREPRENEUR IN TERMS OF UNEMPLOYMENT SECURITY?

An entrepreneur is considered to be included in the scope of unemployment security if they employ themselves in such a manner that the earned income on which the pension insurance scheme is based (the YEL, the agricultural entrepreneur insurance or MYEL, or the employee pension insurance in the case of a family member of an entrepreneur/a part owner of the company) is at least €12,564 per year.

If the person's main occupation is paid labour and the entrepreneurship is part-time, they should usually take out unemployment insurance through an unemployment fund for salaried employees.

In terms of unemployment security,

- a person who is obligated to take out YEL or MYEL is considered an entrepreneur (excluding grant recipients).

A part-owner of an enterprise and a family member of an entrepreneur insured under TyEL shall also be deemed an entrepreneur if (s)he

- works in a senior position (Managing Director or a member of the Board of Directors) for a company of which (s)he holds at least 15 % or of which his/her family members or (s)he together with his/her family members holds at least 30 % or works as an employee for a company of which (s)he alone, his/her family members or them together hold at least 50 % of the company.
- A spouse (including a common-law one), a child or a parent of the entrepreneur who lives in the same household as the entrepreneur is considered a family member.



Indirect ownership through another company is taken into account if the person owns, alone or together with a family member, at least 50 % of the intermediary company.

EARNINGS-RELATED DAILY ALLOWANCE FOR FUND MEMBERS

An entrepreneur, who resides permanently in Finland and whose statutory pension insurance (YEL, MYEL, TyEL)

is based on an annual income of at least €12,564, may join an unemployment fund for entrepreneurs.

A full-time entrepreneur should not remain in an unemployment fund for salaried employees because the membership will not accrue their right to receive unemployment benefit; furthermore, their already earned rights will expire when they have been an entrepreneur for more than 18 months.

Membership of an unemployment fund is not mandatory. There are two entrepreneurs' unemployment funds, the Unemployment Fund for Entrepreneurs and the Self-Employed (AYT, www.ayt.fi/en) and the Finnish Entrepreneurs' Unemployment Fund (SYT, www.syt.fi).

The amount of the daily allowance of an entrepreneur shall be determined on the basis of the work income chosen upon when joining a fund in accordance with the level of insurance chosen. The insurance level of the fund may, however, not exceed the annual income for the retirement pension insurance.

Check the size of the membership fee in the websites of funds (ayt.fi/en/, www.syt.fi). The membership fees are deductible in personal taxation.

Entrepreneurs who are not members of a fund may apply for an unemployment allowance from Kela. In that case, the allowance is the size of a basic allowance.

FROM EMPLOYEE TO ENTREPRENEUR-UNINTERRUPTED UNEMPLOYMENT SECURITY AND RIGHT TO POST PROTECTION

A precondition for entitlement to earnings-related daily allowance is the fulfillment of the entrepreneur's employment condition.

A member of an employees' fund has the right to uninterrupted unemployment security if (s)he transfers into an entrepreneurs' unemployment fund within three months from the start of the entrepreneurship. Thus the entrepreneur's

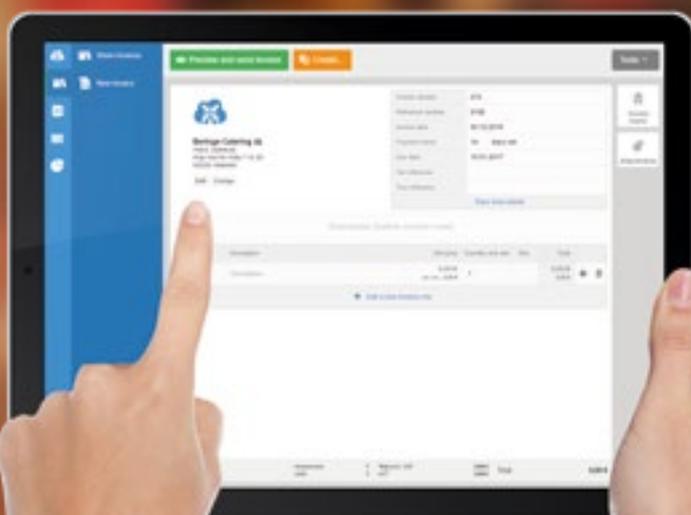
Amount of the daily allowance of an entrepreneur shall be determined on the basis of the work income chosen upon when joining a fund in accordance with the level of insurance chosen.

Invoicing software was easy to choose

Isolta is a solution for invoicing for every entrepreneur to use everywhere. Electronic invoicing comes standard. Use for free and subscribe to a paid account when your business starts to thrive.

www.isolta.fi/startupguide

For a starting company we offer more invoices to send in the free version. Claim your benefit by signing up in the address above.



Isolta Oy works with Finnish Enterprise Agencies to help starting entrepreneurs regarding invoicing.

Learn more on our site or call us at 020 718 1710.





15-month employment condition, which is a precondition for entitlement to earnings-related daily allowance, starts to accrue immediately.

A wage-earner who becomes an entrepreneur shall usually also have the right to post-protection time. This means entitlement to daily allowance on the basis of the earnings from employment

preceding entrepreneurship if the entrepreneurial activity is terminated within the post-protection time. The post-protection time of a wage-earner transferring into entrepreneurship is usually 18 months from the commencement of entrepreneurship. The right to employee-fund based daily allowance ends when the entrepreneur's 15-month employment condition has been fulfilled.

FULFILLMENT OF THE EMPLOYMENT CONDITION

The employment condition shall be fulfilled when the entrepreneur has been a paying member of a fund for a period of at least 15 months.

In order for the period of membership to be included in the employment condition, the entrepreneurship shall, in accordance with the law, be relevant in scope. The activities shall be deemed relevant in scope when the annual income forming the basis for the statutory pension insurance of the entrepreneur (the confirmed work income of those insured under YEL) is at least €12,564. The pension insurance contributions must also be paid.

THE RIGHT TO UNEMPLOYMENT BENEFIT

An entrepreneur is entitled to daily allowance when (s)he has fulfilled the employment condition of an entrepreneur and verifiably terminated his/her entrepreneurial activity. The entrepreneurial activity shall be deemed fully terminated if the enterprise has been placed in bankruptcy or liquidation or if an agreement has been concluded between the partners on the dissolution thereof or if it is otherwise clear that the production and financial activities of the enterprise have ended.

The entrepreneurial activity shall usually be deemed terminated

- when the production and financial activities of the enterprise have ended and
- the entrepreneur has given up his/her YEL or MYEL insurance as well as
- filed a notification with the Tax Authorities
 - for removing the enterprise from the prepayment register
 - for removing the enterprise from the employer register and
 - for removing the enterprise from the VAT register or interrupting its VAT liability.

Entrepreneur is entitled to daily allowance when she or he has fulfilled the employment condition of an entrepreneur and verifiably terminated his or her entrepreneurial activity.

An entrepreneur may receive the daily allowance even if the enterprise remained in the Trade Register as long as the pre-conditions referred to above are met

The business operations of a private entrepreneur shall be deemed terminated also when

- the production and financial activities have ended in accordance with a notification by a job-seeker deemed reliable or if it is otherwise clear that the activities will not continue and
- the person has given up any pension insurance under YEL or MYEL.

The daily allowance shall be paid without terminating the entrepreneurial activity

- if the work capacity of the person has decreased permanently and materially or
- if the activity is considered seasonal due to natural conditions or
- if the entrepreneur is a person comparable to a wage-earner and working for few clients without a fixed place of purchase or sales or a corresponding place of business for the entrepreneurial activity.

An entrepreneur who has become unemployed shall report to the Employment and Economic Development Office (TE Office) as an unemployed jobseeker. The local employment authority shall submit to the unemployment fund a statement of the unemployment of the entrepreneur. The fund may not make a decision derogating from the statement of the TE Office.

PART-TIME ENTREPRENEUR

A person who is a part-time entrepreneur or who is an entrepreneur for a maximum of two weeks may be entitled to receive adjusted unemployment benefit. The income from the business will be taken into account in the amount of the daily allowance.

A member of the fund may be entitled to adjusted daily allowance if (s)he has met the employment and membership conditions. In addition, the applicant must register as an unemployed job seeker with the TE office, be able-bodied and available at the labour market.

For further information, please contact the local TE Office, see www.te-services.fi.

PLEASE NOTE!

Issues to be kept in mind about an entrepreneur's unemployment security

- You must be a member of an entrepreneurs' unemployment fund in order to receive earnings-related unemployment allowance.
- Your unemployment security will remain in force without interruptions if you transfer from an unemployment fund for salaried employees to an entrepreneurs' unemployment fund within three months after having started your business.
- The amount of the earnings-related unemployment allowance for an entrepreneur will be determined based on the insurance level they choose when joining the fund, but it may not exceed the annual income used as the basis for the YEL. The income must be a minimum of €12,564 per year, however.



To-do list for a new entrepreneur

Business plan

- Written business plan
- Necessary calculations

Done

Assesment of Profitability

- Fixed costs
- Variable costs
- Personal earnings
- Gross margin %
- Critical profitability point (= the sales volume at which all costs will be covered and the company will not make any profit or loss)

Done

Surveying the markets

- Demand
- Competition and competitors
- Price level
- How unique the product/service is when compared to the competition
- Advertising

Done

Start-up grant

- Application for a start-up grant to the TE Office
- Certificate of tax liability
- Business plan and calculations
- The statement procedure with the Enterprise Agency

Done

Financing

- Capital requirements (investments/working capital)
- Self-financing of investments
- Finnvera/bank/other outside investor
- Support possibilities
- Guarantees

Done

Agreements

- Memorandum of association (mandatory)
- Other agreements related to the establishment (such as partner agreement, shareholders' agreement or membership agreement)
- Any other necessary agreements (lease for business premises, delivery agreements, leasing agreement, employment contracts)
- Always read the agreements before signing to make sure that you know what you are promising.

Done

Registration to the Trade Register

- Not before you have received the decision on your start-up grant
- If you are establishing a limited liability company, the share capital must be paid before registration.
- See www.ytj.fi/en/.

Done

Licences

- Disclosure /registration obligation
- Requirement of licence

Done

Business premises

- Lease or ownership
- Location, location and, once more, location
- Suitability/ possible inspections of the premises by the authorities

Done

Money transactions

- Opening of an account
- Payment terminal
- Invoice templates

Done

Accounting

- Single-entry bookkeeping
- Double-entry bookkeeping
- Buy the service e.g. from an accounting agency unless you are an accounting professional

Done



Taxation

- Registration at the VAT register
- Registration in Prepayment register
- Tax prepayment
- Appointment with an Enterprise Agency tax consultant

Done

Insurance

- Basis for the self-employment person's pension insurance (YEL)
- Accident insurance (not mandatory but recommended)
- Liability insurance/legal expenses insurance
- Property insurance
- Other insurance
- Offers from several insurance companies

Done

Unemployment security

- transfer from an employees' unemployment fund to the unemployment fund for entrepreneurs as soon as possible after starting entrepreneurial activities (at the latest within three months from the start).
- SYT (www.syt.fi) / AYT (www.ayt.fi/en/)

Done

Personnel

- Registration as a regular employer in the Tax Administration's Employer Register
- Obligations (collective agreements, Employment Contracts Act, Working Hours Act, Annual Holidays Act...)
- Costs for the company (wages + fringe benefits)
- Possibilities for a pay subsidy

Done

Meetings with experts

- Bank
- Insurance company
- Accounting firm
- Marketing
- Others

Done

Entrepreneur's support network

- Entrepreneur networks
- Entrepreneur association or organisation of your own industry

Done

Join trade organisations

- Entrepreneur organisations, www.yrittajat.fi/en/
- Industrial federations, www.ek.fi/en/, www.mtk.fi, www.yrittajat.fi/en/
- Chambers of commerce, www.kauppakamari.fi/en/
- Employer organizations, www.ek.fi/en/

Done

Ten instructions to success

1 You must be familiar with the line of business in which you intend to establish an enterprise. Don't forget to monitor changes in your industry.

2 You must study entrepreneurship. The Employment and Economic Development Offices (TE offices) and the Finnish Enterprise Agencies, for example, organise courses for entrepreneurs. Also you can get help from business advisory experts.

3 The business can only work when supported by products for which there is a big enough market.

4 Look after your image and your intellectual property rights.



5 Marketing alone is not enough: you must also know how to sell your products. Take the initiative and try to address your customers' changing needs.

6 Always do your work as agreed with the customer, or do it even better.

10 Look after your own well-being. As an entrepreneur, you can arrange occupational healthcare for yourself. The Social Insurance Institution of Finland (Kela) will reimburse the entrepreneur for any necessary and reasonable costs arising from occupational healthcare.

7 Pay attention to your commitments as prescribed by the law. Pay taxes and official payments by the due date, and submit returns to authorities on time.

8 Pay special attention to your best customers.

9 Continually develop your business operations. Eliminate products that is not worth selling. Try to reduce your costs and increase your visibility.

