

**DOING
BUSINESS
IN**

FINLAND



HLB

Tietotili Consulting Oy
Tietotili Audit Oy

*doing business
in Finland*

foreword

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Issue date: October 2016.**

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general information

Fact Box Finland

Official Name	Republic of Finland
Population (31.07.2016)	5,495,930
Area	338,145 sq km
Languages	Finnish and Swedish
Capital city	Helsinki
GDP (2015)	€207 billion
GDP per capita (2015)	€37,819
Inflation rate (July 2016)	0,5%
Main products	Electronics, pulp, steel
Currency	Euro
Memberships	EU, EMU, UN

General Information

Finland is one of the Nordic countries and forms part of Scandinavia. It has a population of over five million inhabitants. Helsinki, the capital city and principal financial centre, has 628,000 inhabitants and is located on the southern coast, by the Gulf of Finland. Since gaining independence in 1917, Finland has been one of the leaders in developing Western Europe's financial sector, and has led the way for many technological advances, especially in the 1990's. In 1995 Finland became a member of the European Union and the Euro was adopted as the official currency in 2002.

Geography

With an area of 390,903 square kilometres (130,000 square miles), Finland is the fifth largest country in Europe. Forests account for approximately 78% of its surface area, and

the 188,000 lakes comprise a further 9%. Finland shares a long border with Russia in the East, which links to a border with Norway on the North, and Sweden in the West. The Gulf of Bothnia accounts for most of the Western border, where a series of ports have been built to enable easy transportation of goods in and out of the country.

Climate

The climate has characteristics of marine and coastal climate depending on the airflow and air pressure movements affected by the Gulf Stream in the East Atlantic Ocean. Summers are mostly warm, whereas springs and autumns are relatively mild and rainy. Summer usually begins in late May in southern Finland and last until mid-September. Summer in Lapland starts about a month later and ends a month earlier than on the south coast. Winter begins in late November, and the mean temperature drops below 0°C countrywide but warm airflows can raise the daily high above 0°C in the southern parts.

Economy

Finland has a highly industrialised, largely free-market economy. Foreign trade is very important for many Finnish companies, and for the country's economy as a whole. Trade statistics by import and export show that Finland's biggest trading partners are Germany, Sweden, Russia, Netherlands and China. The most important export sectors of the Finnish economy are technology, forest products, steel, and machinery. Many of the country's international companies maintain their headquarters in Finland.

Spoken Languages

There are two official languages in Finland: 93% of Finns speak Finnish, and approximately 6% Swedish, as their mother tongue. English is widely spoken by adults,

which is evident from the study conducted by Education First, which ranks Finland in 5th place among best English speaking countries where English is not the official language. The literacy rate amongst Finns above school age is 100%. Education is free, from elementary school to university level. The provisions laid down in the Finnish legislation require companies to use both official languages in mandatory public documents such as financial statements.

Executive

The executive power is vested in the President of the Republic of Finland (Mr. Sauli Niinistö) and the Finnish Government. The President's term of office is six years, and no President may serve for more than two consecutive terms. The President is the Supreme Commander of the Finnish Defence Forces. Finland's unicameral Parliament was established in 1907 and consists of 200 members. Unlike the President, the parliament is elected every four years.

Legal System

The Finnish legal system is part of the Scandinavian legal systems. It is based on German and other major European legal systems, which means that the roots of the Finnish legal system have a strong foundation in the ancient Roman law. The Finnish court system sees the courts divided into two main branches: general courts, dealing with civil suits and criminal cases, and administrative courts, regulating the actions of the country's public sector. These courts are divided into smaller sections, which are located around the country.

Transportation

Finnish cities are dispersed around the country, which means long distances in-between them. For this reason, an extensive, high-quality transport infrastructure has been constructed. The road and rail networks allow effective transport of passengers and goods to every part of the country. Train services include the Pendolino intercity express

services, which cater especially to the needs of business travellers. Domestic air traffic operates from Helsinki-Vantaa international airport and 24 regional airports. Inland waterway traffic is centred on the Lake District in eastern Finland, while the Baltic Sea ports handle domestic and international passenger and cargo traffic.

