



# Immigrant Entrepreneurs

How to become an entrepreneur in Finland?



Helsinki



# Contents

<b>Supporting immigrant entrepreneurship .....</b>	<b>3</b>
<b>NewCo Helsinki – our services .....</b>	<b>4</b>
<b>Who can become an entrepreneur in Finland? .....</b>	<b>8</b>
EU citizens .....	8
Non-EU citizens .....	12
In general and specifically about residence permits .....	25
<b>Entrepreneurship in Finland – mandatory responsibilities .....</b>	<b>28</b>
Taxation .....	28
Entrepreneurs’ employment pension insurance (YEL) .....	31
Finnish authorities – licences, permits and monitoring .....	32
Teosto and Gramex payments .....	35
<b>Other practical matters concerning running a business .....</b>	<b>38</b>
Checklist of practical matters .....	38
Useful links – practical matters .....	41
The Finnish operating environment: Finland’s business culture .....	43
Forms of enterprises in Finland .....	44



# Supporting immigrant entrepreneurship

With the pronounced change in the economic structure and the labour market, entrepreneurship is also becoming an increasingly important employment path for the immigrant population. Immigrants are already establishing more companies than the rest of the population, especially in the Helsinki Metropolitan Area. Through immigrant entrepreneurship, the market gains international resources, new ideas and approaches, and more business, and this boosts the economy of the whole country. Entrepreneurship is also an excellent way of gaining access to Finnish society.

The City of Helsinki offers advice and help to support the entrepreneurship of people with immigrant backgrounds through NewCo Helsinki. Information sessions on how to establish a company, entrepreneurial courses, networking events and personal guidance are available for immigrants. Startups and other entrepreneurs aiming for growth receive similar services through NewCo Helsinki. In 2016, people who used our services established more than 1,000 new companies, and a large number of these were founded by immigrants.

On a national scale, immigrant entrepreneurs are supported by 30 Finnish Enterprise Agencies and their 84 service points that follow the Finnish Enterprise Agencies' quality system in their guidance activities. It is therefore not surprising that more than 80% of the companies established through our services were still going five years after they were set up.

Clarifying the entrepreneurial path for immigrants will benefit all of Finland. Besides the integration aspect, our operations have a strong industrial policy foundation. A service path that supports enthusiastic and competent entrepreneurship guarantees that people with immigrant backgrounds also get the best possible foundations upon which to operate and prosper as entrepreneurs. Many successful societies have developed through support provided by entrepreneurial immigration, and this phenomenon is also a strong part of contemporary Finland.

Tommo Koivusalo  
Head Of Unit  
City of Helsinki, Economic Development Division/Enterprise services



# NewCo Helsinki – our services

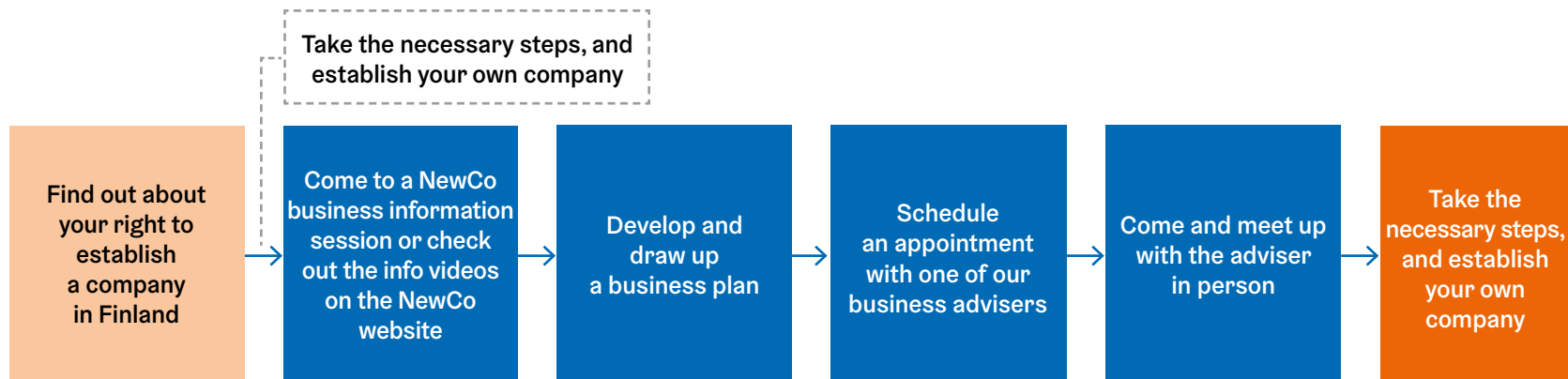
NewCo Helsinki is a business services centre established by the City of Helsinki. Our primary aim is to help businesses prosper and grow. We offer a wide range of entrepreneurship support and growth services to startups, established companies and entrepreneurs. We are ready and waiting to help you in all matters related to establishing your company and its development. Please do not hesitate to get in touch!



**All of NewCo's services are provided free of charge.**



## How to get started



## More information is available here



[newcohelsinki.fi](http://newcohelsinki.fi)  
Events

Business  
plan tools

NewCo Helsinki,  
tel. +358 (0)9 310  
36360, Ensi Linja 1,  
00530 HELSINKI,  
[yrittys helsinki@hel.fi](mailto:yrittys helsinki@hel.fi)

[newcohelsinki.fi](http://newcohelsinki.fi)  
Events and  
courses

**All of NewCo's services are provided free of charge.**





# Who can become an entrepreneur in Finland?



**EU citizens**



**Non-EU citizens**



# Who can become an entrepreneur in Finland?

## EU citizens

**Case 1:** You are an EU citizen residing within the European Economic Area (EEA) and you wish to establish a company in Finland

### A) You are relocating to Finland

If you are an EU citizen residing within the EEA and you are relocating to Finland with the purpose of establishing a company, proceed as follows:

1. Register your right of residence with the Finnish Immigration Service, Migri. ([www.migri.fi](http://www.migri.fi))
2. Register your place of domicile at your Local Register Office to ensure that your details are entered in the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))

3. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

### B) You are not relocating to Finland

If you are an EU citizen residing within the EEA and wish to establish a company in Finland, but do not wish to relocate to the country, proceed as follows:

1. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

**Please note** that having a Finnish spouse or common-law partner does not have any bearing on the application process.







**Case 2:** You are an EU citizen residing outside the EEA who wishes to establish a company in Finland

### A) You are relocating to Finland

If you are an EU citizen residing outside the EEA and plan on moving to Finland with the purpose of establishing a company, proceed as follows:

1. Register your right of residence with the Finnish Immigration Service, Migri. ([www.migri.fi](http://www.migri.fi))
2. Register your place of domicile at your Local Register Office to ensure that your details are entered in the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))
3. If you plan on starting out as a private trader or wish to establish a general partnership or limited partnership company, apply for a permit to do so from the Finnish Patent and Registration Office (such permits are not required when establishing a limited liability company or a cooperative) ([www.prh.fi](http://www.prh.fi)).
4. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

### B) You are not relocating to Finland

If you are an EU citizen residing outside the EEA and wish to establish a company in Finland, but do not wish to relocate here, proceed as follows:

1. If you plan on starting out as a private trader or wish to establish a general partnership or limited partnership company, apply for a permit to do so from the Finnish Patent and Registration Office (such permits are not required when establishing a limited liability company or a cooperative). ([www.prh.fi](http://www.prh.fi))
2. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
3. Please note that if your company has at least one representative who is a resident of the EEA, no such permit is required.