Important links

The National Board of Patents and Registration of Finland serves you in all issues pertaining to the Trade Register, housing companies, business mortgages, auditing regulation, associations and the register of associations. The National Board of Patents and Registration studies and grants trademarks, design copyrights, patents and utility patents. Furthermore, it offers advice, information, research and training services for the different stages of a company's lifecycle.

www.prh.fi/en/



The experts at the local Centre for Economic Development, Transport and the Environment (ELY Centre) will assist you in funding and development services and other public services to businesses.

www.ely-keskus.fi/en/



A person interested in entrepreneurship and an entrepreneur starting a business may, under certain conditions, receive a startup grant. With certain prerequisites, a person who is becoming an entrepreneur may receive a start-up grant during the startup and establishment stage of their full-time business. TE Offices arrange information events and themed events for people who are thinking about starting a business.

www.te-services.fi



The Enterprise Finland on-line services offer free information and services for launching, expanding, developing and internationalising a business. The My Enterprise Finland (www.enterprisefinland.fi) of a registered user of the Enterprise Finland on-line services is an electronic workspace based on the user's profile for attending to matters regarding entrepreneurial activities. You can search for forms under the heading 'Forms and e-services' by entering a search word, organisation name, form name or form ID in the search field. The chat service of Enterprise Finland offers advice on weekdays from 1 pm to 4 pm.

www.enterprisefinland.fi



Finnvera is a specialized financing company owned by the State of Finland. It offers to its customers, inter alia, loans, guarantees and capital investments. Finnvera provides financing for enterprises with a good business idea and the potential for successful business.

www.finnvera.fi



Finpro helps Finnish SMEs go international, encourages foreign direct investment in Finland and promotes travel to Finland. Partners at Finpro are Export Finland, Visit Finland and Invest in Finland. Finpro is a public organisation whose 300 experts work at 36 offices in 31 countries and six offices in Finland.

FinPro - Growth in Finland

www.finpro.fi/en/



Business plans in the web:

www.enterprisefinland.fi

www.business-plan.fi

www.onnistuyrittajana.fi

On the website of the Finnish Tax Administration, you will find information on taxation and other obligations of new businesses and entrepreneurs. The most important information has been compiled in the subpages of the company forms in accordance with the lifecycle of a company. The website includes information on, for example, registration into the different registers, a company's employer obligations, notifications, taxes and payments.

www.tax.fi



The Team Finland network brings together all state-funded actors and the services they offer to promote the internationalization of Finnish enterprises, to attract investments to Finland, and to promote Finland's country brand. Information, tools and expert assistance are available.

team.finland.fi/en/



Tekes provides funding especially to SMEs seeking material growth in the international markets and which have the ability and will to succeed. Tekes provides support for the growth of the enterprise during its entire life cycle together with the Team Finland partners.

www.tekes.fi/en/



ProAgria comprises services which you need to attain the goals of your business, to improve its profitability and to develop its competitiveness. The services are meant for all rural entrepreneurs.

www.proagria.fi



Financial Advice (Talousapu) is a confidential and free telephone and web service for entrepreneurs. Experts in the development and reorganisation of business activities are at your service.

www.yrityssuomi.fi/en/



In the Company Search service on the joint Business Information System pages of the Finnish Patent and Registration Office and the Tax Authorities you can search basic information on all companies that have a Business ID. The search criterion can be either the business ID or the company name. Furthermore, you can use the Business Information System (YTJ) to submit electronic change notifications and the notification of the establishment of a limited liability company. As of the beginning of March 2017, private entrepreneurs can also submit their notification of establishment online.

www.ytj.fi/en/



Yrityspörssi is a nation-wide service of the Federation of Finnish Enterprises (Suomen Yrittäjät) for the sellers and buyers of enterprises.

www.yritysporssi.fi



RUNNING A COMPANY

To successfully run a company, you must properly arrange invoicing and bookkeeping, and take care of all the statutory obligations.

"If you are taking care of the administration of your business alone, you should suddenly know everything about everything."

Ville Moilanen

Hetitec Oy

- Ville Moilanen established Hetitec Oy, a company that sells 3D printouts, in 2013 via the Tampere Region Finnish Enterprise Agency. Established in Valkeakoski, the company is the first one in the Nordic countries to offer sand mould printing services.

Read Ville's entrepreneurship story on our website at

www.uusyrittyskeskus.fi

Invoicing and debt collection

Unless your company will do business with cash only, you must decide how you will arrange the invoicing. You must also take care of debt collection, unless you decide to sell your invoices to a financing company.

INVOICING

When a customer orders a product, it may take 1–5 days, depending on the company, before the product is delivered to the customer. Often the invoice for the product is sent 1–5 days from the delivery.

In business-to-business sales, the payment period may be agreed on. Usually payment periods from 14 to 30 days are applied. In accordance with legislation, the payment period may exceed 30 days only if expressly agreed upon. In other words, even in the best-case scenario, it will take several weeks, even over a month from the order, before the money reaches the bank account of the company.

Try to invoice ready products or services as soon as possible.

For invoicing, enter the invoice in the bookkeeping as an offer, a sales order or as a draft invoice as soon as possible. A one-week delay in invoicing may result in a one-week delay in getting the payment. Swift invoicing gives the customer a positive indication of professionalism.

Send the invoice in the form requested by the customer.

As an electronic invoice, if the customer so wishes, by e-mail, if so agreed upon, or as a traditional paper invoice, if you are not sure how the customer wishes to be invoiced. Remember to send also invoice appendices.

Before sending an invoice, you must check that all the requirements included in the Value Added Tax Act on invoice markings are met, and that the customer information and the invoice data are correct. The customer is not obliged to pay the invoice if the information is faulty.

Remember to file the invoices.

The entrepreneur is liable for the keeping and storing of the accounting records. The accounting records shall be stored for six years from the end of the calendar year during which the financial period ends. If the financial period has ended, for example, on 30 April 2017, the records must be stored until 31 December 2023.

Never alter an invoice already sent.

If a mistake is detected in an invoice already sent to the customer, the invoice shall be credited and a new invoice drafted to replace it. You may alter the invoice up to the moment when you forward it to your customer and your bookkeeping. If

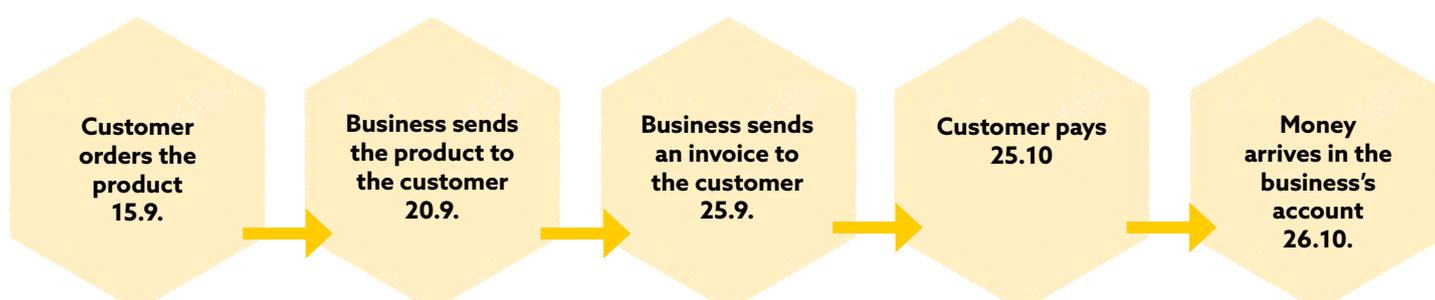
the invoice is drafted well, the customer can easily check that (s)he has been invoiced as agreed upon.

General information that must be included on invoices according to the Value Added Tax Act:

- Invoice date
- Consecutive identification number
- Seller's VAT number (business ID)
- Buyer's VAT number in the case of reverse charge procedure or intra-community supply
- Names and addresses of seller and buyer
- Number and type of goods or scope and nature of services
- Delivery date of the goods, date on which the service was performed or advance payment date
- Tax base for each tax rate, unit prices without VAT, refunds and discounts (unless included in the unit price)
- Tax rate
- VAT to be paid
- Justification for exemption from taxes or reverse charge procedure
- In the case of an amended invoice, a reference to the previous invoice.

EXAMPLE

Example of the schedule according to which the business gets money from its sales:



Less information is required if

- Total sum of the invoice, including VAT, is a maximum of €400
- The simplified requirements also concern retail sales and other similar sales where almost all the buyers are private individuals.
- The invoice refers to catering service or passenger transport, but not any services to be resold
- It is a receipt printed by a parking meter or a similar device.

In such cases, the following information is required:

- Invoice date
- Seller's VAT number and business ID
- Number and type of goods or scope and nature of services
- VAT to be paid for each tax rate or tax base for each tax rate.

DEBT COLLECTION

Debt collection is a means to obtain amounts due to the company.

Determining invoice due date

If your customer fails to pay their invoice, you must send them a payment reminder. If the recipient of the invoice is a consumer, there must be a period of a minimum of 14 days between the date the invoice is sent and the due date. If the invoice has not been paid, a reminder subject to a charge may be sent to a consumer at the earliest 14 days after the original due date.

There are no time limits for debt collection between companies.

If your customer fails to pay their invoice, you must send them a payment reminder. Usually, businesses send one or two payment reminders before transferring the invoice to a debt collection company. Penalty interest may be charged starting from the due date.

Penalty interest

According to the Interest Act, penalty interest may be charged from a debtor starting from the due date of the invoice.

If the debtor is a consumer customer, the penalty interest may be at the most the reference rate that is set by the Bank of Finland every six months plus 7 % and if the debtor is a company, the penalty interest may be the reference rate plus 8 %.

If the debtor is a company, the payment must be available to the recipient at the latest on the due date for the debtor to avoid the penalty interest.

The Consumer Protection Act states that it is sufficient if the consumer pays the invoice on the due date.

Using a debt collection agency

If your customer has not paid their invoice even after you have sent them a reminder, you should transfer the invoice to a debt collection agency.

You can sell your receivables to a financing company, in which case you will no longer have to send payment reminders and collect your receivables. If you do this, the financing company will pay you the total sum of your receivables minus a financing provision, usually in one to two days. This will also reduce your credit risk and improve your liquidity.

Most debt collection agencies sign annual agreements that cover, for example, the sending of collection letters and draft debt collection between companies. The client company must pay an annual fee, but the debtors will pay the debt collection agency's actual costs. If the debt collection fails, the client company will have to pay an agreed fee.

Professional debt collection is subject to a licence in Finland. The Regional State Administrative Agency of Southern Finland grants the licences for debt collection in the whole of Finland. A list of licensed debt collection agencies is available at www.avi.fi/en/. Reliable debt collection agencies are also listed on

the website of the Association of Finnish Debt Collection Agencies at www.suomenperimistoimistojenliitto.fi.

PLEASE NOTE!

Don't forget debt collection

- Follow the regulations of the Consumer Protection Act and the Debt Collection Act when sending invoices and collecting your receivables from consumer customers.
- Sign an agreement with a debt collection agency early on, unless your company will be only doing business on cash.
- Compare the prices and services of several debt collection agencies.

Bookkeeping and financial statements for the company

According to the Finnish Accounting Act, all businesses have a legal obligation to keep accounts. It is worthwhile for entrepreneurs to outsource their bookkeeping, i.e. to pay for a service from an accounting firm, so that they can concentrate on earning their income. When choosing an accounting firm, you should also keep in mind the fact that you carry the ultimate responsibility for the correctness of the books, even if they were done by an accounting firm. Therefore, you must understand at least the basic concepts of the financial management of a company.

In the Accounting Act, enterprises are divided into micro enterprises, small enterprises, medium-sized enterprises and large enterprises. Here we handle mostly micro enterprises and small enterprises. The amended Accounting Act contains the financial statement regulations drawn up for them. The following thresholds apply to the categories:

Small enterprise

- Balance sheet €6,000,000
- Annual turnover €12,000,000
- On the average, 50 employees (during the accounting period).

If no more than one of the thresholds is exceeded in two consecutive financial statements, the enterprise is deemed a small enterprise in accounting.

Micro enterprise

- Balance sheet €350,000
- Annual turnover €700,000
- On the average, 10 employees.

If no more than one of the thresholds is exceeded in two consecutive financial statements, the enterprise is deemed a micro enterprise in accounting.

DAY-TO-DAY BOOKKEEPING

Day-to-day bookkeeping (monthly bookkeeping), which is dealt with during the

accounting period, is based on corroborative documents. These include sales invoices, purchase invoices, payslips and bank statements. The accounting records may be either paper or electronic records.

The firm of accountants usually attends to bookkeeping and payroll management. The tasks of the entrepreneur shall include the writing of the sales invoices and the payment of the purchase invoices as well as the monitoring of the accounts receivable. Even these tasks are more and more often outsourced to an accounting firm. The entrepreneur shall be liable for the legality of the vouchers.