Currency

Finland is a member of the European Economic and Monetary Union (EMU), and its national currency is the euro. Global currencies, in particular the US Dollar, Japanese Yen, and Chinese Yuan are widely used in international business, especially with American and Asian companies.

Other Information

Finland is one hour ahead of Central European Time (GMT +2). Business hours are usually 08.00 – 16.00 (CET), Monday to Friday. The international dialling code for telephone calls to Finland is +358.

investor requirements

Finland consistently ranks high in international competitiveness surveys, mainly due to the availability of high-quality labour, scientific and technological expertise, and an ability to respond to modern business needs. Finland is strategically situated in northern Europe between Sweden and Russia. GDP growth in 2015 was 0,5% and the forecast for 2016-2017 is around 1% with inflation forecasted to be running around 0,5% for the year 2016. The capital city, Helsinki, forms the focus of a wider economic region of 1.2 million inhabitants and 700,000 jobs.

The base for labour rights is the Finnish Employment Law which is drafted by The Ministry of Economic Affairs and Employment. Finland has a high level of organisation on the employers and employees side, and the Employment Law is complemented by the collective agreements negotiated by both parties. Collective agreements between different industry unions may differ.

Employers must make social security contributions for each employee that is covered by the Finnish social security system. The social security payments concern employees between ages 16 and 67. The payroll sum is used as the basis for calculating social security contributions and is equivalent to 2,12 percent of the payroll sum. The payment is due on the 12th of the following month of which the salaries were paid out.

As an EU member, there are no foreign exchange controls present. Movements between EU countries are not regulated and therefore EU citizens do not need work permits or visas. To recruit Non-EU residents, the employer must fill an attachment of the work residence permit form and deliver it to the potential employer. The employee then adds the attachment to their work residence permit form and delivers it to the closest Finnish Embassy or equivalent representative office.

The first permit is always for a fixed-term and must be renewed before the original expires.

All essential requirements for a successful investment can be found in Finland. Finland has a free enterprise economy and a wide range of programmes to support cooperation among companies, universities, science parks and public-sector organisations. The availability of a highly respected educational system has created an educated workforce with award winning innovations in various businesses including: bioeconomy, cleantech and healthcare and wellbeing. Corruption is practically non-existent which explains why Finland is ranked the 2nd least corrupt country in the world. Europe's leading start-up tech event Slush, is held in Helsinki annually. Slush works as a summit for investors and entrepreneurs alike, and brings innovations to Finland.

International Competitiveness

According to the Study conducted by The World Economic Forum, Finland is the 4th most competitive country in the world (2014-2015) and 1st measured by the Human Capital Index. With the aftermath of the Eurozone crisis still unresolved, businesses have attempted to cut costs, and simultaneously make processes more efficient in order to drive competitiveness. This has led to the creation of effective systems that have enabled businesses to reach higher levels of productivity and profits in a stagnant environment.

Education

There are altogether 20 university-level institutions in Finland of which most are multi-faculty universities. The University of Helsinki is the largest and operates in multiple locations. In addition, there are 31 polytechnics with a wide variety of degrees. Geographically, the network of universities and polytechnics cover the entire country. University-level education is also provided by

the National Defence University, which is a part of the Ministry of Defence.

The Finnish education system has been among the best in the world in accordance to the OECD PISA assessment. PISA assessment, evaluates the abilities of 15 year-olds in different subjects that include reading skills, mathematics, and natural sciences. A book explaining the success of the Finnish students has been published internationally.

Sources of Finance

Finland has multiple institutions that specialise in funding start-ups, and small and mid-size companies. These institutions operate alone or in co-operation with each other to come up with solutions that best meet the needs of a company. Usually the loans have more flexible timetables than traditional bank loans and can be rearranged if the company's business depends on it.

Finland has an efficient online banking system, which is why Finns use the least amount of cash per capita in the world. The banking system has moved almost completely to the Internet, where even loan negotiations can be conducted through webcam, making personal visits to the bank futile.