**Please note** that having a Finnish spouse or common-law partner does not have any bearing on the application process.



**Case 3:** You are an EU citizen representing a company domiciled within the European Economic Area (EEA), and you wish to establish a branch of that company in Finland

### A) You are relocating to Finland

If you are an EU citizen representing a company domiciled within the EEA, you wish to establish a branch of that company in Finland and are relocating to Finland, proceed as follows:

1. Register your right of residence with the Finnish Immigration Service, Migri. ([www.migri.fi](http://www.migri.fi))
2. Register your place of domicile at your Local Register Office to ensure that your details are entered into the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))
3. Register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

### B) You are not relocating to Finland, but the branch will employ staff in the country

If you are an EU citizen representing a company domiciled within the EEA, you wish to establish a branch of that company in Finland, you yourself are not relocating to Finland but you will employ people there, proceed as follows:

1. Register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

**Please note** that having a Finnish spouse or common-law partner does not have any bearing on the application process.

**A branch** is always established by an organisation, not a person, but it must always have an appointed representative.

**The representative** must always be a natural person, which means law firms or other such entities cannot act in this role.





**Case 4:** You are an EU citizen representing a company domiciled outside the European Economic Area (EEA) and you wish to establish a branch of that company in Finland

### You are relocating to Finland

If you are an EU citizen representing a company domiciled outside the EEA, you wish to establish a branch of that company in Finland and are relocating to Finland, proceed as follows:

1. Please note that the representative of a branch of a company operating outside the EEA must reside in Finland.
2. Register your right of residence with the Finnish Immigration Service, Migri. ([www.migri.fi](http://www.migri.fi))
3. Register your place of domicile at your Local Register Office to ensure that your details are entered in the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))
4. Apply to the Finnish Patent and Registration Office for a permit to establish the branch. ([www.prh.fi](http://www.prh.fi))

5. Register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

**Please note** that having a Finnish spouse or common-law partner does not have any bearing on the application process.

**A branch** is always established by an organisation, not a person, but it must always have an appointed representative.

**The representative** must always be a natural person, which means law firms or other such entities cannot act in this role.





## Non-EU citizens

**Case 1:** You are a non-EU citizen, you reside in Finland, your residence permit is not family-based and you want to establish a company in Finland

### If you are a student:

**A)** If you have been issued a residence permit on the basis of studies and want to sell services on a small-scale, then you do not have to establish an own company, instead you can become a so-called light entrepreneur. You simply need to register with an invoicing cooperative and invoice your work through its system. In that case, proceed as follows:

1. If you have been issued a residence permit on the basis of studies, then you do not have to change your permit to be able to work as a light entrepreneur.
2. You simply need to register with an invoicing cooperative and invoice your work through its system.

**B)** If you have been issued a residence permit on the basis of studies and you want to work as an entrepreneur in your own company, you can work only as a part-time entrepreneur. You are then entitled to work a maximum of 25 hours per week in your company when tuition is being provided at the educational institute. When tuition is not being provided (for example during holiday periods), you can work in your company without limits. In that case, proceed as follows:

1. If you have been issued a residence permit on the basis of studies, you do not have to change your permit to be able to work as a part-time entrepreneur in your own company.
2. Register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))





### **If you are currently employed in Finland:**

**C)** If you are currently employed in Finland and wish to establish a company for the purpose of practising a secondary occupation, proceed as follows:

1. If you want to establish a company and you have a residence permit that entitles you to work, then you do not have to change your permit.
2. Please note that the grounds for permits vary. Always check with the Finnish Immigration Service Migri if your permit entitles you to work as an entrepreneur. ([www.migri.fi](http://www.migri.fi))
3. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

### **If you are unemployed:**

**D)** If you are unemployed and want to establish a company in Finland, proceed as follows:

1. If you have a valid residence permit, then you do not have to change your permit, but check your right to work with your particular residence permit type.

2. If your residence permit does not entitle you to work as an entrepreneur, apply for an appropriate residence permit through the Finnish Immigration Service Migri. ([www.migri.fi](http://www.migri.fi))
3. You can establish a company of any form.
4. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

### **If you have been granted asylum in Finland:**

**E)** If you have been granted asylum in Finland and wish to establish a company here, proceed as follows:

1. If you have a valid residence permit, then you do not have to change your permit.
2. You can establish a company of any form.
3. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))



**Case 2:** You are a non-EU citizen, you reside in Finland, you have received your residence permit based on family and you want to establish a company in Finland

### If you are a student:

**A)** If you are a student and you have been granted a residence permit based on family and want to sell services on a small-scale, then you do not have to establish your own company, but you can become a so-called light entrepreneur. You simply need to register with an invoicing cooperative and invoice your work through its system. In that case, proceed as follows:

1. If you are a student and you have been granted a residence permit based on family, you do not have to change your permit to be able to work as a light entrepreneur.
2. You simply need to register with an invoicing cooperative and invoice your work through its system.