Financial management systems provide good help for the entrepreneur for drawing up the accounting records. At its simplest, the financial management solution is software for writing invoices. In addition to the traditional paper invoices, the software should enable the sending of invoices also in electronic form. At its best, the financial management solution produces the bookkeeping documents directly to the firm of accountants as a report or as records to a compatible system.

You should agree with your accountant as clearly as possible on which tasks will be done by you and which by the accountant as well as on the manner in which you must deliver the bookkeeping materials. You should always demand an agreement in writing; the KL2004 contractual terms are often used in the industry. Delivery of the bookkeeping materials to the accountant should be easy or even automatic. If the entrepreneur and the accountant use the same software, the information need not be separately sent and the bookkeeping receipts need not be re-entered separately. In that case, the bookkeeping is continuously up-to-date and the work of the accountant is made easier. If the entre-

preneur and the firm of accountants use their own softwares, the bookkeeping material shall be sent as receipt copies or as summary reports. The chosen manner shall also define the responsibilities of the entrepreneur and the accounting firm of the final bookkeeping.

A self-employed person and a private trader shall not be liable to apply double entry bookkeeping if no more than one of the preconditions is met during both the financial period last ended and the preceding financial period:

- Balance sheet total exceeds €100,000
- Turnover or corresponding income exceeds €200,000
- On the average, more than three employees.

Single-entry bookkeeping basically just means entering your income and expenses to create an income statement.

Other entrepreneurs than the above must apply for double entry bookkeeping. Double-entry bookkeeping means that each business transaction is entered into two accounts, i.e. the debit account and the credit account. This will create the income statement and the balance sheet.

ACCOUNTING PERIOD

A business's accounting period is normally 12 months. The first accounting period may be longer than 12 months but can never exceed 18 months. Also, the first accounting period may be shorter than 12 months. Also, a business's accounting period does not have to be a calendar year (for example, 1 April – 31 March). The accounting period may be changed during the operations, in which case its length will deviate from the 12-month period.

The financial period of a self-employed person and a private trader is, however,

always a calendar year (1 January – 31 December) if (s)he does not apply double entry bookkeeping and prepare a financial statement at least in accordance with the provisions on micro enterprises.

FIRMS OF ACCOUNTANTS

It is always worth entrepreneurs using a firm of accountants or an accountant to deal with the bookkeeping, so that they can use their own time for earning income. Generally, firms of accountants are experts in statutory bookkeeping, VAT and business taxation. A firm of accountants may also, when necessary, take care of payroll computation and payroll accounting. Expertise in cash-flow planning is also important for small businesses. In choosing a firm of accountants, it is worth paying attention to all of these matters. Further information on pages www.taloushallintoliitto.fi.

FINANCIAL STATEMENTS

Financial statements must be prepared within four months of the end of the company's accounting period, or earlier if the submission of the tax return requires. Large enterprises must draw up an annual report.

The financial statement of a small enterprise shall include an income statement, a balance sheet and notes to the financial statement as well as a list of books and records.

When the accounting period has ended, the financial statements and annual report are created. The financial statements for a small business comprise a profit and loss account, a balance sheet and the notes to the financial statements. All these documents should comply with the specific formal requirements of the Finnish Accounting Act (KPL), the Finnish Accounting Decree and community law (KPA) or the Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking (PMA) and the specific format requirements in the community law.



Financial statements comprise a profit and loss account, a balance sheet and the notes to the financial statements.

The Board of Directors and managing director of a company or co-operative, the general partners of a partnership and a private entrepreneur must approve the financial statements with their signature. In the case of large enterprises, the annual report must also be approved by signing it.

If the business has an auditor, (s)he will check the bookkeeping and the governance of the company, and (s)he will write an auditor's report.

In a limited liability company, the shareholders ratify the financial statements and annual report in the general meeting or with a written document. In a co-

operative, the members ratify the financial statements and annual report in the general meeting or with a written document. In a partnership, a formal meeting is not required, as the financial statements are signed by the general partners. The same applies to private traders.

An entrepreneur shall not have to prepare a financial statement if, during the last ended financial period and the preceding financial period, no more than one of the thresholds is exceeded:

- Balance sheet total exceeds €350,000
- Turnover exceeds €700,000
- On the average, 10 employees employed during the financial period.

AUDITS

The requirement to have a regular audit applies to general partnerships, limited partnerships, limited companies and co-operatives. Private traders, i.e. firms and entrepreneur professionals do not need to appoint an auditor. However, when required, it is still possible to appoint an auditor.

However, according to the Finnish Audit Act, an auditor does not need to be appointed in small businesses, if no more than one of the following has been fulfilled in the last accounting period and the period that immediately preceded it:

- Total sum of the balance sheet exceeds €100,000
- Net sales or the corresponding income figure exceeds €200,000 or
- On average, there are more than three employees.

Thus, an audit is mandatory in those companies and co-operatives where the limit(s) given above are exceeded.

A provision concerning the use of an auditor can be included in the Articles of Association, regulations or Memorandum of Association for a new enterprise, even when the law does not require the use of an auditor. However, if you do not wish to appoint an auditor, there is no point in including provisions about the use of an auditor. You can still appoint an auditor if you like.

If an auditor is appointed by virtue of the law or voluntarily, an approved auditor must be appointed, i.e. a chartered accountant (KHT or HT) or a chartered

auditing firm. Information is available at www.prh.fi/en/ > Auditor Oversight and www.suomentilintarkastajat.fi.

If a co-operative has not appointed an auditor, it must have a performance auditor appointed by the Co-operative Meeting. The Rules may provide otherwise.

If a company has appointed an auditor, the auditor must add a note about the audit to the financial statements after having reviewed the financial statements. Furthermore, the auditor must prepare a dated and signed auditor's report about the financial statements.

REGISTERING FINANCIAL STATEMENTS

The obligation of a company to submit its financial statements to be published in the Trade Register depends on the company form. Limited liability companies and co-operatives must submit their financial statements to the Trade Register either with their tax return or by sending them directly to National Board of Patents and

Registration of Finland. The notification to the Trade Register must be submitted within two months of the ratification of the financial statements, and the financial statements must be ratified within six months of the end of the accounting period.

Other parties with a legal obligation to keep books, such as private entrepreneurs and partnerships and limited partnerships, must register their financial statements if two of the following limits were exceeded during the accounting period or the previous accounting period:

- Net sales at least €12,000,000
- Balance sheet total €6,000,000
- Average number of employees 50 people.

The notification must be submitted within six months of the end of the accounting period. For further information on registering financial statements, please see www.prh.fi/en/ > Trade Register > How to file financial statements.

PLEASE NOTE!

After the end of the accounting period

- Prepare financial statements that consist of an income statement, a balance sheet and notes, as well as a list of the accounting books and materials. The financial statements must be completed within four months of the end of the accounting period.
- The financial statements of a limited liability company or a co-operative must be ratified in an annual general meeting, a meeting of the co-operative or with a written document. The financial statements must be ratified within six months of the end of the accounting period. In the case of a partnership or a private entrepreneur, the financial statements may simply be signed without a separate meeting.
- Register the financial statements in the Trade Register. Limited liability companies and co-operatives must always submit their financial statements to the Trade Register. The notification must be submitted within two months of the ratification of the financial statements. Most of the financial statements of limited liability companies are submitted to the Trade Register via the Tax Administration.
- Other parties with a legal obligation to keep books and submit their financial statements to the Trade Register must submit their financial statements and their annual report for registration within six months of the end of the accounting period.
- If the company has appointed an auditor, the auditor must review the financial statements and prepare an auditor's report.

Income taxation

The business pays income tax based on its taxable income. Income tax is paid in advance and, when necessary, in arrears and as supplementary payments. The form of the enterprises impacts on the taxation of income.

VAT is generally paid monthly on the basis of sales and purchases. The form of the enterprise is not relevant when considering VAT.

In the entrepreneur's income tax calculation, there may be both earned income and capital income.

Capital income means income from sales of assets, rental income or returns on capital. Such income includes, for example, interest income and rental income, capital gains and dividends received from public listed companies. Also, part of the business income of self-employed persons and entrepreneur traders, the income share of partners in general partnerships and limited partnerships and the dividends issued by a normal limited liability company are regarded as capital income. It depends on the business's assets how big this proportion is. The tax on capital income is 30 % for capital income not exceeding €30,000 and 34 % for the share exceeding it.

Earned income includes, amongst other things, wages and salaries, pensions, benefits (for example such as study grant and child home care allowance) and other payments (such as unemployment benefit). Tax on earned income is progressive, i.e. the tax percentage rises as income rises. In other words, high earners are charged a higher percentage of tax than lower earners. The tax deducted from earned income comprises state tax, municipal tax and possibly church tax. The levels of municipal tax and church tax depend on the municipality and the parish. In addition, there are two further forms of taxation.

Furthermore, a daily allowance of 1.58 % of the YEL earned income will be paid

if the total sum of wages and earned income is more than €14,000 (in 2017).

TAXATION OF INCOME IN DIFFERENT FORMS OF ENTERPRISE

Private trader (firm)

The income earned from a private trader's business is taxed as his/her own income. The business's income is divided into earned income and capital income on the basis of the net assets of the enterprise (net assets = assets relating to the business and trade - liabilities of the enterprise). The capital-income share is calculated as follows = 20 % x (net assets of the previous financial period + 30 % x salaries paid during the last 12 months).

The rest of the business income is earned income. Alternatively, the entrepreneur can decide that capital income will only be 10 % of net assets or that all of the business income will be earned income. Before dividing the income from the business operations, a 5 % entrepreneur deduction from the business income will be

made. It is considered tax-free income for the entrepreneur.

In the year of foundation of the business, the capital-income share is calculated according to net assets on the last day of the first accounting period. In many cases, the earned income of the entrepreneur is taxed lighter than capital income.

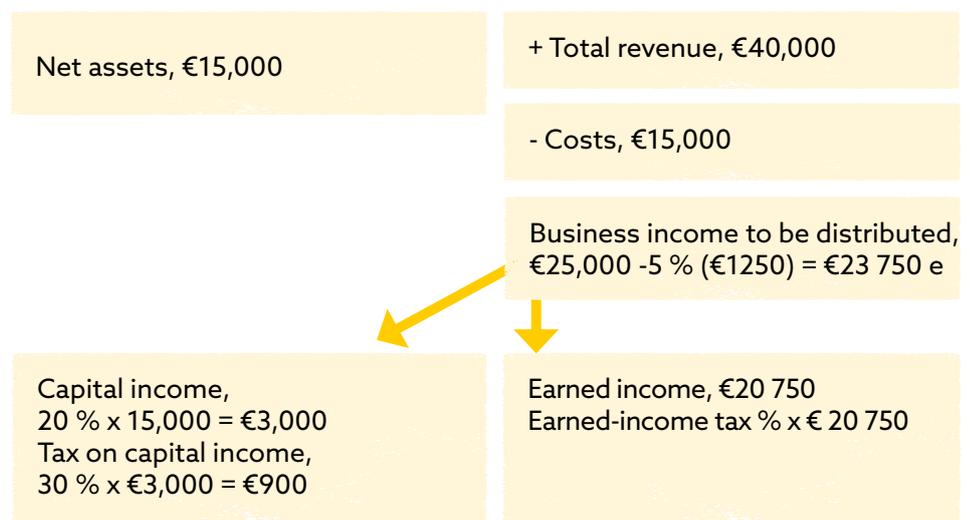
If spouses work in the business together, the business income is divided between them. The earned-income share of the business's income is divided between the spouses in proportion to their work contribution, and the capital-income share according to their share of net assets. The tax on the capital-income share of the business's income is 30 %, if the total of the capital income of the entrepreneur does not exceed €30,000, and 34 % for the share exceeding €30,000.

The earned-income share is added to other earned income of the entrepreneur, and the entrepreneur pays tax on the total earned income figure according to the progressive tax scale.

EXAMPLE

Taxation on income of private traders, example

(All capital income of the private trader per year is not more than €30, 000)



As of the beginning of 2017, entrepreneurs, self-employed persons and partners of a partnership will receive a 5 % entrepreneur deduction from their entrepreneur income in their taxation.

General partnership and limited partnership

A general partnership and a limited partnership are not regarded as separate taxpayers for the taxation of income. They do submit their own tax return, according to which the taxable income of the partnership (the income on which tax must be paid) is calculated. This income is split amongst the partners, and the partners pay tax on this. However, the partners are not taxed on the personal drawings made by them or the share of profit belonging to them according to the accounts. Partners of a partnership will receive a 5 % entrepreneur deduction from their entrepreneur income in their taxation.

Part of each partner's income share is capital income and part is earned income. The earned income is divided into the earned income and capital income on the basis of the net assets of the business in the previous year and the asset share belonging to each partner. An entrepreneur deduction, 5 % from the company's result, is made before dividing the business income into capital income and earned income. It is tax free income for a partner.