The OMX Exchanges is the integrated Nordic and Baltic marketplace that provides reliable, high quality services for the central security depository located in Helsinki. A Company can be listed in the Nasdaq OMX Helsinki if its market value exceeds one million, it has IFRS standard financial statements from three previous years, and the public owns 25% of the stock.

types of business organisations

Most companies engaged in international business operating from Finland are limited liability companies, partnerships, branches or agents. Finland also has many small private companies.

Limited Liability Company (Oy, Oyj)

Limited liability companies are the most common form of business organisation in Finland. Limited liability companies are either public or private companies. Private limited companies (Oy) have a minimum share capital of €2,500 and are not listed on the Helsinki Stock Exchange (OMX). By law, private limited companies must have a board of directors consisting of at least one board member.

Public limited companies (Oyj) are listed on the Helsinki Stock Exchange. Internationally operated companies can be listed in multiple stock exchanges worldwide. The minimum share capital for a public limited company is €80,000. By law, a public limited company must have at least three members on its board of directors and a chief executive director. In its company by-laws, a public limited company may also specify the need for an administrative council.

Partnership (Henkilöyhtiö, Ay, Ky)

There are many partnership companies in Finland. These are divided into two types: general and limited partnerships.

General partnerships consist of companies established by two or more partners with a mutual interest. The partners are personally liable for the obligations of the company.

Limited partnerships consist of (general) partners personally liable for the obligations accumulated during the company's business activity, and (silent) partners whose liability is

limited only to the amount they have invested in the company.

Private Company (Yksityisyritys, Toiminimi, T:mi)

Besides limited liability companies and partnerships, there are also many small private companies in Finland. Establishing such a company is relatively easy as the procedure is straightforward, requiring only registration in the trade register.

A private company is usually operated by a single proprietor, who is personally liable for the company's assets and debts. Private companies are subject to taxation, although they are exempt from value added tax if net sales do not exceed €10,000 annually.

Branch

A branch is an independent unit of a foreign company or organisation that conducts business in Finland on a continuous basis. The income of the branch is subject to Finnish taxation, provided that the parent company is deemed to have permanent business activities in Finland.

Companies coming from inside the European Economic Area need to submit a Start-up Notification in order to be added to the trade register. If the branch is from outside the European Economic Area they must apply to the Finnish Patent and Registration Office for a permit before commencing business.

Agent

An agent conducts business under a contractual relationship with a principal. Agents are divided into two groups: those that represent the principal directly, and those that direct the principal indirectly.

In direct representation the agency contract is commercial and business is conducted in the name of the principal. In indirect representation the agent conducts business in its own name, which removes the principal's liability in the event that a third party makes a claim.

contract law in Finland

The general principle of Finnish contract law is to give the contractual partners complete freedom to define the terms and conditions of their contracts (within some limited statutory constraints). Several freedoms have been distinguished from the general freedom to contract:

- General freedom to contract (nobody is forced to make a contract)
- Freedom to choose the contractual partner
- Freedom of terms of contract (e.g. price and other terms and conditions may be freely decided upon)
- Freedom of form (an agreement made in spoken words is just as valid as a written agreement)

Creating a Contract

The provisions concerning contracts are provided in the Contract Act (228/1929). According to § 1 of the Contract Acts, "An offer to conclude a contract and the acceptance of such an offer shall bind the offeror and the acceptor - -". The offer binds the offeror from the moment the acceptor has received the offer until the moment an answer has been transmitted, or in the case of no answer, within a reasonable period of time. Pre-contractual agreements are common and bind the parties to the extent that they have been agreed unanimously (written form in pre-contractual contracts is highly recommended).

Breach of Contract

Breach of contract can result in a liability to compensate the economic loss of the other party. So-called "compensation of positive

contractual benefit" is a widely used compensation in the Finnish courts. This means the party responsible for the breach of contract has a liability to compensate the losses to the opposing contractual party. If significant evidence is present to assume the other party cannot fulfil its duties, the seller can decline from delivering according to contract, unless the buyer is able to place acceptable collateral. If the seller chooses not to deliver according to contract, the opposing party must be immediately notified.