**B)** If you are a student and you have been granted a residence permit based on family and you want to be an entrepreneur in your own company, you can establish a company of any form and work in your company without limits. In that case, proceed as follows:

1. If you are a student and you have been issued a residence permit based on family, you do not have to change your permit to be able to work as a part-time entrepreneur.
2. You can establish a company of any form.
3. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

### If you are currently employed in Finland:

**C)** If you are employed in Finland, you have been granted a residence permit based on family and you want to be a part-time entrepreneur in addition to your employment, proceed as follows to establish a company:

1. If you have a valid residence permit, then you do not have to change your permit to be able to work as a part-time entrepreneur.
2. You can establish a company of any form.
3. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))



### If you are unemployed:

**D)** If you are unemployed, you have been granted a residence permit based on family and you want to establish a company in Finland, proceed as follows:

1. If you have a valid residence permit, then you do not have to change your permit to be able to work as an entrepreneur.
2. You can establish a company of any form.
3. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))



### If you have been granted asylum in Finland:

**E)** If you have been granted asylum in Finland, you have been granted a residence permit based on family and you want to establish a company in Finland, proceed as follows:

1. If you have a valid residence permit, then you do not have to change your permit to be able to work as an entrepreneur.
2. You can establish a company of any form.
3. Choose a suitable form of enterprise, and register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))



**Case 3:** You are a non-EU citizen residing outside the European Economic Area (EEA) who wishes to relocate to Finland for the purpose of establishing a company in the country

If you are a non-EU citizen residing outside the EEA and wish to relocate to Finland for the purpose of establishing a company in the country, proceed as follows:

**A) If you wish to start out as a private trader or wish to establish a general partnership or limited partnership company:**

1. To apply for an entrepreneur's residence permit, proceed as follows:
  - If you are currently in your country of residence, apply for the permit at a Finnish embassy or consulate.
  - If you are currently in Finland, submit your application to the Finnish Immigration Service (Migri). ([www.migri.fi](http://www.migri.fi))
2. Only when you have received your entrepreneur's residence permit can you continue with the process.
3. Register your place of domicile at your Local Register Office to ensure that your details are entered into the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))

4. Register the company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

**B) If you wish to establish a limited liability company or cooperative:**

1. Apply for a permit to conduct business in Finland:
  - If you are currently in your country of residence, apply for the permit at a Finnish embassy or consulate.
  - If you are currently in Finland, submit your application to the Finnish Immigration Service (Migri). ([www.migri.fi](http://www.migri.fi))
2. You cannot proceed further until the permit to conduct business has been granted.
3. Register your place of domicile at your Local Register Office to ensure that your details are entered in the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))
4. Register your general or limited partnership company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
5. Please note that while you may establish a company in which you are the sole owner (with 100% ownership), you must appoint a partner or representative who is already permanently resident in Finland or the EEA, if you wish to register your limited liability company or cooperative before you have been granted a residence permit for employment.



## Non-EU citizens

6. If you want to work in your company as managing director, apply for an entrepreneur's residence permit at the Finnish Immigration Service Migri ([www.migri.fi](http://www.migri.fi)). Otherwise you must have a resident of the EEA in this position.
7. Please note that you may be appointed as chair of the board or as one of its members even before being granted a residence permit for employment, as long as one such position of responsibility (chair or member of the board) is filled by a person who is a permanent resident of the EEA.

**Please note** that if you have a Finnish spouse or common-law partner, you may also apply for a residence permit based on this relationship.





**Case 4:** You are a non-EU citizen currently residing outside the European Economic Area (EEA) who does not wish to relocate to Finland but wishes to establish a company in the country

If you are a non-EU citizen currently residing outside the EEA and wish to establish a company in Finland without relocating to the country, proceed as follows:

**You are only permitted to establish a limited liability company:**

1. To be able to proceed, first find a person who is currently residing within the EEA (for practical reasons, this person should be a Finnish resident) to join you on your company's board of directors and authorise them to manage the company's affairs in Finland.
2. This authorised person residing in Finland will register your limited liability company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
3. Please note that while you may be the sole owner of your company (with 100% ownership) and a member of its board of directors, the company's board of directors must include at least one member who is an EEA resident.

4. Please note that you are not permitted to work as your company's managing director unless you have been granted a permit to do so by the Finnish Patent and Registration Office.
5. Please note that you are not permitted to work for your company without having received a residence permit for employment. If you wish to work for your company, apply for a residence permit for employment as follows:
  - If you are currently in your country of residence, apply for the permit at a Finnish embassy or consulate.
  - If you are currently in Finland, submit your application to the Finnish Immigration Service . ([www.migri.fi](http://www.migri.fi))

**Please note** that having a Finnish spouse or common-law partner does not have any bearing on the application process.



**Case 5:** You are a non-EU citizen residing within the European Economic Area (EEA) who wishes to relocate to Finland for the purpose of establishing a company in the country

If you are a non-EU citizen and wish to relocate to Finland for the purpose of establishing a company in the country, proceed as follows:

**A) If you plan on starting out as a private trader or wish to establish a general partnership or limited partnership company:**

1. Register your company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
2. To apply for an entrepreneur's residence permit, proceed as follows:
  - If you are currently in your country of residence, apply for the permit at a Finnish embassy or consulate.
  - If you are currently in Finland, submit your application to the Finnish Immigration Service (Migri). ([www.migri.fi](http://www.migri.fi))
3. Register your place of domicile at your Local Register Office to ensure that your details are entered in the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))

**B) If you wish to establish a limited liability company or cooperative:**

1. Register your general or limited partnership company in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
2. Apply for a permit to conduct business in Finland:
  - If you are currently in your country of residence, apply for the permit at a Finnish embassy or consulate.
  - If you are currently in Finland, submit your application to the Finnish Immigration Service (Migri). ([www.migri.fi](http://www.migri.fi))
3. Register your place of domicile at your Local Register Office to ensure that your details are entered into the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))
4. Please note that you may, if you so wish, retain sole ownership of your company (100% ownership).

**Please note** that if you have Finnish spouse or common-law partner, then you can apply for a residence permit based on marriage or common law marriage as well.



**Case 6:** You are a non-EU citizen currently residing within the European Economic Area (EEA) who does not wish to relocate to Finland but wishes to establish a company in the country

If you are a non-EU citizen currently residing within the EEA and wish to establish a company in Finland without relocating to the country, proceed as follows:

**You are permitted to establish any type of company:**

1. Register your company with the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
2. Please note that you are not permitted to work for your company without having received a residence permit for employment. If you wish to work for your company, apply for a residence permit for employment:
  - If you are currently in your country of residence, apply for the permit at a Finnish embassy or consulate.
  - If you are currently in Finland, submit your application to the Finnish Immigration Service (Migri). ([www.migri.fi](http://www.migri.fi))

**Please note** that having a Finnish spouse or common-law partner does not have any bearing on the application process.





**Case 7:** You are a non-EU citizen who represents a company domiciled within the EEA, and you wish to establish a branch of that company in Finland

If you are a non-EU citizen who represents a company domiciled within the EEA, and you wish to set up a branch of that company in Finland, proceed as follows:

### **A) If you currently reside within the EEA and are relocating to Finland**

1. Register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
2. Apply for a residence permit for employment:
  - If you are currently in your country of residence, apply for the permit at a Finnish embassy or consulate.
  - If you are currently in Finland, submit your application to the Finnish Immigration Service (Migri). ([www.migri.fi](http://www.migri.fi))
3. Register your place of domicile at your Local Register Office to ensure that your details are entered in the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))

### **B) If you currently reside within the EEA and are not relocating to Finland**

1. Register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

### **C) If you currently reside outside the EEA and are relocating to Finland**

1. The branch must have an appointed representative who is a permanent resident of the EEA.
2. Register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
3. Submit an application for a residence permit for employment to Migri. ([www.migri.fi](http://www.migri.fi))
4. Register your place of domicile at your Local Register Office to ensure that your details are entered into the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))

### **D) If you do not reside within the EEA and are not relocating to Finland**

1. The branch cannot be registered because it must have an appointed representative who is a permanent resident of Finland or another EEA country.