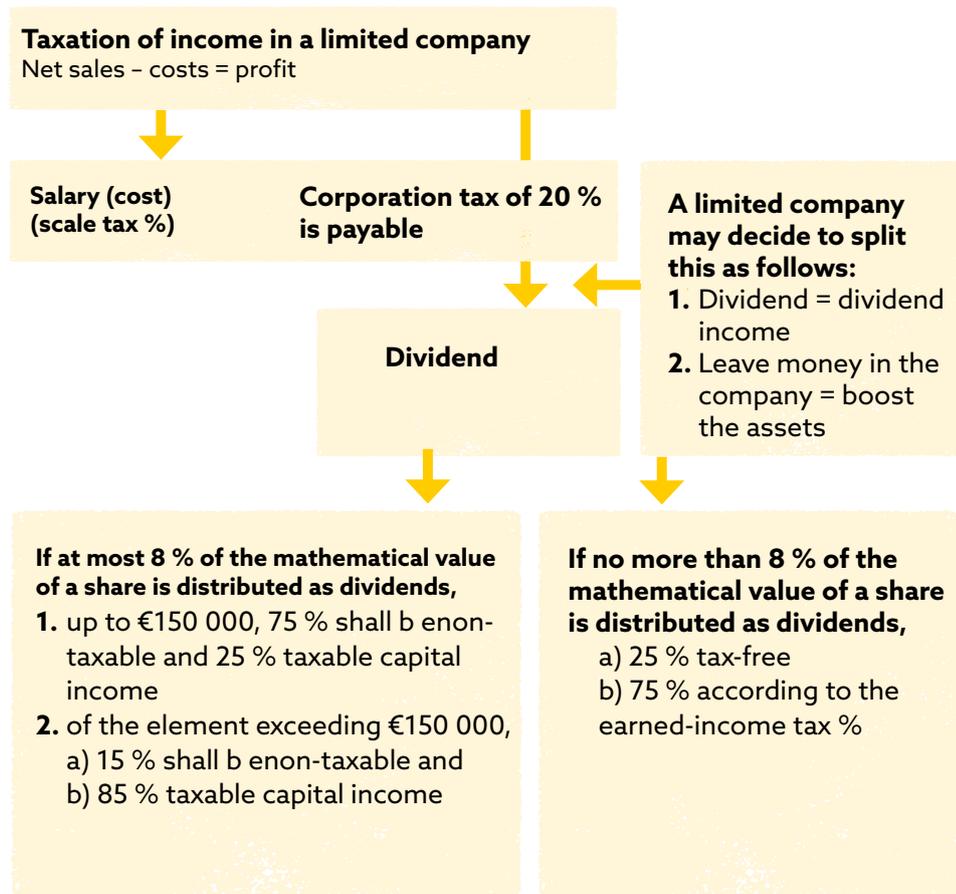
The tax on the capital-income share of the business's income is 30 %, if the total of the capital income of the entrepreneur does not exceed €30,000, and 34 % for the share exceeding €30,000. The earned-income share is added to the partner's other earned income, and the partner pays tax on the total earned income figure according to the progressive tax scale.

A silent partner in a limited partnership generally receives interest from the partnership on the capital invested by him/her. This kind of income is capital income for the silent partner. A silent partner may also get a salary from the partnership or the partnership agreement may determine the share of the profits of the partnership payable to him.

Limited liability company

A limited liability company is regarded as an independent taxpayer. This means that the limited liability company's income is taxed as the company's

Taxation of income in a limited company



own income, and the company's income does not affect the taxation of individual shareholders. At the moment, a limited liability company pays tax of 20 % on its income.

A limited liability company's shareholders can withdraw funds from the limited liability company either as a salary or as dividends. In addition, the company can issue a loan to shareholders, but the loan is regarded as capital income in the taxation of the shareholder, if it has not been paid back by the end of the year. Tax-free drawings are not possible in a limited liability company. Monetary shareholder loans from the company are usually in violation of the Limited Liability Companies Act.

A company may distribute its profit to its shareholders as dividend. The taxation of dividends depends on how much dividend is paid and what is the value of the company's shares.

Taxation of dividends depends on how much in dividends a company distrib-

utes and what the mathematical value of its shares is. The taxation of dividends paid by a limited liability company depends on whether the company distributes more or less than 8 percent of the mathematical value of a share as dividends. In the case of a limited liability company, all of the company's assets are considered part of its net assets, including assets that serve the business as laid down in the Act on Business Income Taxation. Assets that serve the business are property of the company and the Tax Administration deems them as fixed part of the company's business operations. Other assets may include shares in housing companies or savings that are not required to fund the business operations.

If the dividend falls within the 8 percent in its entirety, 25 % thereof shall be regarded as taxable capital income for the shareholder and 75 % thereof as non-taxable. For any element of the dividend exceeding 150,000 EUR/shareholder, 85 % is regarded as taxable capital income and 15 % as non-taxable income. If a compa-

Entrepreneur's customer is entitled to receive tax credit for domestic help only if the entrepreneur is included in the advance collection register.

ny distributes more than 8 % of the mathematical value of a share as dividends, of the element exceeding 8 percent, 75 % shall be deemed taxable earned income and 25 % non-taxable income.

The tax withheld in advance from dividends must be reported and paid to the Tax Administration for the tax period during which the dividend is payable, according to a decision of the annual general meeting. The actual date on which the dividend was paid does not matter.

PREPAYMENT REGISTER

An individual or enterprise that carries out business activities is entered in the Prepayment register of the Finnish Central Tax Administration. The notification shall take place by filing the start-up notification or a notification of change if the enterprise already has a Business ID.

The enterprise is admitted to the Prepayment register if the enterprise or the people managing the enterprise have not demonstrated negligence in taxation issues. The Tax Administration can remove an enterprise from the Prepayment register if that business does not take proper care of its payment of taxes or it does not fulfil its accounting obligations or other obligations relating to taxation. The only company for which registration in the Prepayment register is not mandatory is a company that only practices barter trade.

When an entrepreneur has been entered in the Prepayment register, his/her em-

ployer does not need to send the tax deducted from remuneration paid. The right to a household deduction is only given when the entrepreneur receiving remuneration for work has been entered in the Prepayment register. It is possible to check whether someone is listed in the Prepayment register using the free YTJ (Business information system) data service www.ytj.fi/en/ or telephone service of the Finnish Tax Administration.

An entrepreneur entered in the prepayment register shall attend to his/her taxes by himself/herself by paying prepayment tax usually monthly.

REPORTING AND PAYING UNPROMPTED TAXES

Unprompted taxes include value added tax and employer payments, for example. The company must regularly calculate, report and pay them to the Tax Administration according to the company's tax period. The notification must be submitted if the company is included in the value added tax or employer register even if there are no payments for the period because the company has not been active or has not paid any wages, for example.

As a general rule, the tax period is a calendar month. The regular due date for both the notifications and the payments is the 12th day of the month. The notifications must be submitted in electronic format and the payments can be made in My Tax eService of the Tax Administration, for example.

A company may apply for a longer tax period. The application limit for a longer tax period is determined based on the net sales of the calendar year or corresponding profit as laid down in the Accounting Act. A tax period of one quarter of a calendar year is possible for both value added tax and employer payments if the estimated net sales are a maximum of €100,000. In the case of value added tax, a tax period of a calendar year is also possible if the estimated net sales are a maximum of €30,000. The selected tax period is binding on the company for one year. The tax periods for value added tax and employer payments are not inter-

connected. An application form is available on the www.tax.fi website.

Payments made using the reference number for unprompted taxes are primarily used to cover overdue unprompted taxes. If some payments or returned taxes are not used, they can be used to cover other overdue taxes or statutory outstanding payments to other authorities (such as recovery proceedings or payments to the Customs). Any unused payments and returned taxes will be returned to the customer company.

MY TAX ESERVICE

In the My Tax eService (www.vero.fi/mytax), you can study the details of your company, submit notifications and make payments. You can report and pay unprompted taxes, such as value added tax or employer payments, and respond to additional information requests regarding them. You can also submit your new bank account number in the My Tax eService.

To log into the My Tax eService, you will need a Katso ID for your company. A person who, according to an extract from the Trade Register, has the right to sign the company name can obtain the Katso ID. The Katso service is available at www.yritystunnistus.fi. With the Katso ID, the company can also provide authorisation for an agent to submit the electronic notifications on behalf of the company. A power of attorney for electronic communications can also be given.

Value added tax (VAT)

VAT is a tax on consumption, which the seller adds to the sales price of goods or services. Almost all businesses who sell goods or services are obligated to pay value added tax. Services include catering, consulting and transport services, for example.

Those liable to VAT are almost all businesses that sell goods or services. The sale of services includes, for instance, catering, consulting and transport services.

BUSINESS OPERATIONS NOT SUBJECT TO VALUE ADDED TAXATION

Operations to which the value added taxation is not applied are separately listed in the Value Added Tax Act. The share of VAT may not be deducted for any related acquisitions either.

As of the beginning of 2017, companies whose net sales during an accounting period is a maximum of €500,000 have the opportunity to pay the VAT for their sales and deduct the VAT for their purchases based on the payments made. This way, companies can allocate the VAT to be paid and the VAT to be deducted based on purchases to the month during which the company receives the payment for the goods or services sold or pays the goods or services bought.

This means that the company may choose whether it wants to pay VAT based on performance or based on payments. On the other hand, entrepreneurs and self-employed persons with a microenterprise can pay value added tax based on the payments made, as the Accounting Act does not require any financial statements from them. The selected procedure will influence the deduction savings and the way in which the financial statements are processed.

If the net sales of a business for an accounting period of 12 months do not exceed €10,000, it does not need to register itself as liable for VAT. It is worth the entrepreneur being realistic when (s)he estimates the level of the business's net sales. If the €10,000 limit is exceeded, even though the entrepreneur has estimated that net sales would be lower, (s)he must pay VAT backdated from the start of the accounting period. In addition, delayed-payment fees will be charged. Neither can the VAT of purchased products be deducted if the business is not liable to pay VAT. The entrepreneur can also apply to be subject to VAT even though net sales will remain below €10,000 for an accounting period of 12 months.

With VAT, lower-limit relief is available if the enterprise's net sales for an accounting period fall below €30,000. When the enterprise's net sales for an accounting period do not exceed

VAT rates (VAT %)

THE GENERAL RATE

- Most goods and services
24 %

- Foodstuffs
- Animal feed
- Restaurant and catering services

However, alcoholic beverages and tobacco products

14 %

- On subscriptions of newspapers and periodicals
- Books
- Pharmaceutical products
- Physical exercise services
- Film showings
- Entrance to cultural and entertainment events
- Passenger transport services
- Accommodation services
- Operations relating to TV and public broadcasting against a fee

10 %

Such operations include, for example:

- Sales and rental of properties and apartments
- Healthcare and social welfare services
- Training services separately named in the Value Added Tax Act
- Financing and insurance services
- Copyright and performance fees separately named in the Value Added Tax Act
- General postal services.

If a company only sells these goods or services, it is not obligated to pay value added tax and it does not have to register in the value added tax register.

If a company practices foreign trade, the VAT for the sales is usually 0 %, but the company is entitled to deduct the VAT from acquisitions.

The entrepreneur shall pay to the State the VAT (s)he has collected in connection with sales and of which (s)he has deducted the VAT of his/her own purchases. Sales on goods and services are generally subject to VAT.

As a general rule, the Value Added Tax Act requires a performance-based approach, i.e. the value added tax is linked to the time when the transaction actually takes place.

€10,000 the enterprise gets relief on the whole tax chargeable for the accounting period. When calculating the sales qualifying for VAT relief, the share of the VAT shall not be included. If net sales exceed €10,000 but fall below €30,000 the relief is calculated as follows:

$$\text{Tax -} \frac{(\text{net sales} - 10\,000) \times \text{tax}}{20\,000}$$

For example:

Net sales are €19,000, and the VAT that should be paid is €3,426.

The relief is calculated as

$$3\,426 - \frac{(19\,000 - 10\,000) \times 3\,426}{20\,000}$$

So, the relief is €1,884.30.

If an entrepreneur who is liable to VAT buys goods or services from another who is liable to VAT and VAT is included in the price, (s)he may deduct this VAT from the tax that (s)he pays to the state. This can be done providing these goods or services are used in business operations subject to VAT.

In that case, the entrepreneur must have an invoice or a purchase receipt that shows the tax included in the price itemised in accordance with the different tax rates.

There are separate regulations about VAT for imports, exports and other international business. In these cases, it is worth clarifying matters with your tax office or an accountant.

The so-called reserve charge system is applied in Finland in the sales of construction services and scrap metal. No VAT is added to the seller's invoice and the buyer adds the VAT in the VAT payable by him/her and deducts it in the deductible VAT if the acquisition is used for a purpose entitling to a deduction.

Further information about taxation is available from www.tax.fi.

TAX DEBT REGISTER

The Tax Debt Register is a public service from which you can check the tax debt of any company or private entrepreneur and whether they have neglected to pay any unprompted taxes.