So-called *culpa in contrahendo* (negligence in the course of contracting) is not as widely accepted in the Finnish legal system as it is e.g. in the German law of obligations. Negligent cause of economic loss by beginning negotiations without a real intent to ever conclude a contract is commonly regarded as a case of this so called *culpa in contrahendo* and may cause a liability to compensate any resulting economic loss.

Authorisation to a Third Party of the Power of Agency

The provisions concerning authorisation of the power of agency are relatively similar to major European legislation. According to the Contracts Act § 10 "[a] person who has authorised another to conclude contracts or to enter into other transactions shall, directly in relation to a third person, acquire rights and become bound by way of the transactions entered into by the agent within the scope of his/her authority and in the name of the principal."

Fraudulent actions of the authorised person (legal or natural) may result in a liability to compensate any damages caused as a result. This power of agency ends by using the same method as was used to create it, e.g. by using written form, oral cancellation etc.

Nullity

Nullity means that a contract, or a part of it, may be regarded as invalid. Terms of contract may be considered void when the freedom of contract by the other party's act has been limited in one way or another. Finnish contract law has specific distinctions as to when contracts can be claimed invalid. Contracts shall not bind a person, if the entity the transaction is directed at, or any other third party, has exercised coercion consisting of physical violence or imminent danger to life or health. A transaction into which the party has been fraudulently induced does not bind them to the contract.

Unfair Terms of Contract and Adjustment of Contract

According to § 33 of the Contracts Acts, a transaction that was entered into under circumstances that would make it conflicting with the equitable principles of good faith, shall not be enforceable. A company must not e.g. force customers to accept unfair terms and conditions of a contract. According to § 36 of the Contract Acts and the rule of general fairness contained within this provision, the terms of a contract may be adjusted or set aside if it is unfair or its application would lead to an unfair result.

Consumer Protection

Consumer protection provisions are contained in the Consumer Protection Act (38/1978). The Consumer Protection Act applies to the offering, selling and other marketing of consumer goods and services by businesses to consumers. Finnish consumer protection legislation includes all the provisions required in the European Union consumer protection directives. In many areas the consumer protection level exceeds the minimum requirements of the EU regulations. However, unlike in several European countries and the USA, there is no possibility of a group, (or, mass tort), claim, by consumers which ensures a safe and financially risk-free business environment for foreign companies.

accounting and auditing

Finnish Law states the minimum requirements for company accounting. Irrespective of the size and organisational structure of the company, all activities performed as commercial activities must be included in the accounts. The accounts must represent a true and fair view of the company's operations. An independent auditor is appointed to audit the accounts and verify that the company has complied with the regulations. Limited liability companies must always submit their financial statements to the trade register where they can be bought by anyone interested.

Financial Statements

The financial statements must be compiled and presented according to the Finnish Accounting Ordinance, which sets out the requirements for different types of companies. The financial statements include:

- Board of Directors' report (limited liability companies and partnerships)
- Profit and loss statement
- Balance sheet

International Accounting Standards (IAS)

The European Union adopted the International Accounting Standard/IFRS for financial statements in 2005, and it applies to all listed companies. In Finland, the IFRS reporting standard is to be complied by companies whose securities are traded in the NASDAQ OMX Helsinki. The requirements apply to all public companies. The aim of adopting the IFRS standard is to ensure standardised financial statements in every member state of the European Union.

- Cash flow statement (public limited companies only)
- Notes to the annual accounts

Exceptions for Small Companies

Certain exceptions apply to small companies: some of the notes to the annual accounts are not required, and certain information can be presented in less detail in the profit and loss statement and balance sheet. Small companies are exempted from producing a cash flow statement and annual report. For these purposes small companies are defined as follows (at least two of the three criteria must be satisfied):

- Net turnover no more than €7,300,000
- Balance sheet total no more than €3,650,000
- Average number of employees no more than 50

These figures are calculated on the basis of the actual values for the full financial year.