### Important facts

- A branch is always established by an organisation, not a person, but it must always have an appointed representative.
- The representative must always be a natural person, which means law firms or other such entities cannot act in this role.
- Having a Finnish spouse or common-law partner does not have any bearing on application processes.





**Case 8:** You are a non-EU citizen who represents a company domiciled within the EEA, and you wish to set up a branch of that company in Finland

If you are a non-EU citizen who represents a company domiciled within the EEA, and you wish to set up a branch of that company in Finland, proceed as follows:

### **A) If you currently reside within the EEA and are relocating to Finland**

1. Apply to the Finnish Patent and Registration Office for a permit to set up the branch. ([www.prh.fi](http://www.prh.fi))
2. Once the necessary permit has been granted, register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))
3. Apply for a residence permit for employment:
  - If you are currently in your country of residence, apply for the permit at a Finnish embassy or consulate.
  - If you are currently in Finland, submit your application to the Finnish Immigration Service (Migri). ([www.migri.fi](http://www.migri.fi))

4. Register your place of domicile at your Local Register Office to ensure that your details are entered in the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))

### **B) If you currently reside within the EEA and are not relocating to Finland**

1. Apply to the Finnish Patent and Registration Office for a permit to set up the branch. ([www.prh.fi](http://www.prh.fi))
2. Once the necessary permit has been granted, register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

### **C) If you currently reside outside the EEA and are relocating to Finland:**

1. The branch must have an appointed representative who is a permanent resident of Finland.
2. Apply to the Finnish Patent and Registration Office for a permit to set up the branch. ([www.prh.fi](http://www.prh.fi))
3. Once the necessary permit has been granted, register the branch in the Finnish Patent and Registration Office's Trade Register. ([www.prh.fi](http://www.prh.fi) and [www.ytj.fi](http://www.ytj.fi))

## Non-EU citizens



4. Submit an application for a residence permit for employment to Migri. ([www.migri.fi](http://www.migri.fi))
5. Register your place of domicile at your Local Register Office to ensure that your details are entered into the Population Information System. ([www.maistraatti.fi](http://www.maistraatti.fi))

### **D) If you do not reside within the EEA and are not relocating to Finland**

1. The branch cannot be registered because it must have an appointed representative who is a permanent resident of Finland or another EEA country.

### **Please note!**

- A branch is always established by an organisation, not a person, but it must always have an appointed representative.
- The representative must always be a natural person, which means law firms or other such entities cannot act in this role.
- Having a Finnish spouse or common-law partner does not have any bearing on the application or decision-making processes.





## In general and specifically about residence permits

- To be able to operate as an entrepreneur in Finland, you must have a valid residence permit. If you need a new permit to be able to begin your business activities, please take into account that such changes often involve a lengthy processing period.
- If you plan on becoming an entrepreneur in Finland, it is your personal responsibility to know what activities are permitted under the terms and conditions of your residence permit.
- If you have any questions concerning residence permits, always begin by contacting the Finnish Immigration Service (Migri). ([www.migri.fi](http://www.migri.fi))
- If you are an employer, you are always personally responsible for making sure that all your employees have all the necessary residence permits and that all such permits remain valid at all times.
- Local Register Offices determine who may reside permanently in Finland. A permanent place of residence is the deciding factor in establishing the right to set up a business. If you have any residence-related questions, please contact your Local Register Office. ([www.maistraatti.fi](http://www.maistraatti.fi))
- If you are the spouse of a diplomat, an ECHA employee or have been granted a residence permit on other exceptional grounds, please contact the Finnish Immigration Service (Migri) in residence-related matters concerning establishing a business. ([www.migri.fi](http://www.migri.fi))
- Note that when you apply for a residence permit, you must have the financing needed to start your entrepreneurial activities and enough funds to support yourself, in addition to which your entrepreneurial activities must be profitable. The profitability of entrepreneurial activities is assessed by Business Finland ([businessfinland.fi](http://businessfinland.fi)) or the Centre for Economic Development, Transport and the Environment ([ely-keskus.fi](http://ely-keskus.fi)).
- If you want to establish a startup company in Finland, you can apply for a startup permit aimed at growth entrepreneurs. To be eligible to receive a startup permit, you must have a concrete business plan. You also need a favourable Eligibility Statement from Business Finland giving its support for you acting as a startup entrepreneur in Finland.





# Entrepreneurship in Finland – mandatory responsibilities



- Taxation
- Entrepreneurs' employment pension insurance (YEL)
- Finnish authorities – licences, permits and monitoring
  - Teosto and Gramex payments



# Entrepreneurship in Finland – mandatory responsibilities

## Taxation

- **All Finnish entrepreneurs are liable to pay taxes starting from the date on which their company is established, must provide the Tax Administration with all the requested information, and must report any changes to previously provided information.**
- **No matter how little income a company earns, it is always taxed.**
- **An entrepreneur is liable to pay a number of different form of tax:**

### 1. VALUE-ADDED TAX (VAT)

- Finnish VAT rates are 10%, 14% and 24%; only a few industries are exempt and apply a VAT rate of 0%.
- VAT must be paid by every company, no matter what its form.
- VAT must be collected from customers and delivered to the Tax Administration.
- Please note!
  - If the company has been entered in the VAT register, the VAT it has paid for its purchases and acquisitions can be deducted from the VAT it is liable to pay based on its sales.

- A company is not liable to pay VAT if its annual turnover is €10,000 or less (2018). However, once this figure has been surpassed, VAT must be paid on all annual sales, not only those that are in excess of this figur.