The information in the Tax Debt Register can be found at the Business Information System (BIS) site (www.ytj.fi/en). Information on businesses is available to everyone. However, tax-debt information on self-employed persons (trade names)

is available only to registered users. Logging in takes place with the Katso user ID. Search using a name or a company ID. The limit for publishing a tax debt in the Tax Debt Register is €10,000.

Calculating the amount of VAT

Monthly	Including tax EUR	Net of tax EUR	VAT 24% EUR
Sales	6 200	5 000	1 200
Purchases	1 860	1 500	360
VAT payable			840

PLEASE NOTE!

Taxation of company forms

- Limited liability companies and co-operatives are independent taxpayers, and their profit is taxed as the company's income.
- General and limited partnerships are not independent taxpayers. Instead, the taxable income of the company is divided according to the partnership agreement into the partners' income shares, and each partner is obligated to pay tax for their share.
- The income of a private entrepreneur is considered as their personal income in taxation.



Becoming an employer

In an employment relationship, an employee performs work under the employer's direction and supervision in return for pay or some other remuneration. An employment relationship arises when the employer and the employee agree on the performance of the work.

CONCLUSION OF AN EMPLOYMENT CONTRACT

As a rule, employment contracts are free of form. An employment contract may be written, oral or electronic. It is, however, recommended always to conclude a written contract.

The employment contract may be made for a fixed term or with an indefinite validity. A fixed-term employment contract must always have justifiable grounds for it. Such may be, for example, acting as a substitute, seasonal work or one-time work or training period.

However, the signing of a temporary employment contract does not require any justified reason if the person to be hired has, according to a report by the TE Office, been unemployed and seeking for work for a continuous period of twelve months before the signing of the employment contract. A fixed-term employment contract may be valid for a maximum of twelve months.

An employment relationship is subject to minimum terms based on legislation (inter alia the Employment Contracts Act, the Working Hours Act and the Annual Holidays Act) and collective agreements. An employer belonging to an employers' federation must comply with the collective agreement concluded by his/her employers' federation. Even an unregistered employer is liable to comply with the generally applicable collective agreement if one is concluded for the sector. Prior to concluding an employment contract, it is therefore necessary to find out if a generally applicable collective agreement has been concluded for the main business sector of the enterprise (cf. www.finlex.fi/en/).

RECRUITING EMPLOYEES AND EMPLOYER OBLIGATIONS

1. Define the criteria for the task (know-how, experience and motivation). Decide on the form and duration of the employment relationship.

2. Be prepared to submit further information and study the applications.

3. Arrange job interviews and make the decision.

4. Sign the employment contract. Check for a collective agreement, see www.finlex.fi/en/. Show the tasks to the employee.

5. Seek registration in the Tax Administration's Employer Register if your company will begin to pay out wages regularly and if you will pay wages on a regular basis to at least two permanent employees or at least six temporary employees. The notification is filed using the start-up notification form or the form for notification of changes.

6. Take out statutory Workers' Compensation Insurance as well as Employees' Group Life Assurance prior to the start of the work if the estimated wages exceed €1,200 per calendar year.

7. Take out Employees' Pension Insurance TyEL within the month following the payment of wages.

8. Apply for the determination of the unemployment insurance contribution from the Unemployment Insurance Fund if the total wages will exceed €1,200 during a calendar year.

9. Arrange occupational healthcare if you hire an employee in an employment relationship, see www.kela.fi.

A trial period starting from the beginning of the work may be agreed on in the employment contract. The trial period may usually be a maximum of six months. In the case of a fixed-term employment contract, the trial period may be a maximum of half of the fixed term and always a maximum of six months.

During the trial period, the employment contract may be cancelled by either party. The cancellation may not, however, take place on grounds that are inappropriate with regard to the purpose of the trial period.

WRITTEN INFORMATION ON TERMS OF WORK

If no written contract has been drawn up, the employer shall, without a separate request, present written information on the principal terms of work, which have not been agreed on in a written contract. The information shall be presented to the employee at the latest by the end of the first pay period.

The duty to provide information applies to all employment contracts valid indefinitely or for a term exceeding one month. The duty to provide information applies also to the employer if the employee is

repeatedly in employment relationships of less than one month on the same terms with the same employer.

If the terms of the employment relationship change, the new terms must be presented in writing at the latest by the end of the pay period following the change.

The information may consist of one or several documents or it may be presented by referring to the Act or collective agreement applicable to the employment relationship. In temporary work, the information shall be provided upon request of the temporary agency employee even if the employment contract has been concluded for a fixed period of less than one month.

The employment contract or information shall include at least the following information:

- the domicile or business location of the employer and the employee
- the date of commencement of the work
- Duration of the fixed-term employment contract, ending date or estimated ending date of the employment, justification for the employment contract being a fixed-term one or a notification that it is a fixed-term employment contract with a long-term unemployed person as laid down in chapter 1, section 3 a of the Employment Contracts Act.
- the trial period (if any agreed upon)
- the place where the work is performed or, if the employee has no primary fixed workplace, an explanation of the principles according to which the employee will work in various work locations
- the employee's principal duties;
- the collective agreement applicable to the work
- the grounds for the determination of the pay or other remuneration as well as the pay period

- the regular working hours;
- the manner for determining annual holiday
- the period of notice or the grounds for its determination.

In the case of work performed abroad for a minimum period of one month, the information must include the duration of the work, the currency in which the monetary pay is to be paid, the monetary remunerations and fringe benefits applicable abroad as well as the terms for the repatriation of the employee.

HIRING AN EMPLOYEE

At the beginning of the operations, the need for work force may be unclear or undefined. There may not be guarantees for the continuity of the operations. In that case, a more flexible way to acquire work force than to employ one oneself is to buy the necessary resources from another undertaking. The staffing enterprise pays the salary of the employee and attends to all other employer obligations. It complies with the collective agreement binding on the user enterprise. The user enterprise shall be liable to direct and guide the employee; it also supervises the work carried out by the employee.

EMPLOYER REGISTRATION BY THE TAX ADMINISTRATION

If an enterprise pay out wages or salaries regularly, the enterprise are expected to seek registration as a regular employer in the Tax Administration's Employer Register.

The enterprise are an employer paying wages regularly if wages or salaries are paid to at least two employees on a regular basis or wages or salaries are paid to at least six employees at the same time on a temporary basis, i.e. under temporary employment contracts with short durations.

If payment of salaries and wages is temporary, or these are paid to only one employee, the business does not need to enrol in the Register of Employers.

Notification takes place by filing the start-up notification or a notification of

changes (www.ytj.fi/en), if the undertaking already has a Business ID. The Tax Administration shall send the undertaking instructions for the use of the Tax Account in the payment and reporting of tax withholding and employer's health insurance contribution.

PAYMENT OF THE PAY

The minimum pay payable to an employee shall be indicated in the generally applicable collective agreement. In the absence thereof, the pay shall always be a reasonable remuneration for work considered normal in the sector with regard to the nature of the work. A minimum pay is not provided by law. A pay meeting the employee's work requirement, available at the website of Kela (www.kela.fi), may be considered a type of minimum pay.

The wages must be paid on the last day of the pay period unless otherwise agreed. The employer must ensure that a payslip is submitted to the employees in connection with each payment of wages. The wages must always be paid to a bank account; payments in cash are only possible in very rare exceptional cases.

It is usually worth while to let an accounting firm take care of the calculation of wages and the submission of employer notifications.

PAYMENT OF TAXES WITHHELD AND HEALTH INSURANCE CONTRIBUTIONS

The employer shall always be liable to withhold tax on wages and compensations for work paid. The employer shall pay the health insurance contribution on the basis of the total amount of wages paid. The health insurance contribution shall, however, not be paid of wages paid to employees under the age of 16 or over the age of 68. The employer reports the amounts withheld and the health insurance contribution (employer's contributions) by filing a Periodic tax return, usually monthly, to the Tax Administration on the 12th day of the calendar month following the month of wage payments.

The payment of the amounts takes also place on the same day.

FILING OF THE ANNUAL INFORMATION RETURN

Every employer must report annual information to the Tax Administration concerning the wages paid and other payments made (such as mileage and daily allowances). The information must be given in the annual information return. The return must be filed by the end of January following the calendar year of payment.

INDIRECT STAFF COSTS

(in 2017)

- **For salaried employees, employees' pension insurance** (as specified by the Finnish Employees' Pensions Act) must be taken, if a salary of €58.19 a month or more is paid to them. **The pension contribution of small employers** paid to the pension insurance company is 25.10 % of the employee's salary. In the case of **temporary employers**, the pension contribution is 25.10 % of the wages. **The employee's part of the employee pension insurance contribution** that the employer withholds from the wages is 6.15 % for employees between the ages of 17 and 52 or 63 and 67, and 7.65 % of the wages for employees between the ages of 53 and 62.
- **The employer's health insurance contribution** is 1.08 % of the wages.
- **The unemployment insurance contribution** is 0.8 % of the salary when the employer pays no more than €2,059 500 in wages and salaries in a year. The insurance contribution is 3.30 % of that part of wages and salaries that exceeds this. **The employee's unemployment-insurance contribution** is 1.6 %. The unemployment insurance contribution shall be paid to the Unemployment Insurance Fund (www.tvr.fi/en/).

Employer shall always be liable to withhold tax on wages and compensations for work paid.

- **The occupational accident insurance premium** is 0.1–7.0 % of the salary depending on the line of business. The average is 0.8 %.
- **The group life assurance premium** is on average 0.07 % of the salary.

KEEP IN MIND

- The collective agreement may provide for a holiday bonus.
- Annual-leave earning in the 1st year is 2 days/month, after that 2.5 days/month. The average number of workdays is 258 in a year.
- The employer shall pay wages also during a **sick leave** of the employee in accordance with the legislation and the collective agreements.
- The collective agreement may provide for the payment of wages also during a **motherhood leave** and **during a short-term absence due to a sudden illness of a child**.

OCCUPATIONAL HEALTH CARE

An employer shall be liable to arrange preventive occupational health care for his/her employees in an employment relationship. In addition, the employer may organize medical treatment of general-practitioner level. The Occupational Health Care Act applies to work which is governed by the Occupational Safety and Health Act and performed in Finland. Occupational health care services may be acquired, for example, from a municipal health care centre or from a private medical centre. The employer shall draw up a

written agreement as well as a plan of action with the service provider. The plan of action must be based on the workplace investigation performed.

An entrepreneur who is an employer may, based on the Health Insurance Act, apply for compensation from the Social Insurance Institution (Kela) for necessary, reasonable costs from the arrangement of occupational healthcare services. The occupational healthcare services are offered free of charge to the employee.

INSURING AN EMPLOYEE

TyEL Insurance

An employer who employs staff on a regular basis (a contractual employer) shall take a separate employment pension insurance. The insurance must be taken during the month following the payment of wages. If the wages paid by the enterprise fall below €8,334 (in 2017) within six months and the enterprise has no permanent employees, the pension insurance contributions may be paid without a separate insurance contract. In that case, the contributions shall be paid to the selected pension insurance company by the 20th day of the month following the payment of wages.

Statutory workers' compensation insurance

An employer has a statutory obligation to insure his/her employees against occupational injuries and occupational diseases if the wages paid or agreed to be paid for work performed during a calendar year exceed €1,200. The insurance must be taken prior to the commencement of the work.

Group life insurance

The employees' group life insurance is based on a mutual agreement between labour market organisations. With certain exceptions, it applies to all employees in employment relationships governed by the Employees Pensions Act. The insurance shall be taken in connection with the statutory workers' compensation insurance through a non-life insurance company.

Unemployment insurance

An employer shall pay the unemployment insurance contribution if the wages paid during a calendar year exceed €1,200. The employer shall, however, always withdraw the employees' unemployment contribution share from the wage. The Unemployment Insurance Fund shall determine the prepayments of unemployment insurance contribution, which the enterprise may apply for in the electronic services at www.tvr.fi/en/ after the total sum of wages can be estimated.

PLEASE NOTE!

Employer obligations

- Follow the working hour legislation and the industry's collective labour agreement.
- Pay the wages on time into the bank account of the employee.
- Withhold the tax from the wages. Don't forget to withhold the employee's share of the employee pension insurance contribution and the employee's unemployment insurance contribution.
- Give the employee a payslip after each payment.
- Report and pay the employer payments (the tax withheld in advance and the health insurance contribution) to the Tax Administration by the 12th day of the payment month in the MyTax eService (www.tax.fi/mytax). For more information on longer tax periods, please see page 75.
- Pay the statutory insurance premiums, including the shares withheld from the employees, as agreed to the employee pension company, the Unemployment Insurance Fund or your insurance company.
- Submit the annual report on wages paid and employer payments to the Tax Administration by the end of January the following year.
- Apply for compensation from Kela for the costs arising from the occupational healthcare services within six months of the end of the company's accounting period.