IFRS standard is becoming more widely accepted around the world and, many unlisted companies in Finland present their accounts in IFRS form. The IFRS improves the comparability of their financial statements with international companies. Financial Statements are presented in Finnish, Swedish, and English.

Further information is available from the International Accounting Standards Board (www.iasb.org.uk).

Auditing

There is no obligation to appoint an auditor to a company if no more than one of the following criteria is met in the financial year, and the one immediately preceding it.

- Balance sheet total exceeds €100,000
- Net sales or comparable revenue exceeds €200,000
- Average number of employees exceed 3

Exceptions to this law concern holding companies, foundations and limited liability housing companies and can be more closely assessed in the Finnish Auditing Act. As of January 1st 2016, the titles of auditors and their authorities have been updated. Small companies exceeding the above mentioned criteria must choose an accountant with a basic accountant degree, (HT-auditor). The Finnish Auditing Act states criteria for determining which companies must appoint an Authorised Public Accountant (KHT-Auditor). The Law presumes the appointment for a KHT auditor when at least two of the following criteria are met in the financial year.

- Net turnover more than €50,000,000
- Balance sheet total more than €25,000,000
- Average number of employees 300 or more

Although none of the criteria are reached, public interest entities are compelled by the law to appoint a KHT auditor to evaluate the accuracy of the accounts so that adequate and sufficient information is presented in order to acquire a comprehensive depiction of the company finances. The books and auditing must be strictly separated in every company in order to ensure the independence and honesty of the auditor. Authorised Public Accountants are authorised by the Central Chamber of Commerce.

Auditor's Responsibilities

The most important responsibility of the auditor is to examine the accounts' compliance with the legislation. Specifically, the auditor is required to examine the following:

- Proposal(s) by the Board of Directors or equivalent body regarding treatment of the attained profit for a given period.
- Whether the annual accounts have been prepared in accordance with the Accounting Act.
- Whether other provisions and requirements (IFRS) governing the preparation of annual accounts have been fully complied with.
- Whether the annual accounts can be approved.
- Whether the Board of Directors (and the Managing Director) or equivalent can be discharged from liability.

Regardless if the accounts follow the given guidelines, the auditor has a responsibility to give a statement as to whether the accounts present a true and fair view of the finances. This statement is a review of the auditing results, where the auditor can point out anomalies that need further explanation. Discharging the Board of Directors from liability erroneously may cause the auditor to become liable for the economic consequences.

Other Services Provided by Authorised Auditors

Authorised auditors, being financial professionals, often provide additional services. Additional services provided by auditors cannot, by law, overlap with auditing services conducted for the same Client. This practice has been adopted to ensure the independence and honesty of the auditor.

Additional services provided by auditors may include:

- Financial statements
- Corporate governance
- Corporate and individual taxation
- Financing activities

Corporate analysis and restructuring, e.g. acquisitions and mergers

taxation

Fiscal Year

The tax year runs from January 1 to December 31.

Structure

The Finnish Tax Administration is comprised of the National Board of Taxes and multiple regional offices, which are divided into individual, corporate and tax collection units. The Tax Administration has around 90 client service outlets around the country. The Tax Office for major corporations is a national unit that attends to the taxation of large and internationally active companies. The Tax Administration's policies are determined by its Board of Directors, which is appointed by the Government for a four-year term at a time. Taxes are collected via the Tax Administration, Transportation Safety Agency, and Customs.

Personal Taxation

The entire income of individuals is taxable under following regulations:

- They have a tax domicile in Finland, or
- Their income is earned in Finland, or
- They are compensated employees in Finland (except for income exempted by international agreement).

Earned income (wages/salaries, benefits and pensions) is subject to national and municipal taxation. National income tax is progressive, with a scale ranging from 0% to 56,5%. Municipal taxes vary depending on area and municipalities also levy a property tax. In addition to income tax, individuals in employment are liable for social security, pension fund and unemployment benefit payments. These payments are automatically subtracted from income and vary depending on your age.