### 2. INCOME TAX

#### LIMITED LIABILITY COMPANY, COOPERATIVE, GENERAL PARTNERSHIP OR LIMITED PARTNERSHIP COMPANY

- **Income tax** (earnings-based)
  - If your company is a limited liability company, cooperative, general partnership or limited partnership, you can draw a salary for yourself from the company. This salary is earned income and therefore subject to (earnings-based) income tax.
  - Earned income is taxed at progressive rates, which means the more you earn, the higher the rate will be.
  - Once you start drawing a salary, request a tax card from your local Tax Office and pay taxes in accordance with the tax rate marked on your tax card.



- **Advance tax** (on projected annual result)
  - In addition to income tax, these company types must also pay corporation tax, which is calculated based on their projected annual result (profit).
  - The corporation tax rate is fixed at 20%, in other words it does not vary based on how much profit you make.
  - This tax is paid in advance and is referred to as advance tax.
  - During the company's first accounting period, the amount of advance tax to be paid is calculated based on the turnover and profit estimate provided by the entrepreneur.
  - Taxes for further accounting periods are estimated based on the result of the previous accounting period.
  - The Tax Authority sends the entrepreneur advance tax invoices for the estimated amounts.
- **Capital income tax**
  - If you wish to draw profits from the company for your personal use, all such amounts are subject to a capital income tax. The rate of this tax is either 30% or 34%, depending on the amount that is drawn out.

- **Final taxation/back taxes**

- If your company's turnover and result projection change over the course of the year, report this to the Tax Authority so that your tax card or the company's advance tax can be readjusted.
- At the close of an accounting period, file a tax return in which you report the full turnover and profit of the accounting period in question.
- Final taxes are always calculated and charged based on this information.
- As a result, you may receive a tax refund or be liable to pay back tax.





## PRIVATE TRADER

- **Income tax** (salary-based)
  - If you have established your company as a private trader, you may not draw a salary from your company.
  - You can only draw money from this kind of company in the form of personal income. Such income is drawn from the company's profit after all taxes have been paid.
  - For this reason, individuals running such companies are not subject to earnings-based income tax in the same way as other entrepreneurs, but must rather pay a so-called advance tax (see section below).
- **Advance tax** (on projected annual result)
  - Private traders are taxed entirely based on their projected annual result (profit).
  - Progressive taxation is applied instead of fixed-rate, so the amount of taxes paid depends on the financial result.
  - This tax is paid in advance and is referred to as advance tax.
  - During the company's first accounting period, the amount of advance tax to be paid is calculated based on the profit estimate provided by the entrepreneur.
  - Taxes for further accounting periods are estimated based on the result of the previous accounting period.
  - The Tax Authority sends the entrepreneur advance tax invoices for the estimated amounts.

## ● Final taxation / back taxes

- If your company's turnover and profit projection change over the course of the year, report this to the Tax Authority so that your company's advance tax can be readjusted.
- At the close of an accounting period, file a tax return in which you report the full turnover and profit of the accounting period in question.
- Final taxes are always calculated and charged based on this information.
- As a result, you may receive a tax refund or be liable to pay back tax.

## GENERAL INFORMATION CONCERNING TAXATION

- The Tax Administration has the right to check all your records and accounts at any time and may even carry out surprise checks.
- You should therefore ensure that everything is always in order!
- If you have any questions concerning taxation, contact your nearest Tax Office. ([www.vero.fi](http://www.vero.fi))



# Entrepreneurs' employment pension insurance (YEL)

- All full-time and part-time entrepreneurs who earn more than €7,656.26/year (2018) must take out a mandatory entrepreneurs' pension insurance (known as YEL insurance).
- This insurance is paid in the form of contributions. It is up to the entrepreneur to decide how much he or she wishes to pay, but the minimum amount on which the contributions are based must be €7,656.26/year (2018). The contributions are calculated as a percentage of this base amount. The percentages are 24.1% (entrepreneurs aged 18–52) and 25.6% (ages 53–68).
- In practice, the base sum should be equivalent to the annual salary paid to other professionals doing the same type of work.
- New entrepreneurs who take out YEL insurance for the first time receive a 22% discount for the first four years.
- If your estimate of the year's full income amount changes, you can modify your YEL income amount at any time during the insurance period.
- It is worth noting that how much or how little you pay has a direct effect on your social security benefits (such as illness, maternity and paternity benefits) and your future pension. For this reason, the YEL income amount should be chosen only after careful consideration.

- For an entrepreneur to qualify for unemployment insurance, their YEL income amount must be at least €12,576 per year (2018).
- **Please note!** You must take out YEL insurance within 6 months of the date on which your entrepreneurial activity began (contributions must be paid from this date onwards).

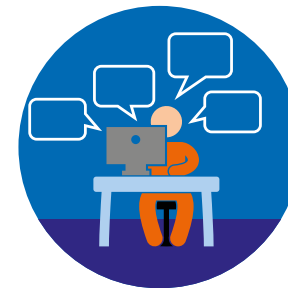




## Finnish authorities – licences, permits and monitoring

### General

- In Finland, in many lines of business you must notify the authorities and seek one or more official permits before business operations can begin.
- Permits are required, for example, for restaurants, cleaning businesses, hair salons and barbershops, food stores and for businesses operating in the social services and health care sectors.
- Depending on the line of business, permission notifications and applications are filed either with the municipal or regional authorities (such as the Environment Centre of the City of Helsinki or the Regional State Administrative Agencies) or with national authorities (such as Valvira).
- In some fields, professional competence is also required, which must be approved by an official Finnish authority. Professional competence is often mandatory, for example in the social services and health care sectors.
- Municipal authorities include building control units, environment centres and rescue departments.
- Regional and national authorities include Regional State Administrative Agencies, the Police, Centres for Economic Development, Transport and the Environment (ELY), the National Supervisory Authority for Welfare and Health (Valvira), the Finnish Safety and Chemicals Agency (Tukes) and the Finnish Transport Safety Agency (Trafi).
- Contact details are provided in a separate section found at the end of this material.
- More details on permits can be found on the Suomi.fi web page at: <https://www.suomi.fi/company/responsibilities-and-obligations/permits-and-obligations>







### Some examples from various industries

#### THE RESTAURANT INDUSTRY

- **Suitability of the space for restaurant purposes**
  - Your municipality's building control authority must check and approve the space and its structures to verify that they are suitable for restaurant purposes.
- **Hygiene**
  - Your municipality's environment centre must perform a check at your location to verify and approve that it is suitable in terms of overall hygiene and that it does not pose any health-related risks.
  - You must draw up an own-check plan for the restaurant. This plan must contain full details on how proper hygiene and cleanliness will be ensured at your restaurant.
  - To prove your hygiene-related proficiency, you and the members of your staff must all have a valid Hygiene Passports.
- **Alcohol**
  - If you plan on serving alcohol at your restaurant, you must apply for and be granted an alcohol serving licence from the Regional State Administrative Agency.
  - Every member of your staff who serves alcohol must also hold a valid Alcohol Passport and have previous experience of serving alcohol.