EXAMPLE CALCULATION LABOUR COSTS	EUR
Monthly wages	3,000.00
Employer's social security contribution 1.08 %	32.40
Small employer with insurance contract, pension contribution 25.10 %, of which the share of the employer is 18.95 % (employees under 53 years)	568.50
Occupational accidents, injuries and diseases insurance premium, on the average 0,80 %	24.00
The employer's unemployment insurance contribution 0.80 %	24.00
The group life insurance premium in the private sector on the average 0.07 %	2.10
TOTAL	3,651

ENTREPRENEUR'S KEY DATES

12TH DAY

Finnish Central Tax Administration

- pay VAT, tax deducted at source and social security contributions and submit returns for these.

20TH DAY

Insurance company

- pay TyEL and YEL contributions (employees and self-employment pension contributions) and other insurance premiums.

23RD DAY

Finnish Central Tax Administration

- pay the business's tax prepayments.

Environmental responsibility of the business

When you decide on the line of business for your company and begin operations, you should take environmental matters into account. All operations will have an impact on the environment. Laws, Government decrees and other regulations obligate companies to take into account environmental issues in their business operations. In addition, monitoring of electricity consumption, for example, and sorting of waste also save business costs.

Environmentally responsible operations are also a marketing tool and a competitive factor for small businesses. Nowadays, consumers are very informed, and they respect enterprises that take account of environmental matters in their operations. Everyday purchasing decisions may be made in accordance with these values.

TAKE CARE OF THE ENVIRONMENT

Establish what environmental legislation there is concerning your business.

As an EU country, Finland has a lot of environmental legislation and regulations that concern businesses and various industries. For example, does it impact on your business's operations that a manufacturer and importer of products is responsible for organising and paying for the waste disposal of products when products are taken out of use? Further information is available from the environmental authority for your own municipality and from www.environment.fi and www.yrityssuomi.fi/en/yrityksen-ymparistotieto.

Fulfil the producer responsibility of your enterprise also with regard to packaging.

Producer responsibility refers to the pro-

ducer's responsibility to arrange the recovery, recycling and other waste management of waste generated from products as well as to pay any costs arising therefrom. With regard to packaging, producers mean enterprises which pack or import packaged products to Finnish markets and whose turnover exceeds €1 million. The product responsibility applies to all packagings as well as the packaging waste generated from their use. For further information, contact Suomen Pakkauskierrätys RINKI Oy, rinkiin.fi.

Identify harmful environmental impacts. Establish how they can be reduced.

A business does not necessarily have to make large investments. Instead, it can just implement changes to existing practices to create the desired impact. For example, electrical appliances consume a lot of energy while on standby: a computer's electricity consumption may reduce by as much as 60 % when energy-saving measures are introduced (source: Motiva). Monitor energy consumption in your business systematically, so that you notice any areas of unnecessary consumption.

Familiarise yourself with waste-disposal regulations in your business's area.

The sorting and reduction of waste generated by business operations is really important. Waste that has been well sorted and delivered to the waste collection point can be used again. Generally speaking, the same sorting regulations apply to businesses operating in a residential building as they do to residents. If a business operates in its own business premises or property, it will create an independent waste-disposal agreement.

The best solution for the environment is the reduction of waste; mixed waste that has not been sorted is money that is pointlessly carried to a waste tip. More

guidance on recycling is available from www.kierratys.info.

Respect the environment if you use dangerous materials.

Hazardous waste contains substances which, already in small quantities, may be harmful or hazardous both to people and the environment www.vaarallinjate.fi. A list of different types of hazardous waste and their collection points can be found in kierratys.info.

Chemicals and other hazardous materials must be used and stored as provided for. For further information on chemicals, see www.tukes.fi/en/.

Think about the environment when you make purchases.

Use eco-label products that have been produced nearby, and try to use Fairtrade or organic products. Buy products that are in economy-size packs or that are recycled. You can also buy green (environmentally friendly) electricity. New fridges, freezers and dishwashers are more energy efficient than old ones. Savings can also arise by using less electricity, water or even detergent. Familiarise yourself with the eco-friendly labels such as the Swan mark, the Flower mark, the Energy mark, as well as "Luomu" (Organic), the EU organic mark, Demeter, Ekoenergia and the "Reilu kauppa" (Fairtrade) marks.



Business culture in Finland

To succeed in business it is important to know Finnish business culture, attitudes and customs. Then it is possible to serve customers better and also understand what your customers expect.

The Finns like to use their time effectively. They happily plan timetables and stick to the times agreed. In written Finnish, the 24-hour clock is used. It is still good to check agreed meeting times by e-mail for instance.

The working day generally starts in the morning around 8 a.m. and ends in the afternoon around 4 p.m. Lunchtime is around 11 a.m. – 1 p.m.

All people are valued as equal regardless of age, gender, profession and religion. Women are equally involved both in corporate life and as public servants. Addressing people using the familiar form of “you” in Finnish is very common. It is good to remember to be polite when talking to people in meetings, phone conversations and e-mails.

It is good to thoroughly prepare yourself for meetings and to arrive on time. On arriving at a meeting, a firm handshake while looking at your colleague’s eyes creates a trustworthy first impression. Finns drink a lot of coffee, and it is also often provided in business meetings. At the end of a meeting, people shake hands.

In Finland, businesses encounter little bureaucracy. Decisions are made quickly, and businesses act efficiently after careful planning and preparation.

Finland is among the world’s least corrupt countries, so gifts, of either goods or money, must never be offered to officials or business partners. However, a small reminder of a good acquaintance is allowed, such as giving a card or a small gift of minor value, for example at Christmas.

All people are
valued as equal
regardless of age,
gender, profession
and religion.



Business dictionary

BALANCE This is the difference between the sums of the debit entries and the credit entries in the bookkeeping for a business. The balance of the accounts payable and receivable states the amount of receivables or payables and the bank statement shows the amount of cash in the account or the credit used of the credit account.

BALANCE SHEET This is a statement of account forming part the financial statements of a business. It shows the assets and debts of the business at a certain point in time. In the balance sheet, the assets owned by the business are listed under the Assets heading (debit) while the shareholders' equity and the business's debts are listed under the Liabilities heading (credit), the same as the accumulation of appropriations and the provisions.

BANKRUPTCY is where the business's operations end and all distrainable assets are converted into cash to pay debts that have arisen from the business's operations. Bankruptcy proceedings may be initiated by the debtor itself or the creditor.

BENEFIT This is generally money to which an individual has a right on the basis of legislation, for example. Benefits include pension benefits, amongst other things.

BOOKKEEPING

- Double-entry bookkeeping means that every business transaction is recorded in two accounts, i.e. a debit (charges) and a credit account (income). The account entries in double-entry bookkeeping explain on one hand the reason for the movement of money and a self-employed person and private trader shall not be liable to apply double entry bookkeeping if no more than one of the preconditions is met during both the financial period last ended and the preceding financial period:

- 1) balance sheet total exceeds EUR 100,000
 - 2) turnover or corresponding income exceeds EUR 200,000
 - 3) on the average, more than three employees.
- Single-entry bookkeeping In single-entry bookkeeping, expenditure, income, interest, taxes and personal use of goods and services are recorded on the basis of movement of cash (the cash-payment basis). This describes the business's income and expenditure.

BREAK-EVEN POINT means the theoretical level of net sales where the business has a zero result, i.e. it makes no profit and no loss.

BUDGET This is an operational plan that the business aims to fulfill during the period in question. In this, the profit and cost targets are presented numerically, in euros, for instance.

BUSINESS ACTIVITY This is a way that someone earns money to live off. Businesses include, for example, transport, hotel and bookkeeping services and catering activities.

BUSINESS ANGEL This is an individual who invests his/her own money in growth enterprises. A business angel may, in addition to making capital investments, act, for instance, as a member of the board of directors or as a business mentor or help in finding contacts and creating collaborative relationships.

BUSINESS IDEA A business's operations are based on a business idea, which is a description of the benefit of a product or service, its marketing and the line of business, along with how the idea will be commercialized.

BUSINESS INCUBATOR This helps a new business so that it can grow and develop. A business incubator provides an enterprise with, for example, premises, advisory and expert services, mentoring, training and networking opportunities. The entrepreneur creates an agreement with the business incubator for a fixed period, usually two years.

BUSINESS OPERATING MODEL This shows what happens in a business, so that a product or service can be delivered. It is a description of the different functions in the business and how they interact.

BUSINESS PLAN This is a written plan of the implementation of the business idea in practice. It includes an assessment of the factors affecting profitability as well as estimates of sales, investment requirements and sources of finance.

BUSINESS-TO-BUSINESS means between businesses. For example, a marketing campaign may be just directed at businesses, i.e. business-to-business.

CAPACITY means ability to perform or produce. For example, how many goods a business is able to produce in a certain time period.

CAPITAL Money or assets (property given as a capital contribution) that the entrepreneur him/herself or another investor transfers to a business. Capital can be divided into shareholders' equity and liabilities. In addition to equity that has been invested in the business, shareholders' equity comprises capital that has accumulated from operational income or valuation of the balance sheet assets at a value higher than the acquisition cost. Liabilities comprise capital which an external party has invested in the business and which must be paid back. Depending on the terms of the loan, a subordinated loan may be either equity or liabilities.

CASH FLOW is money that comes into the enterprise's funds from products or services sold and also money that flows out.

COMMITMENT This is a binding promise. It means that the person must do what (s)he has committed to do or what (s)he promised to do.

COMPETITION In its marketing, a business can use various means by which it differentiates itself from other similar enterprises. These may be, for instance, location, products, quality, price and availability. The opposite of competition is a monopoly where only one enterprise engages in a specific activity and thus it is able to set prices for its products at the level it wishes because there is no competition. Economic competition is regulated by competition legislation. See also Direct and indirect competition.

COST An expense or part of an expense allocated to a certain accounting period, most often for a financial period.

CREDIT In bookkeeping, financial transactions are entered in accounts for whose right side the term "credit" is used and for whose left side "debit" is used.

CROWDFUNDING is a practice for collecting funding for entrepreneurial activity via crowdfunding platforms in the Internet.

CUSTOMS CLEARANCE When goods are imported or exported, tax-related and administrative procedures are associated with this. Customs clearance is taken care of by the customs authority (www.tulli.fi/en > Businesses). For customs clearance, a declaration form is completed, where the authority is provided with information about the goods, such as their value and quantity.

CUT-RATE PRICE means an unreasonably low price level compared to production costs and current market prices.

DAILY CONSUMER GOODS are consumer goods used on a daily basis, such as all food products, soap and toilet paper.

DEBIT In bookkeeping, transactions are recorded in different accounts. Charges are shown on the left (debit) and income on the right (credit).

DEGREE OF SOLVENCY The more equity an enterprise has in relation to loan debt, the more solvent the enterprise is.

DEPRECIATION AND WRITE-DOWNS The cost of acquisition of fixed assets subject to wear and tear, such as machines and appliances, is reduced in the accounts with depreciation and write-downs over that period during which the assets give rise to an economic benefit (operating economic life of the asset).

DIRECT AND INDIRECT COMPETITION Direct competition means that another business competes openly with your business and offers the same products and services. Indirect competition means that another business offers different products and services from your business, but they can fulfill the same needs. For example, a pizzeria will compete indirectly with a fast-food outlet selling hamburgers but directly with another pizzeria.

DISTRIBUTION OF PROFITS refers to the share of the distributable assets of a company decided to be distributed. The amount of the distributable assets in the balance sheet may be distributed to the shareholders of a limited-liability company.

DOUBLE-ENTRY BOOKKEEPING See Bookkeeping.

DUE DATE is, for example, the last date of payment on an invoice.

E-COMMERCE is commerce conducted via internet. Purchases by consumers shall be governed by the provisions on distance selling; it is worth while to examine them carefully before establishing an online store.

EEA AREA This includes Iceland, Liechtenstein and Norway, plus the member states of the European Union. EEA means European Economic Area.

E-INVOICE means an invoice in electronic form which the consumer has ordered in his/her Netbank from the invoicer and which may also be placed in direct debiting.

ELECTRONIC BILLING means the sending and receipt of an invoice in electronic form. The invoice data is transmitted directly from the system of the invoicer to the data system and accounts ledger of the recipient's financial management solution, where the invoice may transfer directly to approval, payment, accounting and finally to archiving. Electronic billing in different forms may be sent with most of the financial management and invoicing solutions. Public administration has, for the most part, transferred to electronic billing. You can send e-invoices also by using free invoicing applications or electronic billing forms provided by operators as well as through netbank. The transfer of an e-invoice is always subject to an invoice-specific charge but nowadays no starting or monthly debiting is made. Public administration has, for the most part, transferred to electronic billing.

ELECTRONIC INVOICE is the general term for an invoice in electronic form. The electronic invoice may be the consumer's E-invoice, electronic billing between companies or even a PDF invoice transmitted via E-mail.

EMPLOYEES' PENSION INSURANCE is obtained from pension insurance companies. The entrepreneur must take out such a policy when an employee's wages and salaries exceed EUR 58.19 a month (2017 figure).

ENTREPRENEUR This is an individual, who alone or together with others, engages in business operations via an enterprise. The aim of the operations is to make a business opportunity profitable whilst being subject to various risks. Entrepreneurs are divided into self-employed persons and traders.