Other Taxes

Other taxes include transfer tax, value added tax (look forward), inheritance tax gift tax, and church tax. Inheritance and gift tax percentage depend on the family relationship and the amount. Church tax is paid by those who are members of the Evangelical Lutheran and Orthodox Church and varies between municipalities.

Double Tax Treaties

Finland has signed a number of double tax treaties with other countries. The purpose of these treaties is to avoid double taxation on income earned in those countries.

Corporate and Capital Income Taxation

The Corporate tax rate has been lowered over the 2000's several times to maintain Finland's international competitiveness and ensure that Finland remains a financially rewarding business environment for foreign investors and business partners. The general principles of the Finnish corporate and capital taxation have remained relatively unchanged over time with minor changes made when deemed appropriate. The corporate tax rate has been reduced to 20% as of 2014 and tax rate on capital income has been agreed at 30%.

Limited Liability Companies

General provisions concerning the distribution of dividends are the same for both public and private limited companies. For instance the amount of distributed dividends must not exceed the amount of free equity. The tax declaration must be completed no later than four months after the end of the accounting period.

Limited liability companies can have three kinds of income: revenue from sales, revenue from agricultural transactions and personal

income, which consists of revenue that doesn't relate to the main business. The total taxable amount from each type is counted separately by deducting losses from previous years according to their nature. The taxable amount of each category is then added together and taxed at 20%.

85% of the dividend paid by a publicly listed company is deemed as capital income and taxed at 30%; the remaining 15% is tax-free. The tax percentage of the entire dividend (100%) value is therefore 25,5. If the sum of all the received dividends exceeds €30,000, the exceeding amount will be charged a tax of 34%.

Dividends paid by private limited companies are partially capital income and partly earned income. The dividend is 75% tax-free and 25% is taxable if the total dividends from all companies do not exceed €150,000. If the total dividends are more than €150,000, the excess is treated the same way as dividend from a public listed company. Dividends under the limit are taxed at 7,5% and the excess is taxed at 28%. There are numerous specifications to the taxation directives, which can change the tax amount depending on the yield percentage and total value of dividend.

The given calculations do not include all the details (e.g. transitional provisions are excluded) and only give some advice on the corporate and capital income taxation. For more precise details, we highly recommend turning to your local HLB partners in Finland, Tietotili Consulting and Tietotili Audit (contacts at the end of this booklet).

Partnerships

A partnership is not regarded as a legal entity to be taxed as a single unit. Instead, the partners' earnings are taxed according to personal taxation, and are divided into capital income and personal income.

Before the company's income can be distributed among partners, losses from

previous years should be deducted from profits. The remaining profit is used to determine the share of each partner. The amount that is treated as capital income equals to approximately 20% of the said partners' share of the company's previous years net worth. The net worth is calculated by deducting previous losses from profits, and adding 30% of the total salaries paid in the past 12 months'. The share of the company's net worth per partner is determined by ownership. The tax rate for capital income in partnerships is 30%. The remaining earning of each partner is regarded as personal income, which is taxed progressively.

Private Companies

As with partnerships, private companies are not regarded as separate legal bodies to be taxed as a single unit. The earnings from a private company are counted as the owner's personal income, part of which is taxed as capital income and the remainder taxed progressively as personal income.

The Basis for calculating capital income is the same as partnership companies. The losses from previous years are deducted from profits, and 30% of the total salaries paid in the past 12 months' is added. The capital income share is equal to 20% of the company's previous year's net worth. By exception entities can opt to have a 10 or 0% share listed as capital income. The capital income share is taxed accordingly at 30%. Capital income exceeding €34,000 will be taxed at 34%.