- **Safety and security**

- If your restaurant can accommodate more than 50 customers at a time, you must draw up a rescue plan. This plan must be in accordance with instructions provided by your home municipality's rescue department.

- **Terraces**

- If you wish to serve food or drinks to customers on an outdoor terrace, you must apply for and be granted a permit for your terrace from your local police department.

#### HAIR SALONS, BARBERSHOPS, BEAUTY PARLOURS AND TATTOO SHOPS

- **Suitability of the space for the chosen purposes**

- Your home municipality's building control authority must check and approve the space and its structures.

- **Hygiene**

- Your municipality's environment centre must perform a check at your location to verify and approve that it is suitable in terms of overall hygiene and that it does not pose any health-related risks.
- You must draw up an own-check plan for your operations. This plan must contain full details of how proper hygiene and cleanliness will be ensured at your premises.



### FOOD STORE

- **Suitability of the space for the chosen purposes**
  - Your home municipality's building control authority must check and approve the space and its structures.
- **Hygiene**
  - Your municipality's environment centre must perform a check at your location to verify and approve that it is suitable in terms of overall hygiene and that it does not pose any health-related risks.
  - You must draw up an own-check plan for your operations. This plan must contain full details on how proper hygiene and cleanliness will be ensured at your premises.

### SOCIAL SERVICES AND HEALTHCARE

- **Required qualifications**
  - It is advisable to check all the mandatory qualification requirements with the Finnish National Agency for Education.
  - You and members of your staff must register with Valvira and Regional State Administrative Agencies.
- **Suitability of the space for the chosen purposes**
  - Your home municipality's building control authority must check and approve the space and its structures.

- **Hygiene**
  - Your municipality's environment centre must perform a check at your location to verify and approve that it is suitable in terms of overall hygiene and that it does not pose any health-related risks.
  - You must draw up an own-check plan for your operations. This plan must contain full details on how proper hygiene and cleanliness will be ensured at your premises.

### DRIVING SCHOOLS AND TAXIS

- **Required competences**
  - It is advisable to check all the mandatory qualification requirements with the Finnish National Agency for Education and Trafi.
- **Driving school and taxi licences**
  - You must obtain a driving school licence from the Finnish Transport Safety Agency Trafi.
  - You must obtain a taxi driver license and a taxi service licence and make sure that the vehicle used for taxi services has been registered for use subject to a licence.

Direct links to the web pages of all the mentioned authorities are provided at the end of this material.

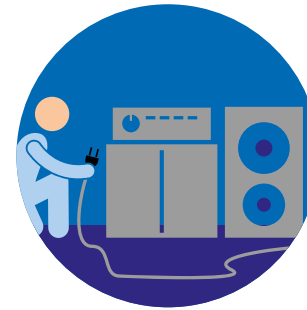


## Teosto and Gramex payments

- If you wish to play music in your company's premises (or, for example, inside your taxi) this is considered public performance so is subject to copyright and performance fees collected by Teosto and Gramex.
- Teosto collects copyright fees for the creators of music (e.g. composers), while Gramex does the same for those performing it.
- Fees are charged for the performance of both recorded and live music.
- These fees are mandatory no matter what type of recording you are playing or what type of media is used, in other words it makes no difference whether the music comes from your radio, a TV, a streaming service (such as Spotify), via the Internet (e.g. YouTube), from a record (CD, LP, or any other format) or any source on your computer.

- The fees charged depend on the purpose of use. Some examples:
  - Beauty and health services, retail spaces
    - A monthly fee based on the floor space used by customers.
    - E.g.: 1–30 m<sup>2</sup> of customer space: €19.62/month + VAT 10%.
  - Restaurants, cafes and pubs
    - A monthly fee based on the number of customers the premises are able to hold.
    - E.g.: 7–24 customers: €34.29/month + VAT 10%.

All Gramex and Teosto licences can be applied for at: [musiikkiluvat.fi](https://musiikkiluvat.fi)







# Other practical matters



- Checklist of practical matters
- Useful links – practical matters
- The Finnish operating environment: Finland's business culture
- Forms of enterprises in Finland



# Other practical matters concerning running a business

## Checklist of practical matters

### IF YOU ARE EMPLOYING OTHER PEOPLE

- You must always act in accordance with employment legislation and collective agreements
  - You must abide by Finnish employment legislation. This entails, for example, making sure that all issues related to annual leave and holiday bonuses are handled in accordance with current legislation.
  - You must also draw up employment contracts that are in accordance with the terms and conditions set under all the relevant and enforceable industry-wide collective agreements. Such agreements, for example, often set mandatory pay levels and working hours for each industry.
  - You must conduct all employee-related matters in full accordance with all such laws and agreements.
- Employer's responsibilities – taxation
  - If you are permanently employing more than one person or if over the course of the year you temporarily employ more than five separate persons who are in your employment for less than a year, register yourself in the Tax Authority's Employer Register.
  - You must withhold taxes from employees' salaries using the rates printed on their tax cards and transfer these funds to the Tax Authority's bank account monthly.
- Employer's responsibilities – insurance policies
  - You must deduct mandatory employee insurance contributions from employees' salaries and pay them to the insurance company of your choosing every month.
  - Mandatory employee insurance policies for which contributions are paid include pension insurance and unemployment insurance policies.



- In addition to the above, you must pay all the mandatory employer insurance policy contributions to the insurance company of your choosing every month.
- Mandatory employer insurance policies for which contribution are paid include pension insurance, occupational accident and diseases insurance, employees' group life insurance, unemployment insurance and health insurance policies.
- Employer's responsibilities – occupational health service
  - As an employer, you are required to ensure that your employees have access to occupational health services.
- Employer's responsibilities – employees' social facilities
  - You are required to provide your employees with sufficient social facilities in accordance with the requirements set under the Occupational Safety and Health Act and other applicable legislation.
- Employer's responsibilities – occupational safety
  - You are required to ensure the safety and well-being of your employees while they are at work.

### BANK ACCOUNTS

- In practice, a company needs a bank account, but banks are in no way obliged to open an account for you or your company.
- For this reason, it may be prudent to try to open one for your company at a bank at which you already have an account.
- The Financial Supervisory Authority has issued instructions for opening a bank account. You can find a link to them in the links list included at the end of this material.