EUROPEAN UNION MEMBER STATES (in 2017): The Netherlands, Belgium, Bulgaria,

Spain, Ireland, Great Britain (the United Kingdom of Great Britain and Northern Ireland, and Gibraltar)*, Italy, Austria, Greece, Cyprus, Croatia, Latvia, Lithuania, Luxembourg, Malta, Portugal, Poland, France, Romania, Sweden, Germany, Slovakia, Slovenia, Finland, Denmark, the Czech Republic, Hungary and Estonia. In 2016, the United Kingdom decided to leave the EU. The negotiations on the separation will start in 2017.

FAMILY BUSINESS This is that type of business where mainly family members or close relatives work in the business either as shareholders, active partners or as individuals assisting the entrepreneur.

FINANCE Starting up a new business always requires money. Finance may include the entrepreneur's own money, operational income, loans or state subsidies.

FINANCIAL PERIOD This is an accounting period (usually 12 months) for which the business's result (profit or loss) is determined. In some (exceptional) circumstances, the business's financial period may be shorter or longer than 12 months (but no more than 18 months), when operations are commenced or terminated or the date of the financial statements is changed (Finnish Accounting Act). The financial period of a self-employed person and a private trader must be a calendar year unless (s)he prepares a financial statement and applies double entry bookkeeping.

FINANCIAL STATEMENTS These are statements of account that are prepared for the financial period. They show the financial result for the business and its financial position at the end of the accounting period. It includes the income statement and the balance sheet for the financial period as well as their notes and the list of books and records. It shall be prepared at the close of each financial period. The financial statements are checked by an auditor, if the business is obliged by law to have its accounts audited or if the business chooses voluntarily to have an audit.

A self-employed person and private trader shall not have to prepare a financial statement if, during the last ended financial period and the preceding financial period, no more than one of the thresholds is exceeded:

- 1) balance sheet total exceeds EUR 350,000
- 2) turnover exceeds EUR 700,000
- 3) on the average, 10 employees employed during the financial period.

FIXED COSTS are the costs of a business that are not dependent on the level of production over a short time period and instead remain constant. Typically, fixed costs include, amongst other things, rental of premises, monthly wages and salaries, bookkeeping and costs arising from the use of machines.

FORM OF ENTERPRISE The forms of enterprise that can be registered in Finland are a private trader (firm), general partnership, limited partnership, limited company and co-operative, as well as the less common forms, public

limited company and Societas Europaea. The form of enterprise affects limitation of the entrepreneur's liability, the minimum number of people founding the enterprise, taxation and distribution of profits as well as registration payments in the initial stages and the minimum capital required.

GAINFUL EMPLOYMENT Work via which financial income or income with a monetary value is sought.

GENERAL COMMERCIAL ACTIVITIES means that the enterprise engages in, or that it is able to engage in, all kinds of lawful business activity. General commercial activities can be recorded in the foundation documents for an enterprise and they are declared in the Finnish Trade Register. (Thus, no particular line of business is specified, such as construction or cleaning.)

GOODS Bread, milk and other products that are used directly are consumer non-durables. Consumer durables include, for example, washing machines and televisions whose operating life is long. With the help of capital goods, these consumer goods are produced, or new capital goods. Capital goods include, for example, raw materials, machines and fuel.

GRAPEVINE is a term for unofficial information that people pass on to each other. The grapevine may be, for example, chitchat in the workplace or writing in an internet discussion forum. Some people may spread false information on purpose.

GROSS PRICE The total price without any discounts and including tax.

GUARANTEE This means that another person (the guarantor) promises to pay a person's debts to the creditor, if the debtor is not able to pay his/her debts. The guarantee may be, for example, a personal guarantee, a joint guarantee, a blanket guarantee or a conditional guarantee.

INCORPOREAL RIGHTS protect immaterial rights, such as technology, design, trademarks and other characteristics. An incorporeal right is an exclusive right, i.e. only the holder of the right or someone licensed by him/her may use, for instance, a patented invention or a utility model in commercial operations. Incorporeal rights can be generally divided into copyrights (written or artistic works) and industrial property rights (for example, patent rights, utility models, design rights, trademarks and rights to use a business name).

INDIRECT PERSONNEL COSTS are statutory payments that a business must make to the Finnish Tax Administration and to the pension and accident insurance company as well as to the unemployment insurance fund in addition to the gross salaries payable to employees. Indirect personnel costs include social security, employee pension insurance, worker's compensation insurance, unemployment insurance and group life assurance contributions.

INNOVATIVE means new, novel or fresh.

INTEREST is income, presented as a percentage, that is charged for use of money given as a loan. As a borrower and payer, it is worth choosing as low an interest rate as possible, while as a depositor, it is worth searching for as high an income as possible for your money. A fixed interest rate stays the same for the whole loan period, but a variable interest rate is linked to the reference rate of interest so that it is reviewed at specific time intervals. The reference rate of interest may be, for example, the Euribor rate. Euribor is a reference rate of interest that is published daily and that the banks use when they offer unsecured loans to other banks on the euro money market. In practice, Euribor is the interest rate used when a bank receives loans from other banks, and the bank then lends these funds to others using an interest rate that is higher than Euribor (Euribor + margin).

INVESTMENT Long-term expenditure that is expected to generate income over a period of more than one accounting period. An intangible investment may be in training, research or environmental protection. Tangible investments may be in machines and equipment, for example.

LEASING FINANCE refers to long-term rental of fixed assets, i.e. a machine or appliance that is acquired is not transferred into the user's assets. Instead the user pays for its use, and then it is returned to its owner. With leasing finance, you are able to use a machine or appliance without committing a lot of money to it at the time of acquisition, i.e. it is cheaper than buying it.

LINE OF BUSINESS This indicates what kind of business operations an enterprise engages in, for example, catering activities or retailing of textiles.

LIQUIDITY means the ability of the business to meet payments when they become due.

LOGO This is the registered or established symbol for a business, via which customers distinguish the enterprise from its competitors.

MANAGING DIRECTOR or CHIEF EXECUTIVE OFFICER (CEO) This person manages the day-to-day administration of an enterprise in accordance with the directions and regulations given by the board of directors. (S)he is responsible for ensuring that the accounting is in accordance with legislation and that the financial management is organised in a reliable way. The managing director or CEO must provide the board and its members with the information that is necessary for them to take care of their duties on the board.

MISSION STATEMENT This is a description of the aim of the business's operations, i.e. why the enterprise exists. The business idea is an operational plan that explains how the mission statement will be implemented in practice.

NET CASH FLOW FROM OPERATIONS This refers to the difference between income receivable

from day-to-day business income to be used to cover the expenses of the enterprise.

NET OPERATING PROFIT is an item on the profit and loss account that is calculated by deducting variable costs, fixed costs and depreciation and write-downs from net sales. Net operating profit is the profit on the business's operations before distribution of profits. The distribution of profit shall here mean interests, taxes and dividends.

NET PRICE The price of the product, from which all discounts have been deducted, or from which no further deductions are intended.

NET PROFIT (profit for the financial period) is the profit of the enterprise after taxes and before appropriations. In other words, the turnover shall be deducted with variable costs, fixed costs, write-offs, depreciations, interest expenses and taxes. The net income may be a profit or a loss.

NET SALES is the amount of money (net of VAT) that the business will earn from its operations, such as the sales of goods and services during a given time period, for instance, in one month or one year. Net sales is expressed without any deduction for the variable or fixed costs caused by sales.

NETWORKING A network refers to collaborative partners who bring added value to an enterprise. You can also collaborate with competitors, and create, for example, a joint newspaper advertisement.

NOTES TO THE FINANCIAL STATEMENT

Notes are a statutory section of the annual accounts complementing the numerical information in the income statement and balance sheet of the operations and financial position of the company during the financial period that ended. Small and micro enterprises are governed by a separate Decree (Decree on Information to be Presented in the Annual Accounts of Small and Micro Enterprises) explaining the contents of the notes and the layout of the income statement and the balance sheet to be used in the annual accounts.

OFFER This is a binding proposal made to another party (vendor or purchaser) to work out an agreement or deal, with the proposal containing the terms of the deal (such as price and time of delivery).

PENALTY INTEREST ON LATE PAYMENTS

The interest payable after the invoice payment date, i.e. the due date. This is an additional charge that is levied if the initial sum has not been paid on the due date, at the latest. According to the Finnish Interest Rate Act, the consumer must not be charged a penalty interest rate that is higher than the general, statutory penalty interest rate. The penalty interest rate is the reference rate specified every six months by the European Central Bank + 7 % points. This is the highest rate of interest that a business may charge its consumers. Between 1 January and 30 June 2017, the said penalty interest rate may be

7 percent. In commercial contracts, the penalty interest rate is the reference rate + 8 points. Between 1 January and 30 June 2017, the said penalty interest rate may be 8 percent.

PREPAYMENT OF TAX can happen when tax is withheld from an employee in accordance with the personal withholding rate shown on the tax card, or it may be an advance payment made on receipt of an advance-tax bill.

PRICE Compensation payable in money for goods themselves, for use of them or for a service.

PRODUCT LIFE-CYCLE A business's products have a life cycle which begins with development work and ends when sales of the product fall and keeping it as part of the range of products becomes unprofitable.

PROFIT Net operating profit is an item on the profit and loss account that is obtained by deducting variable costs, fixed costs and depreciation and write-downs from net sales. Net operating profit is the result for business operations before the profit is distributed.

PROFIT AND LOSS ACCOUNT This is part of a business's financial statements. The other elements are the balance sheet, the annual report and the notes to the financial statements. The profit and loss account presents the income earned in the financial period, and the costs relating to the financial period, in the form of a subtraction calculation. The profit and loss account shows the result for the financial period specified (profit or loss).

PROFITABILITY A business's operations are profitable when the difference between the business's income and expenditure is positive, i.e. money is left for the business (profit).

PROMISSORY NOTE A document issued for a loan that shows the parties involved, the amount lent, the payment schedule and the interest payable on the loan.

PROPERTY GIVEN AS A CAPITAL CONTRIBUTION means assets put into a business as a non-monetary investment. Property given as a capital contribution may only be assets that have a financial value to the enterprise. A commitment to perform work for the enterprise can not be regarded as property given as a capital contribution. The subscription price of shares can be paid as property given as a capital contribution when a limited company is established. Valuable work tools and a car to be used in the business, for example, can also be property given as a capital contribution.

PUBLIC RELATIONS A continuous activity via which an enterprise tries to gain the understanding and support of important groups, such as collaborative partners and customers. This is abbreviated as PR.

PUBLIC SECTOR Municipal and state bodies that are responsible for tasks relating to management of the country as well as teaching,

national defense and healthcare, amongst other things.

REFERENCE This gives details of the results of one's previous work and of former or current customers as evidence of one's competency.

RETAILER This is an importer of goods or a business that handles retail sales of products of industrial enterprises.

SALES MARGIN Sales margin is that quantity of money that the vendor has left when the direct (variable) costs relating to creating the product or service have been deducted from the price paid by the customer. The sales margin does not take account of the fixed costs of the business. The lower the sales margin percentage, the higher the net sales required by the enterprise, so that operations are profitable.

SECURITY By obtaining a security, a lender tries to ensure that it will receive a balance owed to it. An example is a two- or three-month security deposit paid on a lease of premises. Securities can be divided into real securities and personal guarantees. A real security relates to an object-specific liability for debts where specific property has been entered as assets. A specific asset is assigned to cover the debt. A personal guarantee means that a specific person becomes liable for the debt of another.

SEGMENT This is a part of a specific entity. For example, customers can be grouped into different segments according to age, education and income level. Using segments, services or products and the marketing of these can be focused on a specific customer group, and thus a competitive advantage can be gained.

SELF-EMPLOYED PERSON is an entrepreneur who operates in his/her profession without a fixed workplace and without external manpower. Examples of people who might operate as a self-employed person are a masseur/masseuse, a seamstress or a carpenter (NB: See definition of trader and double-entry-bookkeeping).

SELF-EMPLOYED PERSONS' PENSION INSURANCE (YEL insurance) is a mandatory form of pension insurance for entrepreneurs, according to which an old-age pension is paid to entrepreneurs, as well as sickness benefit from the Social Insurance Institution of Finland (Kela, www.kela.fi), and maternity, special maternity and paternity allowances and parental benefit or rehabilitation allowance. The entrepreneur's YEL insurance contribution is based on his/her YEL work income. The YEL work income must at least match that salary that would be payable to an individual possessing similar professional skills, if (s)he were employed in that work. Thus, the YEL work income is not taxable income for the entrepreneur or earnings generated by the business. The minimum limit for YEL insurance work income is EUR 7,645.25 per year (2017 figure). Guidelines on the determination of the entrepreneur's work income are available from the website of the Finnish Centre for Pensions: www.etk.fi > Pension Insurance > Insuring in Finland > The Self-Employed..