Branches

The income of a branch is taxed according to Finnish law if the parent company is deemed to have established permanent business activities in Finland. The tax laws concerning branches have numerous exceptions depending on the situation and the tax-agreements made with their country of origin. For further details on establishing a branch in Finland, please turn to HLB Finland's representative Tietotili Consulting Oy

Depreciation

Fixed assets are entered on the balance sheet at their acquisition cost. The maximum annual depreciation of machinery and equipment is 25%. The maximum depreciation of buildings used as warehouses, workshops or other commercial purposes is 7%. Patents, goodwill and other intangible form of assets are written off over their probable useful life, up to a maximum period of 10 years.

value added tax

Payment of value added tax is not subject to separate requests from the tax authorities but must be paid by companies on their own initiative. It is a consumer tax and therefore not a tax burden on companies, as it is passed on to the final consumer price. VAT is charged monthly by the 12th of each month – within one and a half months of the sale of the good or service – and applies to nearly all sales and imports of goods and services for consumption. Companies whose revenue does not surpass €10,000 are exempt from VAT, and companies whose annual turnover is between €10,000 and €30,000 are eligible for VAT reliefs.

VAT Rates

There are three different VAT rates: the general rate of 24% and three reduced rates, 14%, 10% and 0%. The following are examples of reduced VAT rates in accordance with instructions issued by the Finnish Tax Administration:

VAT rate of 14%

- Food and animal feed
- Restaurant and catering services

VAT rate of 10%

- Services relating to physical exercise
- Pharmaceuticals
- Commercial, cultural and entertainment events and facilities

VAT rate of 0%

- Subscriptions to newspapers and magazines (the sale of individual copies is taxed at the full rate)
- Printing services for membership publications of charities
- International trade

Reverse VAT

Reverse VAT was introduced in 2011 to combat VAT fraud and suspicious activities in the construction industry. Construction materials do not fall under this law, but rather services bought from subcontractors that are essential to the project. The exact services that fall under this policy can be found in the Tax Administrations website. Unlike normal VAT, the buyer, not the seller, is accountable for the VAT. In a chain of subcontractors of a bigger project, the VAT is moved up the chain to the prime contractor who makes payments to the Tax Administration. The prime contractor charges the amount equivalent of the VAT from the customer, which the customer can then deduct from their taxes. This law has been adopted to create transparency in the construction industry and improve the position of companies who are compliant with the VAT policy.

More information is available from the Finnish Tax Administration.

VAT Code

Businesses that are liable to pay value added tax are obliged to enter the VAT register maintained by the Finnish Tax Administration. All registered companies have a specific VAT code that begins with FI and is followed by the company's business identity code (e.g. FI9876543). The VAT code must be clearly shown in invoices, therefore allowing companies to make VAT deductions accordingly. The VAT code must be present in invoices since VAT is aimed at the public, not companies.

Finnish business on the internet

Business Information System
(Yritystietojärjestelmä YTJ)

<https://www.ytj.fi/en/>

Central Chamber of Commerce:

<http://kauppakamari.fi/en/>

Finnish Institute of Authorised Public
Accountants (Finnish only)

www.kht.fi

Finnish Tax Administration

<http://www.vero.fi/en-US>

Finnish Patent and Registration Office

www.prh.fi/en.html

Statistics Finland

www.stat.fi/index_en.html

HLB in Finland

Tietotili Consulting Oy and Tietotili Audit Oy represent HLB International in Finland. The following is a brief description of the services provided.

Tietotili Consulting Oy

Based in Helsinki, Tietotili Consulting Oy is a full-service accountancy office equipped with the latest IT solutions. With extensive accounting experience, we provide our clients with professional, high-quality and flexible services in accounting, tax advice, financial statements, liquidation management and payroll administration. Our financial experts also provide consultation on business reorganisation. Most day-to-day activities can be completely left to our competent team to handle. Clients can monitor the accounting process through TietotiliOnline and make a payment or check predicted cash flow by mobile device from any location. Tietotili Consulting Oy employs more than 30 accounting professionals serving a variety of clients, including Finnish subsidiaries of international companies and Finnish family businesses. All documents can be provided in Finnish, and English.

Tietotili Audit Oy

Tietotili Audit Oy provides auditing services of a very high standard, which are separated from the accounting functions and clientele of Tietotili Consulting Oy. Constant development of the company's professional skills ensures that high quality auditing services are provided and the satisfaction of clients continues to be guaranteed. Our active data acquisition on new legislation and regulations helps clients anticipate changes and avoid complications

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