### FINANCING

- As a new entrepreneur, you may be eligible for a start-up grant. For more information, please check the TE Services' website. A link to the site can be found in the links list included at the end of this material.
- Companies can seek outside funding from multiple sources, including banks, Finnvera, private investors, Business Finland, in certain cases Centres for Economic Development, Transport and the Environment (ELY), and through various crowdfunding schemes. For contact details, see the links list included at the end of this material.



### BUSINESS PREMISES

- Your business premises must be suitable for the intended activity, and you must obtain all the mandatory approvals and permits required in your specific industry.
- Available premises should be sought directly from the market.
- Companies aiming for international growth can also seek premises at startup centres (such as the Maria 01 startup hub or NewCo Helsinki).

### CONSUMER PROTECTION

- All companies operating in Finland must abide by Finnish consumer protection legislation.
- This legislation also applies to all online stores operating in the country.

### AGREEMENTS

- Although in the Finnish judicial system verbal agreements are considered just as binding as written ones, you should nevertheless always draw up written ones and, prior to signing them, have them checked by a qualified lawyer.
- Employment contracts should also be in writing.
- Contractual disputes should primarily be settled by direct negotiation. If this proves impossible, disputes can also be settled by the courts.







## Useful links – practical matters

### Immigration affairs

- The Finnish Immigration Service (Migri) <http://www.migri.fi/>

### Municipality-related affairs

- Register Offices: <http://www.maistraatti.fi/>

### City of Helsinki's information for immigrants

- <http://www.infopankki.fi/>
- <http://www.ihhelsinki.fi/>

### Establishing a company

- The Patent and Registration Office (The Finnish Trade Register): <https://www.prh.fi/fi/index.html>
- The Business Information System (BIS, Finnish: YTJ) – a service maintained jointly by the Finnish Patent and Registration Office and the Finnish Tax Administration: <https://www.ytj.fi/>

### Tax affairs

- <http://www.vero.fi/fi-FI/>
- [https://www.vero.fi/en/businesses-and-corporations/business-life-cycle/setting\\_up\\_a\\_business/](https://www.vero.fi/en/businesses-and-corporations/business-life-cycle/setting_up_a_business/)

### Permits

- Information on permits required in various industries: <https://www.suomi.fi/yritykselle/vastuut-ja-velvollisuudet/luvat-ja-veloitteet>
- The Environment Centre of the City of Helsinki: <https://www.hel.fi/kaupunkiymparisto/fi>
- The Public Works Department of the City of Helsinki: <https://www.hel.fi/kaupunkiymparisto/fi>
- The Rescue Department of the City of Helsinki: <http://www.hel.fi/www/pela/fi>
- The Police: <https://www.poliisi.fi/>
- Centre for Economic Development, Transport and the Environment (ELY Centre) <https://www.ely-keskus.fi/>
- Own-check plans: there are different own-check plans plan for each field (foodstuffs, serving of alcoholic beverages, social services and health care, beauty, etc.) Look for a suitable template on the website of operators in the relevant field (for example <https://www.hel.fi/helsinki/fi/asuminen-ja-ymparisto/elintarvikevalvonta-ja-ymparistoterveys/huoneistot/oma>)
- Hygiene Passports: <https://www.evira.fi/en/foodstuff/hygiene-passport/>
- Music permits: <http://www.musiikkiluvat.fi/>



### Professional qualifications

- Suomi.fi: <https://www.suomi.fi/yritykselle/vastuut-ja-velvollisuudet/ammattipatevytydet>
- The Finnish National Agency for Education: <http://www.oph.fi/>

### Being an Employer

- General information: <https://www.suomi.fi/yritykselle/tyonantajuus/tyonantajan-velvollisuudet>
- Employment Contracts Act: <http://www.finlex.fi/fi/laki/ajantasa/2001/20010055>
- Pay-related issues: <https://www.palkka.fi/>

### Financing

- TE Services (start-up grants): <http://www.te-palvelut.fi/te/fi/>
- Finnvera (loans): <https://www.finnvera.fi/>
- Business Finland (different funding programmes): <https://www.businessfinland.fi/>
- Fiban (capital investments): <https://www.fiban.org/>
- Crowdfunding Act: <http://www.finlex.fi/fi/laki/alkup/2016/20160734>

### Bank accounts

- <https://www.suomi.fi/yritykselle/yrityksen-perustaminen/yrittajan-arki-ja-toimeentulo/opas/pankkitilin-avaaminen-yritykselle/rekisteroituneen-yrityksen-pankkitilin-avaaminen>

### Business premises

- <https://www.toimitilat.fi/>
- <http://asunnot.oikotie.fi/vuokrattavat-toimitilat>
- <http://toimitilat.kauppalehti.fi/>

### Consumer protection

- Finnish Competition and Consumer Authority: <http://www.kkv.fi/>
- Consumer Protection Act: <http://www.finlex.fi/fi/laki/ajantasa/1978/19780038>

### Agreements

- <https://www.suomi.fi/yritykselle/vastuut-ja-velvollisuudet/sopimukset>

### Information about Finland

- <http://www.infopankki.fi/>

### A large amount of business-related information

- <https://www.suomi.fi/yritykselle>



## The Finnish operating environment: Finland's business culture

- When operating in Finland, you must abide by all the applicable laws, decrees and regulations. Only companies that abide by the legislation are respected.
- Agreements also need to be honoured, whether they are agreements signed by you or agreements governing an entire industry.
- In Finland, companies must operate in a responsible manner towards the environment, consumers, customers, employees and all other stakeholders.
- Finnish law mandates respect for equality and diversity and both of these values are also deeply ingrained in Finnish culture. Entrepreneurs must treat all people equally, regardless of their gender, age, religious affiliation, cultural background or sexual orientation.
- In Finland, it is vitally important that you always act in an honest and reliable way.
- Culturally, openness and transparency are held in high regard in Finland.
- In Finland, it is important to adhere to agreed schedules.
- In Finnish business culture, everyone is also expected to act in a friendly and polite way and have good manners. Be aware, however, that what Finns consider to be friendly, polite and good manners may differ considerably from what you are accustomed to in your cultural background.
- So be curious and open and get to know the Finnish business culture and operating environment so that you can build a successful business!





# Forms of enterprises in Finland

## GENERAL INFORMATION ABOUT FORMS OF ENTERPRISES (source: suomi.fi)

When you are starting your own business, it is vitally important that you choose the right form of enterprise. Among the things to take into account when choosing a form of enterprise are the nature of the future operations of your business, the need for capital, the number of people participating in the establishment and operations of the business, taxation issues and issues related to responsibilities and liabilities.

You can either become a private trader or establish a general partnership, a limited partnership, a limited liability company or a cooperative.