SHARE This is a part of a limited company's share capital. The shareholders own a certain number of shares, i.e. a part of the business. They have voting rights in the company according to their ownership, and they can receive a dividend consistent with their shareholding, i.e. compensation for the capital invested by them in the company. The articles of association of a limited company may specify what the voting rights of the shares are or the right to a dividend.

SINGLE-ENTRY BOOKKEEPING See Bookkeeping

SME means small- or medium-sized enterprises.

START-UP MONEY is discretionary support for new full-time entrepreneurs. The support can be applied for in Employment and Economic Development Offices. The application must be made before commencement of the new business's operations.

STATUTORY There is legislation that relates to specific matters and explains how you should act. For example, there are forms of voluntary insurance where the individual can decide for him/herself whether he/she takes out a policy, but statutory insurance is compulsory for everyone.

STREAMLINING means reorganization of an enterprise. When a business is streamlined, costs are cut back, for example, by reducing the labour force and trying to increase earnings and improving the flow of capital. Corporate restructuring is a measure sanctioned by a court, via which the operations of a legal person that is overburdened with debts are reorganized. Reorganization proceedings may concern a private trader, a general partnership, a limited partnership, a limited company or a co-operative.

SUBCONTRACTING is work procured from an independent manufacturer or supplier outside the business.

TAX DEDUCTED AT SOURCE is a deduction of tax made from a salary or work remuneration.

TERMS OF PAYMENT establish in an agreement when and how the sales price is paid to the vendor.

TERMS OF SALE These concern the details to be arranged for a deal, such as price, quality and time of delivery.

THE FORCE OF LAW means that some decision – a verdict of a court or some other resolution of an authority – will become final and normally it is not possible to appeal against this.

TRADER This is an entrepreneur who has a fixed workplace or who employs other staff. A trader must use double-entry bookkeeping (NB: compare with a self-employed person). See Double-entry bookkeeping.

UNEMPLOYMENT BENEFIT Unemployed job-seekers can be paid unemployment assistance, a basic daily allowance or an unemployment-fund earnings-linked daily allowance by the Social Insurance Institution of Finland (Kela).

UNEMPLOYMENT FUND This pays its unemployed members an earnings-linked daily allowance. It means that the size of the daily allowance depends on the previous salary earned. Joining an unemployment fund is voluntary. In Finland, there are separate unemployment funds for employees and entrepreneurs.

VALUE ADDED TAX (VAT) is a tax on consumption which the consumer pays to a business as part of the price for a product or service. The VAT is paid by the business to the Finnish Central Tax Administration. The entrepreneur adds the VAT to the sales price of the product or service. The general rate of tax (tax percentage) is 24 % in Finland. Businesses can deduct the VAT on products or services bought by them in their own accounting if the acquisition is deductible in accordance with the legislation. Only businesses listed in the register of those liable to VAT can make the deduction mentioned above.

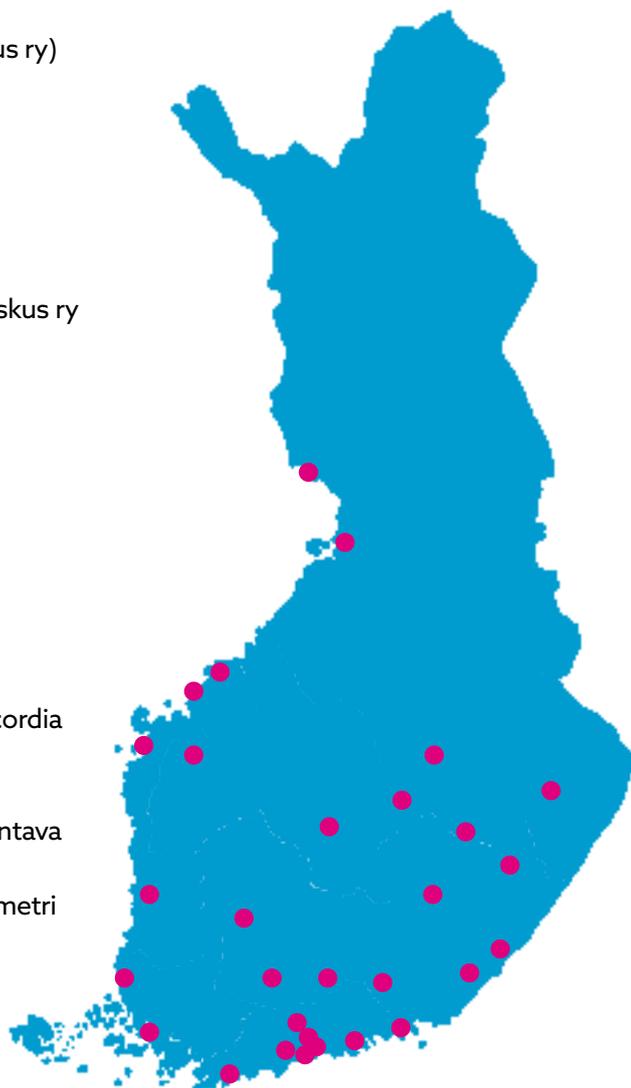
VARIABLE COSTS are material and outsourcing-service costs that vary according to the volume of the product or service being sold. This means that amount of money that is needed when, for example, raw materials are bought for the product to be sold.

WARRANTY During the warranty period, the seller shall be liable for any defects or flaws in the goods. Generally, the vendor gives the customer a new product in place of the faulty one or it returns to the customer the amount paid for the product. Warranty is not statutory but giving a warranty is a voluntary benefit. If no warranty is given or if the warranty period has lapsed, the seller shall be liable for defects in accordance with the provisions on the liability for defects of the Consumer Protection Act.

WORKING CAPITAL Business operations require working capital. This is needed to pay fixed costs, such as leases and wages & salaries.

Enterprise Agencies in Finland at your service

ESPOO | YritysEspoo (Espoon Seudun Uusyrityskeskus ry)
HELSINKI | NewCo YritysHelsinki (Helsingin Uusyrityskeskus ry)
HYVINKÄÄ AND RIIHIMÄKI REGION | YritysVoimala Oy
HÄMEENLINNA | Hämeen Uusyrityskeskus ry
IMATRA | Imatran Seudun Kehitysyhtiö Oy
JOENSUU | Pohjois-Karjalan Uusyrityskeskus ry
JYVÄSKYLÄ | Keski-Suomen Uusyrityskeskus ry
KEMI-TORNIO | Meri-Lapin Startti ry
KESKI-UUSIMAA REGION | Keski-Uudenmaan Uusyrityskeskus ry
KOKKOLA | Keski-Pohjanmaan Uusyrityskeskus ry Firmaxi
KOUVOLA | Innovation Oy
KOTKA-HAMINA REGION | Cursor Oy
KUOPIO | Kuopion Seudun Uusyrityskeskus ry
LAHTI | Lahden Seudun Kehitys LADEC Oy
LAPPEENRANTA | Wirma Lappeenranta Oy
LOVIISA-PORVOO REGION | Kehitysyhtiö Posintra Oy
LOHJA-RAASEPORI REGION | Novago Yrityskeskus Oy
MIKKELI | Mikkelin seudun Uusyrityskeskus ry Dynamo
OULU | Oulun seudun Uusyrityskeskus ry
PIETARSAARI | Pietarsaaren Seudun Uusyrityskeskus Concordia
PORI REGION | Pizztech Oy
SAVONLINNA | Itä-Savon Uusyrityskeskus ry
SEINÄJOKI | Etelä-Pohjanmaan Uusyrityskeskus Neuvoa-Antava
SISÄ-SAVO | Kehitysyhtiö Savogrow Oy
TAMPERE | Tampereen Seudun yrityspalvelukeskus ry Ensimetri
TURKU | Turun Seudun yrityspalvelukeskus Potkuri
VAKKA-SUOMI | Ukipolis Oy
VAASA | Vaasanseudun Uusyrityskeskus Startia
VANTAA | YritysVantaa (Vantaan Uusyrityskeskus ry)
VARKAUS | Wäläkky Keski-Savon Uusyrityskeskus ry

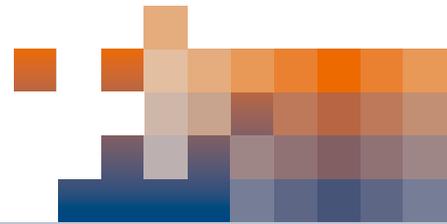


THERE ARE 30 ENTERPRISE AGENCIES IN FINLAND WITH
 ALTOGETHER 84 SERVICE LOCATIONS.

People contemplating or starting entrepreneurship may turn to 125 business advisors and 1 300 experts for help. The network is supported by 1 000 undertakings and 270 associations. The advisory services have achieved ISO 9001/2008 quality certification.

The quality criteria of the Enterprise Agencies requires that of the enterprises that have started through Enterprise Agencies over 90 percent are still in operation after two years and 80 percent after five years.



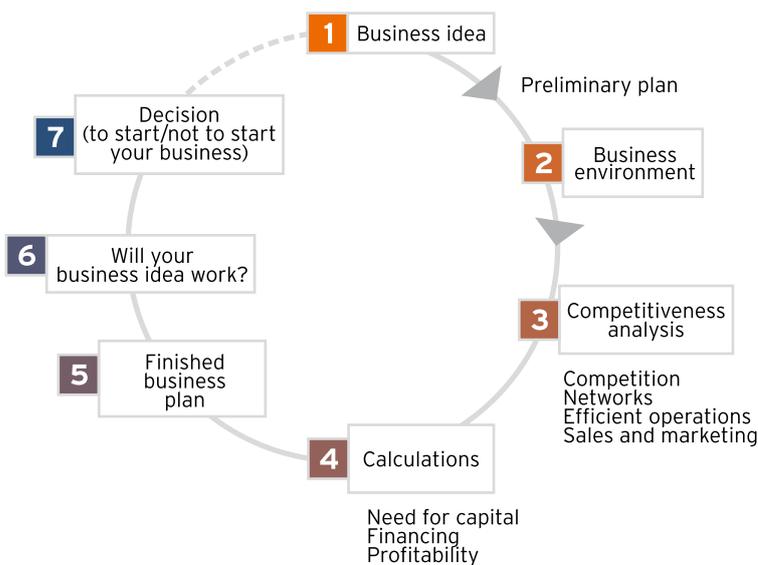


Could your idea be the start of a successful business? Don't leave your idea lying; bring it to us and let us put it to the test.

We offer guidance when you start your business and help you with all the practical arrangements.

**Our advice
 is free of charge!**

Will your business idea work?

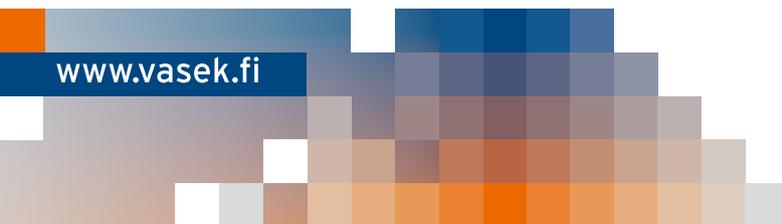


Startia Vaasa Region Enterprise Agency provides advice and guidance to everyone contemplating to establish their business in the Vaasa region. Startia is part of the Vaasa Region Development Company VASEK.

The operations of Startia are supported by the regional business life, municipalities and other partners. At Startia we inform you on how you can best utilize the competence and business life that the region has to offer.

At Startia you are given individual, confidential and free of charge assistance in issues concerning evaluation of business ideas and starting your own business.

Book an appointment at Startia:
 tel 06 317 7600 or
www.vasek.fi/book-an-appointment





EXPERT ORGANISATIONS

NORDEA | www.nordea.fi

LÄHITAPIOLA | www.lahitapiola.fi

FENNIA | www.fennia.fi

VAKK - VAASAN AIKUISOULUTUSKESKUS | www.vakk.vaasa.fi

YA! YRKESAKADEMIN I ÖSTERBOTTEN | www.yrkesakademien.fi

ASIANAJOTOIMISTO FONDIA | www.fondia.fi

IF VAHINKOVAKUUTUSYHTIÖ OY | www.if.fi

RASTOR | www.rastor.fi

KOLSTER OY | www.kolster.fi

ANVIA OYJ | www.anvia.fi

SERONN TALOUSHALLINTOPALVELUT | www.seronn.com

CERTUM ACCOUNTING OY | www.certum.fi

OY JOBSPIN AB | www.jobspin.fi

BÄCK&VILÉN | www.back-vilen.fi

OY WASA TILIT AB | www.wasatilit.fi

HANNUSMEDIA | www.hannusmedia.com

AB NORLIC OY | www.norlic.fi

DKCO ASIANAJOTOIMISTO OY | www.dkco.fi

ESA SILTALOPPI MEDIA | www.esasiltaloppi.fi

ELLIS OFFICE OY | www.ellisoffice.fi

SECURITAS OY | www.securitas.fi

KVEVLAX SPARBANK | www.saastopankki.fi

CREAMARKETING | www.creamarketing.com

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