### Number of people setting up the company

How many founders or owners will the company have? A limited liability company can be established by one person or many or another company. A private trader, meanwhile, is always just one person, but they must permanently reside within the EEA. A private trader does not actually form a company as such, but rather works as a private individual. A general partnership requires a minimum of two founding partners. A cooperative can be established by just one person.

### Need for capital

- A limited liability company requires initial capital of €2,500 and a public limited liability company €80,000. These sums must be deposited in the company's bank account before it can be entered in the Trade Register.
- A general partnership can be established without a monetary investment. The only thing that is required is the partners' work input.
- In a limited partnership, the silent partner must make a monetary investment. General partners do not need to invest money, but are required to contribute by working for the company.
- No minimum capital has been specified for cooperatives.

### Decision-making

A private trader makes every single decision by themselves and is also liable for them with their own personal assets. Partners in a general partnership and a limited partnership make decisions either on their own or together. Limited liability companies and cooperatives are represented by a board of directors.



A managing director can be appointed by partnerships, limited liability companies or cooperatives to take care of the day-to-day administrative duties.

### Risks and responsibilities

The following are personally responsible for business operations and are also personally liable for its debts and other liabilities:

- private traders
- partners in a general partnership
- general partners in a limited partnership.

Limited liability shareholders and members of a cooperative are not personally responsible for the obligations of their company or cooperative.

A private trader acts in their own name and is, therefore, also personally responsible for all of their financial commitments.

The general partners in a general or limited partnership are personally responsible for the debts and other liabilities of their company. In a limited partnership, the responsibility of silent partners is limited to the amount of capital investment agreed in the partnership agreement.

### Continuity of operations

Can the company's business operations continue if the founder or other key persons leave the company or die? The business operations of the private trader are the most vulnerable in this sense. In general partnerships and limited partnerships, the ownership and responsibilities of one partner can be transferred, if this has been agreed upon in the partnership agreement or if other partners give their consent.

Ownership changes do not have any direct bearing on the existence of a limited liability company. Membership of a cooperative cannot be sold, but it is possible to sell the entire cooperative. This, however, requires sufficient unanimity between its members.

### Withdrawal of assets and sharing of profit

A private trader can withdraw and use any profit generated by their company but, on the other hand, they are also fully liable for any losses incurred. You cannot pay wages to yourself or your spouse or gain any tax-free fringe benefits. After taxes have been paid, an entrepreneur can withdraw all or some of the profit generated by the company.

In general partnerships and limited partnerships, the partners agree on the criteria by which profits and losses are shared. Partners can withdraw reasonable salaries and gain fringe benefits and tax-free expense allowances. In practice, partners usually withdraw profits by making private withdrawals.



In a limited liability company, it is the company rather than any specific person that is responsible for profits and losses. Profit is distributed by paying dividends to the company's shareholders. Shareholders can also receive reasonable salaries and fringe benefits. Private withdrawals are not possible.

In cooperatives, only limited compensation is paid for the capital that members have invested in it. Profit, or surplus, can be distributed as a return of surplus, based on how much each member has used the services of the cooperative, either as interest on cooperative capital or, depending on the rules of the cooperative, in some other way. Additional salaries may be paid to members of workers' cooperatives.

### Taxation

Proceeds gained by a private trader are subject to taxation their personal income. In partnerships, proceeds are first divided between the partners and then subject to taxation as the personal income of each partner. A limited liability company is liable to pay taxes as an independent entity. Its income is taxed as limited liability company income. A cooperative is taxed in this same way.

## GENERAL INFORMATION ABOUT FORMS OF ENTERPRISES (source: suomi.fi)

### Private trader

- **Number of founders:** The entrepreneur works alone or together with their spouse.
- **Need for capital:** Only limited capital is required.
- **Decision-making:** The entrepreneur makes all the decisions by themselves.
- **Risks and liabilities:** The entrepreneur is liable for all losses and debts the business incurs.
- **Withdrawal of assets and sharing of profit:** Profit is withdrawn privately; no salaries are paid.
- **Taxation:** Some of the earnings are taxed as capital income, some as personal (earned) income.
- **General assessment and suitability:** Personal work input is key, decision-making is flexible; suitable for family businesses, for example.



### General partnership

- **Number of founders:** At least two responsible partners.
- **Need for capital:** The partners' investments, no set minimum(s).
- **Decision-making:** As agreed in the partnership agreement.
- **Risks and responsibilities:** Both partners are liable for all of the losses and debts the business incurs.
- **Withdrawal of assets and sharing of profit:** Partners: salaries, shares of the profit, personal loans/withdrawals.
- **Taxation:** The profit is distributed between the partners, each is taxed as if they were a private trader.
- **General assessment and suitability:** The two partners are equally liable, so mutual trust and cooperation are essential; suitable option for SMEs, for example.



### Limited partnership

- **Number of founders:** At least one general and one silent partner.
- **Need for capital:** Partners contribute as agreed in the partnership agreement.
- **Decision-making:** The general partner.
- **Risks and responsibilities:** The general partner is personally liable for all debts and other liabilities.
- **Withdrawal of assets and sharing of profit:**
  - The general partner: salary, agreed share of the profit, personal loans/withdrawals.
  - The silent partner: agreed share of the profit.
- **Taxation:** Profit is divided between the partners, each taxed as if they were a private trader: some of it is taxed as capital income, some as personal (earned) income.
- **General assessment and suitability:** The two partners are equally liable, so mutual trust and cooperation are essential; suitable option for SMEs, for example.



### Limited liability company

- **Number of founders:** One or more persons.
- **Need for capital:** A limited liability company requires initial capital of €2,500 and a public limited liability company €80,000.
- **Decision-making:** General meeting, board of directors and managing director.
- **Risks and liabilities:** The owners' liability is limited to the capital they have invested in the company's shares.
- **Withdrawal of assets and sharing of profit:** Shareholders: dividends, salary depending on work input.
- **Taxation:** Limited liability companies pay 20% tax on their result.
- **General assessment and suitability:** Suitable especially if the company requires capital. More complex and requires more administrative effort than other forms of enterprises.

### Cooperative

- **Number of founders:** At least one person.
- **Need for capital:** Participation shares, no set minimum capital.
- **Decision-making:** General Meeting, board of directors and managing director.
- **Risks and liabilities:** The liabilities of cooperative members are limited to the participation shares they own.
- **Withdrawal of assets and sharing of profit:** Members of the cooperative: interest, returns of surplus, compensation, wages.
- **Taxation:** Cooperatives pay 20% tax on their result.
- **General assessment and suitability:** The aim is to provide services to the members, not profit maximisation. Democratic decision-making (one vote per member).







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